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MIDOCEAN
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Influence and Negotiation Skills

Negotiation Strategies

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Lec. 8 Overview

The main points:

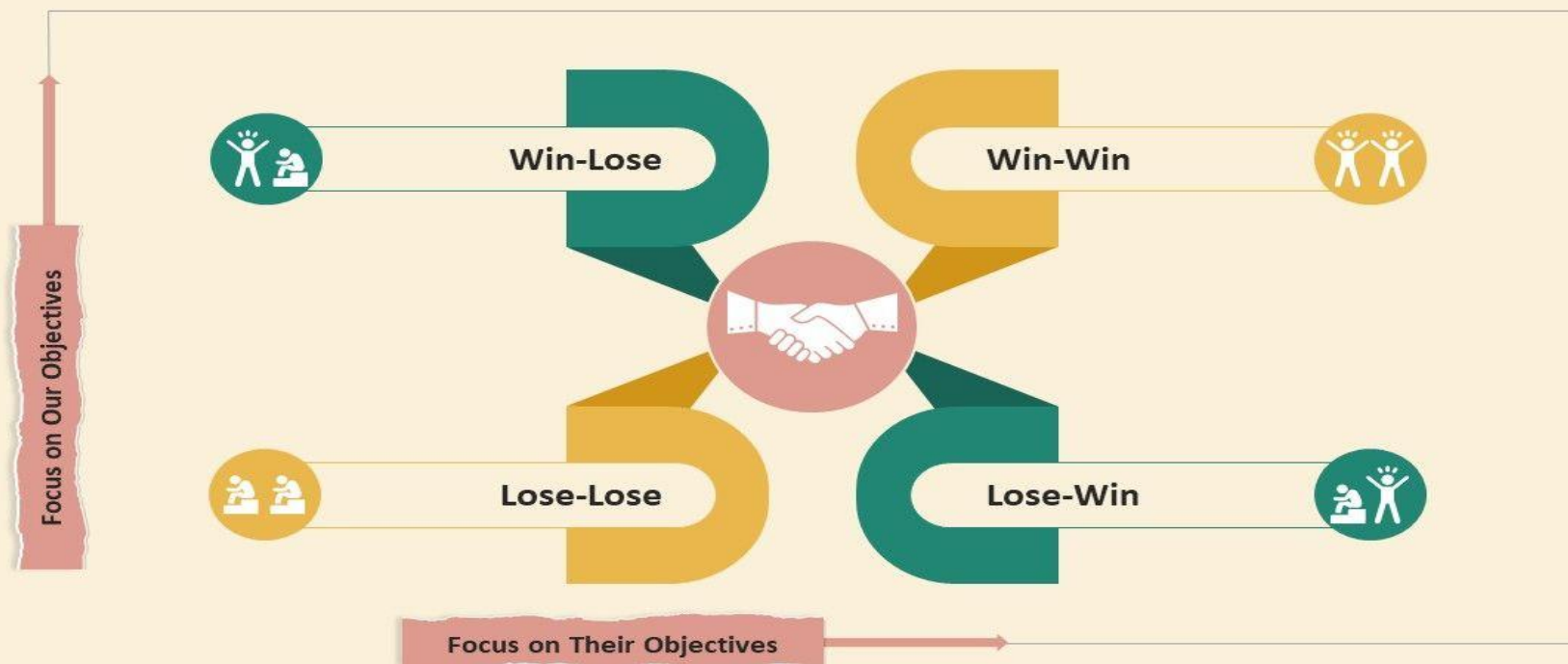
- The negotiation Strategies
- Difference of each strategy through asking ourselves (how and when we can use these strategies).
- Case studies



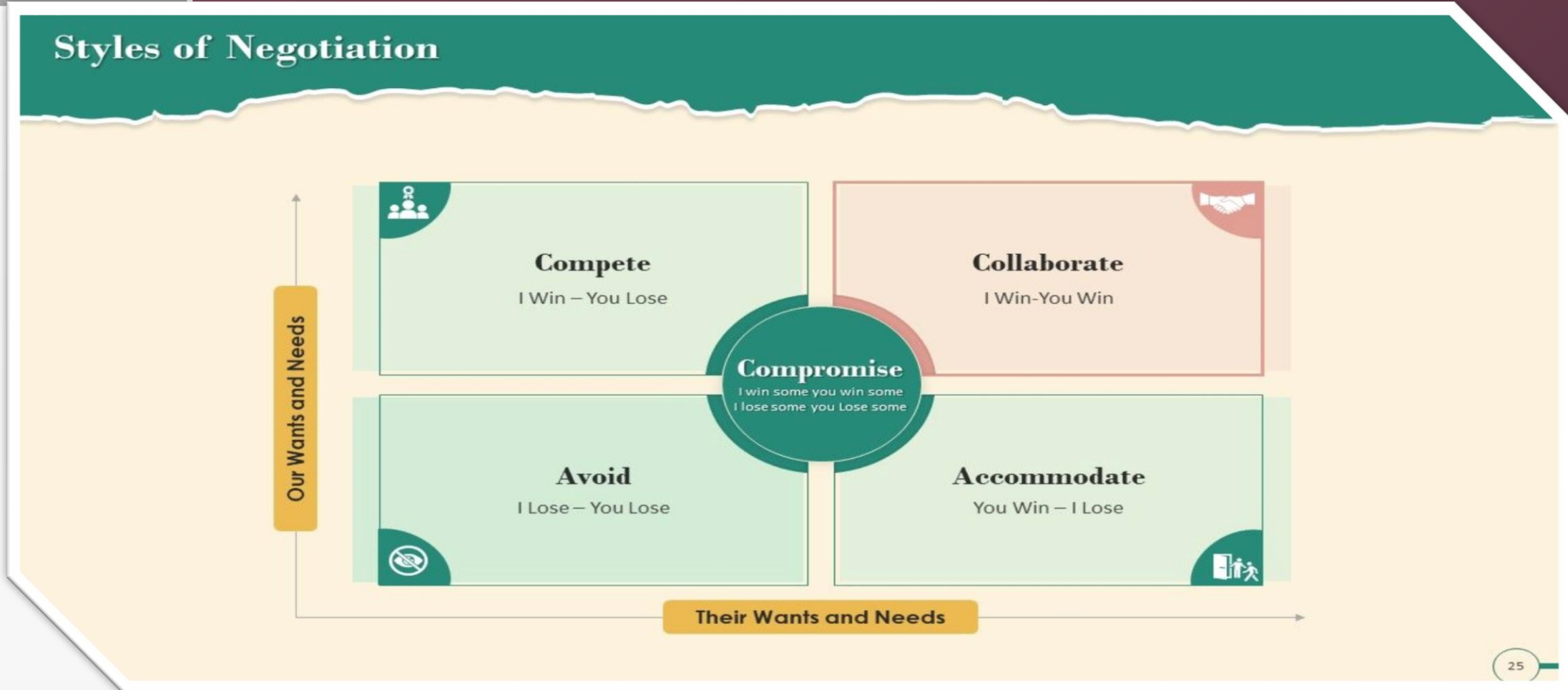
Difference between Tactics and Strategies

While strategy is the action plan that takes you where you want to go, the tactics are the individual steps and actions that will get you there. In a business context, this means the specific actions teams take to implement the initiatives outlined in the strategy

Negotiation Strategies



Looking at the Strategy Matrix, you will notice the varying negotiation styles.



Looking at the Strategy Matrix, you will notice the varying negotiation styles.

The Five Negotiation Styles

Negotiation styles are classified into five types based on how assertive and cooperative these prove to be. Each style favors a particular negotiation approach and has strategic advantages and disadvantages.



Competitive

- Assertive
- Uncooperative
- Typically favors a hard approach



Compromising

- Neither assertive nor unassertive
- Neither cooperative nor uncooperative
- Typically favors compromising



Accommodating

- Unassertive
- Cooperative
- Typically favors a soft approach



Avoiding

- Unassertive
- Uncooperative
- Typically avoids engagement



Collaborating

- Assertive
- Cooperative
- Typically favors a principled approach

1

definition

A situation where both parties gain from a transaction or a deal, or where all possible outcomes are favorable



- The situation by which a cooperation, compromise or group participation leads to all participants benefiting
- the result of a mutual-gains approach to negotiation in which parties work together to meet interests and maximize value creation.
- when both sides are satisfied with their agreement.

Styles of Negotiation



Collaborate: I Win – You Win



Collaborative negotiation is a strategy in which both parties share a common goal



They try to achieve their goal by Extracting more value from the transaction to benefit both parties is the endeavor of this style. It is also known as integrative, interest-based, or problem-solving negotiation

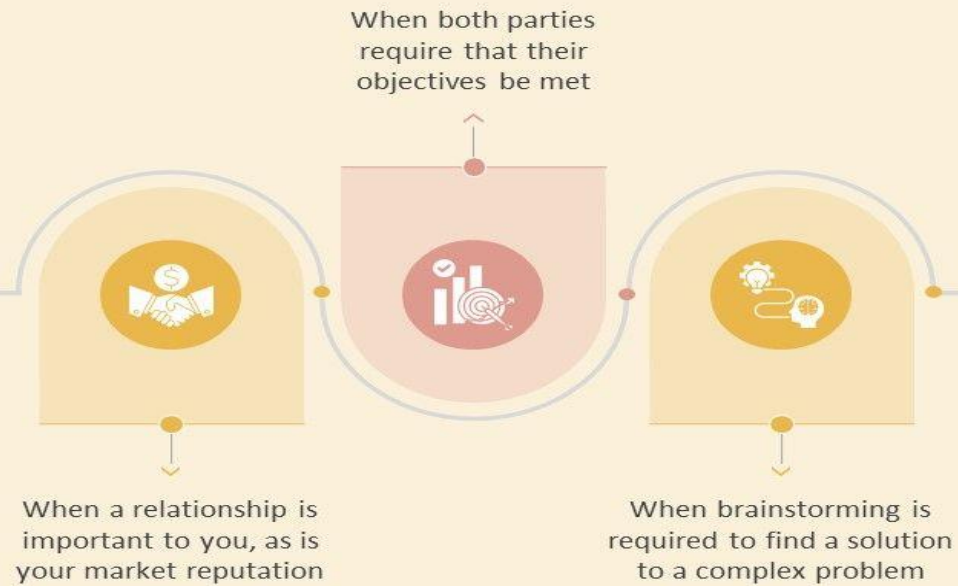


In collaborative negotiations, both disputing parties are seeking mutual benefits by adding more value and achieving a win-win outcome

Styles of Negotiation



When to use
Collaborate Style
of Negotiation?



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How to negotiate a win-win situation

1. Remember the other person's goals

When negotiating with someone, it's helpful to remember what the other person might want out of this situation.

Ex: If negotiating a pay raise, you might keep in mind your employer's need to stay within a certain budget, which might be outside of their control.

Ex: When negotiating with a contractor, remember that both their time and resources have value reflected in the payment they receive.

How to negotiate a win-win situation

2. Evaluate your expectations

Since a win-win resolution means that both sides think the outcome is beneficial, it's important to make sure that what you expect from the other party is fair to them.

Ex: If an employee wishes to negotiate a pay raise, it's helpful to remember the work expected of them and evaluate whether the pay reflects the value of that work to you. In the contractor example, consider whether you expect something beyond their original estimate and make adjustments

How to negotiate a win-win situation

3. Create mutually beneficial opportunities

If the negotiations don't seem to include a way of reaching a win-win situation, it's sometimes possible to create a new situation that does. In a business negotiation, this can mean creating a path to promotion for a hard-working employee who desires more pay that can't currently fit into the company budget. This can help you protect the budget in the short-term while providing an opportunity to improve business by giving an excellent employee more responsibility for more pay later on.

How to negotiate a win-win situation

4. Remain objective

During negotiations, it's best to keep a focus on the objective facts of that specific situation instead of the potential outcome. These facts might include things such as:

- The actual work completed and its success
- The established pay rate
- Work completed beyond an employee's job description
- Any previous estimates or unwritten agreements

Consider whether the resolution isn't just fair to the parties involved but that it's fair when accounting for the objective facts.

How to negotiate a win-win situation

5. Determine your best alternative

Instead of focusing on your most desirable outcome, it's helpful to determine which alternative outcome might have benefits for you. During the negotiation process, consider creating a list of alternative outcomes that still work well for you. Deciding which of these you feel is a positive resolution can give you something to negotiate toward if it's clear your most desirable resolution isn't likely to happen. By determining this beforehand, you can still feel you have something to win once the optimal outcome is no longer a factor

How to negotiate a win-win situation

6. Work together toward a common goal

It's sometimes helpful to work together with the other party to determine which outcomes you both want. By doing this, the negotiations can involve figuring out what it takes to meet both goals. When working together this way, it's helpful to keep consistent communication about what works, what doesn't and why. Through this communication, you can determine together what specific tactics work best to bring about a mutually beneficial solution.

How to negotiate a win-win situation

7. Be honest about any potential issues

In negotiations like these, it's helpful to remain honest about the things that conflict with your desired goal. This lets both parties either work around those potential conflicts or resolve the issues themselves. Consider doing the same for the other party's conflicts. If these issues can get resolved, it might help your negotiations reach win-win solution more easily.

Win-Win Negotiation Guidelines

Adopt Right Attitude

- One-World
- Helper
- Partner

Search for Mutual Gains

- Both direct and indirect
- Outside the box
- Complex combinations

Sell Hidden Benefits

- Inspire by new opportunities
- Create new desires
- Make wins look far bigger than losses

1000ventures

Tips for reaching a win-win situation

1. **Start with defining a shared vision** of a desired future you want to achieve.
2. **Focus on long-term mutual gain** and be ready to make short-term tactical changes in your plan if they help to achieve strategic success.
3. **Think holistically**, keep the big picture of the desired future in mind and always remember that there are not just one, but many ways to draw it.
4. **See yourselves not as bargainers**, but as [creators](#) and [strategic design thinkers](#) who design a better future jointly.
5. **Be strategically flexible**. Keep your mind open to emerging strategic opportunities when you face a major road block in negotiations. Be ready to adapt your strategies accordingly to achieve a Win-Win solution
6. **Stay calm**, it's helpful to stay calm and make sure your actions work toward a win for both sides. And to take a moment to breathe and collect your thoughts before responding to a proposed solution you find less than desirable.
7. **Remain positive**, Though it's not always certain that you can get everything you want, remaining positive can remind you that there's often still a resolution that can benefit the both of you. A positive attitude can also prime the atmosphere for the negotiations, helping the entire process take on a more positive tone.
8. **Be respectful**, Try to keep in mind that the other side of a negotiation is trying to get what they think is fair. Be respectful of other people's time, opinions and requests to help negotiations run smoothly.

Win – Win case study

Company A is a large manufacturer of electronics products, and Company B is a small retailer specializing in selling these products to consumers. Both companies recognize the potential for collaboration to increase their profits and market reach.

Objective: The objective of this collaboration is to create a win-win situation where both Company A and Company B can achieve their business goals through mutual cooperation.

Actions

- 1. Identifying Complementary Strengths:** Both companies identified their respective strengths and weaknesses. Company A excelled in manufacturing and had a vast production capacity, while Company B had a strong local market presence and knowledge of consumer preferences.
- 2. Resource Sharing:** To create a win-win situation, both companies agreed to share resources. Company A offered a discount on bulk purchases to Company B, enabling the retailer to access products at a lower cost. In return, Company B agreed to provide valuable market insights and feedback on product performance.

Actions

3. Marketing Collaboration: Company A and Company B collaborated in marketing efforts. Company B utilized its local market knowledge and customer relationships to promote Company A's products effectively. This resulted in increased sales for Company A and a boost to Company B's revenue through increased customer traffic.

4. Customer Support Collaboration: Company B provided pre and post-sales customer support on behalf of Company A. This arrangement helped both companies significantly. Company B expanded its service offerings, attracting more customers, and Company A reduced its operational costs by outsourcing customer support.

Results

1. **Increased Sales and Profits:** The collaboration resulted in increased sales for both companies. Company A's products gained wider visibility through the retailer's marketing efforts, leading to a surge in demand. Company B saw an increase in revenue due to access to discounted products and increased foot traffic.
2. **Market Expansion:** Through collaboration, Company A was able to penetrate new markets, leveraging Company B's established distribution channels. This resulted in increased product exposure and improved accessibility for customers.
3. **Improved Efficiency:** The collaboration allowed Company A to focus on its core competency of manufacturing, while Company B handled customer support and marketing. This specialization improved operational efficiency for both companies, ultimately leading to cost savings and improved overall performance.

Conclusion

This case study demonstrates how a win-win situation can be achieved through collaboration and resource sharing. By identifying complementary strengths and aligning their objectives, Company A and Company B were able to benefit from each other's capabilities, resulting in increased sales, market expansion, and improved efficiency. Such win-win partnerships build sustainable relationships and contribute to the long-term growth and success of businesses involved.

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Definition

refers to a distributive negotiation where one negotiator's gain the other negotiator's loss. Both negotiators are typically competing to take away or claim the most value from their negotiation.

WinLoss

2

This term refers to a distributive negotiation whereby one party's gain is another party's loss.

Both parties are competing to get the most value from the negotiation

Also called the 'fixed-pie' scenario.



I Win- You Lose Strategy

2

with Win-Lose, you are looking to claim as much of the existing value as possible.



Styles of Negotiation

Compete: I Win - You Lose

01

Competitive style negotiators prioritize their own needs - even if it means riding roughshod over the needs of others

02

They usually do not want to make others suffer or lose, but they focus on short-term gains and try to maximize their gains at the cost of the other party involved

03

They frequently use whatever power and tactics they can muster, including their personality, position, economic threats, brand size or strength, or market share. At its most extreme, other negotiators refer to their actions as aggressive or hostile



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Styles of Negotiation

When to use Compete Style of Negotiation?

01

Competition is critical when a person needs to act or get results quickly. This is especially true when you are confident that something is not negotiable and immediate compliance is required

02

While dealing with negotiators with a competitive conflict profile, competition can be an effective defense or counter balance

03

When you are buying or selling something for the first time

For Example

Selling your own home or car to a stranger), your negotiation will most likely be more competitive than selling to a friend/family member or when are in the middle of a business-to-business negotiation



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Win – Lose case study

the negotiation between a company and its labor union during contract renewal.

Let's say Company X, a manufacturing firm, is negotiating a new contract with its labor union representing the workers.

The workers are demanding higher wages and improved working conditions, while the company wants to keep labor costs low to remain competitive in the market.

Win – Lose case study

In this situation, if the labor union is successful in negotiating higher wages and better working conditions, the workers will be considered the winners. They will enjoy improved pay and working conditions, potentially leading to higher job satisfaction and productivity.

However, if the company is unable to meet the union's demands, they will be considered the losers. They may have to cut costs in other areas, reduce labor force, or face strikes and disruptions in operations. This could negatively impact the profitability and competitiveness of the company.

Conclusion

Ultimately, this negotiation illustrates a win-lose situation as the outcome favors one side (the workers or the company) at the expense of the other.

Styles of Negotiation

Compromise: I Win Some You Win Some
I Lose Some You Lose Some



The main concern of a compromising negotiator is to find a middle ground and do what is fair for both parties.



The main drawback of a compromising negotiator can be that sometimes they rush into negotiations and make too many concessions leading to a loss for themselves.

Styles of Negotiation

When to use Compromise Style of Negotiation?

01



When one of the parties needs to repair or maintain relationship with the other, compromise alleviates the stress of negotiating

02



When you are short on time and dealing with a party you've previously dealt with and trusted

03



When one of the parties needs to repair or maintain relationship with the other, compromise alleviates the stress of negotiating

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Compromise case study

Joy and Antony want to buy a house that is on the market for 200000\$. However, they don't want to pay that much, so they make an offer of 160000\$.

Bob the seller doesn't want to go that low, but does want to sell the house soon, so he offers to sell for 180000\$.

Joy and Antony accept the deal and the house is sold.

In this case, Joy and Antony paid 20000\$ more than they wanted to and Bob sold for 20000\$ less, but the house was exchanged, which was the main goal of both parties

4

Definition

is a strategy where one party gives in to the wishes or demands of another. They're being cooperative but not assertive. This may appear to be a gracious way to give in when one figures out s/he has been wrong about an argument.



I Lose – You Win Situation



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Styles of Negotiation

Accommodate: I Lose - You Win



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01



This is the opposite of competing. The relationship is everything for accommodating style negotiators

02



Accommodating profiles believe that giving people what they want is the best way to win them over

03



Accommodators not only provide products and services, but they are also generous with information. Co-workers and opposing party negotiators love these kind of negotiators

Styles of Negotiation



When to use Accommodate Style of Negotiation?

01

When you or your company is at fault, healing the relationship is critical, especially if there is nothing else a person can do to help the other side

02

When you're in a bad situation, sometimes the best thing you can do is give up gracefully

5

Definition

Is called too no win situation, is one where a person has choices, but no choice leads to a net gain

Lose-Lose Situation Definition



Searching for solutions that bring some degree of satisfaction to all parties in order to temporarily or partially resolve the conflict. This approach occasionally results in a lose-lose situation.

Styles of Negotiation

Avoid: I Lose - You Lose

- 01 This is commonly referred to as "passive-aggressiveness." People who use this style frequently dislike conflict
- 02 Rather than confronting you directly about the issue, avoid style negotiators may seek revenge without your knowledge
- 03 The avoiding style is a common reaction to high-competition negotiators. Sellers will avoid calling high-competition buyers (i.e., Avoiding Competitive Buyers)



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Styles of Negotiation



When to use Avoid Style of Negotiation?

01

When the cost of devoting time to resolving the conflict outweighs the benefit, or when the issue is minor (to both parties)

02

Sometimes you are dragged into a negotiation unprepared, under these conditions, avoidance is most likely the best strategy. Either avoid the meeting or refrain from discussing the issue for which you need to prepare



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Lose Lose case study

For example, if a company finds a dangerous fault in one of its products, they can either issue a [product recall](#) and take some reputational damage, or allow the product to harm people: the company is in a no-win situation.

Lecture Conclusion

Strategies	Resolutions		
	Win-Win	Lose-Lose	Win-Lose
Avoiding		Both parties ignore the issue	
Competing			Only one-party wins
Collaborating	Meet the needs of all involved		
Accommodating			One party meets needs of other at own expense
Compromising		Both parties give up something	



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Thank You

