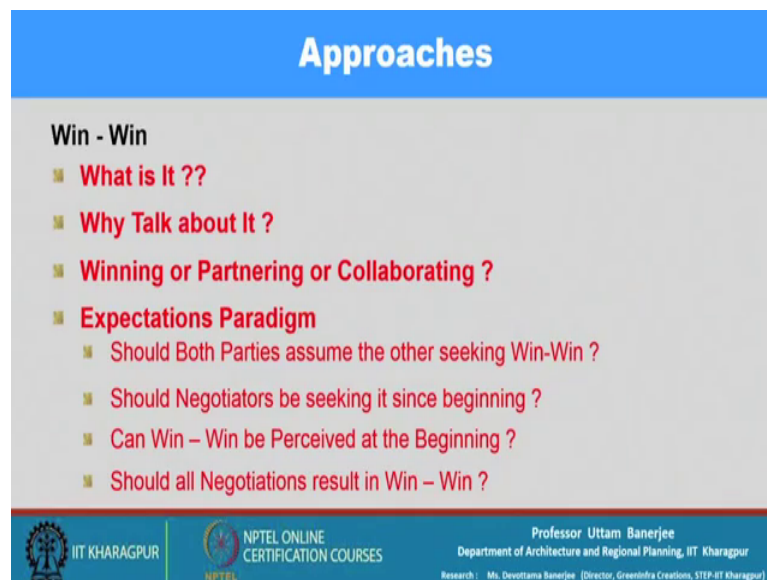


Soft Skills for Business Negotiations and Marketing Strategies
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Lecture – 47
Basics of Negotiation

Good morning friends, we had been discussing about the negotiations I will continue with this in this week too. And then finally, I will go into the discussion on marketing strategy and time management as well last weeks this course. In the last discussion we have discussed about some key concepts like Batna, like Sopa, like (Refer Time: 00:43).

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Approaches

Win - Win

- **What is It ??**
- **Why Talk about It ?**
- **Winning or Partnering or Collaborating ?**
- **Expectations Paradigm**
 - **Should Both Parties assume the other seeking Win-Win ?**
 - **Should Negotiators be seeking it since beginning ?**
 - **Can Win – Win be Perceived at the Beginning ?**
 - **Should all Negotiations result in Win – Win ?**

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Now, the thing is here in this situation certain approaches are to be followed. I have to go a little fast in these approaches, because there are many things to be explained to you. So, follow me see there are 3 approaches, which every negotiation almost attempts at win people say win; that means, in the negotiation there are 2 parties or multi parties everybody is meaning.

Let us talk about 2 party multi party will become a little complex, but 2 party win; that means, it should be such negotiation that both the parties win, but frankly speaking if it is distributive kind of negotiation, then both the party cannot win one has to lose who is losing somebody is losing the product.

What he is winning in return is the money an example he went to buy a garment and he wanted to win what you have one is the garment? What he lost is the money? What he the seller has won is the money? And what he has lost is the garment. So, the thing is here we can say both of them have won. So, there is a situation that everybody thinks that one has to win other person also has to win, but only thing the winning and the losing parameters or the commodities are different ok. Now win is a very common thing everybody wants to win in negotiation that is quite natural nobody wants to go for negotiation to lose.

People have different kind of reasons or purposes for negotiation, people have different commodities to exchange and they negotiate for and ultimately both of the parties are trying to win the situation is why talk about it at all the win, win the reason is that when you are going for a negotiation with an objective of winning if you come back to losing then it is very disastrous. And it is this is why we always talk about, but I can tell you the win situation is a little bit of myth you know it is not that everybody can come back and say that I have one it is a kind of feeling that I have won.

Literally if you try to count that you might have found that you have given more concessions than that you had expected to give; that means, you have lost you might have got a project, but you have negotiated finally, and agreed and sign a document or agreement at a lesser fees than what you had at the mind. So, basically you have lost, but what you won you won the project. It is happens in the tendering you know in tender process everybody gives a quote the quote is very very you know I would say very finely walked out for any kind of works the quote is worked that ok.

We are going to spend this is these things you are going to being this much of profit you are going to make this much of you know the amount that you have to share with others or there these are the different kind of taxes we have to pay. So, ultimately you say this is our rate you work it out and then you quote and you found that 3 other persons also have quoted.

Now, the party is negotiating with each one of you, but very interestingly none of your rates are same how can it be that if you have really thought about every item to be considered and mean. So, diligently working on each item how come the prices were not same. If suppose you have a sheet of rates and the quantity is given for any kind of

construction projects and then you have the BOQ in which the quantity is there and the (Refer Time: 04:27) of rates like DSR deletion rates or other standard (Refer Time: 04:31) of rates they are same price.

Then how come your prices are different? How come your code be different? People generally try to make their differences in their profit ok, but the thing is we talk about it because we want to win and the negotiation, when the negotiation begins nobody wants to lose ok, but still win, win here when you are going to go for working together and then you are deciding about the exchange rates is it winning or is it partnering or collaborating. Suppose 2 persons are trying to vie for a project and they want to work together and then they decide your share is this much my share is this much.

Now, we are negotiating we have not yet gone from negotiating with a client, we are vying for a project together like JVS like joint ventures. In such cases we are first negotiating among ourselves that what should be your share what should be my share. And then immediately my share what share of responsibility, share of money, this I have said this I have discussed earlier.

So, when for JV these 2 parties are now negotiating ok, is it for winning or for collaborating or for partnering. So, this is this has to be understood what we really feel or think about winning. Here the joint venture drilling joint ventures both the parties are trying to work out a proportion like say one party this in this JV 1 partner is going to take about say 55 percent.

Now, naturally the other party is going to take 45 percent then who has lost. In fact, both of them have won how they are going to get that project? The project which will bring this party 45 percent that party 55 percent what they are won is the project. And this 45 or 55 if it is really clearly worked out based on the amount of deliverables or share of responsibility.

Then the share of the money or share of the earning if it is compared to the sharing of responsibility then you might find it is quite matching, if it is matching then we say we are in a win situation. And then together you vie for that project and there you negotiated the fees. So, whatever is the fees that is walked out and then that comes as a share to you and your 45 percent of that particular fees.

Now, if you do not get the project then you lose if you get the project then you win. So, the thing is this idea of win or win lose or lose situation has to be understood. So, it is always you know it is very contextual, it is very you know person specific, who are negotiating? What is the situation? Sometimes you know you must have heard about distress cell. Somebody is shifting from this particular city with the family to another city. And he has to move out within one month he gives a notice an advertisement within one month he has to sell out this a free item that he has in the household.

And if he does not then he has to pay for the rents for the months, which where he is not staying at the same time he will be paying for the rents for a place where he will be staying during that particular time; that means, he is paying both the rents. Now in such cases he definitely works out in the negotiation a little lesser price is fixed. So, that the clients are eager or they become encouraged to take your items ok. This way from a distance we will say it is a distress cell, because he is stretched. So, he is trying to sell it off.

Now, the thing is you ask him he will say I won because to him it is a Win-Win because he has computed this in terms of how much you have otherwise lost by paying extra rent, if he had to hold this furniture's or every household goods here for another 2 3 6 months ok. So, it has to be understood. This is an expectation paradigm you know the situation is situation is this that, during Win-Win what is the expectation of both the parties that is very important.

You know if the expectation is sky high and the achievement is less than it is not a Win-Win situation, every time even the expectations are also elastic just like buying, selling even for partnering joint venture or even for any other consultancy service and others you know both the part will have some expectation level. So, they decide about the expectation level on their own depending on their situations and sometime the expectation levels are worked out based on the partner.

And then the negotiation starts and this expectation paradigm is this where they have to understand at some point have they been expecting higher, which they should not had then they will lower down their levels. You know and somebody if suppose they were not expecting much, but during discussion they are finding that they are being really coveted

and people are ready to take me, then I will raise my expectation levels my expectation level was low an example.

If suppose before going for a negotiation for a price for a consultancy project if suppose we worked out in the office that if it is less than 2.5 percent I will walk out, but after going there you did not you will not utter this 2.5 percent to them. If suppose you are asked what is your price you will simply say 3.5 percent your expectation level is 2.5 percent; that means, you have kept a lower expectation.

And then the client after discussing with you and being impressed by you says 3.5 can you be a little lesser then you say 3.3, where was your expectation level 2.5, but the thing is now you are saying it is 3.3. If suppose they say it will be nice if you take 3; that means, you are now you know that your expectation level was 2.5 and now you ask for 3.5 and then he is asking you to take the contract at 3 percent rate and now you are in the comfortable zone.

So, when you are in the comfortable zone you know the 3 percent I should agree and then immediately agrees and both the parties are very happy and then sign the contract that is how it goes on ok. So, there is an expectation paradigm that has to be understood. The point that brings into it should both parties assume the other is seeking win win, you know why this negotiation takes place means I we call it bargaining very simple market term of this negotiation is bargaining; that means, we bargain go to a shop you take a look at the garment they say a price and you say can it be lesser; that means, you are bargaining ok.

So, why this is done because every other opponent is thinking the other one is trying to go for win, but is it shall we assume that both the parties are thinking of Win-Win that has to be understood. Should negotiators be seeking it since beginning; that means, of course, both of us both the negotiators are thinking of winning with means I always say us means I always think that I am one of the negotiators ok. That is why sometimes I say that I or us because I am in the several process of negotiations.

So, quite often it becomes almost my participation in this ok. Should negotiator be seeking Win-Win situation since the beginning or does it get created can Win-Win be perceived at the beginning; that means, if suppose we are discussing and then we are thinking that ok. We are going to Win-Win can I perceive it can the opponent also

perceive it right from the beginning. And then should all negotiator negotiations result in Win-Win see these 4 things is the expectation paradigm it sets the expectation paradigm.

The point is I have given an example of 2.5 percent my expected minimum I should accept as 2.5 percent if suppose I get it at 2.5 percent, then also I will consider it is a win because I thought I will win if it is 2.5 percent at least, but I have asked for 3.5. And the person opponent is also having some idea he also has an expectation level of how much he should be fixing it at, and that is if he is saying will you be happy to take this work at the rate of 3 percent of the construction cost.

If he is saying that his expectation level was even much lower, but he said it at 3 that at 3 if suppose it comes to I will give the project. If it is lesser I will be over happy; that means, I am having now profit. If suppose it was less than 2.5 percent the client said less than 2.5 percent and you agreed. Now I see his expectation level was 3 if it was fixed at 2.5 percent it matched with your rates.

But, if suppose he pressurized you based on your agency and understand that you are having weak partner and he says I can offer this project only at 2.2 5 and you accept it; that means, he is in the profit side and you are in the losing side at this point shall we call it is Win-Win no we cannot, because win would have been said 3 is win for him 3 is win.

So, Win-Win situation is such particular line at which at that fulcrum and both of you finally, become agreed provided you are not landing up into the worst consequences of the negotiated, you know negotiation means you are not really suffering ok. That is a zone that you have to work out very very carefully.

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Approaches

Win - Loose

- What is It ??
- Who Wins and Who Loses ?
- Is Win – Loose Situation Negative ?
- Why should One Loose At All ?
- Can Win – Loose Situation be Avoided ?

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So, it is that approach that you have to take another is the win lose say, what is it what is this win losing who wins and who loses. If suppose if there is a fixed amount to be shared and then one is taking the higher share of the same commodity see then whoever is taking the higher share is winning whoever is taking the lesser share is losing, when it happens the profit sharing I get the profit sharing example in joint venture.

Suppose, we are having almost equal responsibility amongst my partner for joint venture which should have been fairly 50 50, and through negotiation the other party could achieve 55 percent stake and I could achieve 45 percent stake, what was that stake is the money value? Where our fixed deliverables are same or worked out with the deliverable, where I was expecting 50 percent of that particular fees that you are going to get after negotiation and the my partner also would have got 50 percent.

But, now he has staked his claim for 55 percent and I agreed to 50 percent and I am getting 45 percent of that amount; that means, I am losing he is winning this is what is a win lose situation; that means, when an item is being shared; that means, the fees is being shared, the credential is being shared, the rights are being shared, in such cases win lose situation comes. It is win lose situation negative I consider no it is a part of the whole negotiation game it is not necessarily negative.

See of the same commodity if one has to lose one look one wins then the other definitely loses. It is just like game a football game in which one team has to lose then only the

other team will win, what is that situation? That brings them to a draw is it Win-Win no we cannot say that the other party is a winner it is a draw; that means, it is a stalemate in that particular point both of them are equal. So, one cannot be respected as a winner or other the loser.

If, one then what happens is they go for you know another penalty shots in which whoever scores the highest he becomes the winner; that means, the stalemate situation is now broken by bringing one to the winner situation, another to the loser situation. Then what the game is said it is a win lose though I somehow feel that this kind of mechanism by which you know only the goalkeeper is put under stress and then the team is decided as a winner loser somehow ideologically I have a little bit of resilience for this.

But, the point is it is a part of the game it is there it is in the rule it is universally true, similar for our negotiations in business even. If you know that you are not winning you are losing, but only what you do is we try to see how much is the less we can lose ok. So, win loss situation win lose situation is really not negative, when your partner is weak and the, my joint ventures partner strong then it is quite likely that I will be in a losing situation and the other partner is in the winning situation.

So, why should one lose at all the situation when you have to go into the loser's position by losing means what getting a lesser share through negotiation, when you are weak then only you are likely to go into the losing situation? So, you can lose only when you are weak now here comes the point I said earlier during the joint venture discussions or negotiations. You know because here basically we are sharing the (Refer Time: 18:33), we are sharing the fees ok. It is not the same kind of negotiation that you have with any other client.

In this x amount will come after you negotiation with the client and that will come to both of us together and then I am deciding about how much I should get. In this situation nobody would like to lose, but the thing is if suppose we give an idea that I am a very strong partner maybe this is the first time you are partnering with me and I am only getting partnered in the one project.

But, in future I might bring many more projects through this partnership then my partner becomes strong. The other party when he is trying to collaborate with me he is trying to see me as a golden hen he is trying to say that this particular person. Even if you know

he is you know I am sharing a little more than what I can you know I should have bailed, but this person can bring in 5 more projects, which I may not be able to get; that means, he is of those weak butler this is where the whole negotiation game goes on.

So, win lose situation is such when one has to lose and the other has to win. And if they do not in business through a negotiation win lose situation, in such cases Win-Win is when you are sharing almost equally in all respects it is a Win-Win situation and when you are sharing unequally it is a win lose situation. So, can win lose situation be avoided yes it can always be avoided and it should be avoided, win lose situation cannot should not be dragged on for longer durations or for longer situations.

Win-Win situations it can be contextual like say today I am saying to my JV partner, that I am taking 48 percent you take 55 percent, but the next project that will come I will take 55 we will take 45 it is a very fair deal very fair deal. In such situations you know basically I have avoided this win lose situation, what I have done is I have won a promise of higher percentage later this is the game plan mind it has to be very very carefully played. And any kind of slip any kind of false moves, any kind of false statements can just spoil the whole negotiation.

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Approaches

Loose - Loose

- What is It ??
- What is the Consequence ?
- Is it Desirable ?
- Is it Profitable ?
- Can Loose – Loose be Converted to Win – Win ?

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Then comes the situation which is lose what is this lose? Lose is you know when people do not come to an agreement at all and then both of them are losing. It has never happened that if somebody has asked for a fees and he has not been given that much of

fees means this person has lost that the other person has lost no, when of you know of fees is worked out based on you know in exchange of the service delivery.

Then, service delivery one is getting at a lesser rate he is in a winning situation and the person who is charging less is a loser situation. Lose situation is the one in which both the parties generally lose the situation; that means, it does not really lead to any successful negotiated agreement, which can benefit at least partially to anybody ok. The consequences is you lose relationship, you lose your cool, you lose business, you lose opportunities I will give some more examples after I discuss about this is it desirable I say no never try to lead the negotiation to a level when it is going to be lose never.

The work out the threshold and then you harp on the threshold and try to convince your opponent, that about the threshold and the consequences of that see I talked about the world ok. Now in such cases what happens is there you decide you say that, if you bring me down below this particular phase level then I will be I will not be able to do justice in terms of quality delivery to you that is a threshold line you have to explain to him very well.

In fact, it should be always avoided it is not desirable and is it profitable no, lose situation is never profitable it was a business negotiation. Business negotiation is you know it is very contextual I think it has a very contextual every purchase is contextual every business negotiation is contextual, but what is very important is while you are negotiating for deciding about the partnership in your life; that means, the spouses are deciding you know the boy and girl is they are deciding about their life and they are deciding to stay together and get married.

At that point a situation you can never think of lose-lose situation, you can never have a good marriage with lose-lose situation, but in business lose-lose situation should always be avoided it can be done you know, it can be done in a manner when you if you give a true picture, if you are very frank, if you are transparent I can tell you the lose-lose situation is very clearly dissolved and then it either results in win lose situation or it results in Win-Win situation.

See win lose situation I am not really some somewhere in some you know references the right to lose win situation I am not saying that it is a win lose situation is either way you look at it ok. Otherwise lose-lose situation is not profitable and can lose-lose be

converted to Win-Win that is what is my point yes you can and always try my solution dear friend is this. If you see the whole negotiation is resulting into the lose-lose situation, then both of you both the negotiating try to convert it to Win-Win situation or say this win if I say somebody is winning both of you are winning once one is heavily winning another is likely or lesser winning.

But, the thing is both are winning it is like if a contract is given to an architect by a client at a you know by reduced fees and the reduced fees which they have worked it out in such cases both of them have won, what they have won? The client has won an architect to design for his project the cadet has won the project to design for him, what is the architect has lost his expected fees has been reduced to some see he lost and what the client has gained he had up fees client as architect a chance for a higher fees he reduced it down so he won.

So, he is winning quantum is little heavy architect winning quantum is little less, but does not matter, if I see summarily it is Win-Win this is where the negotiation becomes almost an everyday part in our business.

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The slide features a blue header with the title "Basic Methods of Negotiations". Below the header is a list of seven negotiation methods, each preceded by a small square icon. The methods are: Convince, Compromise, Confuse, Bargain, Threat, Logical, Emotional Play / Victim Card, Glitches Removal, and Value judgement. The words "Compromise", "Bargain", "Logical", and "Glitches Removal" are highlighted in red. To the right of the list is a video inset showing a man in a suit and glasses speaking. At the bottom of the slide, there are logos for IIT KHARAGPUR and NPTEL ONLINE CERTIFICATION COURSES.

- Convince
- **Compromise**
- Confuse
- **Bargain**
- Threat
- **Logical**
- Emotional Play / Victim Card
- **Glitches Removal**
- Value judgement

See, there are 7 basic methods of negotiation I will quickly discuss about it the first thing is convince during negotiation be frank convince what you are going to deliver, what you are going to expect, opponent is also going to convince you what they are expecting from you and how much they can pay?

See, I am always taking this example of service visibly payment because that is the most common thing in the business. Most businesses are delivery of service and taking compensation against it that is why I always say service and payment convince. First you convince each other that what you are delivering I say if you are a deliverer, if you are a service provider how much you are going to deliver? What you are going to deliver? What is the quality of it convince him? If suppose you are not coming to a common agreement then you compromise it, compromise it in what either in terms of quantum or in terms of quality or in terms of price or in terms of time delivery say you compromise.

But, this term I am using here because quite often I have heard from my business negotiate of friends initially during my discussion I said that I do not like this particular term it sounds very negative to me, but the thing is quite often the negotiator plays this game you know when they come out of negotiation, that in the exit demand they have come to and they are not fixing they are not getting any results and they are leading to a point of no return; that means, there is no chance you go back and renegotiate.

In such cases what they do is they scuttle the whole negotiation by confusing, it is something like what I have heard I can tell you, it is something like suppose you know I tell somebody do not know I do not accept your rates. So, I am not going to take you you can simply leave; that means, I am just closing this negotiation, I will look for another person, I have another alternative, I am trying to give up strong partner.

The other person simply tries to know who is the other person I am depending on suppose by mistake or accidentally it slips out of my mind out of my mouth and I say I have these this company I can always get back to you know what this negotiator will do is who is going to end this negotiation the other upside, he will simply talk about very very many negatives of the other companies they will see you can jolly well go to that company who has lost their you know this project and you can go to that company, you know who is dealing with the you know fire services system and the fire system collapsed.

So, basically what he is doing is he is now putting all negatives about those other path parties to whom I might be reaching to for negotiation. So, basically by giving me these feedbacks what that particular party is doing is he is confusing me. So, quite often I found many of my negotiator friends they say that if suppose you do not win, if suppose

you come to the exit domain and now we are in the exit mode and point of no return then confuse and come back because you know that you have lost the game. So, you scuttle the game and come back and that confusion is a very serious confusion.

So, friends soft skill when I am discussing all these are basically what your emotional maturity you should be if you are playing a game and then you can find that this particular person is now trying to put in some bad words about the other competitors you should be emotionally strong enough to understand that he is playing a game. So, what you should do is you should definitely meet them other parties talk to them and see to it that they are right or wrong and you if you find that what this person has said was right you have a chance of rejecting.

But, if you find that this person is what they have said is wrong then you are in a better position to negotiate them. So, confusion confused is also a method of negotiation. So, that is why I put it here other methods bargain missing you decide you decide about the price you reduce the price you increase the price whatever bargain threat some time. For political negotiations for invasions historically all negotiations, which led to invasions basically they were all through in threat; that means, your threat you threaten the opponents and basically this threatening does not mean always he was use negative words.

You are threatening is you make them aware that the consequences in case they do not take you then what they are going to lose that is also threat? If suppose you say that I cannot you know do your work, but the thing is if you take any other architect who is not going to give you that quality which I can give. So, it is better than you take me is the threat ok, but; however, these are all different games. So, you have to play just like in all the games you have fouls similar you have fouls be logical as I said that convinced also be logical.

During negotiation, if you are logical it can lead to the quick negotiated agreement quick and it can reach it can enter into the comfort zone very very fast if it is logical. So, it is very important that how you speak how you put your point forward. So, I will give you some steps after this. So, emotional play sometime or sometimes victim card these are also methods what is the emotional play you know I have found that a seller has come to me and they say sir please buy from me otherwise I lose my job.

So, I could not make any sell for the day, but I have to go back and at least show one sell and since you wrecked me you may require, it why do not you buy at least one piece of this particular object from me. Then I save my job basically what he is doing he is emotionally playing with my emotions and he is also playing a victim card that he is becoming a victim of the situation that he could not make a single sell and he trying to sell me that essentially the people who are selling books door to door they are doing the same thing.

People who are selling different kind of household and small small items lesser you know they are doing, they are playing this particular negotiation game very very frequently with the ladies of the home. And they are definitely they are winning us in several times ok. Then glitches removal if suppose in the negotiation you find that there are certain kind of innovations then you try to remove it because it can. So, happen that in drafting in in speculating or in configuration of the tasks or even finding out the expected value of this there may be occasions you remove it.

And then value judgment the best for the negotiation is that when both the parties they judge the value of the negotiation; that means, they know that what is being offered and what is being delivered or what is being negotiated about it has a value. So, this is very very important.

So, now if you see in the whole methods there are different kind of methods let me just read out once again for you convinced, compromise, confuse, bargain, threat, logical, emotional play, or victim cards, glitches removable and value judgment. See most often I will tell you for normal household goods it is the bargain that goes on in negotiation. So, you will find almost on in the market in the vegetable market in any of the markets you will find the bargaining is the term which is very common, but it is nothing, but negotiation ok.

And, what is the best way of doing the negotiation is negotiating through value judgment and convince the others or both the parties each other that through the value judgment. If there are any glitches that you identify you can always take care of this you have to be logical when you discuss, but quite often threat is also used this threat in different form I have already said.

But, it is always better that you do not confuse if you are positive player in the negotiation my suggestion is never confuse your opponent, you simply dignified manner come out of this negotiation. And you decide you know that now he have gone into that particular exit domain you declared that this was my last offer you are not accepting this offer let us say goodbye let us remain friend, because you do not know that in future it might. So, happen that you will again get back to this group.

So, in the business negotiation confusion should never be created that is negative ok. So, next I will discuss in the next day about the multiple phases of negotiation ok.

Thank you.