

## Language Checklist

### Negotiations (1)

#### *Making an opening statement*

##### *Welcoming*

Welcome to ...

I'm sure we will have a useful and productive meeting ...

##### *First meeting*

We see this as a preparatory meeting ...

We would like to reach agreement on ...

##### *One of a series of meetings*

Following previous meetings we have agreed on some important issues. Today we have to think about ...

We have reached an important stage ...

##### *Stating your aims and objectives*

I'd like to begin with a few words about our general expectations ...

May I outline our principal aims and objectives today ...

We want to clarify our positions ...

We have a formal agenda ...

We don't have a formal agenda, but we hope to reach agreement on ...

There are three specific areas we would like to discuss. These are ...

We have to decide ...

##### *Stating shared aims and objectives*

Together we want to develop a good relationship ...

We agree that ...

It is important for both of us that we agree on ...

##### *Handing over*

I'd like to end there and give you the opportunity to respond to this.

I'd like to hand you over to my colleague ... , who has something to say about ...

## Skills Checklist

### Negotiations (1)

#### *Planning and preparation*

##### *Type of negotiation*

- towards agreement
- both teams try to arrive at joint interests
- independent advantage
- each team aims to get best deal
- conflict
- a team aims to win and make the other team lose

##### *Purpose of negotiation*

- exploratory (possible areas of interest)
- conciliatory (resolving differences)

##### *Targets*

- scale (e.g. 1–10)
- decide realistic maximum and minimum acceptable scores

##### *Facts and figures*

- prepare statistical data
- know facts
- prepare visuals

##### *Strengths and weaknesses*

- list your bargaining strengths
- know your possible weaknesses
- calculate your bargaining position

##### *Possible concessions*

- plan your bargaining strategy
- list essential conditions
- impossible to concede
- list possible concessions

##### *Opening statements*

- state general objectives
- state priorities
- state independent (not joint) objectives
- be brief

## Quick Communication Check

### 1 Negotiations vocabulary

Match the word to the correct definition.

- |               |       |   |
|---------------|-------|---|
| 1 agenda      | _____ | a) a legal document that gives details of an agreement                  |
| 2 compromise  | _____ | b) meeting between at least two parties that aims to reach an agreement |
| 3 proposal    | _____ | c) plan for the meeting or negotiation                                  |
| 4 priorities  | _____ | d) information used to help make your point in a negotiation or meeting |
| 5 contract    | _____ | e) agreement that is between the starting positions of both sides       |
| 6 evidence    | _____ | in a negotiation  |
| 7 negotiation | _____ | f) most important needs or demands                                      |
| 8 agreement   | _____ | g) position (maybe a final one) that both sides accept                  |
|               |       | h) offer  |

### 2 Preparing for a negotiation

- Not all negotiations (or meetings) have a formal a\_\_\_\_\_.
- You should know your s\_\_\_\_\_ and w\_\_\_\_\_.
- Establish your o\_\_\_\_\_.
- Have all the i\_\_\_\_\_ you need.
- Prepare any v\_\_\_\_\_ supports.
- Prepare an o\_\_\_\_\_ s\_\_\_\_\_.

### 3 About the opening statement

Mark the following statements as True (T) or False (F).

- Everyone present should make an opening statement. \_\_\_\_\_
- The opening statement explains the purpose of the meeting. \_\_\_\_\_
- It is a good idea to make positive comments about the other side in the negotiation. \_\_\_\_\_
- In most situations it is best to try to work with and not against the other side. \_\_\_\_\_
- Both sides usually make an opening statement. \_\_\_\_\_
- It helps to try to understand the other side's point of view. \_\_\_\_\_
- The opening statement explains your minimum requirement from the negotiation. \_\_\_\_\_

**Key**

1  
1 (c), 2 (e), 3 (h), 4 (f), 5 (a), 6 (d), 7 (b), 8 (g)

2  
1 agenda, 2 strengths and weaknesses, 3 objectives, 4 information, 5 visual, 6 opening statement

3  
1 F: Each side should give an opening statement. 2 F: The opening statement is a greeting and a general statement of objectives. 3 T. 4 T, 5 T, 6 T, 7 F: It is not a good idea to give such important information at the beginning of a negotiation.



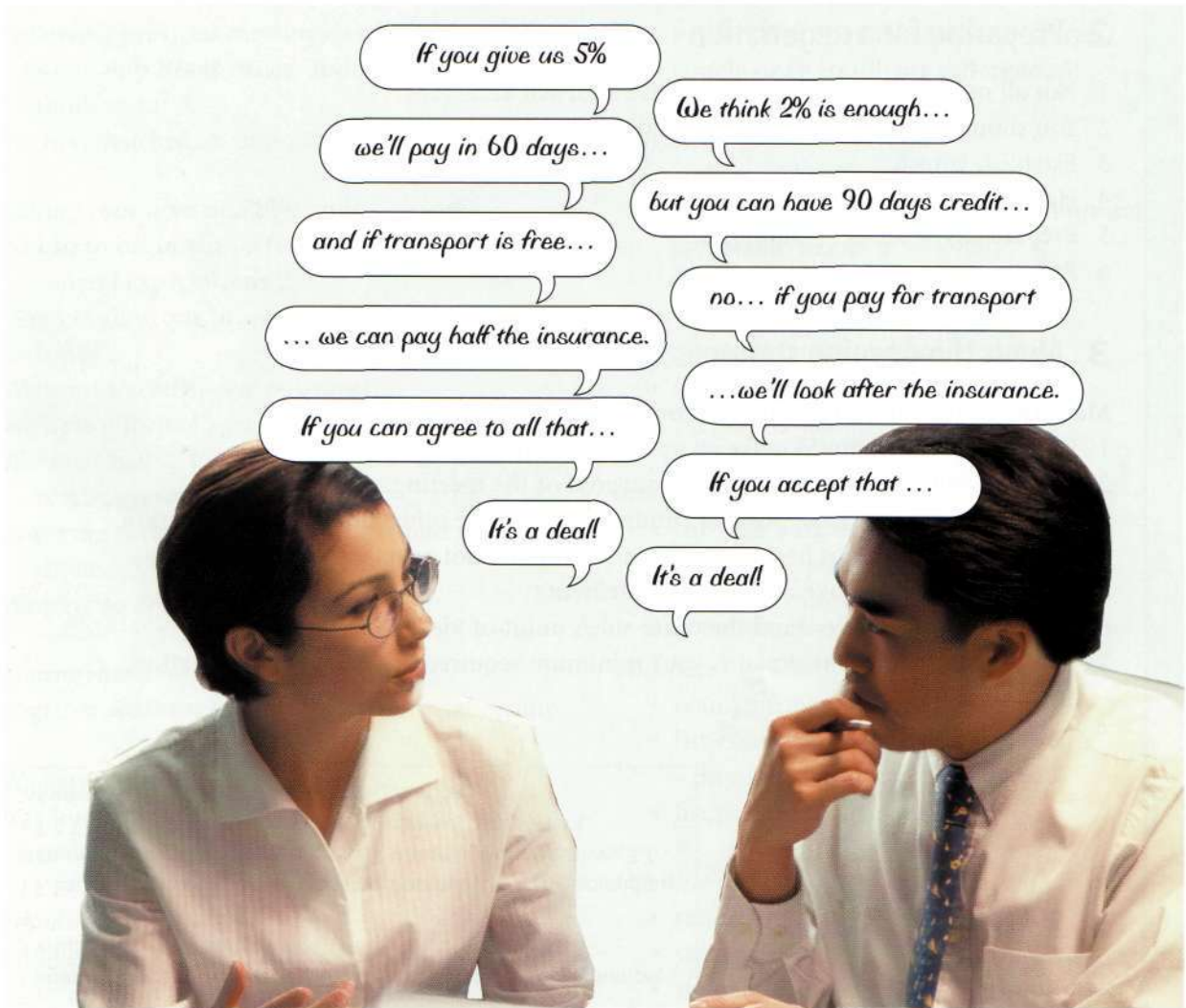
# 14 Getting what you can

## AIMS

- Bargaining and making concessions
- Accepting and confirming
- Summarizing and looking ahead

## 1 Bargaining and making concessions

A key principle in negotiating is to give a little and get a little at the same time.



**1 Read the following extract. According to the writer, are these statements about negotiating True (T) or False (F):**

- a) Decide on the most important and less important issues.
- b) Try to guess what the other side thinks.
- c) Note answers to the questions you ask.
- d) Deal with issues in isolation, one at a time.
- e) Make concessions and get a concession in return.
- f) Tough bargaining can combine with a spirit of cooperation.
- g) If there are problems, you have to accept or reject what is being offered.

***Effective negotiating requires clear thinking and a constructive approach***

It is necessary to have a clear understanding of what for you are the most important issues and at the same time what for you are less important. Try to identify aspects in the second category where the other side will be very happy to gain concessions. Give what is not so important for you, but is valuable for the other side.

- 5 To do this, you have to do the following:
- Check every item of what the other side wants. Ask how important items are and look for flexibility.
  - Do not guess their opinions or motives – you could be wrong, or they won't like your speculation.
- 10 • Note the other side's answers, but don't immediately say what you think.
- Avoid being forced into considering one issue alone, consider two or three at once – aim for an agreement to a package.

If there are big differences between the two parties, you have a choice of these options: to accept, to reject, or to continue negotiating. If you decide to continue, then the options in the next round are:

- 15
- to make a new offer
  - to seek a new offer from the other party
  - to change the shape of the deal (vary the quantity or the quality, or bring in third parties)
  - begin bargaining.
- 20 Your bargaining should be governed by three principles: be prepared, think about the whole package, and be constructive. In preparing, you must identify the issues, and prepare your bargaining position. You need:
- an essential conditions list – issues where you cannot concede anything
  - a concessions list – issues where you can make concessions
- 25
- to grade the concessions from the easiest to the most difficult, where you need most in return.

As for the package, you must look for agreement in principle on a broad front. When the time comes for compromise, each party will concede on one issue if they win a concession on another.

- The final principle is to be positive and constructive. You should be fair and cooperative, even
- 30 during difficult bargaining. This approach is most likely to move the negotiation towards a settlement that both sides feel is to their advantage.

Adapted from "Negotiating," by Bill Scott. *Gower Handbook of Management* (London: Gower Publishing Ltd., 1988).



**2 Read the text again. Identify the following:**

- a) how to respond to what the other side wants
- b) three ways to change a deal
- c) three actions to prepare for bargaining.

**3 Listen to a recording of part of a negotiation between Arco, a manufacturing company, and a research company called Central Auto Systems, CAS.**

Twelve months ago Arco and CAS agreed to a joint development program to manufacture an engine designed by CAS. However, Arco has recently gone through a major restructuring of its activities. The company has decided not to proceed with the joint venture for the new engine.

The negotiation is about ending the joint venture and agreeing to compensation for CAS. In the extract, you hear Joe Blassini and Chris Pass of Arco talking to Elaine Chan of CAS. Listen once and mark the following as True (T) or False (F):

- a) The reversal of rights is linked to the compensation agreement.
- b) Joe Blassini thinks Arco's work on the fuel system must be considered.
- c) It will be difficult for CAS to find a new partner.

**4 Listen again. Identify examples of language used to link agreement on one issue to agreement on a different issue. Complete the blanks in the sentences below:**

- a) We want compensation to ..... our work .....
- b) Yes, we ..... to that, ..... we can accept your compensation demands.
- c) So, we need to ..... the question of rights to compensation.
- d) The problem is that ..... revert all rights, we ..... keep the compensation within .....

**Practice 1**

**Make sentences which include concessions based on the cues below. The first is done for you as an example.**

- a) a better warranty / quicker payment terms  
*We could offer a better warranty if you would agree to quicker payment terms.*
- b) free delivery / larger order
- c) free on-site training / small increase in price
- d) 5% discount / payment on delivery
- e) extra \$50,000 compensation / agreement not to file a lawsuit
- f) promise to improve safety for staff / agreement on new contracts
- g) better working conditions / shorter breaks

## Practice 2

Work with a partner. Choose an item that one of you owns and the other would like to buy, for example, a house or car. Work separately to prepare a negotiation based on the sale of the item you choose.

Decide on various bargaining points, including price, extra benefits, guarantees, payment terms, delivery time, part exchange of other item(s), etc.

After brief preparation, begin your negotiation, each making an opening statement before beginning bargaining over the details of the agreement.

**Note:** You must reach agreement!

## 2 Accepting and confirming

An essential requirement in negotiating is to be absolutely clear what the other party is proposing and to state clearly what is being agreed. Inevitably, this involves a degree of repetition and paraphrasing. In the recording you are going to hear there are examples of this kind of repetition.



1 Before listening to another part of the negotiation between Arco and CAS, recap what was being discussed in the first extract.

In this next extract, Joe Blassini and Chris Pass of Arco and Elaine Chan of CAS are discussing compensation to CAS, and a royalty payment to Arco on future production of the engine. Identify:

- why compensation is important to CAS
- the final agreement reached.



2 Listen again. As you listen, write in the missing words.

a) CAS accepting the principle of a royalty:

We \_\_\_\_\_ a royalty, because once we're paying a royalty we've got an income to support it.

b) Arco insisting on a 10% royalty and agreeing to payment of two years' compensation:

Well, \_\_\_\_\_ a 10% royalty, \_\_\_\_\_ that – the two years' compensation.

c) CAS accepting this:

Okay, in principle \_\_\_\_\_ 10% – \_\_\_\_\_ compensation based on two years' projected sales.

d) Arco confirming what the parties have agreed:

Yes, okay. So, confirmation, to \_\_\_\_\_ we are agreeing ... we agree to a two year sales forecast compensation.

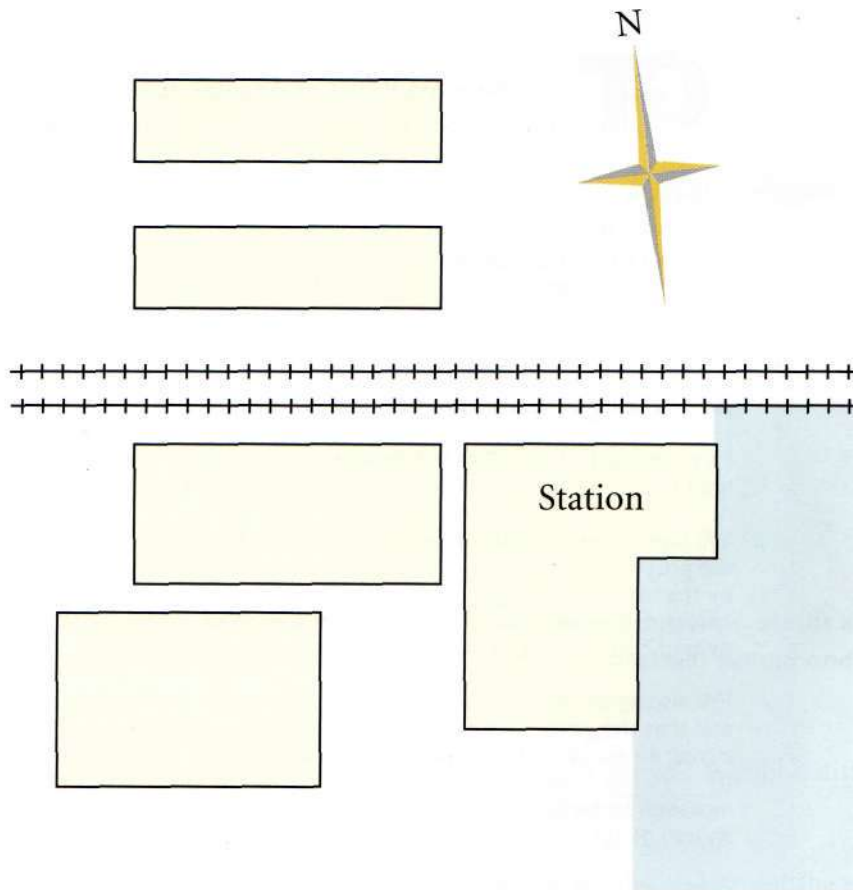




### 3 Summarizing and looking ahead



- 1 Listen to a recording of discussions towards the end of a negotiation between Jill Kearne from Gibson Trust Ltd., a real estate developer, and Neil Finch, a government official responsible for the sale of a former railroad station.
- Complete the labeling of the plan of the area involved in the negotiation.
  - What is not included in the sale?
  - What will happen on May 15 and in September?



2 Listen again.

- How does Jill Kearne introduce what she wants to say? Complete the following:

Well, \_\_\_\_\_ - go over the \_\_\_\_\_  
 \_\_\_\_\_ on. Is that okay?

... Well, \_\_\_\_\_ is ...

- How would you describe the atmosphere in this negotiation?



- 3 The following letter is from Gibson Trust to the Department of Urban Development summarizing the points agreed to in the negotiation between them and outlining the next steps. Fill in the blanks in the letter with appropriate words from the box.

enclosed    developed    specified    examined    excluded    signed  
                  drawn up    confirm    included    agreed



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Neil Finch  
 Dept of Urban Development  
 240-244 East Side Avenue  
 Chicago, IL 60799

May 2, 20—

Dear Neil,

**Re: Meeting in Campden, April 30—"Railroad Land Sale"**

I am writing to (a) \_\_\_\_\_ points (b) \_\_\_\_\_ to in the above meeting, held to discuss the sale of government-owned railroad land to Gibson Trust.

We would like to confirm through this letter and the (c) \_\_\_\_\_ drawings that the property (d) \_\_\_\_\_ in the above sale consists of the land presently occupied by the station buildings and also the former parking lots east of the station, the offices to the west and the warehouses alongside the tracks. The government-owned housing on the north side of the railway lines is (e) \_\_\_\_\_.

We also agree that the station will be renovated by the Transportation Department and that the government will be responsible for running an eventual museum and paying a rent of \$200,000 per year to Gibson Trust. The remaining land will be (f) \_\_\_\_\_ by Gibson Trust and later sold off separately. The development is intended to be for commercial and residential use. The eventual use of the land should be (g) \_\_\_\_\_ in the contract.

Our next meeting will be on May 15 at 10 a.m., at which development plans will be (h) \_\_\_\_\_. Soon after this, contracts will be (i) \_\_\_\_\_. Then we will need time to consider the contracts but hopefully they will be (j) \_\_\_\_\_ by the end of September.

Do contact us if you have any comments or alterations you would like to make to this summary. Thank you once again for a very constructive meeting and we look forward to seeing you again on May 15.

Yours sincerely,

Jill G Kearne  
 Chief Negotiator  
 Encs. (1)  
 jillgkearne@gibsontrustLA.com

## Practice 4

Imagine you are a participant in a subsequent meeting between Gibson Trust and government officials responsible for the sale of the former railroad station. You have made the following notes during your meeting. Use them to summarize and conclude your meeting, looking ahead to future steps.

### 1. Station Renovation and Use

- \* approve plans to renovate station as a museum-link to local City Museum
- \* Museum-operated by government / all year round
- \* Gift shop
- \* Study Center-supported by University and City Library

### 2. Other Land

to be developed by Gibson Trust / agreed commercial 50% and residential 50% - specified in the contract

Next steps: finish contracts

Next meeting: exchange contracts - June 25



Now listen to a recording of a model summary.

## Role play

Conduct a negotiation, involving bargaining and making concessions and accepting and confirming. Work in pairs, A and B. With your partner, choose one of the following topics:

- a) negotiating advertising space at soccer matches
- b) negotiating purchase of a luxury apartment in Tokyo's Shinjuku district.

If you choose the first topic, look at File cards 15A and 15B.

If you choose the second topic, look at File cards 16A and 16B.

When you have finished one role play, *either* switch roles and repeat the exercise using the same topic, *or* change A and B and do the other topic. This way, both parties in the pair can practice buying and selling.

See who gets the best deal.

## TRANSFER

Think of a negotiation you were recently involved in. What kind of negotiation was it?

How do you think it went?

Did you keep to the Concession rules included in the Skills Checklist on page 140?

If you had the negotiation again, would you do things differently?