

Chapter 1



Defining Negotiation and Its Components

PERFORMANCE COMPETENCIES FOR THIS CHAPTER

- To understand the definition and magnitude of negotiation
- To understand that there are limits to what is negotiable
- To identify the components of negotiation performance
- To identify the steps necessary to develop your effective personal negotiating power

**“All
the world’s
a stage.”**

William Shakespeare

ALL HUMAN INTERACTION IS NEGOTIATION

Whatever the nature of your business, profession, or current pursuits, you encounter conflict and you negotiate. Life is filled with human interaction and human interaction is essentially a negotiating arena. Other people influence our emotions and behavior, and we influence the emotions and behavior of others. We participate in a continuum of perceiving others and forming attitudes toward people, things, and concepts while others are perceiving and forming attitudes about us.

In the course of our daily business, professional, and personal lives, we regularly seek to affect the attitudes and behavior of others. At times we seek approval, recognition, or affection. At times we seek to cause action by others. At times we seek to gain the right or privilege to take certain actions ourselves. At times we seek to obtain money or other tangible value. In our interactions with friends, family, clients, employees, employers, contractors, service providers, professionals, merchants, and business associates, we use information and knowledge to get what we want. Negotiation is that process of influencing others in order to get what we want.

We negotiate much more often than we may realize. Effective, ethical negotiation is not intimidation, nor is it chiseling or trickery. Rather, effective negotiation is using knowledge of self and others combined with analysis of information and time, thereby tapping the power to affect behavior. The application of that knowledge and information comprises the personal power to win in any negotiation. In effective, ethical negotiation, both sides win. That concept is merely a restatement of the business tenet that it is not a good deal unless it is a good deal for all sides.

It is, perhaps, easiest to accept the notion in the foregoing and come to a definition of negotiation by further considering what negotiation is not. Negotiation is not a game. Negotiation is not always a formal process nor in a formal setting. Negotiation is not limited to business transactions. Negotiation is not conducted solely for tangible things we can see and touch. Negotiation is not simply using power-over tactics—shouting louder or bullying better. Negotiation is not a prescribed set of universally applicable maxims or precepts. That having been said, however, it must be noted that power-over tactics are sometimes used in ostensible negotiation; and, there are indeed, rules and customs often observed in negotiation.

Negotiation is the process of interacting with the goal of obtaining agreement or the result you desire.

KEY TERM

Negotiation is an effort to influence or persuade.

It is an interpersonal skill that is not the province of any particular profession. However, it is extremely important to personal interaction, business and organizational management success, and leadership.

Negotiation is an art. Negotiation may also be considered scientific—having principles and methods that are used systematically through training and experience. Many people believe that negotiation is difficult and that it is just easier to avoid it or always compromise their desires. Others believe that if someone would just tell them the rules they could be effective! There are few universally applicable rules. The rules that do exist provide only general guidelines that must be applied to specific circumstances and specific individuals.

Negotiation is complex and interdisciplinary. It encompasses conflict assessment, management, and resolution. Negotiation is complex primarily because it happens between human beings! Above all, negotiation is personal and individual. It is subject to, understood, and effectuated by the same psychological and sociological principles and theories that govern social interactions generally. Once one understands the application of those principles, negotiation becomes much less complex and intimidating.

After understanding what it is, it is easy to see the magnitude of negotiation. Every day in all aspects of our lives we negotiate. Think of one time today when you tried to influence someone. Perhaps it was a family member. Perhaps it was a coworker. Perhaps it was your boss. Perhaps it was a stranger. You may have tried to cause someone to behave in a particular way. You may have tried to cause someone to think in a particular way. If so, you were negotiating. Do you recall a time when you wanted someone to think you not rude? If you attempted to affect that person's opinion—to have them agree with your self-perception—you were negotiating.

As human beings we seek psychological consistency and balance. We want things to make sense. We want our way. We want to be satisfied. While there is much to explore in that vein, it will suffice for this chapter to understand that the conflict inherent in the need for psychological consistency triggers attempts to influence. That is, it triggers the need or opportunity to negotiate. Have you ever considered that life would be simple but for human beings?

The pervasiveness of negotiation underscores its importance. The good news, however, is that you have ample opportunity to apply what you learn about negotiation. You may—and should—practice every day. Improving your interactions generally will also improve your negotiation effectiveness.

KEY CONCEPT

All interaction is negotiation.

THE PERSONAL NATURE OF NEGOTIATION

The heart of negotiation may be said to be the heart of the individuals involved. What is commonly referred to as the heart is usually what makes negotiation feel difficult. Our emotions, temperament, disposition, and other aspects of our personalities give each of us unique needs, interests, goals, and perspectives. Our needs and desires invoke our ego and our self-concept as well as our fears. These attributes, or phenomena, are actually based in the brain, of course.

It is not uncommon for people to believe that they negotiate effectively on behalf of others while not doing so well for themselves. Why the difference? We may say the heart or, more appropriately, the ego is the difference. It is, to a great extent. However, it is probable that if we are ineffective as our own advocates, we are probably not performing at our maximum effectiveness for others either. Once you learn to understand yourself, you will get to the heart of negotiating. It will take some effort but your results will be satisfying.

Hot Tip!

Practice negotiation in personal settings.

NOT EVERYTHING IS NEGOTIABLE

It seems common to hear that everything is negotiable. Well, that is just not true! Would you sell your child or your pet? Would you compromise the health of your child or your pet? If you said, "No," then you see that, contrary to popular statements that everything is negotiable, it is *not*! If you said, "Yes," then recognize that negotiation requires a minimum of two people and that your counterpart is likely to hold some things to be nonnegotiable. If your reaction here is that these examples are extreme, ponder the issue further. If one has no values, beliefs, or options, then everything might be negotiable. The key here is to identify your personal ethics, moral code, and values as you consider negotiation options.

In addition to those abiding factors, each potential negotiation must be analyzed to determine whether or not the matter *should* be negotiated. If there is not a potential for a **mutual beneficial exchange** that leaves the parties better off than *not* negotiating, then the matter should *not* be negotiated. This principle should become clear as you proceed through your study of negotiation and begin to prepare for each negotiation.

KEY POINT

Identify alternatives prior to negotiating.

CONSCIOUS AND UNCONSCIOUS DETERMINANTS OF YOUR NEGOTIATION PERFORMANCE

Facts and circumstances, including relative power, as well as time constraints, of course, affect negotiation options and outcomes. However, our human interaction is affected by who we are and with whom we interact. Personality and temperament, values and beliefs, perception, attitudes, style of learning, motivation, way of thinking, style of communication, approach to conflict, fears, and much more determine who we are in any human interaction. We are shaped by our experiences. We often unconsciously adopt the attributes of significant others in our life. Each one of us has a unique combination of attributes that serve as the base for our personal power.

We are not always conscious of these attributes and characteristics or the other factors inherent in negotiation. We must know who we are if we are to use our strengths. We must know who we are if we want to consciously develop the attributes we desire. We must also be aware of certain psychological phenomena that may cause us to believe things that are not so. Sometimes we suffer from distortions in our perceptions and thinking that cause us to miss opportunities and make poor choices in negotiation.

WHAT YOU DO NOT KNOW WILL HURT YOU

In addition to causing poor choices, what we do not know can hurt us in other, more subtle ways. Even if we are not conscious of our everyday negotiation interactions, we develop patterns and habits. We are also subject to what is called *social learning* (Bandura 1977). We learn both by observing and doing. In the negotiating arena, this can mean that we imitate the behaviors of those with whom we have negotiated previously. We are particularly likely to adopt behavior exhibited by others that we view as generating a positive outcome for them.

Therefore, if you have often felt like the loser in prior negotiations, you may begin to utilize the same tactics that were used to gain an advantage over you. There are several problems associated with doing so. Feeling like a loser reflects a competitive, gamelike, or win/lose approach. While that is one of the four approaches available for negotiation, it is usually the most inappropriate and ineffective one. Perhaps you felt like your prior

negotiations were fair for both sides and you, therefore, have fallen into a pattern of compromising. While such an approach is not competitive, it, too, is not usually the most appropriate or effective approach. Perhaps you have been met in the past with individuals unwilling to negotiate and now you find yourself falling into a pattern of avoidance. Obviously, you cannot get what you want unless you try.

Another problem in copying the negotiating behavior of others is that you are a different person and those tactics may not work well for you. The tactics may actually be inappropriate but worked on you for any number of reasons—lack of preparation, lack of confidence, fear, the particular situation or circumstances, to name a few.

These patterns are difficult to change. Until we become conscious of our self and our actions, we cannot assess the extent of our effectiveness. Our level of experience is irrelevant to this quest. A person who has been negotiating formally for twenty years is not necessarily being effective. She may have been making the same mistakes for twenty years! If we get different results for others than for ourselves, we need to examine why.

COMPONENTS OF NEGOTIATION PERFORMANCE

The components of negotiation performance, then, include personality, approach, style, temperament, perceptions, interests, goals, needs, values, and powers—of all parties involved. Additional components include the substantive issues, the nature of the conflict, the effects of the conflict, and the alternatives for all parties involved. Components also include the persuasive abilities of all parties involved.

HOW TO DEVELOP YOUR EFFECTIVE PERSONAL NEGOTIATING POWER

Knowledge of human behavior is essential to achieving effective negotiation skills. Effective negotiation requires knowledge of self in all of the aspects noted in the preceding subsections as well as knowledge of others. You must know yourself before you may know or understand others. You must become aware of your thought patterns and how they affect your goals and behaviors. You must become aware of your behaviors and how you are perceived

by others. You must also acquire knowledge of the nature of conflict, principles of communication and persuasion, and methods for gathering and analyzing information. Effective negotiation also requires critical thinking and creativity.

Psychological and sociological theories provide insight into how we know ourselves and others. The study of psychological and sociological principles combined with self-assessment and practice will guide you to increased effectiveness. Practice of your new knowledge on your own account—where your heart and ego are involved—will generate the greatest gain because it is there where you can discover who you are and your greatest fears. Since you negotiate every day, use those everyday experiences on your own behalf to apply your knowledge and practice your skills.

The study of principles of communication and persuasion combined with self-assessment and practice will guide us to increased effectiveness. The study of conflict combined with an assessment of our approach to conflict—and practice—will also guide us to increased effectiveness.

Critical thinking requires an inquisitive mind—asking why and how. It requires openness to options. It requires knowing oneself—one’s biases, prejudices, and beliefs. It requires challenging preconceptions and assumptions. It requires multifarious, empathetic, comparative, and integrative thinking. The effectiveness of and the mutual gain derived in a negotiation correspond with the level of creativity applied.

“It is easier to be wise for others than for ourselves.”

La Rochefoucauld

A GENERAL PLAN TO DEVELOP YOUR EFFECTIVE PERSONALIZED NEGOTIATION STRATEGIES

Presented in the following list are fifteen steps that will enable you to use your personal negotiating power.

1. Practice critical thinking and empathy.
2. Study and understand key principles from psychological, sociological, communication, and conflict theories.
3. Know yourself.
4. Understand the dynamics of conflict.
5. Know major negotiation styles and temperaments and how to interact with each of them.
6. Communicate effectively, allowing for differing perceptions, biases, and prejudices.

7. Acknowledge cultural and contextual expectations.
8. Understand the dynamics of power.
9. Identify interests and goals.
10. Be assertive.
11. Be persuasive.
12. Be thoroughly prepared and avoid common mistakes.
13. Use tactics that suit you and understand tactics used by others.
14. Know when to walk away as well as when and how to use third-party help.
15. Know how to evaluate your performance and target improvements.

After mastering these fifteen items, then you must—

Practice. Evaluate. Practice. Evaluate.
Change?
Practice. Evaluate. *Practice.*

A BEGINNING

Start working on your critical thinking and self-knowledge by asking yourself the following two questions.

- What do I know?
- How do I know what I know?

“To be absolutely certain about something, one must know everything or nothing about it.”

Henry A. Kissinger

Performance Checklist

- ✓ All human interaction is negotiation. Negotiation is the process of interacting with a goal and encompasses conflict management and resolution.
- ✓ Not everything is negotiable. Not everything should be negotiated.
- ✓ The components of negotiation include the individual personalities involved, interests, goals, needs, values, perceptions, power, substantive issues, alternatives, context, communication, and persuasion. What we do not know about ourselves and our habits may lessen our effectiveness and inhibit our development.
- ✓ Critical steps in becoming more effective in negotiation are to know yourself, understand the process of conflict and negotiation, control yourself, and do what feels natural for you. Developing personalized negotiation strategies requires critical

thinking and creativity, self-assessment, study, application of knowledge, and practice.

Key Terms, Phrases, and Concepts

Negotiation

Mutual Beneficial Exchange

Unconscious Determinants of Negotiation Performance

Review Questions

Mark each of questions 1 through 5 as True (T) or False (F) and answer questions 6 through 10.

- T F 1. All human interaction may be considered negotiation.

- T F 2. Negotiation is an effort to influence. _____
- T F 3. Negotiation is an art and a science. _____
- T F 4. Everything is negotiable. _____
- T F 5. Everything should be negotiated. _____
6. Explain how and why negotiation is not subject to fixed rules or methods. _____
7. Why is your personal life a good place to practice building your negotiation skills? _____
8. How can your ego interfere with your negotiation performance? _____
9. What kinds of things or factors of which you may not currently be aware may affect your negotiation performance? Why? _____
10. List ten components of negotiation performance.

Case 1.1

Assume that you own and operate a business. Your production this year was based on prior years' experience. You have been left, however, with 100,000 unsold units on hand. You have been selling your product at \$5 each and expected the same price for these 100,000 units. You have exhausted all avenues you can think of for disposing of your excess product. You do not have the storage capacity for keeping these units in inventory while you continue production.

This morning a giant retail organization contacted you urgently seeking the type of product you produce to fill deficits in their supply. They offer to pay you \$3 per unit.

Case Discussion Questions

1. How would you assess whether or not you should negotiate? Identify the factors you would consider and the overall rule you would apply.
2. What factors can you readily identify that will affect your negotiation options and outcomes?
3. What unconscious factors might also affect your negotiation performance?