

BUSINESS KNOWLEDGE INC.

NEGOTIATIONS “Getting agreement”



Better Knowledge, Better Business, Better Future
BUSINESS KNOWLEDGE INC.

Negotiations
416-831-3773
info@businessknowledgeinc.com

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Negotiations definition

- Negotiations occur between two or more parties that seek agreement on an issue with a maximized outcome for each of them
- Successful negotiations should provide satisfaction to all parties involved
- Negotiations should not to be spontaneous, proper preparation should be in place to understand own and other parties position



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Negotiations phases

- **Determine the most appropriate process of negotiation**
- **Clearly identify the objectives for negotiation**
- **Build alternatives**
- **Understand and agree on the issues to be negotiated**
- **Quantify the importance of the issues**



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Negotiations phases

- Determine the most appropriate process of negotiation
 - Have a mind set for win-win negotiations
 - Make the most of your own power
 - Prepare for attempts of intimidation



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Negotiations phases

- Clearly identify the objectives for negotiation
 - State your objectives and play devil's advocate to guess as accurate as possible the other party ones
 - Quantify your objectives (i.e. 10 % reduction in price)
 - Determine your walk away point



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Negotiations phases

- **Build alternatives**

- Compare your objectives with the ones of your counterpart and try to align them
- Be ready for surprises, and have alternate strategies in place
- Be reserved with your expectations and have data ready for figuring out the most optimized outcome



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Negotiations phases

- Understand and agree on the issues to be negotiated
 - Negotiate in detail, covering all the aspects of interest
 - If going adrift do not hesitate to re-negotiate
- Anticipate other team strategy, tactics and arguments to be brought to the table



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Negotiations phases

- Quantify the importance of the issues
 - Get facts and quantify their dollar, time and brand value (where applicable)
 - Look for a better deal in the boundaries of your calculated limits
 - The currency value, if quantified properly, should always prevail



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Negotiations methods

- Soft

- Participants are friends, agreement is the goal
- Concessions are made to cultivate the relationship
- Parties trust each other and offers are made on commonly known bottom lines



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Negotiations Methods

- Hard

- Participants are opponents, the negotiation is a competition
- Concessions are demanded, and the parties are hard on people and problems
- Pressure is applied during the negotiations, and sub-quality practices may be employed
- Own position is re-enforced without leaving room for offers



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Negotiations methods

- Principled
 - Parties negotiate on accepted principles
 - People are separated form problems
 - Interests prevail, not positions
 - Objective criteria are used to create options for mutual gain



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- Negotiations effectiveness

- Measure of successful negotiations
- All parties are satisfied
- Parties get economic value out of the process
- Relationships are established and further cultivated



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References

- Chester L. Karrass, *In Business As In Life You Don't Get What You Deserve, You Get What You Negotiate*, Beverly Hills, CA, USA, Stanford St. Press, 1996



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Q&A



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