



ΠΑΝΕΠΙΣΤΗΜΙΟ ΠΕΙΡΑΙΩΣ

UNIVERSITY OF PIRAEUS

M.Sc. Shipping Management

Sharpen your Negotiation Skills

certified ISO 9001: 2008

Demosthenes Papaconstantinou



NEGOTIATION IS EVERYWHERE

- We negotiate all of our lives
- We negotiate from the time we are born
- We negotiate more than once in every hour, but we do not recognize the majority of those
- Negotiation is a crucial part of day to day survival, in both business and other activities of our lives.

Negotiation is about reaching an agreement with other parties so that can achieve your goals





Let's see it as a game

1st : Understand the game

- It is not a random process
- There is an understanding which helps the ability to predict and control

2nd: It has a predictable sequence of activities

- It is not a chaotic or random series of events

3rd : There are plays in the game

- The game has rules
- There are dos and don'ts.

Has rules
But it is an Art, although has some ...Science





Negotiation is Communication



.....in a Negotiation

1st

**Ask Questions
a lot of Questions**

2nd

**Should Listen ...
Actively Listen**



Ask a lot of Questions

.... GREAT TOOL



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- Ask questions....
- Do not ask another question until they answer the previous ones
- Let them give their thoughts, their arguments



OPEN - UNLOCK

the Other Side

the Buyer

the Seller

the Associate

the Co-worker

Questioning & Listening best Tactics



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LISTENING

- It is an active rather than a passive process
- It requires effort and energy
- **We** do it and **not** the **Others**

... is not listening politely until he finishes

... is not to prepare an answer while listening

...is not the skill to find the mistakes he made

**the Effective Negotiator
listens 70%
talks 30%**



Negotiation is ...a POLYCANAL communication

- **WHAT** you communicate
- **HOW** you communicate
- **WHEN** you communicate
- **WHY** you communicate
- **WHOM** do you communicate to?
- **WHAT** You **DO NOT** Communicate

has BENEFITS but and COSTS



It is a fraction

Benefits

Costs

- It is a decision of Exchanging Gains and Outlays
- To Take something you have to Give something

Before you begin a negotiation decide
**what You can Give
to get what You Want**



do not start a Negotiation



- If you do not have something to give,
- If you are not willing to give something

There is not a Concession

ONLY EXCHANGE





Everything is Negotiable !

EVERYTHING IS NEGOTIABLE

Perhaps The Most Valuable Rule

- Never accept:
 - ✓ There is not a discussion on this
 - ✓ This is not negotiable

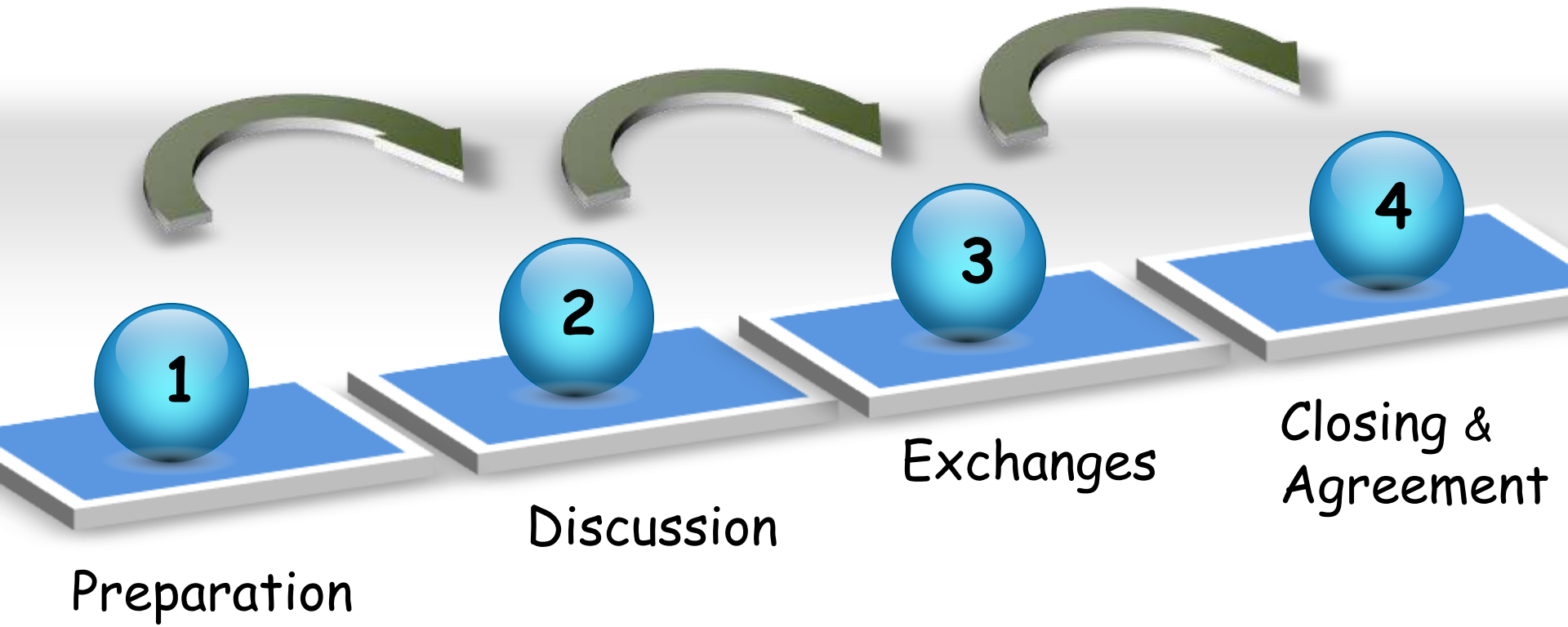
A billboard with a white face and a dark border is set against a deep blue background. In the upper left corner of the background, there is a bright light source creating a lens flare effect. The billboard displays the text 'negotiation has' in blue, followed by 'PARTS and PROCESS' in large, bold, black capital letters.

negotiation has

PARTS and PROCESS

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PROCESS



PARTS



PREPARATION

1. Information
2. Interests
3. B.A.T.N.A
4. The Core of negotiation
5. Strategies

ENGAGEMENT

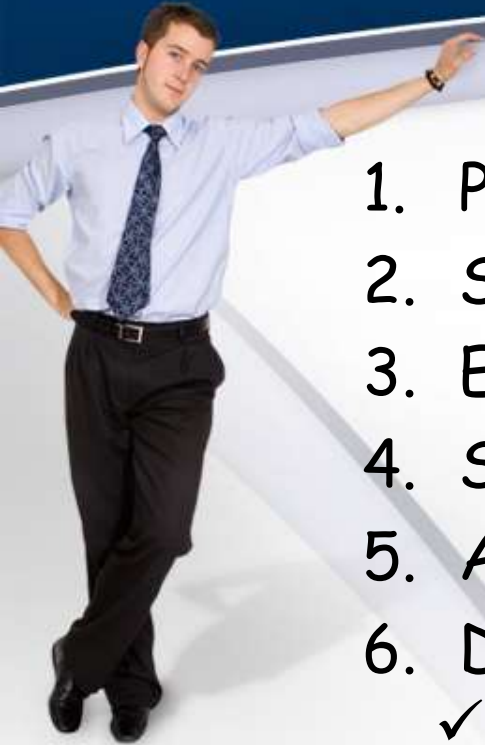
7. Tactics
8. Negotiation Style
9. Psychology
1. Power
7. Communication

PREPARATION AND PLANNING

- **PREPARE, PREPARE, PREPARE**
- **Perhaps the most important factor of success**
 - ✓ 13 times more important than physical strength
 - ✓ 2 times more important than personal initiative
 - ✓ Good and Deep Knowledge (topic, people) is 10 times more important than education and experience
- **PREPARE, PREPARE, PREPARE**

- Many, when they think of the negotiation focus on the second stage, the "table"
- But before you meet the other side there is **PREPARATION** that may be the ...
80% of the "job" and maybe contribute 80% to your success

7 points of Preparation



1. Personal
2. Study the Other Side
3. Exploring Interests
4. Searching B.A.T.N.A's
5. Agenda
6. Decisions on
 - ✓ Targets
 - ✓ Limits
 - ✓ Initial positions
7. Strategy selection

PREPARE YOURSELF

1. Physically
2. Mentally
3. Psychologically



POSITIONS & INTERESTS



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POSITIONS & INTERESTS



- **POSITIONS** are on the table
- **INTERESTS** are behind the positions
- **The Interests create the Positions**

POSITIONS

WHAT

- WHAT they want
- What people say they want
- Demands
- Things they say, will/won't do
- Subjective wants
- Are surface statements of where a party stands, and rarely provide insight into underlying motivations, values or incentives.

INTERESTS

WHY

- WHY they want it
- Why they want it (underlying motivations)
- Concerns
- Fears and aspirations
- Objective needs
- Are a party's underlying reasons, values or motivations. Explain why takes a certain position.





Everything starts from the interests

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Should **KNOW** yours
and
Investigate, Assume, Ask theirs



Ask them ...

- What would you like from this negotiation?
- What is really important in this deal?
- How did you think this?
- Help me understand the criteria of this proposal
- Why would you be happy with this solution?
- Why do you like this choice?
- Why do not you agree with what I propose?
- What else ?
- Why not ?
- What is wrong with
- What are your fears?
- What is the real problem? -

POSITIONS- INTERESTS

- Often people take positions believing the position address their interests
- Rarely a position is the only way to address their interest
- Sometimes their position conflicts with your interest.
It doesn't mean there isn't a position that can meet both parties' interests
- Your job as a negotiator is less to convince than
to find solutions that address both parties' interests. -



The CORE of negotiations



Are the following 3 decisions and they should be taken in following order !



❖ TARGET(S)

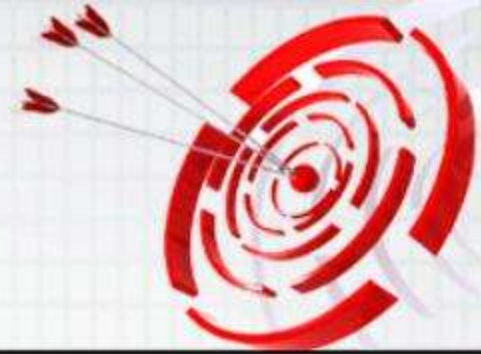
❖ LIMIT(S)

❖ BOTTOM LINE

❖ OPENING(S)

Should be decided before entering the negotiation

TARGET



- What realistically we want
- Should be ambitious but realistic also

LIMIT is the last point of retreat



LIMIT

- There are not more concessions, not more gives
- This point is the **Floor** or the **ceiling**
- Maybe the most **difficult decision** to take and to follow.
- They will **never stop** if realize that you cannot hold your bottom line

- It is the point that makes a deal just tolerated.
- There is no **MORE** concessions!

- Limit means we are ready to 'lose'
 - ✓ the sell
 - ✓ the buy
 - ✓ the contract
 - ✓ the agreement
- if our limit is not accepted

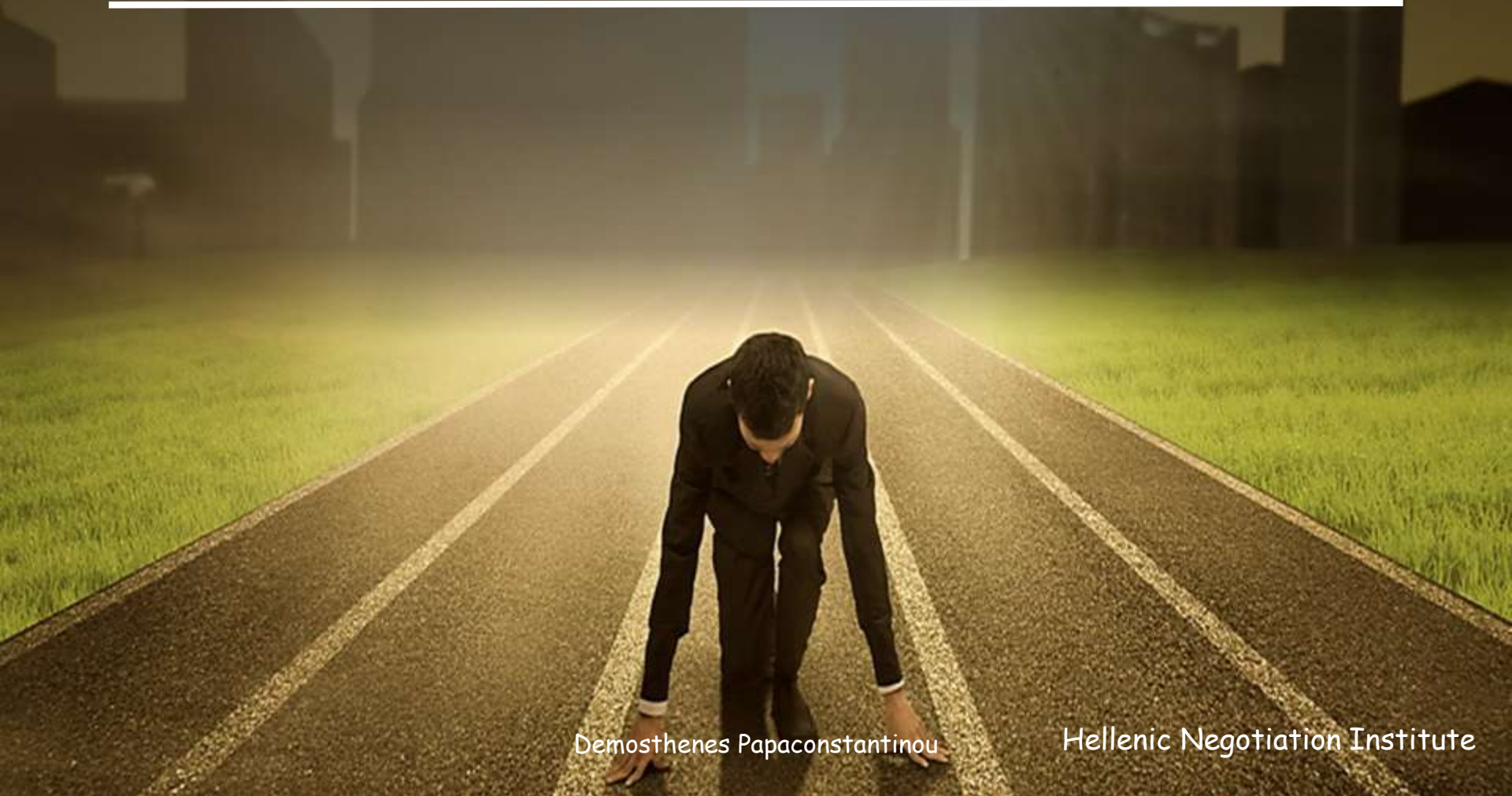
OPENING



Our third decision

It is ... would be nice-great to have

You will never take your Opening position
You will never accept their Opening Offer





TARGET - LIMIT - OPENING

OPENING

TARGET

LIMIT



TRADING PACKS

- Prepare combinations of exchanges
- Create a bargain exchange plan
- It is a table that defines **Which** goals, **How** and **When** you are going to exchange
- Create "Goal Packs" according to their importance.
- It is an essential part of preparing

PREPERATION TABLE

	OPENINGS	TARGETS	LIMITS
AMOUNT	1100	1000	950
DELIVERY in days	100	90	80
PAYMENT In days	75	90	120

B.A.T.N.A

- Best
- Alternative
- To a
- Negotiated
- Agreement

B.A.T.N.A

You must answer the 3 following questions:

- ✓ "What will I do if I do not agree with the other side? "
- ✓ "What options do I have, if they do not agree?"
- If you do not have B.A.T.N.A, regardless your decision, then **your bottom line is Wrong**
- B.A.T.N.A is The major factor of Power

B.A.T.N.A is THE key

- Power does NOT depend whether you're stronger, bigger, richer than the others
- Depends on how good B.A.T.N.A you have
- The better B.A.T.N.A, the greater influence and strength you have in negotiations

ANCHORING

- A well-known **cognitive bias** in negotiation
- Anchoring bias describes the common tendency to give **too much weight to the first number** put forth and adjust from that starting point (anchor)



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ANCHORING

- Often occurs when the first offer is presented at the beginning of a negotiation.
- We fixate on anchors even we know they are irrelevant to the discussion at hand
- It has a dramatic influence

Dropping Effective Anchors

- Research on the anchoring Bias has shown that negotiators may be able to gain an edge by making the **first offer** and anchoring the discussion in their favor

STRATEGY



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STRATEGY

- What Game do/should you to play?
- This is the strategic question
- It is the key question for anyone wishing to make a favorable deal.
- To choose the right game you need to decide how important are two factors

OUTCOME- RELATIONSHIP

a) Outcome- Result: what you might win or loose

b) Relationship: How the negotiations will affect your relationship with other party.

- Do you care about the Rs. with the other side?

Combinations of these two factors give 5 STRATEGIES

1. **AVOIDING** (lose-lose)
2. **ACCOMMODATING** (lose to win)
relationship high / Outcome low
3. **COMPETITIVE** (win-lose)
Outcome high/relationship low
4. **COLLABORATIVE** (win-win)
Both factors are important. Maximizes outcome & relationship
5. **COMPROMISE** (split the difference)

Three Critical Elements

1. TIME
2. INFORMATION
3. POWER



If you think you can or you cannot you are always right
Henry Ford I

POWER



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YOUR STRENGTH is your CHOICE

- Negotiation is defined by the Players
- You can start one round of Boxing, if you do not like it, you may play basketball, switch to soccer and end-up to chess
- You can make your own game as you go along

12 SOURCES of POWER

1. Harness the power of Info.
2. Use the Time wisely
3. Seek the power of constituencies
4. Consider the alternatives
5. Use your Personal power
 - 3 P's: - Persuasiveness
 - Persistence
 - Personal Integrity
6. Precedent
7. Risk taking : is mixing courage with common sense.
If you not take calculated risk you will be manipulated

SOURCES of POWER

8. Use the power of Investment
9. Grasp the power of Commitment (could be + or -)
 - a) persuade others to help, to follow
 - b) be careful with commitment of result
10. Use the power of Persistence (learn to hang there)
11. The power of Your Attitude
 - Who is the toughest to negotiate with? Yourself
12. The power of Rewarding or Punishing
 - your perception that might help or hurt you
 - The 'actual reality' is immaterial.

TIME

- Have patience: 80% concessions occur at the end
- Be persistent: try something different
- Move quickly when possible
- Realize deadlines can be moved
- Know their time limits

INFORMATION

- ✓ Learn as much as possible
- ✓ Keep an open Eye and Ear
- ✓ Ask Questions

TACTICS

1. Limited authority
2. Use deadline
3. Nibble.. Asking something more
4. Brookline optician
5. Escalation-revising the offer
6. Budget limitation
7. Good guy, Bad guy
8. Russian highball
9. Anchors (benchmark)
10. Is that the best offer

TACTICS

11. Split the difference
12. Playing a Broken record
13. The Threat
14. The Package
15. Suisse cheese
16. The Decoy Setting
17. Scramble Eggs
18. Time limit
19. Betting war
20. Mother Teresa

TIPS

- Listen well
- Use open questions to learn
- Use close questions to close
- Always trade off, never concessions
- 80% of concessions occurs within the last 20% of negotiations
- Create Anchors
- Think twice who should make the first offer
- Randomly chosen tactics is not a strategy
- It is imperative you recognize tactics so not drawn into reactionary behaviors

Negotiate Smart ... apply the ...rules



Thank You

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