

Negotiation

ELM Module : Impact, Influence & Negotiation

Learning outcomes

Learn about the rules
of principled negotiation

Understand how to get closer to
your intended outcome

Quick discussion!

Shop

The bike you want is £620 - 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 it though as they are out of stock.



Online

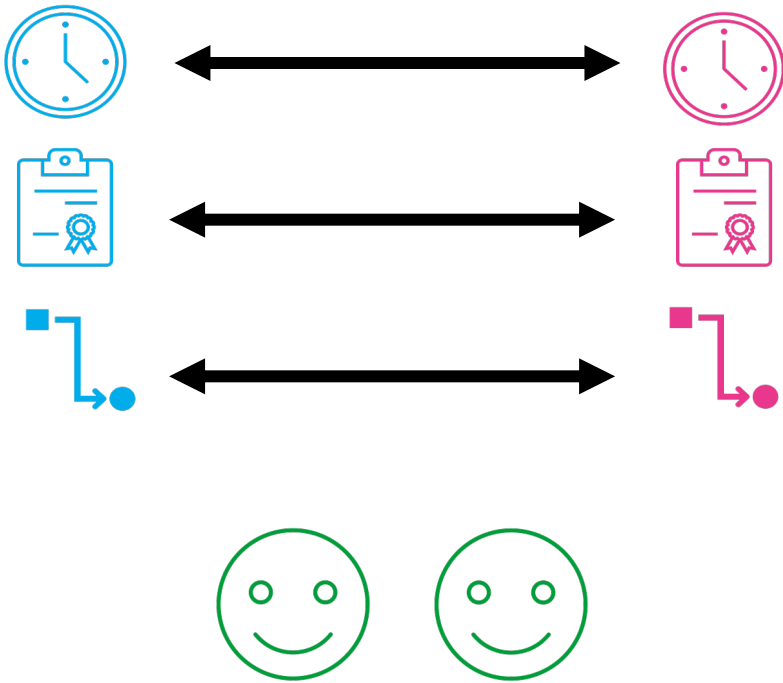
Last years model of the same bike is available.

Its not quite as good but it's pretty close.

It's not as nice a colour as this year's model but it's closer to your £500 price range, although doesn't come with freebies.

It will arrive in kit form, you just need to put on the wheels, seat and handlebars.

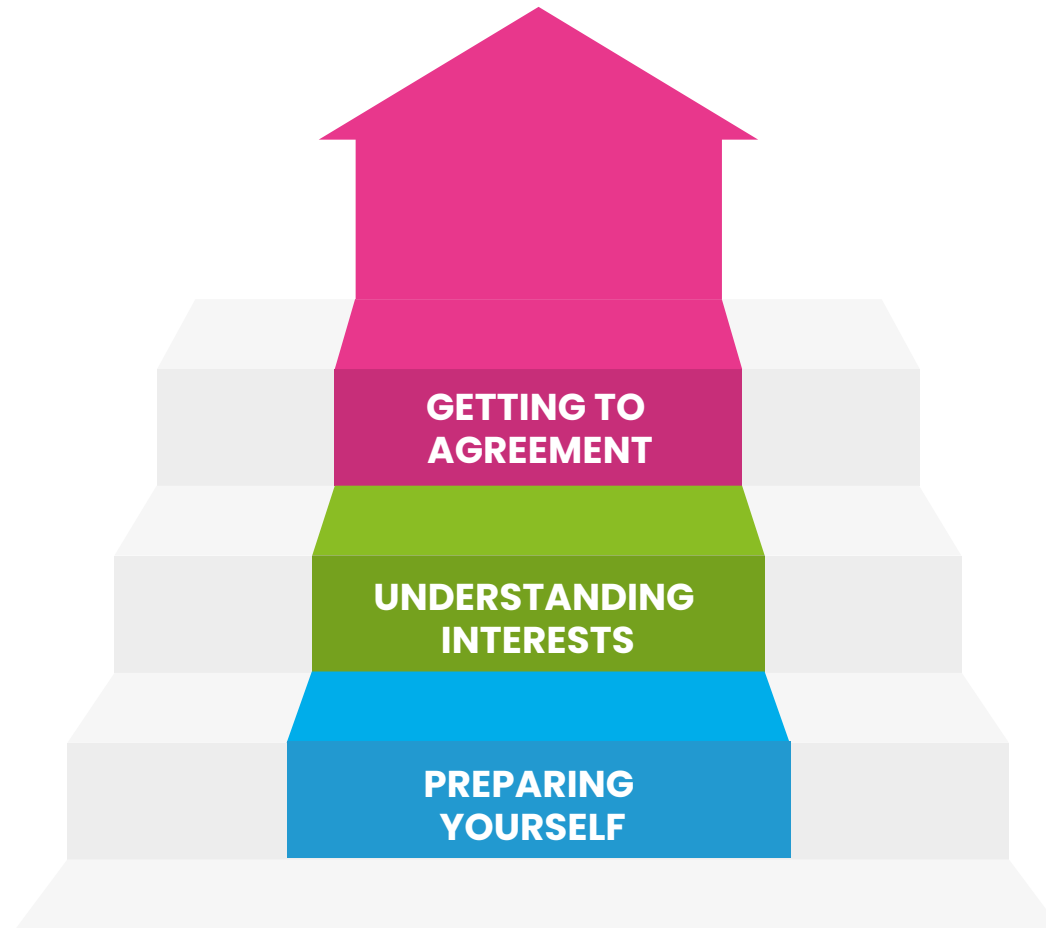
Principled Negotiation



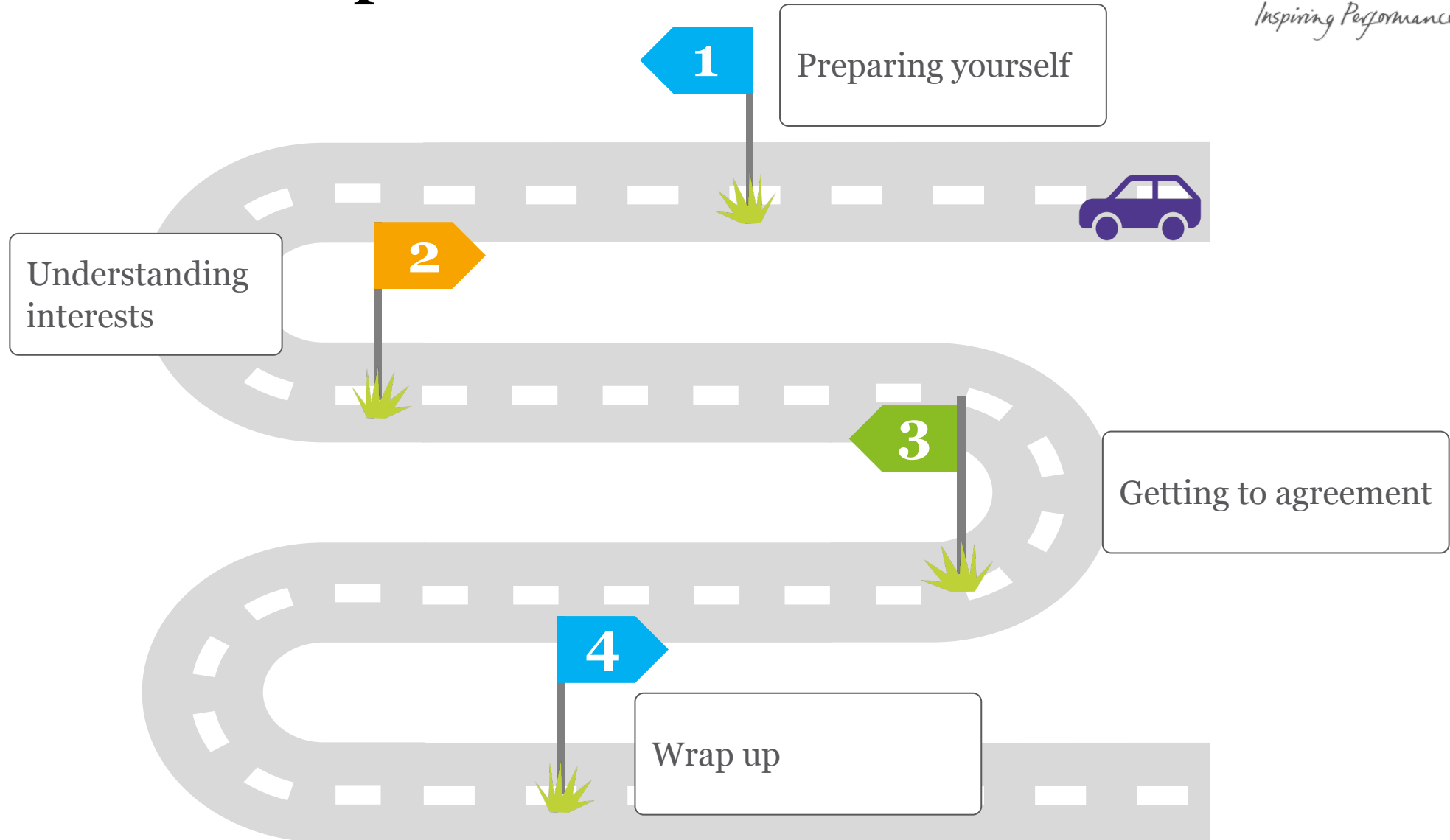
A discussion aimed at reaching an agreement

- Both sides must want to resolve the issue.
- Parties must be interested in both giving and taking.
- Participants are problem solvers.
- The relationship must not be harmed by the process.
- Ultimate aim is that both parties are happy - 'Win – Win'

3 steps to success



Session roadmap



Preparing yourself



Doing your research

*What tactics
will I use?*

*Where do we
start? How do
we gain trust?*

*What are
my goals?*



What would be useful to think about before we start?

How might the other party answer these questions?

*What can I give
away, what's a
nonnegotiable?*

*What's
acceptable to
me and
what's not?*

*Why am I
negotiating?*

Considering possible outcomes

BEST OUTCOME



What you wish for in an
ideal world

£520

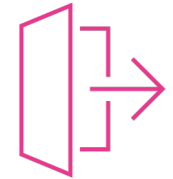
TARGET OUTCOME



What you are prepared to
accept, happily

£560

WALK AWAY



The point at which you
walk away

£580

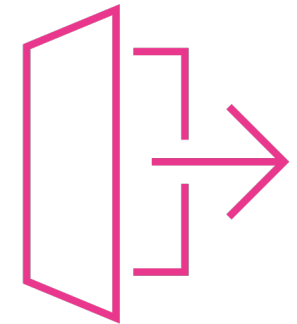
Knowing your Walk Away: BATNA

‘What’

Best Alternative To a Negotiated Agreement

‘Why’

Securing a **BATNA** gives us clarity of where we stand, our strengths and weaknesses, and ultimately, informs our ‘walk away’ point.



‘Example’ from the bike exercise:

You know what you are willing to pay because you’ve done your research. Imagine if you hadn’t, or didn’t know what the alternatives were, how confident would you feel going into that negotiation?

The seller will also have a point at which it makes no sense to sell the bike for less. If the reason that bike is out of stock is that it’s so popular, they may not wish to drop the price to much

Understanding interests



Focus on interests

YOU: The Buyer

You want this bike but it's too expensive.

You're 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 Shop

???

???

???

???

Focus on interests, not positions

What you see



Their Position

What they say they want

Demands

Things they say they will/won't do

Subjective wants

Project Manager's Position:

'I want a one-month extension to close out the project'

Project Manager's Interest:

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.



What may be hidden

Their Interests

Why they want it; underlying motivations

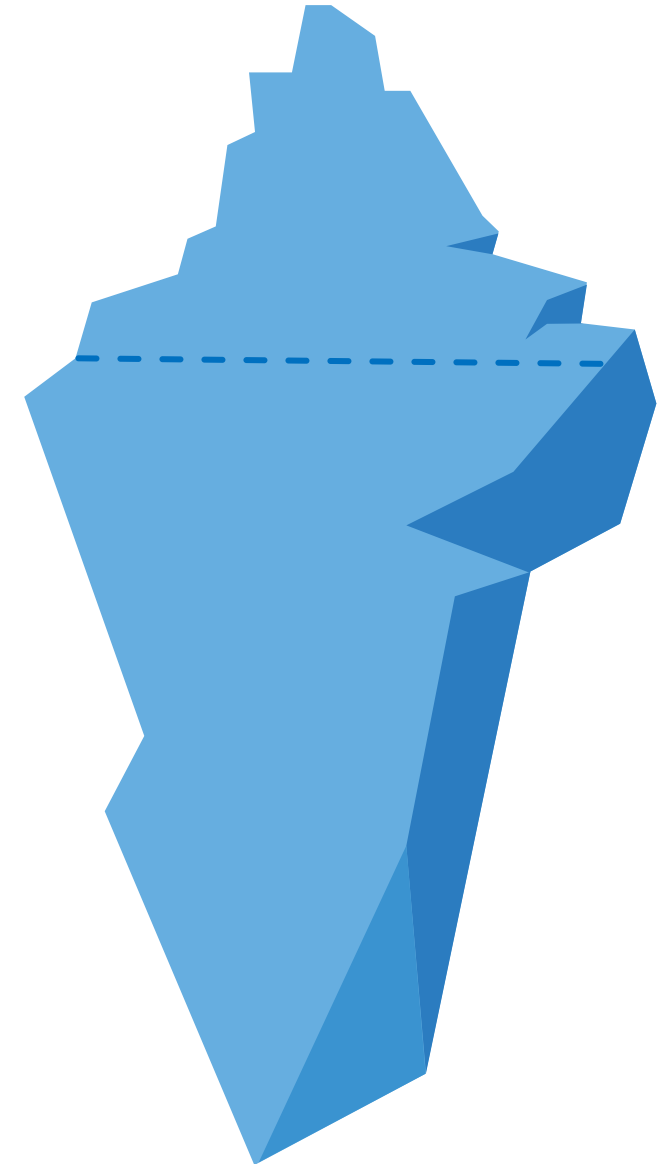
Concerns

Fears and aspirations

Objective needs

Focus on interests, not positions

- 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



Focus on interests

YOU: The Buyer

You want this bike but it's too expensive.

You're 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 Shop

???

???

???

???

Example:

YOU: The Buyer

You want this bike but it's too expensive.

You're 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.



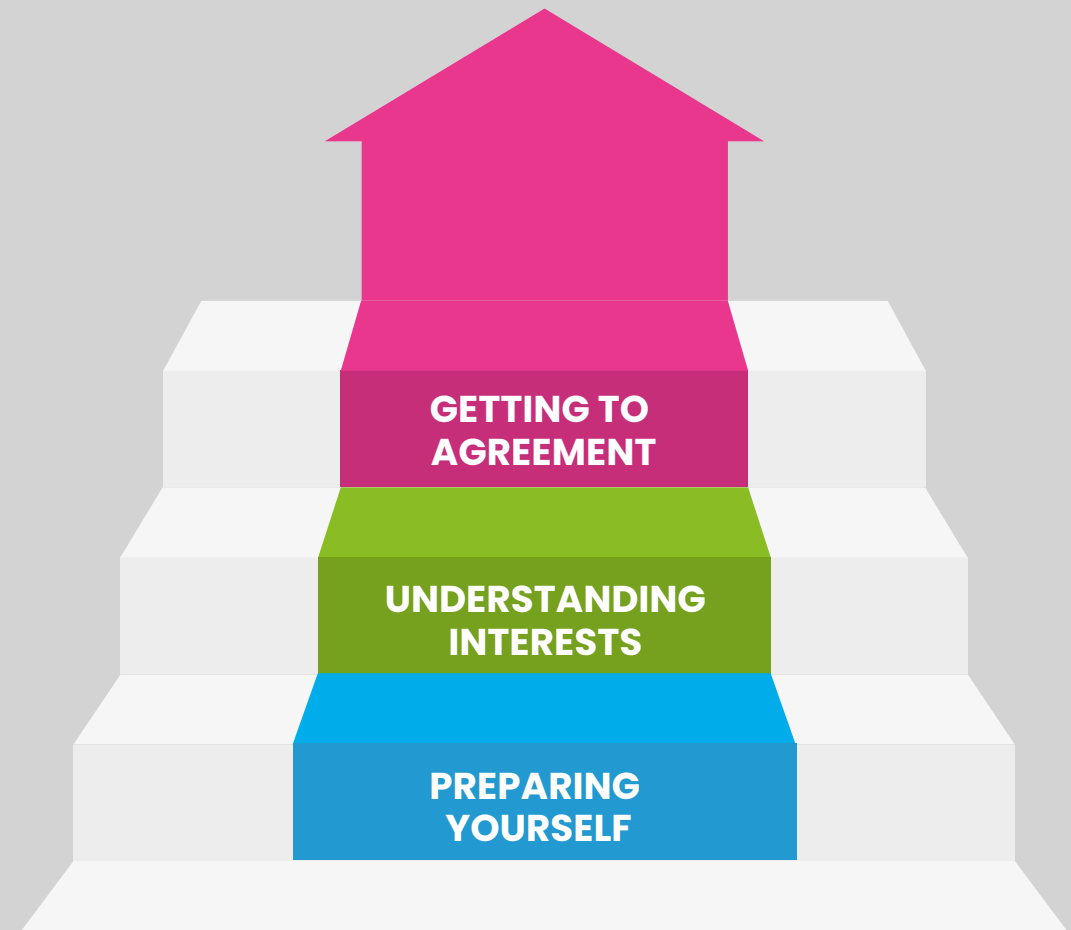
The Shop Owner

Want to hit their sales target for this month and they're a bit short.

Their cashflow is looking pretty good though.

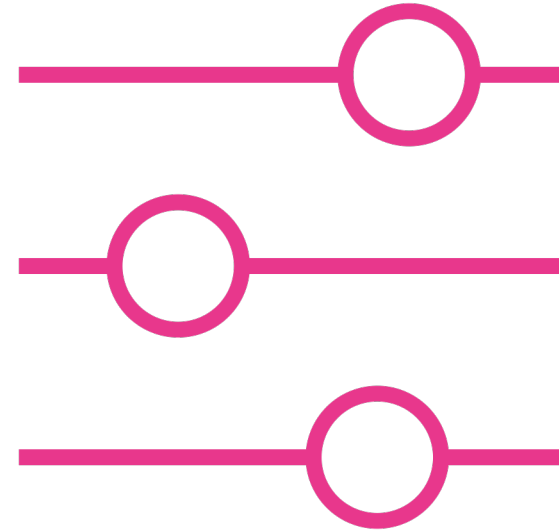
They have a range of other similar bikes with good colour matches to the customers preference.

Getting to agreement



Use 'variables' at play

- Fixing on a 'single point' position often creates deadlock.
- Look to 'tether' variables.
- There may be more than one good solution.
- Broaden your options and get 'unstuck'
- Be creative



Example:

Person buying

Wants this bike but its too expensive.

Not confident with building/fitting bikes and have already been offered a fitting.

Seems to really like this style of bike.

But doesn't seem to want last year's model because is quite particular about the colour.

They're not really interested in more kit.



YOU: The Shop Owner

I want to hit my sales target for this month and I'm a bit short.

My cashflow is looking pretty good though.

I have a range of other similar bikes with good colour matches to the customers preference.

Example:

Person buying

Wants this bike but its too expensive

~~Not confident with building/fitting bikes
and have already been offered a fitting~~

Seems to really like this style of bike

But doesn't seem to want last year's
model because is quite particular
about the colour.

~~They're not really interested in more
kit.~~

Create
Win-win
solution

Create
Win-win
solution

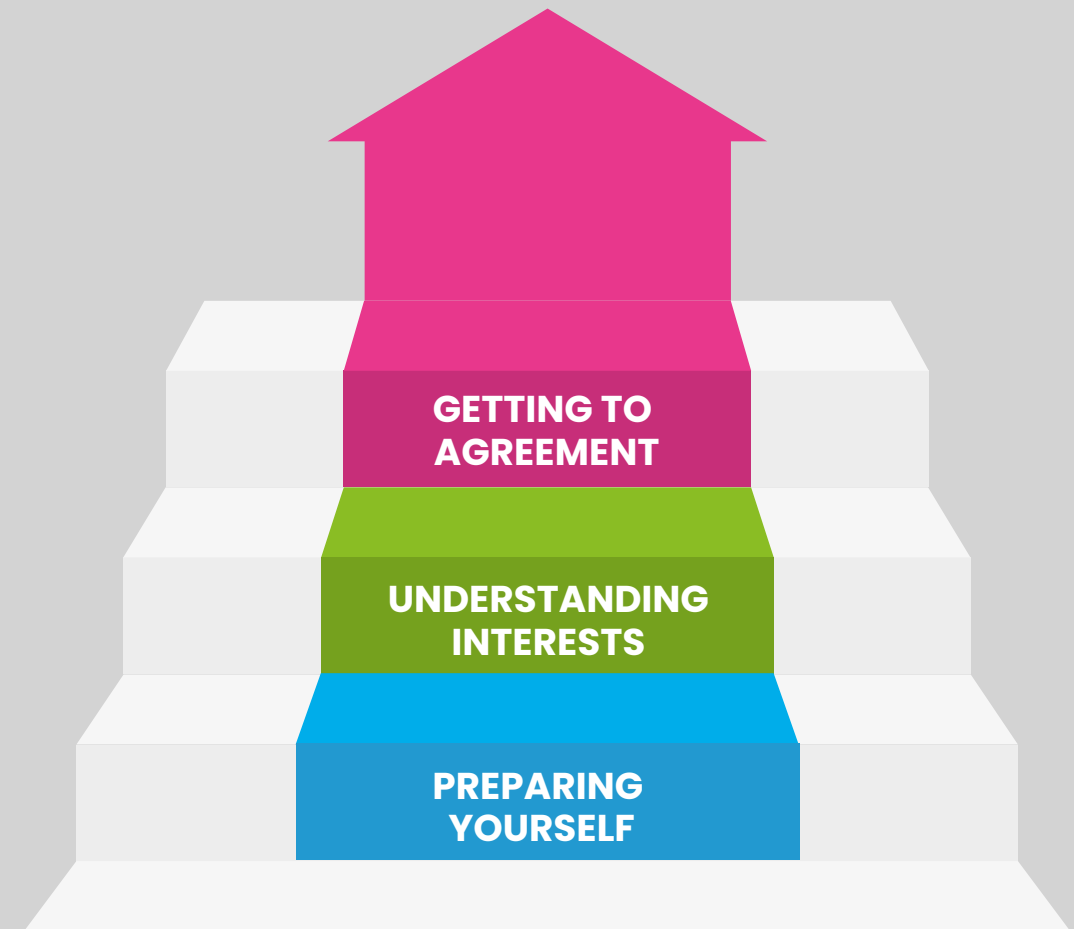
YOU: The Shop Owner

I want to hit my sales target for this
month and I'm a bit short

My cashflow is looking pretty good
though

I have a range of other similar
bikes with good colour matches to
the customers preference

Case study



Exercise!



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!



Seller



Information:

You are soon to be moving into a rented apartment whilst your new house is being renovated. You are looking to sell your partner's bike and put the money to a new one after you move into your new house.

The bike is in good condition, and you want to get a decent price for it, otherwise you will have to spend more on the new one.

You bought some good accessories as well and you would be willing to sell some of these / or include them for the right price. There is a nice garage pump with pressure reader, bottle holder, spare tyres and inners, pedals with cleats and an under-seat bag – all in all about £150 of kit new.

You're handy with bikes and can fit them to someone and manage any issues they have with the bike.

The bike was £750 new, and you would not want to get less than £500 for it, excluding the extras. You've seen a similar bike for sale online, but not as great condition, for £400, so you feel your 'starting price' is reasonable.

You're looking for a quick sale though as you really don't want to pay to move it, store it or let it depreciate. You've got a bike rack so could deliver it if it came to it, although you've got quite a lot on with the move.

A friend of yours has shown an interest in the bike. You haven't discussed price yet, but they know the make and model and you have sent pictures. They are coming to see you today to discuss.



Buyer



Information:

You're looking for a bike for your partner. Neither of you are huge cyclists and they are just starting out, so you have agreed a decent second hand one would be best. Neither of you are that confident about bikes and your worried you could really get caught out.

A friend of yours is soon to be moving and is looking to sell their partner's bike – they have sent you the make and model and it looks nice. You have been online and found a similar one for £400. It doesn't look quite as good but seems very similar, so you are willing to pay a bit more, but you do feel that is a reasonable price for a friend to sell at.

The bike online comes with a bottle holder and a little travel pump and a lock which is all you expect you will need.

You are in no rush to buy anything but don't want to mess your friend around.

You're also aware that you haven't got a bike rack or a decent size car to get the bike home and your partner couldn't cycle it across town without getting it fitted to them and know its safe.

Discussion



Person Buying (from their friend)

Wants to buy at £400

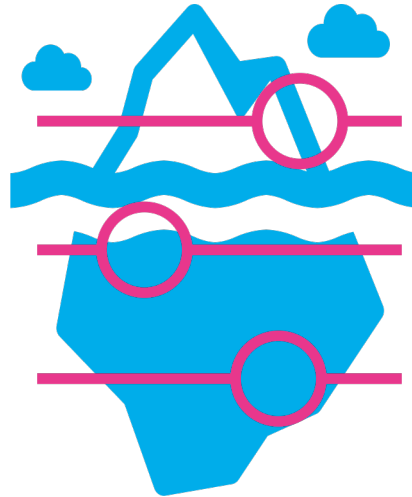
Has seen a similar bike online at that price which comes with a bottle holder and a little travel pump and a lock.
'What more do I need?

In no rush to buy anything

Will struggle to get the bike home without help

Will need help with fitting it to their partner

Doesn't know much about bikes and doesn't want to get sold a pup



Person Selling (to their friend)

Wants to sell at £500

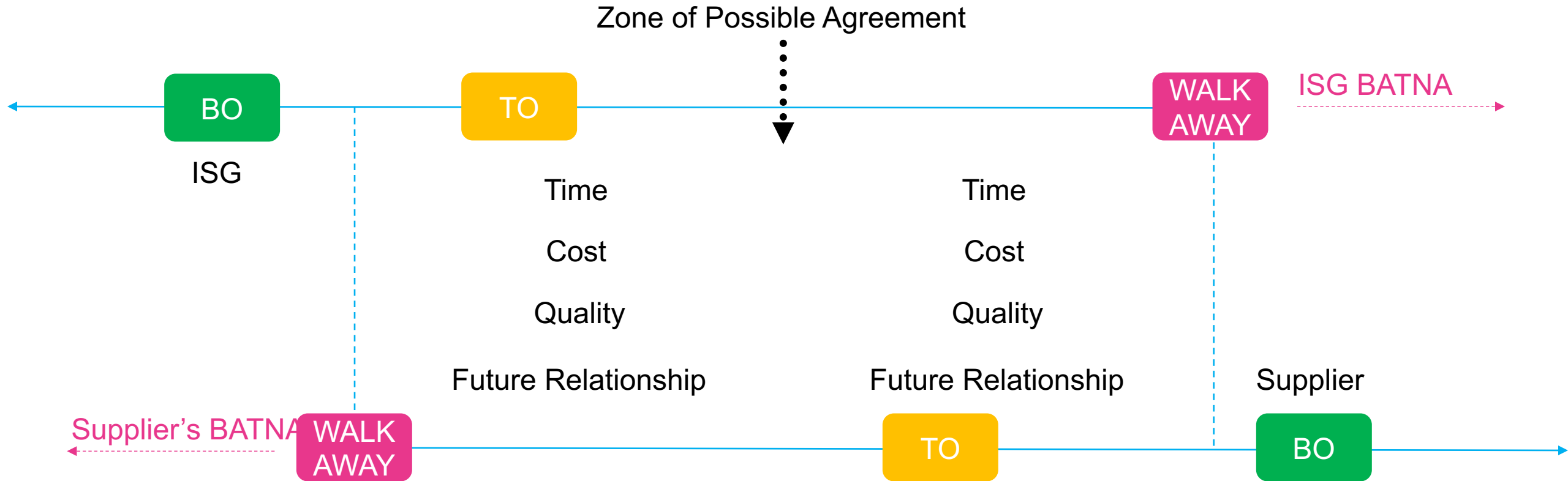
Has seen a similar bike online but not nearly as good (in their opinion) for £400.

Has valued accessories as £150 plus (garage pump with pressure reader, bottle holder, spare tyres and inners, pedals with cleats and an under-seat bag), some of which they could include

Is looking for a quick move otherwise it will be costly to move / store and will depreciate

Is pretty handy with bikes and can fit them to someone and manage any issues they have with the bike

Bringing it all together



Negotiation - Summary

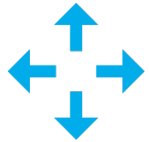
Negotiation: Key points



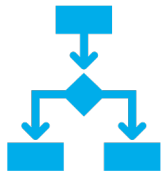
Principled negotiation – aim for win-win and a good relationship



Preparation is Key – Understanding BATNAs – ours and theirs



Explore different solutions – use negotiables



Move away from Positions - uncover interests

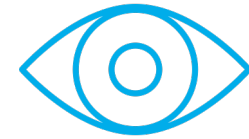
Negotiation: Action planning



What are your
negotiation
challenges?



Take control, what
have you heard today
that could be useful?



How will you do things
differently going forward?