

**Worksheets - Negotiations (2): Positions and interests**
**2. Key terms**

Match the words and phrases on the left with the explanations on the right.

1. Position	a. This is the figure for a particular variable that you would find satisfactory.
2. Interest	b. This is something that doesn't really matter to you, but which you include in your opening position statement because you may be able to trade it for something from the other party.
3. Variable	c. This is your best alternative to a negotiated agreement. In other words, it is what you will still have if the negotiation fails.
4. Opening point	d. A situation where there is no solution, because neither side can move.
5. Target point	e. This is your limit for a particular variable. You cannot go beyond this point.
6. Reservation point	f. This is the figure you give for a particular variable when you first state your position.
7. BATNA	g. This is what you really need out of the negotiation.
8. Deadlock	h. To agree to a compromise half-way between person A's figure and person B's figure.
9. Split the difference	i. This is what you say you want out of the negotiation.
10. Giveaway	j. This is one of the things that can be negotiated, such as the unit price, guarantees or the delivery date.

### 3. Reading

Read the article. Write one of the words/phrases from exercise 2 in each space. Some words need to be in the plural form.

#### Positions and interests

They say that negotiating is like mind-reading but the most important mind to read is your own. If you don't fully understand your own needs and wants from the negotiation, there's no point in trying to read the other person's mind!

The mistake most inexperienced negotiators make is that they focus too much on positions and not enough on interests. Almost by definition, (1)\_\_\_\_\_ are incompatible: I want to pay £500 for your printer, but you want to receive £1000; I want the printer tomorrow, but you want to deliver next month; I want you to install the printer, but you want me to do it. We can't both get what we want. Even if we (2)\_\_\_\_\_ on price and delivery date, neither of us will be happy.

That's why it's so important to be aware of our interests, the reasons behind our positions. Let's look again at the three (3)\_\_\_\_\_ in our example. I want the machine quickly so I can complete a big order for a client worth £10,000. You can't deliver quickly because you don't have that particular model in stock. I can't pay £1000 because I've got a cash flow crisis – that's why the big order from my client is so important. You won't accept £500 because the printer will cost you £600 from your supplier. I want you to install the machine because I don't think I could do it properly. You want me to do it because it costs you £50 to send out an engineer.

When we start thinking in terms of (4)\_\_\_\_\_, creative solutions become possible. Maybe there's a way for me to borrow a different machine to complete the big order, and to pay the full price, plus the £50 cost of installation, in two months, when the right machine's in stock and my cash flow crisis is over.

In other words, instead of treating the negotiation like a game of poker, we can both benefit from being honest and open about what we really need and why we need it. Of course openness and honesty carry their own risks: a completely open and honest negotiator can easily be manipulated by a more cynical adversary. Revealing your interests can be a great way of breaking a (5)\_\_\_\_\_, but there's no need to reveal too much if there's no deadlock to break. At the end of the day, you've got a duty to get the best possible deal for yourself or your organisation.

That's why, for each variable, it's essential to plan three points. Start by working out your (6)\_\_\_\_\_. If you're the seller, this might be the price you need simply to cover your costs. Below this price, you're better off walking away from the negotiation. You can then decide what you actually want from each variable – the figure that would make you feel satisfied. This is your (7)\_\_\_\_\_. Finally, plan your (8)\_\_\_\_\_ some way beyond that target point. This means you can show

some flexibility in the negotiation and still come away with what you want – and you may even get more than you want!

Once you've worked out these three points for every variable (and of course, how they relate to each other), there's still one vital piece of information you need: your BATNA, or best alternative to negotiated agreement. For example, if you're trying to sell your car to person A, it's useful to know how much person B would be prepared to pay. If A can't match B's price, walk away from the negotiation. Even if there's no person B, you can work out the probability of finding another buyer, and making a realistic calculation of how much you could expect that buyer to pay. Of course, real person A's concrete offer of £1000 may be worth more to you than hypothetical person B's potential offer of £1200, but these are things you can calculate or at least estimate. And even if there's no hope of finding a person B, you've still got a (9)\_\_\_\_\_ : you get to keep your car.

Finally, professional negotiators always plan a few (10)\_\_\_\_\_ : things that cost them nothing, but which they can exchange for something of value from the other side. For example, one variable might be delivery time. The supplier has actually got the goods in stock, and is desperate to get them out of the warehouse. But he still asks for a four-week delivery period. The customer needs the goods as soon as possible, and accepts a higher price in exchange for quicker delivery. Of course, this can be a risky strategy – deceiving the other person is in direct conflict with your aim of building long-term trust! But if used in moderation, this technique can be good for breaking deadlocks.

#### 4. Stating your position

Read this extract from a negotiation between trade union officials and the new owners of a factory. Answer the questions.

**Background:** The new owners have hinted that they will try to reduce costs in the factory by around 10%, and the workers see this as a threat to their jobs. Their trade union is threatening to call a strike.

1. What exactly are the four variables?
2. Do you think the trade union's demands are reasonable?
3. What can you guess about their underlying interests?
4. What is their BATNA?
5. What do you think their giveaways might be?

**Trade Union representative:** As we see it, there are four main issues that we need to resolve: redundancies, outsourcing, unfair dismissals and wages.

First of all, on the issue of redundancies in the production department, we're aware that you're trying to cut costs and our members are very worried about the prospect of redundancies. What we need is a guarantee of no compulsory redundancies for the next five years. We're prepared to accept a voluntary redundancy programme, but obviously the terms would have to be very attractive to persuade people to take it.

Secondly, we understand you are planning to outsource some functions from our factory, namely security, transport and catering. Our members from these three departments are extremely nervous about this prospect, and again, we'd have to expect a promise of no outsourcing.

Thirdly, four of our colleagues have been dismissed recently, for reasons that we believe are totally unfair. We would have to insist that all four of them are allowed to return to work, and that they receive a full apology from management.

Finally, as you know, we have had a pay freeze for the past two years, which means that pay levels in this factory have fallen in real terms relative to similar factories in the area. We are aware that the company made a record profit last year, and we expect some of that to be returned to the workers. We believe a 5% pay rise for all workers would go some way towards restoring the balance, with the promise of further pay discussions next year.

If you are prepared to meet these conditions, we will be happy to call off next week's strike.

## 5. Useful language

Complete this list of useful language using phrases from the extract.

<b>Introducing your list of variables:</b>	<ul style="list-style-type: none"> <li>As we (1)_____ it, there are four main issues that we need to (2)_____.</li> <li>We have identified three points for discussion, and these mostly correspond with your own list.</li> </ul>
<b>Introducing a variable:</b>	<ul style="list-style-type: none"> <li>On the (3)_____ of ...</li> <li>With regard to the subject of ...</li> <li>On your fourth point, ...</li> </ul>
<b>Stating the background for a variable:</b>	<ul style="list-style-type: none"> <li>We're (4)_____ that ...</li> <li>We (5)_____ ...</li> <li>As you (6)_____, ...</li> <li>We firmly believe that ...</li> </ul>
<b>Insisting (= making stronger demands):</b>	<ul style="list-style-type: none"> <li>What we (7)_____ is a strong (8)_____ of ...</li> <li>We (9)_____ have to (10)_____ that ...</li> <li>I'm afraid this is not negotiable.</li> <li>I'm afraid this isn't something we can discuss.</li> <li>This cannot be part of our negotiations today.</li> </ul>
<b>Urging (= making normal demands):</b>	<ul style="list-style-type: none"> <li>... would have to be ...</li> <li>We'd have to (11)_____ a (12)_____ of ...</li> <li>We (13)_____ some of that to be ...</li> <li>Our expectation is something in the region of ...</li> <li>We would like to propose ...</li> <li>... will have to depend on ...</li> </ul>
<b>Justifying (= providing reasons):</b>	<ul style="list-style-type: none"> <li>Our members are very worried about ...</li> <li>... would go some way (14)_____ restoring the (15)_____.</li> <li>So we need to .... Otherwise, ...</li> <li>We have conducted research which shows that ...</li> <li>We have a global policy of ...</li> <li>Our priority has got to be ...</li> </ul>
<b>Showing flexibility:</b>	<ul style="list-style-type: none"> <li>We're prepared to (16)_____ ...</li> <li>If you are (17)_____ to ... we will be (18)_____ to ...</li> <li>Of course, we will do all we can to help.</li> <li>That said, we do appreciate that ...</li> <li>We accept we will need to pay more ...</li> <li>We can discuss this separately.</li> <li>We would very much like to work with you to ...</li> </ul>

## 6. Practice

The next extract is from the management's statement of position. Complete the extract with words from the table in exercise 5.

**Management representative:** We have (1) \_\_\_\_\_ three points for discussion, and these mostly (2) \_\_\_\_\_ with your own list.

Firstly, redundancies. As you (3) \_\_\_\_\_, our main reason for buying this factory is that we believe we can use it to produce goods more efficiently than the previous owners. Another way of looking at it is that they sold it because they were no longer able to produce goods here efficiently. So we need to find cost savings. (4) \_\_\_\_\_, the factory will have to close and none of us wants that. We have (5) \_\_\_\_\_ research which (6) \_\_\_\_\_ that we need to reduce our headcount in production by 25% over the next four years. We believe a significant part of that can be covered by natural processes, like retirements, and we would like as many of the redundancies as possible to be voluntary. But there will inevitably be some compulsory redundancies. So our (7) \_\_\_\_\_ is something in the (8) \_\_\_\_\_ of 10% redundancies this year, roughly half of which will be compulsory.

Secondly, as you say, we are looking to outsource a number of non-core functions. We have a global (9) \_\_\_\_\_ of not getting involved in catering, security and transport – we (10) \_\_\_\_\_ believe that all three functions can be performed more effectively and efficiently by external suppliers. So I'm (11) \_\_\_\_\_ this is not (12) \_\_\_\_\_: we will outsource those three functions, and will hopefully complete the process over the next three months. Of course, we will (13) \_\_\_\_\_ all we (14) \_\_\_\_\_ to help our employees from those three functions to get a job with the new suppliers of those functions.

Thirdly, with (15) \_\_\_\_\_ to the subject of pay rises, I'm afraid again we have to look to the long-term viability of the factory. The company did indeed make record profits last year, but that was almost entirely due to our financial trading arm, which is a separate business. This factory has to pay for itself, and that means making efficiency improvements. That (16) \_\_\_\_\_, we do (17) \_\_\_\_\_ that the two-year pay freeze has been difficult, so we would like to (18) \_\_\_\_\_ a 1% pay rise for those that remain after the redundancies. One of our longer-term aims is to make more use of automation technology in the factory, so although this will mean fewer people, it will also mean we need more specialised skills, for which we (19) \_\_\_\_\_ we will need to pay more. So any pay rises will have to (20) \_\_\_\_\_ on how much progress we make with our redundancies and automation programme. So, those are our three positions.

On your fourth (21) \_\_\_\_\_, the return to work of dismissed colleagues, I'm afraid this (22) \_\_\_\_\_ something we can discuss. Of course, we have an appeals procedure, which those employees can use if they feel their dismissal was unfair, and of course we can discuss this (23) \_\_\_\_\_, but this (24) \_\_\_\_\_ be part of our negotiations today.

We would very much like to (25) \_\_\_\_\_ with you to avoid a strike, which would be terrible for all of us. But at the same time, our (26) \_\_\_\_\_ has got to be to ensure the long-term viability of the factory. Otherwise, none of us will have jobs two years from now.

**7. Problem-solving**

Work in two teams. Team A is the trade union representatives. Team B is the management representatives. In your teams, plan a more reasonable presentation of your interests, taking the other side's proposals into consideration.

**8. Role-play**

Work in pairs, with one manager and one trade union representative in each pair. Take turns to present your new positions, using phrases from exercise 5.