

Soft Skills for Business Negotiations and Marketing Strategies
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Lecture – 42
What is Negotiation

Good morning, in the last week we discussed about verbal communication how to speak, how to converse, how to converse with people? Today I am entering to another domain of a very strong sub skill requirement that is negotiations.

In fact, we had been waiting for this since long; negotiations, which can always happen or only happen if there are two parties. You cannot negotiate it yourself though philosophers say yes sometimes we do internally negotiate with ourselves, but in fact, we require another party. So, our today's topic is negotiations. What is this negotiation about? How do we really get a negotiation?

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When we are interacting means different parties are interacting minimum two and multiple as many as required; we do it for some gain. The gain would be maybe one sided gain and both sided gain or some benefits. And then it may be created for offering some services; that means, you want to offer a service which you have and you want to get paid for it or you want to get rewarded for it; then you negotiate or maybe some time

resolving the deadlocks; that means, there are some confusions, there are some contradictions; both parties have different agenda, different domain, different objective and now it requires a negotiation to come to a common agreement.

So, negotiations in fact, is terminology which centers around a function or operations which is existing all to want to of a life span, every time you will find that you are negotiating somehow the other. Only thing is what happens is we are not really concern you know we are not aware that is being negotiated. Whether it is in your office, whether it is in your home, whether in a vehicle; public vehicle or while working together with somebody, when you are going to go for our trading, when you are going to go for business; whatever it is, whether it is a diplomatic discussions negotiations will always remain a part.

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Now, what to negotiate about? If you are really negotiating every day throughout a life at every phase then what to negotiate about? The first set that comes is the position; that means, we want to negotiate with somebody when we want to possess somebody something; that means, we want to possess an object, a product; which is possessed at this moment by somebody else I want to take it. And if I really have to take it there has to be some interactions. This interaction, the process of interaction altogether is a negotiation.

In that interactive process it may so, happen that when you are negotiating that you say you have this please give it to me; I will give you my blessings. What have you really exchanged? You possess their item, you offer the blessings and the person is happy with it and then ultimately he gives you that particular item. So, the thing is we really do not know whether every time the negotiation leads to an exchange of money.

We are not very sure and in fact, not every time the money becomes a centerpiece of our negotiations no or for gain, we want to gain something; that means, we want to gain a privilege, we want to gain a property, we want to gain a value of something, we want to gain knowledge.

So, there are many things which whatever comes in your mind thinking that this is gainful then you must consider that now you have to negotiate. How do you negotiate? Just let me give a small piece of example here gaining, you want to gain knowledge; you have multiple books, you use the books. The moment you need the books for gaining knowledge you have to pay a price for the book; that means, that is what you have negotiated for.

If the book is of precious kind and very rare commodity not available really then you are ready to pay a little higher price. In fact, you are not paying the price for that book; you are paying the price for that knowledge which is there in the book which you know you want to use it.

This is how you have to look at it; that means, during negotiation your perspective has to be very clear not that it is not a simple formula that for this kind of this kind of activity this negotiation; no. It is not a formula. Every time this can keep on changing based on the context and the situation and the parties who are playing with it. It can be price; you give me this I pay you so much; that means, this payment as soon as you exchange in terms of money then it is a price.

So, you negotiate for price. You may negotiate for trading; that means, you are say that I will give you this object you in return you give me this object; historically, if you look at it when this money or exchange items; a piece of paper or coins when that was developed before that the trading was there all true, trading was there which was called the bartering.

That means you have one commodity and another person has another commodity both the commodities are not similar and both of you require the others commodity. So, what you do is you make an exchange, that you give me so much of this, I give you so much of my items. This what is bartering which had been historically since evolution a kind of exchange, but every time, everybody the pair they always try to measure that how much of this commodity is equivalent to the how much of that commodity. Which then both of them agree to; that means, when you are negotiating I have used a term called agree to; that means, there is something called agreement. The negotiation is that discussion or interaction in multiple phases between multiple people.

When this leads to an agreement; that means, both the parties now are now agreeing to follow the path which mutually they are agreeing; that means, it is being negotiated. One can negotiate for privilege; the privilege which somebody is likely to get or he covets the privilege. So, one can always negotiate for privilege and while negotiating for privilege means basically asking for the privilege and against which he has to give back something maybe or you know at least qualifying certain criteria.

So, whatever it is basically, the privilege one can ask for. It can be for peace. See this is very interesting. The entire world is now looking for peace. There are peace treaties which are going on there, negotiations going on between two countries to work out the peace. What is that peace about? Both the countries are coming to a common agreement, a list of items written down in agreements and ultimately being exchanged through shake hands; is this that ok, we trade these items across these countries, we do allow physical movement between two countries the peoples movement.

One country is promising the other country that we will not harm, we will not disturb you, we will not raise war against you and such things mutually it goes on. Finally, what will be the result is the peace; that means, all the positives that they are looking for now till this peace will be valid till the agreement is valid. Once this agreement is now broken or as breached then this particular piece will be disturbed and very interestingly the relationships. You will not believe it the relationship.

In fact, every day we are negotiating somehow the other for a very simple thing called relationship. The spouses are negotiating with each other for relationship. The husband is negotiating with the wife for relationship. Same is wife is negotiating with the husband

for relationship; the child to father, child to mother, teacher to student, worker to worker, boss to the employee.

So, every time the relationship that is being built through negotiations, not every time we show that we are negotiating. You know a simple gesture of love, simple gesture of happiness, simple gesture of agreement, simple discarding of disagreement, you know basically all these are nothing, but negotiating; means this negotiations are being done through some actions ok.

So, here basically then when the negotiation will start at which point it will start we really cannot predict unless it is something called business. In business what happens is the negotiation is very structured and we work it out that we are going to negotiate, but for other things like position you do not know. Suddenly today in the newspaper I found in the real estate page that there is a property which is available of this particular price; I like the location of the property and also the some brief description of the property, immediately I called the agent. And then the agent gets connected with the owner and then now it is a multi party negotiation going on. I will talk to the agent, agent will talk to the owner.

Now, owner make connect to me also and then we work out what should be the price. He will be asking for whatever he wishes, I will be asking for something which is going to be lesser agent is going to work in between to negotiate finally, it comes to an agreement and then the that person is going to hand over the resistant document to me because I have paid in the money.

So, the thing is the whole position thing when it starts? It is very unpredictable only for business I can tell you it is a very predictable one because there we make a definite move of it. So, its position, the gain with this price trading, even trade I would say to certain extent works almost in the same line of the business. Other for the privilege, you do not know that is today you got a call that some services are going to give you certain privilege because you have complied with certain criteria and then you are going to have it.

So, this is how the whole thing starts and whenever you get a call for the privilege immediately you try to know more and more in which you negotiate that could you get a little better privilege, could you get something more which they are now developing you.

These the whole process will keep on going. So, the negotiation is that kind of activity where your soft skill plays a very vital role.

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Who Negotiates	
■ Buyer / Customer	(Possession / Gain)
■ Seller / Dealer	(Sale / Profit)
■ Producer / Manufacturer	(Sale)
■ Client	(Receiver)
■ Professional	(Provider)
■ Diplomats	(Trading / Import / Export)
■ Enemies	(Peace)
■ Associate / Partner	(Collaboration)
■ Office Boss	(Salary)
■ Relations	(Spouse / Children / Others)

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Who negotiates them? If we know that there will be always a negotiation emerging out of nowhere. Then who are really negotiating? We will find there are certain standard groups who will be almost negotiating day by day or day to day. See buyer and customer, he want to buy something you will not you know I am sorry buyer took at the (Refer Time: 11:50) buyer or customer, buyer or customer, the person who wants to buy something; a customer who wants to own something for his positions for his gain ok.

So, buyer or customer; then comes seller or dealer. The person who is going to sell you that particular product which you want to buy; that means, he is also a party in the negotiation because you are going to buy from that particular seller. Now the seller who is going to sell it for you know profit or simple sale of that particular object to get rid of it from his stock. Then comes the producer or manufacturer. Basic objective of their negotiation is how to sell it? How to sell the product which they are manufactured like car manufacturer, any automobile manufacturer, the furniture manufacturer, even the manufacturing of steel, metals materials anything you know of textiles.

Everybody is trying to sell it off and when they go to sell it off they will work on a price and then they will work out a process. They will go through a process of negotiation in which they can you know; they will just clear the stocks by reaching it to the end users.

The client, whom we can consider as a receiver; the client who is going to give you a job and he is receiving the service from you and the professional who is the provider.

So, professional is going to give services to the client which is going to be received by the client, so, this professional is a provider. Then diplomats, there another group who negotiates every day almost you know for trading, for import or export. So, diplomats are trading you know they are negotiating at the diplomatic level and this is very true the political situations in the whole world in such a manner that the diplomats are working every day. Then comes enemies; enemies also will work. They will also negotiate for peace.

Two groups who are fighting against each other coming to a point when they know that there is no point fighting anymore or maybe one group has won over the other; that means, now they are leading to a position when they say that we stop the war, we cease the war and that is for peace. So, the enemies also negotiate. There are very interesting stories of these enemies negotiating or a position oriented negotiation and typical one is the client professionals, producer manufacturer, buyer, seller very typical ok.

But the diplomatic negotiations; enemy oriented or say war negotiations they are very interesting thing which I cannot go into the detail through this lecture because this is a very brief introduction to the whole process. Maybe in some other series only on negotiation if I offer I will give more details on this. Associate or partner; what this association or partner would do is basically for collaboration? Their objective is to collaborate. So, they are negotiating on this.

Office boss; how do you negotiate on how office boss is negotiating? In fact, whenever the boss is trying to recruit new recruits new employees they are negotiating. They are negotiating about the responsibilities, they are negotiating about the salaries and the same boss is negotiating with the working employees for salary hike or salary raise. So, the thing is every time the boss is thinking that how much I have to give. So, the basic idea is you know we have to understanding this manner; boss knows that why he is negotiating, the reason is this. The boss knows that if he is committing a higher salary that will go from his own earning from his own pocket.

And now sometime he must have found that the trade unions are negotiating with the management for hire bonus rates or higher privileges annual incentives. Because the

thing is everybody the trade union leaders they work it out for the benefit of the unions or say workers union is this that they have given their love and labor which has resulted into higher manufacturing of the products production of the products and also based on the market demands that particular product got sold; that sold and this particular company the management group they have earned more profit and if they have earned is more profit then it is better that we go for negotiation that will give us a share of the profit.

That is how the whole thing works. In the process what happens is you then would know that who are basically negotiating; how about the relations I said already the spouse, the children and other relatives, then negotiating with you; you would see very interesting thing. See whoever is negotiating for whatever purpose it is always for something to gain.

So, negotiation is always for gaining. Be the customer gaining, be it a seller gaining. What the seller gains? He sells a product because he has already purchased the product himself and now he is selling the product and he is trying to take the profit out of it. So, his gain is the profit. What the customer is doing or the buyer is doing? He does not have possess that particular item, he parts with his some of his saving and ultimately gets that particular product.

So, finally, he is gaining that product. What the producer manufacturing is gaining? They are producing it for business and for that business is that they will produce more, they will sell more and they will earn the profit out of it; a gain. The client what he is doing it? Client is taking a service of somebody which he cannot do it himself. So, if he is taking a service of somebody he is getting his job done without his own time or knowledge investment.

So, that is his gain. What is a professional is gaining? He is knowledgeable, he is technically competent, he is offering a service to the client and in return he gets the reward or the money and that money is equivalent to whatever he has learned, whatever he has walked on, his domain or responsibilities plus some extra has overhead. So, he is gaining. Whatever he has learned he is getting paid for it; what the diplomats are doing? Diplomats are working out trade mechanisms; they are working out how to import items

from outside for the benefit of the country and how to export our own products to the other country.

So, that you know the foreign currency comes into our [FL]. So, there is a gain and what the enemies are doing? That they are fighting and losing their own people of the country, they are fighting for years and years and years. They are losing their money, they are losing their manpower, they are losing their quality of life. So, they are looking for peace.

So, basically what they gained is the peace and associate of partner what they are doing is they are collaborating because one partner may be a weak partner, another partner is a strong partner. Weak partner wants to take the benefit of the strong partner, collaborate in this particular project and ultimately get some share of the profit or the rewards or the returns from that it is a gain.

And then office boss; office boss what he is doing is when he is deciding about the salary of a person when he is selecting him, recruiting him, at that point of time he is looking in a different perspective. He is ready to part with that salary which is his own and that he is ready to part with that salary with the person who is going to join because he is going to take his service. It is just like professional-client relationship converted into a organization relationship. Professional-client relationship is always independent and short lift and the office relationship or the boss and the employee relationship is a long drawn and it is very intimate ok.

So, the boss is gaining. What the person who is getting employed; what he is doing? He is negotiating for his salary; he is trying to get more salary than what he maybe deserve. So, sometime we say that when you are looking for a job dear friends yeah I am talking to the young minds.

If you are going for a job first time after your college always try to measure that how much you deserve and then expect. Most often most of the people are very much suffering from the psychological stress because they are expecting more than what they deserve. At the same time this deserving and expectations also should be considered with what you can offer; that means, how do you know how much you deserve depending on how much you know, how much you can offer, how much you can provide based on that you should be expecting your salary.

Whenever your salary expectation is sky high and you would think that you deserve so, much but actually your knowledge is lesser and the amount of deliverables are going to be weaker then there is a big gap between the expectation and what you should be really getting. And that brings stress amongst most of the young professionals in current situations ok.

Relationships in which what you do? You gain love from your spouses, from your children, from your other friends, from your other relatives. So, everywhere we are negotiating for at least one word I can say is gain, gain and gain everywhere.

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Why Negotiate

Circumstances

- **Personal** - Salary / Relations / Instructions
- **Product** - Buyer / Seller / Procurement
- **Professional Services** - Receiver / Provider
- **General Services** - User / Provider
- **Business Negotiation** - Collaboration / Merger / Acquisitions
- **Sharing** - Tasks / Responsibilities / Gains
- **Treaty** - Peace / Trade / Alliance / Diplomatic

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Ok then why negotiate? There should be some circumstances which forces us for negotiation. We negotiate always at certain circumstances. An example let me give you. Suppose you have gone to a textile shop and you want to buy a fabric or you going to a kind of you know garment shops and you have seen one particular garment and now you will be asking for the price of it. The moment you have asked for the price of it, the person says this is the price at which he is ready to part with it.

If you say ok, it is fine, negotiation does not start. So, circumstance does not give birth of negotiation at that point because one demand has been placed from your side for that particular item. And a demand in exchange in terms of money value has been placed by the seller to you and both of you instantly agreed on this that the buyer as a buyer you are

saying fine I think if it is 5000 rupees I am accepting it, I think it is fine, the moment you say that negotiation does not arise.

So, negotiation arises instantly when there is a difference in the offer and the agreed rates. Mind it, negotiation will always start when there is a difference; without difference no negotiation will happen. If somebody loves you unconditionally you do not have to negotiate. If somebody teaches you unconditionally as a teacher then you are not negotiating about how much you have to pay back. If client says how much is your fees you say this is so, much percentage of the whole cost of the project, client says fine, no negotiation. So, the negotiation must arise when there is a difference. So, here today's scenario is everybody thinks that everybody is charging higher than what it deserves. It is because of which the negotiation is almost becoming evident in every sphere today. Because earlier what is to happen is people who are having simple life, simple living, simple expectations, low expectations and they wanted to live happily peacefully.

So, they never bothered about the negotiations much, whatever came in front of them if they lighted them, accepted it. Whatever they have requested for they have been requested for if they want to part with it they did it. So, the negotiation was not a point in the earlier days. In today's scenario every time at every point you are negotiating ok. So, it is personal, circumstances are something like I am giving a list of what kind of circumstances at which you will be there will be negotiation; personal salary, relations, instructions. Salary I have told you the boss and the employee.

Relationships I have told you about the spouses and the children and the relatives. What about instructions? Very interesting example I can give you. You go to a family, you find a 5 year old kid who is demanding it to play and the father or the mother is expecting that the child should now study; that means, at this point of time child should study, child does not want to study child wants to play.

Then an instruction comes, the mother promises if you study now then I will allow you to see that particular cartoon movie in the TV after 1 hour; child accepts it and sits for quietly, he gets into the study studies for 1 hour and then immediately after 1 hour springs up and says now it is time for me seeing the movie. The thing is this is negotiation by instruction this is a negotiation. Here the mother negotiated with the child it is in exchange of what a time sharing and the child negotiated.

Of course, he played in this in which child agreed yes I would like to now then study; after 1 hour I am going to go for a movie. And then this situation what happens is you will see in my example the child springs up just after 1 hour; that means, he knows the time frame up to which this agreement is valid that is that agreement 1 hour; after 1 hour he will not spent a single moment. He will simply go to the TV, in front of the TV sit there and see the cartoon movie and mother also cannot say they and say anything in this because she also agreed negotiated with that 1 hour time.

So, she cannot say study for a half an hour more then we will be going for it because these are peach alright. So, the personal; for salary durations and instructions and product for buying, selling or procurement; for professional services it is receiver provider for general services it is a user provider; that means, it is either there is has to be a receiver and there has to be a provider you know. So, professional services in that somebody has to receive and somebody has to provide; in general services somebody will be the user and there will be some provider.

Business negotiation basically my whole discussion is for business negotiation, but; however, I am clarifying all these points for one reason that we must have a very clear conception of negotiation; it should not be vitiated by the idea called business negotiation. You know even the relationship amongst husband wife is a kind of business, both of them have their own domain of activity, domain of time, domain of privacy, there is a domain of space yet they are together.

So, there is a business and in fact, you will see that if the husband starts you know impinging into or say in you know encroaching into the domain of the wife. Then the wise business gets disturbed, jeopardized. Similar is the true that if suppose the wife starts you know interfering in the works of the husband then there is an encroachment.

So, in such cases what will happen is you will find that that negotiation is most important; everybody in fact, what we do is in our life we almost negotiated very smoothly without knowing that we have negotiated; it is almost like time sharing. The husband says I will go for this this this. Wife says I will decide I will go for these these these; negotiated. There have been no may be there may be some situations where people are you know arguing against each other to come to a common agreement.

But most often any couple who has decided to live together rest of the life you will find that they will always decide, you do this this this part and I do this this this is part and we run a family together; that is also business, but what I am talking about the business here is basically the business in terms of trading and other professional services.

So, in business negotiation it is collaborative collaborations [FL]. So, for business negotiation it is collaboration merger or acquisitions. In such cases you will find they will be a strong need for the negotiation. Then comes sharing; sharing of what? Sharing of tasks, responsibilities or gates, it is like you know in an office I will give an example. In an office there is a task which is to be done and the boss calls all the workers who are going to work on this particular project.

And then the boss decides that this person is going to be the leader of this particular team. And the other person they will be say they will set a hierarchy. The leader that is rung of leader then the next groups ok. As soon as it comes immediately the leader will go into the mode of a negotiation, he will not do it in public.

First he will say that he will be ready to share the responsibility. He says ok fine I am very happy and I am also privileged, I am honored that you are giving me this responsibility of leading this particular project team; he does it. So, what happens is now afterwards if we really watch the same leader when he starts the work and does it successfully then he goes to the boss again saying see the other team members and me we are getting the same salary, but look at the responsibilities that I am sharing; I am sharing more responsibility of this particular project. In such cases I should I demand or I request or I deserve a higher pay rise.

This is the negotiation, it just got negotiated and that is while sharing the responsibilities people do negotiate. Even sometime if you are overloaded this happens very frequently in our offices. If you are working in the offices you will see this, students you will not understand this now. But office colleagues will understand this; three persons working and in which you will find one of the persons is working very hard for long, the other person is doing fairly a good duty, the other person is really not working or putting in more level ok.

Or even the deserving level; the point is in such cases the task is being it is the since it is a final result of three of them together then the boss thinks that the group has done it, but

actually this time sharing or the labor sharing or even the environment sharing had been unequal; in such cases naturally there will be a negotiation. The person who did work the least, he will try to prove that he has worked the most. And if the person who was worked the most he should have the courage and also the intention of going to the boss and saying that I did work the most.

So, I must be a raise; so, this kind of negotiation will keep on going; so, always this for gain. And then treaty; in treaty; it is peace, trade, alliance, diplomatic. I said already about it. So, while negotiate you will negotiate for personal reasons, you negotiate for products procurement, you negotiate for professional services to be offered and or general services like maintenance and other things and you negotiate for business, you negotiate for sharing, the responsibilities and negotiate for treaty and everywhere you will find that there will be situations where since it is a negotiation with at least two parties then one would be giving another person is not receiving one ok. So, here we have the different reasons for negotiation.

So, what I will do is now I will discuss about a point; that means, these things will lead to certain set of purposes of negotiation. So, I will discuss about the purpose of negotiation in my next lecture.

Thank you.