Negotiate for Better Business

■ Lt. Col (Retd) Rohit Agarwal

When we think about Negotiations, several scenes may come to mind. We may connect it with high stakes deals between hardnosed businessmen or maybe the talks between hijackers and the authorities on release of hostages. While Negotiating is a vital component in such situations, it is also something that we do as a matter of course in day-to-day life. Whether it is convincing your child to drink up his milk, asking for a few days leave from office or buying vegetables – there is an element of negotiation in each transaction. Of course, the stakes, techniques and tactics vary with the situation. Lt. Col. (Retd.) Rohit Agarwal analyses how to negotiate for better business results.

Wikipedia explains negotiation "as a dialogue intended to resolve disputes, to produce an agreement upon courses of action, to bargain for individual or collective advantage, or to craft outcomes to satisfy various interests. It is the primary method of alternative dispute resolution." So, whether the dispute is about the release of hostages or about the number of days you can take off from office, knowledge and application of the techniques of negotiation, would result in a better outcome.

The first step in a negotiation process is, understanding the reasons it is taking place at all. The basis of all negotiations is 'give and take'. If there is no element of 'give and take' involved, then there is no scope for ne-

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gotiations and it becomes a 'take it or leave it' situation. For this 'give and take' to happen, the following must be true:-

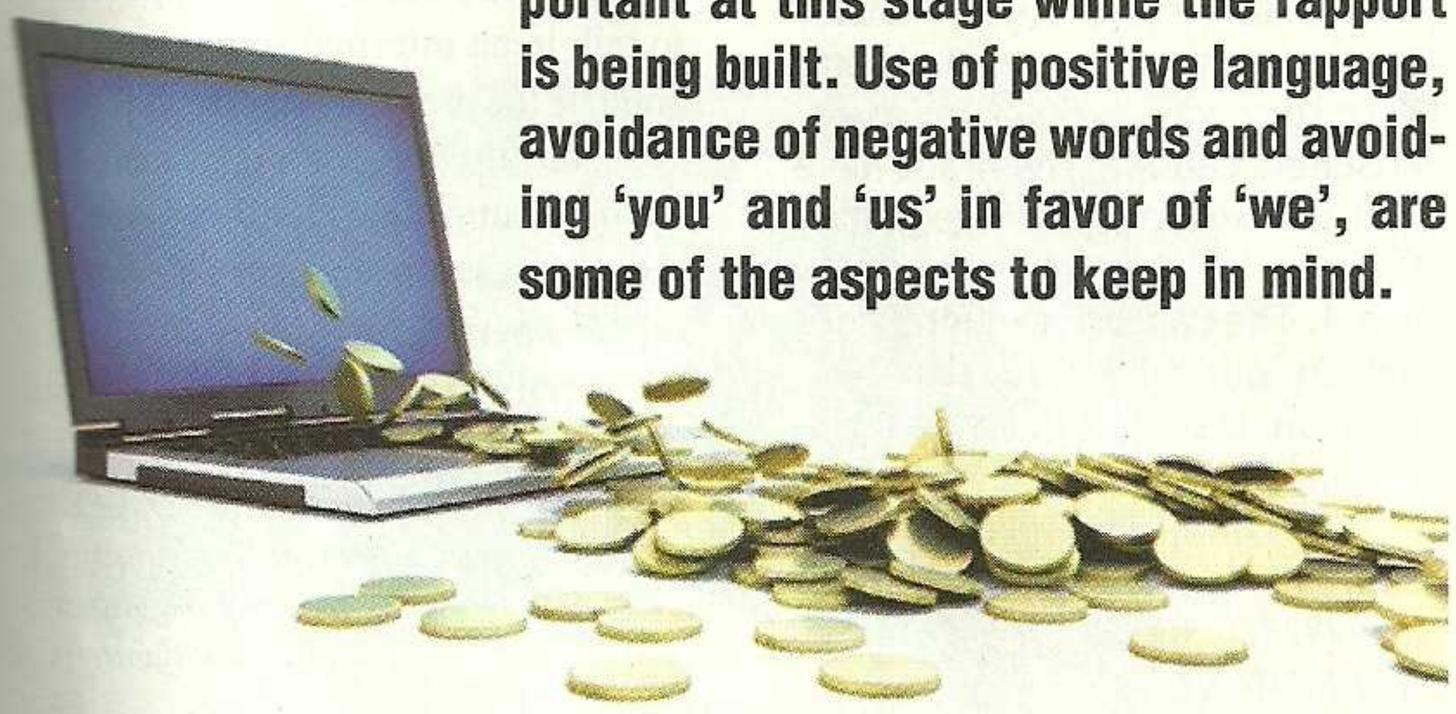
- Each side must have something that the other wants. For example, the hijackers have the hostages, and the government has their comrades as prisoners whose release they want. In a business situation, a company has access to the market, while the other has a product it wants to sell.
- Each side must have a degree of flexibility in what they are willing to offer and what they are willing to accept. For example, the hostage takers may demand money as well as release of prisoners. They may be willing to forego the money, but not the release. In business, this may translate into the share of profits, the exclusivity of rights, terms of credit and so on.
- There should be a genuine desire to reach a negotiated settlement. Such a desire is absent in hostage situations where some countries have a stated policy of non-negotiation with hostage takers. This is aimed at deterring hostage situations since, it is clear that the desired goal (release of prisoners) cannot be achieved through taking hostages. Hence, no negotiation can take place in such situations. On the other hand, in business, the clear understanding that a successful deal would lead to improved profitability for both sides, brings about this desire.

In any negotiations, the process of preparation is as important as the actual conduct of negotiations itself. This involves collecting and analyzing as much information relevant to the negotiation as possible. Information is, primarily, required about the following:-

- **Own side** – What are we looking for as the outcome. What are our strengths and weaknesses? What is the 'band' within which we would negotiate, what concessions we are willing to make. This information would be readily available from internal sources and some of it would need to be decided based on own strategic planning.
- **Other side** – What is their interest? What would be their absolute essential requirements, and what issues would they be willing to bargain for? This information would not be easily available and a lot of it would have to be based on estimates and assessments.
- **The environment** – Information about the market as it impacts you as well as the other side is vital, as this gives you a fair idea about the bargaining space and imperatives that you have and those under which the other side would be operating. What are the alternatives available to you as well as the other side, in case the deal does not take place, is a vital input that can be gauged from a thorough environment scan.

As a result of processing this information, the following needs to be worked out before actually reaching the negotiating table:-

Selection of words and use of appropriate phrases is an important part of the overall process, and is particularly important at this stage while the rapport is being built. Use of positive language, avoidance of negative words and avoiding 'you' and 'us' in favor of 'we', are some of the aspects to keep in mind.



- **Goals** – What are your goals and what do you think other side wants?
- **Tradeoffs** – What is the range and scope of tradeoffs that each side can make. What would each side be comfortable in giving away.
- **Bottom lines** – What would be your bottom line position, and what do you think would be the other side's?
- **BATNA** – What is your BATNA (Best Alternative to Negotiated Agreement). If the negotiations fail, what are the alternatives you have?

Often, the venue at which the negotiations take place also has a subtle influence on the dynamics. It is common belief, that the 'host' party has a slight psychological edge since they are on home ground and are more at ease. Since, both sides would prefer to have this advantage on their side, it may be agreed to hold the talks on a 'neutral' venue. Alternatively, if the process lasts for more than one session, each party may host them alternatively.

At the negotiating table itself, the aspect of 'Ice Breaking' is extremely important. The initial rapport building and developing trust with each other is something that will have a lot of impact on the final outcome of the negotiations. While both sides would be acutely aware of being on opposite sides, the idea of 'work towards working together' should be initiated. This feeling of working together can be generated by referring to the expected gains that both sides would have from a negotiated settlement. This would set the pace for the interactions based on 'win win' rather than 'I win you lose'.

It is extremely important to be well versed in basic business etiquettes, and scrupulously adhering to them. It would be a good idea to start off the proceedings with a round of introductions. The manner in which this takes place could either be with individual members of both teams giving out a short introduction of them. This could include a little about their professional background and their role in the organization as relevant to the particular circumstances. This would give a fair idea about the hierarchy of the other team and their group dynamics and help you throughout the negotiations. It would also be vital, to remember names of all the other team members and address them appropriately, every time you speak to them.

Agenda setting must be taken up next. While the preliminary exchanges that have taken place before the actual face to face meeting may have broadly set the agenda, it would be a good idea to go through it together and in detail. This would give both sides a fair idea of how the proceedings are likely to unfold and also set a broad time frame. Agenda setting would also be a good time to reinforce the spirit of mutual collaboration and highlight the gains that both sides expect from the positive outcome of the negotiation process. Selection of words and use of appropriate phrases is an important part of the overall process, and is particularly important at this stage while the rapport is being built. Use of positive language, avoidance of negative words and avoiding 'you' and 'us' in favor of 'we', are some of the aspects to keep in mind.

It would be a good idea to have a brief break – maybe for coffee – once the preliminary stage of introduction and agenda setting is over and before the actual discussions commence. This would give both sides an opportunity to talk in an informal setting and consolidate the process of rapport building.

Due diligence, during preparations for negotiation and careful attention to ensuring establishment of rapport right at the opening of proceedings, will invariably result in successful outcomes during negotiations.

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Indo - Pak Negotiations at Shimla 1972

After the decisive victory of India over Pakistan in the 1971 war, the Shimla agreement was signed between Mrs. Gandhi and Bhutto in early 1972. However, despite India's overwhelming advantage - we had 93,000 prisoners of war and 5,000 square miles of Pakistani territory under our control - the outcome was seen as advantageous to Pakistan. The negotiation skills of the Pakistani side were obviously better.

"At Shimla Bhutto was given two clear alternatives. He was asked whether he wanted to get back first the prisoners of war or the 5000 square miles of territory India captured from Pakistan. Bhutto outfoxed Mrs Gandhi by asking the territory first. Bhutto's daughter Benazir, who accompanied him to Shimla explains the evil and clever design behind such a demand. She writes in her autobiography "Daughter of the East" that she was, in fact, surprised at such a topsy-turvy priority of her father as there was an impatient demand for the release of such a large number of prisoners of war. But, Bhutto calmed her and told, the POW's will be freed in any case. Prisoners are human problem. The magnitude is increased when there are 93,000 of them. It would be inhuman to keep them indefinitely. And it will also be a problem to keep on feeding and housing them. Territory, on the other hand, is not a human problem. Territory can be assimilated. Prisoners cannot. The Arabs have still not succeeded in regaining territory lost in the 1967 war with Israel. The capturing of land does not cry out for international attention the same way as the prisoners do."

Source - http://www.scribd.com/doc/982320/SECRET-OF-SHIMLA-AGREEMENT