

Negotiation Strategies

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There are many specific reasons for bad outcomes in negotiations.

Why?

From the observation and discussion with experienced negotiators, there are six common mistakes during the negotiation process.

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Mistake 1: Neglecting to understand the other side's problem

- ▶ Without the understanding of the counterpart's problem, you can't negotiate effectively.
- ▶ You need to understand the problem from the other side's perspective.
- ▶ Do not dismiss the other side's concern. It is vital to try to understand in depth what the other side really wants out of the deal.

Mistake 1: Neglecting to understand the other side's problem

- ▶ Example: During business negotiation, you try to offer the project with faster and better technology but the customer really wants mediocrity technology with cheaper price. Therefore, no deal happens.

Mistake 2: Focus too much on mainly the price

- ▶ Most deals may involve interests more than just price such as...
- ▶ The other side may want a positive working long term relationship which is crucial for long term contract.
- ▶ The other side may want to see a goodwill or good image of our organization.

Mistake 2: Focus too much on mainly the price

- ▶ Example: The bidder of a construction of high-rise building focuses on the prices but the local community really need an additional offer to build a beautiful garden and park for the local community.

Mistake 3: Setting the deadline too strictly and too rigidly

- ▶ Do not set the deadline too strictly and too rigidly.
- ▶ In modern world, information and situations can change very rapidly. Sometimes the context of negotiation can change immediately. There must be a flexible deadline.

Mistake 3: Setting the deadline too strictly and too rigidly

- ▶ Example: During the Covid19, Thai government often changes their policy about the lockdown daily or weekly.
- ▶ Most of new contracts to finish the project must have a special detail : “If there is a lockdown, the deadline of the project can be extended.”

Mistake 4: Searching Too Hard for Common Ground

- ▶ Many times, common ground is not possible and lead to deadlocked deal.
- ▶ Common ground is important but sometimes different interests can give what it values most, at minimum cost to everyone.

Mistake 4: Searching Too Hard for Common Ground

- ▶ Example: You are a group of **farmers** who oppose the **utility company** to build big dam because you are afraid of future less water flow to your farm. But **the environmentalists** also oppose the utility company to build big dam for fear of losing habitat conservation.
- ▶ Therefore, both farmers and environmentalists as well as the utility company may agree to build a smaller dam. Everyone wins.
- ▶ Each side have different priority (not common ground but still be able to resolve their problems).

Mistake 5: Weak BATNAs

- ▶ BATNA is an important negotiation tool. The stronger your BATNA, the more creditable your threats to walk away.
- ▶ But if you reveal **explicit signs of weak BATNAs**, you will be in a disadvantage situation during negotiation.

Mistake 5: Weak BATNAs (Revealing explicit signs of weak BATNAs)

- ▶ Example: The almost **bankruptcy** Pataya Beach hotel, **no cash on hand**, wants to sell its hotel during Covid19 pandemic **in a hurry**, therefore, the hotel has a weak BATNA or unable to negotiate for good market price at all.

Mistakes 6: Too much bias in estimating the situation

- ▶ Two types of bias in estimating the situation
- ▶ Overestimating your position to win and underestimating the opponent to win
- ▶ Underestimating your position to win and overestimating the opponent to win

Mistakes 6: Too much bias in estimating the situation

- ▶ Example: The bidder thinks since there are no strong opponents and he will win the bidding system easily with 100 percent. Hence, he bids with extremely low price and he loses.
- ▶ However, if the bidder thinks since there are too many strong opponents and he is not likely to win. Hence, he overbids with high price and may win with an overprice.

What are main problems of unethical negotiation?

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Unethical Negotiation

- ▶ 1. Selective Disclosure
- ▶ To highlight positive information or good news but downplaying or omitting negative information
- ▶ Example: Salesman did not disclose the fact that the car was damaged in the flood.

Unethical Negotiation

- ▶ 2. Misrepresentation
- ▶ - Misstate facts or position
- ▶ Example: The person who is not a licensed physician but gives a medical advise about how to treat cancer.
- ▶

Unethical Negotiation

- ▶ 3. Deception and lying
- ▶ - provide factually incorrect information that leads to incorrect conclusion
- ▶ Example: Herbal Medicines from Cannabis can cure all diseases. If you want to be our agency of this miracle medicines, you need to put one million Baht deposit.

Unethical Negotiation

▶ 4. False Threats

- ▶ - mislead by claiming to take actions that may hurt the other party
- ▶ Example: If you don't get vaccinated, you will be sentenced to prison for 20 years.

Unethical Negotiation

- ▶ 5. False Promises
- ▶ - over promises or promise something that can not deliver

- ▶ Example: If you join this Fitness Club, you will get free personal trainer for life.

Unethical Negotiation

- ▶ 6. Inflicting direct or indirect harm
- ▶ - intentionally sabotage the other party's chance of success
- ▶ Example: John is my business's competitor. If you buy from John, you will lose all your business with us and our associates.

Caveat: Just because
something is unethical
does not always mean
that it is illegal

Explain...

Situation Example:

- ▶ Some students sneak to read other student's assignment online (open to public) and write their answers that is similar to other student's assignment.
(A moot point)
- ▶ It is unethical Yes/No
- ▶ It is against your good conscious Yes/No
- ▶ It is against university rules and regulation Yes/No
- ▶ It is against national laws Yes/No

What is halo effect?

- ▶ The tendency for impression positively or negatively created in one area influence opinion of the area.
- ▶ It is a way to use **pre-judgement** to determine a person, culture, and business organization.
- ▶ For example:
 - ▶ If you saw a well dressed and attractive person, you think he was good and wealthy person.
 - ▶ If you saw a man who can speak English very well, you assume that he must be highly educated and super intelligent.

What is the impacts of halo effect?

- ▶ Halo effect is a cognitive bias where a positive (negative) single trait or single characteristic of someone influence our judgement.
- ▶ Example: John is a handsome man and well-dress. Whenever he goes to the job interview, he is often rated as very smart, quick wit, and very intelligent.
- ▶ Jim is short, fat, and dark with long face. Whenever he goes to the job interview, he is often rated as unfriendly, slow, and not very intelligent.

Understanding Halo Effect

- ▶ 1. Halo effect is one of the most common biases (cognitive bias) of human being.
- ▶ 2. The majority of people use mainly feeling and common sense in their every day life. (attractive = successful or trustworthy, or friendly)
- ▶ 2. This cognitive bias can influence the process of decision making, quick judgement, relationships, performance reviews, negotiation and so forth.
- ▶ 3. Understanding halo effect can help us. Not to be a victim of halo effect, but to be able to capitalize or to take advantages of halo effect.
- ▶ **How?**

How do you manage halo effect (first impression) to your advantages?

- ▶ 1. Manage your reputation and image such as punctuality, confident, ability to finish your tasks and so forth
- ▶ 2. Always keep yourself well-groomed, neat and clean with business appearance
- ▶ 3. Start blending yourself with intelligent people or associating yourself with a group of successful people
- ▶ 4. Appear to be well-prepared in every meeting, study more to be an expert on your chosen field
- ▶ 5.....
- ▶ 6.....
- ▶ 7.....
- ▶ 8.....
- ▶ 9.....
- ▶ 10.....

Benefits of creating your good behavior which often lead to good image

- ▶ Example: Manage your reputation and image such as punctuality, confidence, ability to finish your tasks and so forth
- ▶ If you start to manage your reputation by behaving in the way of being on time, being sure of what you are doing, and always finish your task with quality, and you keep behaving this way, then something happens.

Benefits of creating your good behavior which often lead to good image

- ▶ What happen to you is **a forming habit**. In other words, the routine or some behavior that you do it, again and again, everyday becoming a habit.
- ▶ When your have a forming habit, it becomes easy to do it and, sooner or later, it becomes **your identity**.
- ▶ Your identity will lead to your reputation which is the way people think of you and recognize you. In other words, it is **your image**.

Assignment # 9 (10 Points)

- ▶ 1. List and explain six common mistakes during negotiation process with your own example for each mistake.
- ▶ 2. List and explain at least five unethical behavior during negotiation process. In your opinion, which is the most serious unethical behavior? Why?
- ▶ 3. Provide one of your case examples that some behaviors may be unethical but not necessary unlawful or strictly enforced by the law.
- ▶ 4. List ten ways to manage halo effect (first impression) to your advantages.