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Discuss the set of measures for evaluating the success of negotiations?

TABLE 10-1

A Broad Set of Measures for Evaluating the Success of Negotiations

3.5	Relationship	Has the negotiation helped build the kind of relationship that will enable us and our clients to work effectively together over the project's life cycle?
3.5	Communication	Do these negotiations help create an environment in which both parties can engage in constructive, problem-solving conversations?
3.5	Interests	Does the deal satisfy our interests well at the same time that it satisfies our client's interests to an acceptable level and the interests of relevant third parties to at least a tolerable level?
3.5	Options	Have we searched for innovative and efficient solutions with the potential for joint gain?
3.5	Legitimacy	Have we used objective criteria to evaluate and select an option that can be justified by both sides?
3.5	BATNA	Have we measured the proposed deal against our best alternative to a negotiated agreement? Are we confident that the deal satisfies our interests better than does our best alternative?
3.5	Commitment	Have we generated well-planned, realistic, and workable commitments that both sides understand and are prepared to implement?

Source: Adapted from Danny Ertel, "Turning Negotiation into a Corporate Capability," *Harvard Business Review*, May-June 1999, 55.

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(8x3)+1
25
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“In terms of ‘getting the other side to the table’, Kolb and Williams suggest three things you can do to help reluctant bargainers”. Explain only two of them.

- 8
1. **Offer incentives.** What are the reluctant person's needs: money, time, your support? Determine those needs and then pose them as potential benefits of negotiations. For example, if your boss, the sales manager, is reluctant to give you time to work on a re-design of the company's inventory system, explain how an improved system will help solve one of his problems—lost sales from out-of-stock conditions.
 2. **Put a price on the status quo.** Spell out the cost of not negotiating. Kolb and Williams use the example of a woman whose boss promoted her and had her take on additional work, but was forever delaying any discussion of a pay raise. Frustrated by his inaction, she found a way to get his attention—she secured a job offer from another company. The boss was suddenly very interested in dealing with her long overdue pay raise. He had to negotiate or face the costly and time-consuming process of replacing an effective subordinate. In other words, he realized the price of the status quo.
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3. **Enlist support.** Allies can sometimes accomplish what other measures cannot. For example, if the sales manager described earlier still will not give you time off to improve the inventory system, look for allies who have organizational power and a reason to favor your goal. The chief financial officer, for instance, will likely favor any plan to improve inventory management. The CFO knows that better inventory management means lower working capital requirements, which makes her look good. Once the sales manager realizes that the issue has risen to the senior management level, he's likely to bargain.
- what's the
CFO's
idea

Explain what is “Car Dealer Trick” and what are the advantages of negotiation directly with authorized people?

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Conventional wisdom insists that the negotiator on the other side of the table must have full authority. Otherwise, you risk falling victim to the old “car dealer” trick, where just as you are about to reach agreement with the salesman, he says, “I’ll have to clear this with my manager.” In other words, the negotiation with the salesman is used to bring you to your bottom line; the second negotiation, with the manager, aims to push you beyond it. There are real advantages to negotiating with the person who has the power to sign on the dotted line:

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5
5
5
- A. All of your reasoning is heard directly by the decision maker.
 - B. The benefits of the good relationship built at the bargaining table are likely to be reflected in the deal and its implementation.
 - C. There are fewer chances of disputes or misinterpretation of particular provisions.
 - D. You avoid the “car dealer” trick described previously.

5 x 5 = 25

Another fundamental concept of negotiation is "Value creation through trades". Discuss fully that concept and give practical examples?

Think for a moment about your own negotiations—with customers, suppliers, and fellow employees. Are you pulling and tugging with each other in a win-lose framework? Now think of ways that you might be able to satisfy the other side with something that would cost you very little.

- ideas
win-win
6
- For a supplier, that greater value might take the form of an extended delivery period. For the customer, having deliveries spread out during the month might be of no great consequence, but for a supplier with strained production facilities, it may be very important.
 - 6 • For a customer, greater value at low cost might take the form of three months of free repair services if needed. For a vendor who has great confidence that its products will need no repairs during that period, free service is nothing of consequence. In providing it to the customer the vendor incurs little cost, even though the customer values the repair service highly.
 - 6 • For another department in your company, greater value might be found in your offer of two high-powered workstations that your people rarely if ever use. That department may be able to offer something in exchange that you value more than it does.
 - 6 • For an employee, the opportunity to work from a home office two days each week may produce great satisfaction while costing the employer nothing.

Few of the things that others value highly will have little value to you, and vice versa. But they are sometimes there, and a little thinking and probing can identify them. That's value creation. Just be sure that if you give something of value, then you ask for something in trade.

