



Advanced Business

Negotiations

Negotiations

- ✚ Language of negotiations
- ✚ Negotiating across cultures
- ✚ International negotiations practice

Language of negotiations

Objectives

- ▶ Language of negotiations
- ▶ Convince – persuade – explain
- ▶ Make and receive offers
- ▶ Accepting
- ▶ Refusing
- ▶ Asking questions
- ▶ Answering questions
- ▶ Making comparisons
- ▶ Defending - criticizing

Language of Negotiations

- ▶ **When do you need to negotiate?**
- ▶ **Do you negotiate products or services?**
- ▶ **What expressions can you use to**
 - **Accept an offer?**
 - **Refuse an offer?**
 - **Persuade your partner to buy your product?**
 - **Convince him to reduce his price?**
 - **Ask for clarification?**
 - **Interrupt?**
 - **State your position?**
 - **Make a suggestion?**
 - **Ask for a reaction or response?**

Stages of negotiation

Stages of negotiation

Before we see the necessary language, we must describe the typical steps of a negotiation

- **Preparation** : What do you want? What are your main priorities?
- **Discussion** : What do they want? Where are they flexible?
state interests/position exchange info clarifying
- **Proposal** : What could you possibly trade, offer, concede?
What could they possibly trade, offer, concede?
proposing offering concessions suggesting reacting
- **Bargaining** : What will you 'really' trade, offer, concede?
accepting refusing interrupting bargaining/trading stalling for time
- **Settling and concluding** :
summarising ensuring agreement closing the deal

- How does this compare with your negotiations?
- Do you follow the same steps?

Necessary language

Match the function on the left with the language on the right

Asking for clarification	We just can't agree to... ..is out of the question No, I don't really think so I'd rather not..... I'm afraid that's unacceptable
Rejecting	How's that then? It depends what you mean when you say..... What do you have in mind? Could you run through that again?
Interrupting	Well..... if you... We might be able to make an exception if you..... We're prepared to....., providing.... If you....., I could..... I was going to.....but what if I were to say.....?
Bargaining/trading	Why not? Yes of course. I agree to.... That's a deal. That sounds reasonable I think we can agree on that
Making a suggestion	I've got to stop you..... Sorry to interrupt but..... Hold on a moment
Stating your position	What we're looking for... We think.... We'd love to.... There's no way.... We wouldn't want to..... I guarantee..... I was hoping for....
Agreeing	How does that sound....? How do you feel about.....? What do you say....?
Asking for a reaction	Let's agree....., shall we? How about....? We could.... Do you want me to....? I'd like to suggest.....

Answer

Rejecting	We just can't agree to... ..is out of the question No, I don't really think so I'd rather not..... I'm afraid that's unacceptable
Asking for clarification	How's that then? It depends what you mean when you say..... What do you have in mind? Could you run through that again?
Bargaining/trading	Well..... if you... We might be able to make an exception if you..... We're prepared to....., providing.... If you....., I could..... I was going to.....but what if I were to say....?
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Asking for a reaction	How does that sound....? How do you feel about.....? What do you say....?
Making a suggestion	Let's agree....., shall we? How about....? We could.... Do you want me to....? I'd like to suggest.....

Other tactics

- ▶ Of course you may not be ready to agree, in which case you might want to....
 - Refuse an offer
 - I'm sorry, we can't accept that
 - I'm not sure about that
 - Play for time
 - I'd like to think about it
 - I'm sorry, but I'll have to consult my colleagues about that

Salary negotiation

- ▶ It's time for you to renegotiate your salary!
- ▶ Prepare your position. You might want to consider
 - The percent of increase you deserve %
 - Working hours and conditions
 - Holidays
 - Bonuses €€
 - Extra company benefits (company car!)

Dialog

Mr Smith: Ok, let's get started, shall we?

Bill: Yes, of course.

Mr Smith: So as you know, we have had a difficult year, and the budget is very limited.

Bill: I see. So what did you have in mind.

Mr Smith: We think we will still be able to offer you a 1% increase this year.
How does that sound?

Bill: I was hoping for a 15% increase this year, as well as a company car, and an annual bonus of \$3,000. How do you feel about that?

Mr Smith: Continue this conversation with your teacher. You are Bill.

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Asking for a reaction	How does that sound....? How do you feel about.....? What do you say....?
Making a suggestion	Let's agree....., shall we? How about....? We could.... Do you want me to....? I'd like to suggest.....

Discounts

▶ Customer

- ▶ You use 3000 cellophane boxes a month and you need to order some more from your supplier. You can buy enough boxes for several months at once if he gives you a large enough discount. Find out what he is offering and negotiate a deal

▶ Supplier

- ▶ Your company makes cellophane boxes. One of your customers phones you to enquire about discounts for bulk purchases.
- ▶ You can give a 10% discount but only if the customer orders 5000
- ▶ Maximum price for one box is 10 dollars

•Take turns negotiating the situation above. One of you is the customer and the other the supplier. Make a few notes on the following points to prepare your position

- Shipping costs.
- Delivery time
- Insurance
- Terms of payment
- Price and discounts

Management vs. Unions

▶ Management

- ▶ Decide what you can afford to offer. Set limits for the maximum you are prepared to pay.
- ▶ You might want to propose a productivity deal or other measures to increase profits.
- ▶ Be prepared to justify your offer

▶ Union

- ▶ Decide what your goals are. For example:
 - ▶ A pay increase: what %
 - ▶ Longer holidays?
 - ▶ Increased benefits? What exactly
- ▶ Decide what your priorities are and set a minimum target below which you will not drop.
- ▶ Be prepared to justify your demands

- Take turns negotiating the situation above. One of you represents Management and the other represents the Union. Prepare your position taking into account:

- Last year's pay increase
- The rate of inflation
- Company profits in the last year
- Present rates of pay
- Pensions, extra time worked, holidays, other benefits

A Bank Loan

▶ Role A

- ▶ You are a businessman meeting your bank manager for a loan. Be prepared to tell him about your business. Also decide:
- ▶ Why you need the money?
 - ▶ eg: to finance new plant or equipment
 - ▶ to expand your present building
 - ▶ To finance new stock
 - ▶ To bridge the period between deliveries and payment
- ▶ How much money do you want?
- ▶ How and when you could afford to repay the money?
- ▶ What security you can offer?
- ▶ Find out how much he is prepared to lend you and what the interest would be?

▶ Role B

- ▶ You are a bank manager. A client is applying for a loan. Find out
- ▶ Why he wants the loan?
- ▶ How much money he wants?
- ▶ How and when he intends to repay the loan?
- ▶ How much interest he would have to pay?
- ▶ Whether his business is financially strong enough to survive a setback
- ▶ eg: Could he survive a fall in sales or late payments from creditors?
- ▶ What security he can offer?
- ▶ Decide whether to give him the loan

- Take turns negotiating the situation above.

Intercultural Negotiation

Objectives

- ▶ Avoiding cultural misunderstandings
- ▶ Language and style of the British
- ▶ Language and style of the Americans
- ▶ Understand the indirect language of the British
- ▶ Understand the frankness of the Americans
- ▶ Respond to the indirectness of the British
- ▶ Respond to the frankness of the Americans

Introductions

- ▶ Why is cultural awareness important for business people? Give examples.
- ▶ What experiences have you had in your dealings with persons from the UK or the US ?
- ▶ Have you had any cultural misunderstandings when communicating with each other?
- ▶ What is your stereotype of the British?
- ▶ What is your stereotype of the Americans?
- ▶ How do you think they perceive the French?
- ▶ What are the similarities and differences that the British and Americans have with the French?
- ▶ What do you think is the best way to deal with them?
- ▶ What do change in your behaviour to adapt to them?
- ▶ What things should you do, and what things shouldn't you do when communicating with the British and Americans?

Objectives

- In your dealings with other cultures it's important to be sensitive to the other person's point of view.
- It's also important to be careful and avoid doing things that people of another culture might find strange or unacceptable, or offensive, even if in your culture these things are OK.
- Correctly interpreting their language and gestures is necessary, in order to be able to respond appropriately.
- They may, or may not make the same efforts, but by understanding the 'nature of the beast' you will be in a better position to perform effectively.
- So, firstly, let's look at the British.....

The British

- ◆ British come from different social classes, and it's necessary to keep this in mind when dealing with them.
- ◆ When dealing with the wealthier, more class-conscious southern types, it's better to emphasize your civilised, and educated side.
- ◆ But when dealing with the northern types (England, Scotland, and Wales), it's better to emphasize your sincerity, and straight, uncomplicated dealing.
- ◆ At meetings they tend to be formal at first, using first names only after two or three encounters. After that they become very informal, using first names thereafter.
- ◆ They like to talk about family, and also like to use humour during their business encounters.
- ◆ Their humour can also be used to ridicule an opponent, or to show disagreement or even contempt. In particular against persons of Latin origin!

British humor...

- ▶ Yes, it's necessary to take a closer look at this aspect in order to correctly interpret their coded language.
- ▶ They use humor :
 - As self-deprecation (to express disapproval of themselves)
 - To break up tension when there is a refusal to compromise between extreme positions
 - To speed up discussion when excessive formality is slowing it down
 - To introduce a new and possibly crazy idea to unimaginative colleagues
 - To introduce the unexpected in over-rigid negotiation
 - To laugh at over elaborate management priorities
- ▶ In short, humor is regarded as one of the most effective weapons in the British manager's inventory.
- ▶ You can gain the confidence of the British by showing that you can be a match for them in this area!

British behavior

- ▶ They try to show during meetings that they are guided by common sense, reasonableness, and compromise
- ▶ However, they will rarely make a final decision at the first meeting, as they don't like to be hurried
- ▶ They prefer to use instinct and exercise caution
- ▶ They rarely disagree openly with you! They agree whenever possible, but give hidden signs of disagreement!
- ▶ They will use their company's reputation, size, and wealth when negotiating
- ▶ They are more interested in long term relationships
- ▶ They are insular in nature and believe foreigners are trying to outsmart them
- ▶ Behind the casual refinement and sophistication can be hard pragmatism, and ruthlessness!
- ▶ Because of their insularity, they often fail to understand the different values of others

Language of understatement

- ▶ Ahhh, British understatement and indirect language....
- ▶ So, what does this kind of language look like?
- ▶ 'I'm afraid there might be a bit of a problem with that...' = we can't accept
- ▶ 'Well, we quite like that, however...' = disagreement
- ▶ (vagueness in reply to you) = stalling, indecisiveness
- ▶ 'That might be a bit tricky' = it will be very difficult
- ▶ (Humour)
- ▶ Our chairman might tend to disagree = he will be furious
- ▶ I'm not quite with you on that one = I don't believe a word you are saying
- ▶ Hmm, that's an interesting idea = disagreement
- ▶ We might find a way of making that work = that's an excellent proposal
- ▶ We'll have to do our homework = we are prepared to stop the negotiation now
- ▶ Speed of action is advisable = it's necessary to move at a frantic speed!
- ▶ Why understatement? They use it to stall, confuse opponents, or delay the business.
- ▶ Ask them for a decision and they are likely to reply 'Let me tell you a story...' To understand the answer you need to see the relevance of the story, or reply with one of your own.
- ▶ By using charm, vagueness, humour, understatement, and apparent reasonableness, British negotiators can be smiling but quite 'difficult' for long periods of time.

How to respond...

- ▶ Respond to their humor with some of your own
- ▶ Feel free to emphasize your company's size, wealth, and reputation.
- ▶ Smile, be reasonable, modest, and tenacious like them, in return
- ▶ Do not underestimate their behind-the-scenes connections
- ▶ Develop, or give the impression of a long term relationship
- ▶ When they use understatement, the intended message is the opposite of the language used, so take this into account when responding/calculating
- ▶ Show that you are open and talk about family if necessary
- ▶ Be prepared to adapt to the Brit. Is he from the north or the south?
- ▶ Keep an eye open for hidden signs of disagreement
- ▶ Use first names after you have met them two or three times
- ▶ Don't let them think/know you are trying to outsmart them
- ▶ Hoping that they will understand the values/ideas of others can be a useless and futile waste of your energy
- ▶ Be prepared to be as ruthless, or more so, should they demonstrate this type of behaviour

The Americans

- ▶ Want to make as much money as quickly as possible using hard work, speed, opportunism, power & money
- ▶ **Money is God and they are ruthless in the pursuit of more of it**
- ▶ Are individualistic and don't always need approval from superiors to take decisions/action
- ▶ **Are immediately informal, using first names, discussing personal details**
- ▶ Use humour whenever they can even if it is not understood
- ▶ **Take risks, but have clear financial plans**
- ▶ Calculate on an investment, to return on investment (profit\$) basis
- ▶ **Wasting time costs money**
- ▶ Are persistent and will explore all options
- ▶ **Are blunt and direct!!**
- ▶ Assume their norms and values are the correct ones
- ▶ **Have little knowledge or interest in other cultures**
- ▶ Will sacrifice most anything for financial gain
- ▶ **They like to work in teams which can be cooperative and competitive**

American behavior

- ▶ The Americans display openness and trust from the beginning
- ▶ Have a behavior of very direct, tough, cunning, naive, and strong
- ▶ They see events as occurring in a linear chain of cause and effect and are fact oriented. They do things one at a time.
- ▶ They prefer action to exchanging opinions and don't appreciate historical or scholarly references
- ▶ They tend to be boastful and exaggerate when speaking
- ▶ Some like a little social talk, but most want to get on with business
- ▶ Power can come from status and force of personality!
- ▶ Americans want to be liked and are sensitive to positive or negative comments
- ▶ To Americans, business relationships are not personal and they don't put much effort into this
- ▶ What they do for work defines who they are
- ▶ They tend to take risks easily, and learn from their mistakes
- ▶ They are impatient and want to do business right away. Relationships are useful until business is concluded
- ▶ They are punctual and it is therefore important to be on time for all appointments

- ▶ How is this different from Korean behavior ?

....meetings

- ▶ At meetings they are impatient and like to discuss the important points without too much debate
- ▶ They are primarily concerned with the results of the meeting
- ▶ In their meetings, everyone presents their opinion, but the majority vote decides
- ▶ Criticism is constructive and should not affect relationships
- ▶ They believe there is a difference between criticism of a person and criticism of a person's work
- ▶ The meeting may end before all subjects have been discussed because of time constraints (time is money)
- ▶ There needs to be a clear action plan at the end of most meetings
- ▶ They tend to value their independence rather than individuality
- ▶ How is this different from Korean meetings ?

Negotiations

NEGOTIATIONS?

- ▶ Start a negotiation by giving their position and stating what they want
- ▶ They try to agree on a deal at the first meeting
- ▶ Will use their power and strength as an argument, and will use majority voting rather than searching for consensus. Anyone blocking the deal can be fired without hesitation
- ▶ Prefer to say yes at first and work out the details later! (check the details scrupulously (in very fine detail))
- ▶ They will forget your name the day after a deal is made, so any friendliness is purely functional
- ▶ They can be quite flexible in order to conclude business
- ▶ Their approach to negotiations can be spontaneous, and informal
- ▶ Believe debate is acceptable, but not just for the sake of it
- ▶ Believe in rules of fair play and that everyone should be treated the same
- ▶ They also believe that both parties to a contract should be held equally responsible for what was agreed
- ▶ They prefer short term negotiations, and prefer to negotiate quickly
- ▶ They resolve one issue at a time
- ▶ Decisions are often made quickly, and an informal atmosphere is preferred
- ▶ Humour can be used to change the atmosphere if negotiations are stalled
- ▶ How is this different from the Korean style of negotiations ?

Language

- ▶ Here are some examples of direct American language which is quite opposite to the British!
- ▶ My boss will be very angry...
- ▶ You're talking bullshit
- ▶ You gotta be kidding
- ▶ That sounds excellent
- ▶ I tell you, I can walk away from this deal
- ▶ You're going to get hurt
- ▶ Accountants drive me mad
- ▶ It's the only game in town
- ▶ We had sticker-shocked the consumers right off their feet
- ▶ Go for broke
- ▶ He'll do his best to make it fly
- ▶ When you scramble, you scramble like a son-of-a-bitch
- ▶ Have we gotta deal ?

How to respond

- ▶ Don't let the speed of discussions in English push you into signing something you don't completely agree with. Check the fine print as contracts are adhered to 'to the letter'. They use a lot of lawyers!
- ▶ Appear straightforward, honest, and strong in your encounters
- ▶ Americans respect resilience, open disagreement, and your strong negotiating position
- ▶ If you show you are strong, they will do the same, but it is part of the game for them. They also want a deal
- ▶ They will use much direct language that may make you feel uncomfortable. If you are quiet in response, this will make *them feel uncomfortable* and will be to your advantage. They respect this 'silence'
- ▶ Don't let them push you to move too fast. 'Maybe' is often a good response
- ▶ They can probably lose more than you can in a deal because they need it to make more money 'now'. Long term relationships are less of a concern
- ▶ They want profit more than your market so keep this in mind when dealing with them
- ▶ Be friendly with them, but remember that it is only temporary
- ▶ You have an advantage because you probably know much more about them than they do about your culture and country
- ▶ Give them a 'hard sell', as this is what they understand. Be direct and clear
- ▶ They will respect your modesty when speaking with them as they are incapable of it

END