



Preparation and Conduct of Negotiations

3

What you tell me, I forget. What you show me, I remember. What you make me do, that I understand. *Confucius (551 BC - 479 BC)*

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Summary

The profound preparation of a negotiation in business transactions, in politics or in other conflicts is important for a successful negotiation outcome and represents the foundation of every negotiation. The time required for this can correspond to the planned duration of the negotiation, in some cases the preparation phase even takes more time. Only if the negotiator is informed about every detail of the negotiation and the other party and has derived a suitable approach and strategy from this, can the desired result of the negotiation be achieved. Sufficient knowledge and analysis of the negotiating partners, the positioning of one's own side, the anticipation of the motives of the opposing side and the possible arguments of the opposing side are decisive elements in the preparation phase, as explained in detail in the A-6 negotiation concept developed by Dr. Marc Helmold. The aim of the preparation is to strengthen one's own security in the subsequent negotiation. The aim is to ensure quick-wittedness and the ability to react to the negotiating partner.

3.1 Are There Mutual Interests?

The profound preparation of a negotiation in business transactions, in politics or in other conflicts is important for a successful negotiation outcome and represents the foundation of every negotiation. The time required for this can correspond to the planned duration of the negotiation, in some cases the preparation phase even takes more time. Only if the negotiator is informed about every detail of the negotiation and the other party and has derived a suitable approach and strategy from this, can the desired result of the negotiation be achieved. Sufficient knowledge and analysis of the negotiating partners, the positioning of one's own side, the anticipation of the motives of the other side and the possible arguments of the other side are decisive elements in the preparation phase, as explained in detail in the A-6 negotiation concept developed by Dr. Marc Helmold. The aim of the preparation is to strengthen one's own security in the subsequent negotiation. The repartee and the ability to react to the negotiating partner should be ensured. If not already done, the information about the negotiating partner should also be checked again here. Important points in business negotiations are e.g. market position, conditions, pricing policy as well as the analysis of the strengths and weaknesses of the negotiating partners. Of course, you have to contrast this with a critical analysis of your own company's position. Here, professional manuscripts and standardized meeting points are essential to ensure optimal preparation. The preparation can also include a dress rehearsal in which the participants go through all the options with potential negotiating partners, similar to the rehearsal of an orchestra before a big concert. Preparations also need to explore what other categories can be negotiated as additional elements besides price or terms.

Lanz describes in a good example that the "negotiation pie" is usually bigger by adding value-added elements (Lanz 2018). "A freelancer who wants to rent a room. The landlord demands 13 EUR rent per square meter, the potential tenant counters and offers 7 EUR. After much haggling, they agree at 10 EUR." Is this a good negotiation result, the negotiation expert wonders? Here, Obrien recommends looking for factors in the negotiation mix that add value (Obrien 2016). Added value can be increased by adding complementary, i.e. additional or supplementary, elements to the negotiation mass (Fig. 3.1). In price negotiations, cents are very often haggled over, but additional elements such as payment terms, maintenance agreements, response times in the event of incidents, future price reductions or the assumption of installation costs can be included in the negotiations, which increase the added value in the negotiation mass (Dathe and Helmold 2018).

Is everything now optimally negotiated? You might think so, but a true win-win solution may well be even more advantageous. From the very beginning, the two haggled exclusively over the price instead of agreeing on their mutual interests (e.g. possible move-in soon, minimisation of renovation costs, but also caretaker arrangements, garden design, property management, upgrading of the rental property. . .). In doing so, they have missed the chance to increase the "cake" via the third and fourth principles of the Harvard negotiation method. These two principles offer the chance to include other "profitable" possibilities and ideas in the joint contractual partnership:

Zone of Mutual Agreement (ZomA)

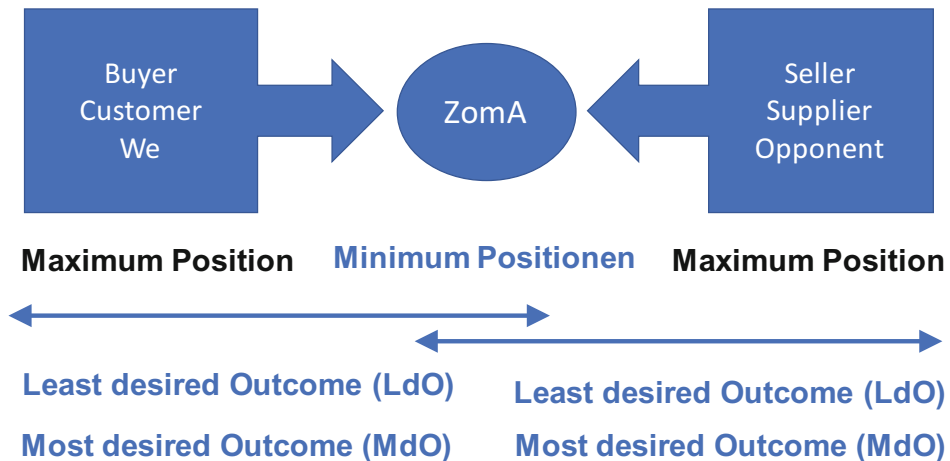


Fig. 3.1 Creating added value in negotiations. (Source: Own representation based on Obrien (2016))

- Identify alternative courses of action with different variations
- Develop choices by working out several decision options together, if possible
- Insist on objective assessment criteria for the final decision
- Evaluate the options according to the objective evaluation criteria
- Select the two to three best alternatives

The third Harvard principle embodies the opening of the solution horizon for further alternatives that have not been thought of before. Creativity should be used to think outside the box and, together with the negotiating partner, to look for and think up as many options for action as possible that can be reconciled with the mutual and common interests.

The fourth Harvard principle then follows with the decision-making process. Now it is important to jointly include neutral and as objective as possible criteria for the decision-making process in order to make the decision-making process comprehensible for all sides—and thus fair. These can be market comparisons and other benchmarks, legal standards or expert opinions, or even ethical standards. They do not all have to coincide with the needs of the negotiating partner either; what is important is that they are mutually accepted.

So brainstorming before tenant and landlord finally agree on a compromise for rent via a handshake could benefit both even more. They could discuss other interests and possibilities. For example, they could include the tenant's willingness to do the renovation work themselves and explore other creative arrangements based on their mutual interests: The landlord may be willing to waive some of the rent in exchange for services provided by the freelancer, such as maintaining the garden, taking on some of the janitorial duties, or even designing and maintaining the landlord's website. In addition, negotiators could

discuss the rent based on factual criteria, such as the municipality's rent index, thus including an objective criterion as a benchmark (Godeck 2017). If soft factors beyond positions, i.e. needs and interests of the parties, are creatively included in objective negotiations, the "pie" enlarges by itself and agreements become real win-win solutions. If the decision-making criteria for the agreement reached are objective and accepted by all, agreements are perceived as fair and no negotiating partner feels that they have been taken advantage of.

3.2 The Zone of Possible Agreement: Zone of Mutual Agreement (ZomA) and Successful Tips for Identifying a Margin of Mutual Agreement

Once you are clear about your own goals and their respective relevance, the next step is to explore the possible room for negotiation (Table 3.1). The scope for negotiation in each category ranges from the minimum to the maximum goal, whereby no element in negotiations should be completely static (Schranner 2018). Identification of negotiation leeway should be done before the actual negotiation. If one has employees and colleagues, they can gauge the other party's reaction to certain negotiation points in advance (Helmold and Terry 2017; Wilkes 2016). In addition to maximum and minimum demands, the point of abandonment should also be identified to show the negotiating counterparty that the negotiating leeway has been exhausted. Potential added values are also part of exploring the negotiating space. In international negotiations, for example, a supplier's price may be a minor issue, as he intends to use the order to enter the German market or perhaps wants to show from a marketing point of view that he has a renowned German customer (BME 2018). Motive can also be to establish a functioning logistics network to Europe or Germany in order to penetrate the market here. All authors recommend this important step in the early phase of the negotiation initiation (Helmold and Terry 2017; Schranner 2015; Polwin-Plass 2016) (Fig. 3.2).

Table 3.1 Recommendations for the successful conduct of negotiations

Concentration on target corridors with minimum and maximum targets
Generation of added value in negotiations
Analysis of possible interests and motives of the other side
Identification of (cultural) constraints on the other side
Concentration on the common zone of a consensual solution
Exploring different alternatives for action
Objective evaluation of all claims and alternatives

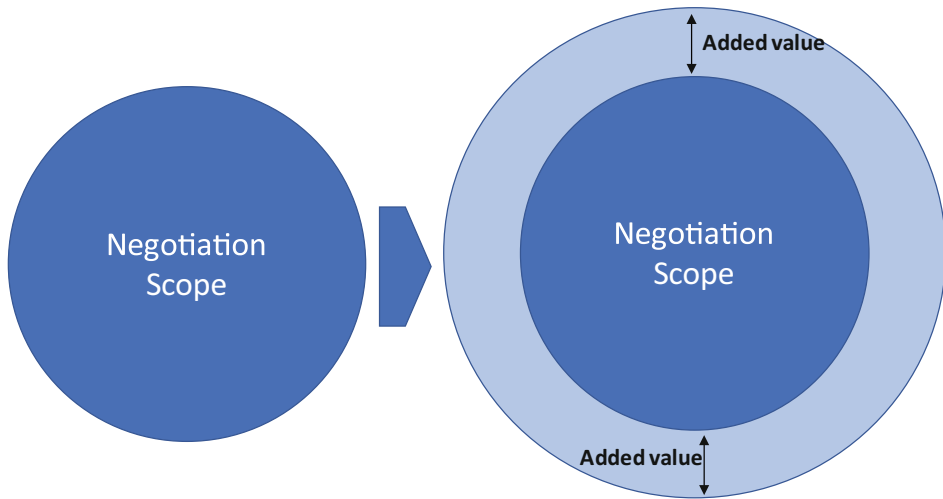


Fig. 3.2 Zone of mutual agreement. (Source: Own representation based on Obrien (2016))

The following aspects are of central importance for the identification of the scope:

- Identification of the potential maximum and minimum goals of the negotiating opponent (What does the other side intend?)
- Are there added values that are attractive to the negotiating counterparty?
- Analysis of possible motives of the participants of the other side (different departments often have different goals)
- Who could be used as an influencer? (Are there possible influencers?)
- Identify possible incentives of the other side (Which offers are attractive for the other side?)
- What are my chances in each category to be negotiated? (Interests of the other side)
- Are there constraints from the other side?

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