

Leads Others : Effective Line Management

Principled Negotiation

Time	Agenda Item	Slide	Interaction	Narrative/Notes
0-10	Set up			
	MS Teams set up with audio Interaction instructions	1	Discuss Tools Chat box	<ul style="list-style-type: none"> Ensure webcams and audio are working, set out etiquette rules (mute, close emails etc), ensure familiarity with Teams functionality
	Session expectations	1		<ul style="list-style-type: none"> Aiming for a very interactive session – please question, challenge, and share your views as much as possible.
	Introductions	1	Discuss Chat box	<ul style="list-style-type: none"> Short introductions (name, job title, team size) if group has not worked together before. Intro from facilitator.
	Learning outcomes	2		<ul style="list-style-type: none"> Learn about the rules of principled negotiation Understand how to get closer to your intended outcome

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	*Quick discussion	3	Breakout Exercise	<ul style="list-style-type: none"> Let's take a simple negotiation – you are trying to buy a new bicycle and have some options... Build: The Shop You have been to a shop and seen a bike you really like but it's £620, which is at least £120 above your price range. They will fit it to you and give you / it a free check up after 12 weeks. They will throw in a cycling top which is probably worth £30, although you have lots of kit already. It will take 4 weeks to get in though as they are out of stock. Build: Online purchase You could go online and find last years model of the same bike. It's not quite as good but pretty close, and not as nice a colour as this year's model but it is a lot closer to your price range at £520. It will arrive in kit form, you just need to put on the wheels, seat and handlebars and it doesn't come with any freebies. In chat.. If you wanted to negotiate with the shop owner, what would you use to try to get a better deal? (Drive down price against online option and timeframe, perhaps have a big race in the next 3 weeks, keep the cycling top and reduce the price). How would your approach change if you knew you wanted to use them again? (a little more accommodating) How would your approach change if the shop owner was a friend?(a little more understanding)

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	Principled Negotiation	4	Chat/ Discussion	<ul style="list-style-type: none"> • Well just like the bike example your negotiations at work likely to involve suppliers or clients that you want to, or need to, work with again. • We therefore need to approach the negotiation as if we were dealing with a friend, we call this Principled Negotiation. • Build: Principled negotiation is based on the notion that we need to work together with our counterpart. Ensuring all parties interests are taken into account across a number of variables, to move both parties closer to their intended outcome, or win/win situation. • Principled negotiation was first coined by Ury, Fisher and Patton at the Harvard Business School. • Some of the characteristics of this approach are (build). • Let's explore how we can achieve it.
	3 steps to success	5		<ul style="list-style-type: none"> • The 3 key steps to success: • Build: How do we best prepare the ground for a negotiation that's about to happen. What do we need to think about and what questions do we need to ask? • Build: When negotiations start, how will we try and understand their interests and focus on common ground. • Build: How do we move matters forward in the negotiation, get to an agreement that works for all parties.
	Roadmap	6		<ul style="list-style-type: none"> • Explain session roadmap

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10-25	Preparing Yourself			
	Doing your research	8	Chat box / discussion	<ul style="list-style-type: none"> • Garry Player once said “The more I practice the luckier I get” • As with many things in business, and life, being well prepared before you start is key to a good outcome. • Thinking about the bicycle example – if you didn’t have any of the information we provided, how would that impact negotiations? • Ask: • So what questions would be useful to ask yourself before you start negotiations? • <i>Build on the answers in chat</i> • Build: • <i>Where do we start? How do we gain trust?</i> • <i>What are my goals?</i> • <i>Why am I negotiating?</i> • <i>What’s acceptable to me and what’s not?</i> • <i>What can I give away, what’s a nonnegotiable?</i> • <i>What tactics will I use?</i> • <i>How might the other party answer all of these questions?</i> • Over 80% of the negotiation outcome is commonly achieved in the pre-negotiation phase, and systematic preparation assists in achieving the outcome you seek. While preparation is often perceived to be less exciting, it is vital to success.
	Considering possible outcomes	9	Chat box / discussion	<ul style="list-style-type: none"> • One of the most important aspects of your preparation should be to consider your range of possible outcomes. • Build: Your best outcome is what you would wish for in an ideal world! • Build: In our example, the best price we could find, for a less nice bike and service was £520 so that has to be our best option. • Build: Your target outcome is what you would still be happy with, based on your wants and needs. In this case it might be you would be willing to pay a bit more for a newer bike and the service that comes with it. So, you might justify that in an extra £40. • Build: Your walk away point is exactly that, a position that you will not go below. • Build: In this case we might say your walk away point is £580. But how do we know? What informs your thinking? Let’s explore this further...

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	Knowing your Walk Away: BATNA	10	Chat box / discussion	<ul style="list-style-type: none"> • Build: The answer lies in the BATNA which stands for...<u>B</u>est <u>A</u>lternative <u>T</u>o a <u>N</u>egotiated <u>A</u>greement. • Build: Securing an alternative option can help us set our walk away point. If we're not covering this in our preparation, we may well drop our position too far, when in fact another alternative would have been better, and of course this is often recognised when it's too late and negotiations have concluded. • In chat: • Imagine you were going for a new job and they were paying 20% more than you are on now, but wanted you to work 6 days a week, rather than 5. • Would you go for it? (no, simply working more and earning more) • What would your walk away be? (don't know! maybe 10% more for the same hours) • Have you based that just on your current role and the new offer, or have you looked at alternatives in the marketplace? (yes, might not know salary details of other jobs) • Exactly...this is what we tend to do, we make our decisions based on limited information. If you did have alternatives in the marketplace with all of the necessary salary and working hours information, you're in a better place. If you've made those alternatives as strong as possible, perhaps by attending the interviews and receiving an offer, you're in an even better place! • Your BATNA gives you the power to say 'no' and not accept a bad deal. It's important to consider it in advance and also consider what the other parties BATNA might look like.

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20-45	Understanding interest			
	Focus on interests	12	Discussion	<ul style="list-style-type: none"> • Think back to the bicycle example. • You as the buyer may have had a number of interests: Build • Not confident with building/fitting bikes. • You're a bit particular about the colour. • You really like this brand and would prefer not to change. • You're not really interested in more kit. • The seller may have other interests: Build • Until we know what they are we don't know what they actually want and therefore we'll struggle to achieve a win/win situation. • In this section we will explore how we can better understand our counterparts' interests. • This is important because when we get down to negotiations, we are better placed to understand what might make the difference, enabling everyone to get closer to that win/win situation.

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	Focus on interests, not positions	13	Discussion	<ul style="list-style-type: none"> • Focusing on positions alone can often cause problems. • Look at this example: • Build: Project Manager's Position - 'I want a one-month extension to close out the project' • Build: When we only focus on our counterparts' position we only tend to see: • What they say they want • Their demands • Things they say they will or won't do • Their subjective wants • What reaction might we expect to the PM's position? May be perceived as a rash demand! • If however time is taken to explore the PM's interests, we might expect to uncover (Build): • Why they want it, their underlying motivations • Their concerns • Their fears and or aspirations • Their objective needs • Build: This might uncover information that we need to hear if we are to negotiate and find a win / win. • In this situation: Before facing unexpected challenges in completing the project (subcontractor error), the PM approved a holiday for the senior QS. The PM wants to demonstrate that they fight for the teams needs and keeps her word. • Understanding the difference between both party's actual interests can aid the bargaining process. • Bargaining on interests focuses on the 'why' instead of the 'what' and is therefore much more effective. Both parties can approach bargaining as collective problem solvers who share the problem and collaborate to solve it. • Also, there are often shared interests in opposed positions, and we may end up reaching a solution that is better than anticipated.

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	Focus on interests, not positions	14		<ul style="list-style-type: none"> • If we're going to focus on interests, we need to get to the heart of the matter for both parties. • Ask? How might we uncover our counterparts' interests? • Build: • Identify their interests by asking "Why?" • "Why don't you feel you can go any lower?" • Acknowledge their interests • Agree to share the challenge • Generate ideas together • We need to use our questioning and listening skills to uncover what sits beneath their waterline. We can then agree to share the problem. • "Something is telling me that my proposal isn't giving you enough certainty over the deadline, is that the case" • 'I understand that it might be difficult for you to take that proposal back to your side, is that the case'? I'd love to explore how we can make that easier for you'. Would that be okay?' • Arguing over positions leads us away from Win-Win and endangers the relationship. • Interests are often the problem – work on those, ask good questions – uncover and acknowledge their interests. • Be hard on the problem, soft on the people. • Chat: What interests do you pick up most often from your discussions with suppliers? What about with clients? • Build on the answers.
	Focus on interests	15/16		<ul style="list-style-type: none"> • What might some of the shop seller's interests be? • Suggestions – as shown • Now we know what the other party's interests are, we can trade them to achieve a win-win for everyone

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45 – 60	Getting to agreement			
	Use 'variables' at play	18	Chat box / discussion	<ul style="list-style-type: none"> Effective negotiators do not negotiate on a single issue at a time because this implies that there is a fixed pie and only leads to a win/lose scenario. Win/Win negotiations are focused on a range of substantive variables involved in the deal. Deals can be unlocked with through trading variables that secure the parties interests.
	Example:	19/20	Chat box / discussion	<ul style="list-style-type: none"> For this part of the negotiation, let's put ourselves in the <u>shop keeper's shoes</u>. Question: If you were willing to negotiate, what might you be prepared to do to achieve a sale? Builds: There are some variables that are out of play as they have already been offered (although we could use them to reinforce what a good deal they are getting from buying from you). There are some variables in play though that do look interesting: <ul style="list-style-type: none"> They want the bike but its too expensive Seems to really like this style of bike I want to hit my sales target for this month and I'm a bit short My cashflow is looking pretty good though Ask: What might a solution be? Answer: You might keep the price the same but offer a monthly payment scheme There are other potential options as well: <ul style="list-style-type: none"> They seem to really like this style of bike But don't seem to want last year's model because and are quite particular about the colour. I do have a range of other bikes similar with good colour matches to the customer wants Ask: What might a solution be? Solution: I could do a deal on one of the similar bikes, closer to their price range (reminding them that you are willing to still do the fitting for free)

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	Case study	23	Breakout	<ul style="list-style-type: none"> • Instructions: • You are about to enter a principled negotiation with a friend. • You are negotiating over a bike which one of you is wishing to sell and the other is looking to buy. • Individually: • Please take 5 minutes to think through your BATNA and how you might explore the interests of the other party. • Together: • Aim to reach an agreement on the price. • Don't forget to trade any variables that might help you unlock your deal! • You will have 10 minutes to negotiate!
	Discussion	26	Chat box / discussion	<ul style="list-style-type: none"> • Did they agree a price that was above their BATNA? • What interests did they gather? • How did they use this information to get to win win?
	Bringing it all together	27	Chat box / discussion	<ul style="list-style-type: none"> • Hopefully you can see that taking the time to work out these possible outcomes, and considering the same for your counterpart is very useful. • When considered together they open up the Zone of Possible Agreement (ZOPA). • This is a range in which two or more parties can find common ground and work towards a common goal. i.e., a potential agreement that incorporates some of the other sides ideas and interests. • When the terms of the ZOPA overlap, there is said to be a positive bargaining zone. i.e., the terms of which both parties agree to clearly align with • Lets look at ISG's world – if a client wants something done sooner, its not wrong to match that demand with another variable, say cost, or value engineering • The same would go for a supplier – what can you offer them if you want them to absorb a price reduction from the client? • The same goes with your boss, or a business demand – what can you tether with their demand?
85-90	Wrap Up & Action planning			

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	Key points	32		<ul style="list-style-type: none"> • As a reminder the key points of the session are.. • Principled negotiation – aim for win-win and a good relationship • Preparation is Key – Understanding BATNAs – ours and theirs • Explore different solutions – use negotiables • Move away from Positions - uncover interests
	Action planning	28		<ul style="list-style-type: none"> • What are your negotiation challenges? • Take control, what have you heard today that could be useful? • How will you do things differently going forward?
90	End			