

Good essay on negotiation skills

[Business](#), [Customers](#)



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Introduction

Cornwell Performance Products Company herein find themselves in a very precarious position. They have an opportunity to balance their options in the conflict with the EPA and also with Epsilon or lose out completely in their business which, according to the available information, has been thriving well. The opportunity concerns their negotiations with Epsilon and keeping up to EPA demands. Before interrogating the negotiation plan, it is important to discuss some of the essentials of negotiation so that the negotiation plan becomes easier to draft. It should be remembered that negotiation is one of the Alternative Dispute Resolution Mechanisms and, therefore, in the present case, it should be done correctly. The ensuing session will, therefore, discuss some of the essentials of negotiation.

The essentials of negotiation

The first thing that parties in the negotiation should find is what they want to achieve during the negotiations (Camp, 2007). It should always be the first step so that the negotiation proceedings are conducted in the best way possible. In the CPP case, what the two parties want is very clear. It is because the status that CPP find themselves in is clearly stated (Dawson, 1999). They want to get to negotiations with Epsilon and find a way in which the later can assist them in coming out of the difficult moments they are in. They are doing so because Epsilon is a long time trading partners and; therefore, there is a need to negotiate this conflict out. The conflict has been caused by a third party in this case the EPA, which is legally mandated to check all instances of pollution of the environment.

The second thing that parties in the negotiation must do is to remain confident and courteous throughout the negotiation period (Sebenius, 2006). In this case, since CPP has booked a meeting with Epsilon to negotiation a way out of this mess, there is a need to remain focused and not rush into forcing the other party into the negotiation prematurely. There is a need to give them time to weigh out their options and then proceed when they are ready. Rushing into the negotiations will make Epsilon have a low opinion on them, and this may adversely affect the negotiations.

The negotiation plan must be drafted in a way that ensures that there is a win-win situation (Raiffa, 1982). Unlike in court litigation where one of the parties must lose as the other wins, in negotiation, both parties must benefit (Willard, 1996). It should ensure that both Epsilon and CPP benefit from the negotiation that is going to be conducted here. Furthermore, there is a need

to ensure that the parties explore alternatives so that when what they have in mind fails, they can have other ways out of their dispute (Douglas Stone, 1999). In this case, this paper will make suggestions that both parties may pursue in case the price increase and contract extension fails. It brings about the idea of the “best alternative”. In this doctrine, when a party suggests its best alternative and the other party suggests something lower than this best alternative, the negotiations bounce. It is because, in negotiations, there is always a win-win situation and, therefore, accepting a figure less than the best alternative will make one party lose.

After weighing the best options of each party and reaching a consensus agreement is formed (Ury, 1993). The hallmark of negotiation is the consensus bit. If it is not reached, the negotiations fail.

The Analysis of the Cost increase due to the EPA settlement

The genesis of the dispute between CPP and Epsilon has its roots in the decision of the EPA to fine the CPP. The fine precipitated a loss that had to be passed on to all other customers. It, therefore, meant that CPP will increase the prices of their products so that over a period, they will recover their loss occasioned by the fine. Certain agreements were reached upon between the EPA and CPP regarding the way forward after the fine. It included the fact that, in the future, the EPA would only charge minimal fines to the CPP because of the loss that it had incurred after the hefty fines. Secondly, the EPA would charge other factories more fines than what it would charge the CPP because the agreement was not between EPA and the other factories but with CPP alone. It meant that the charges would remain high to other factories that contravened the EPA regulations. Moreover, CPP

would have to promise that it played the role of a model in shaping the environmental safety standards.

Regarding the cost increase, the conflict that arises is that Epsilon has five more years after which their current contract with CPP will expire. CPP is reluctant to increase the price for Epsilon too because the terms of the current contract are to the effect that no more increase in prices should be done on Epsilon before the contract has expired. CPP has a problem with increasing the prices for the other customers only and not touch on the prices that are offered to Epsilon. It would occasion them big losses and considering the prevailing economic climate; they may as well close up their business as a result. The other part of the dilemma is increasing the prices on Epsilon to save their collapsing business and lose on Epsilon, who they consider their main customer.

Epsilon have been the best customers for CPP products and, therefore, losing them to another supplier would occasion an insurmountable loss to their business. It is because Epsilon have a large capital base, and they regularly buy their products. The EPA fine is, therefore, threatening to savour their relationship that has been existing for a long time now. The dilemma has, therefore, occasioned the current plans for negotiation.

The alternatives open to Epsilon

As stated earlier, Epsilon and CPP have been a long time trading partners. There is evidence to Epsilon is an economic giant in energy production and that they have in a number of occasions been advancing threats to CPP to decrease the prices for them. There is also evidence to show that, after the threats, CPP would accordingly decrease the prices by 15% to their

detriment. They are also CPP's main customers and, being the economic giants that they are, losing them will occasion a big loss for CPP.

Discontinuing their contracts will also be the biggest loss that CPP has ever had since it was started.

Whereas Epsilon has a number of options, there is need to reconsider their options as a way of maintaining the good relations that they have been having with CPP. They should not rejoice in the woes of their trade partners, but time to stand by them and encourage them. As a way of encouraging them, therefore, they can choose to accept an increase to the extent that such increase will not be to the detriment of their economic position in the region. It may be done with the promise of a specific offer from the part of the CPP. A specific offer may have the effect of having a lower increase in price than they should have had. It will cement the relationship that they have been having with CPP and also redeem their collapsing business as a result of losing them as customers for their products.

The options in case they decide to make good their threats include turning to CPP's main competitors in the market, Dupree. Its company, however, has a number of problems. To start with, it does not command an economic base as big as CPP does. It means that for Epsilon to start dealing with them and buying their products will be like retrogressing. Although Dupree is CPP competitors, they do not have the economic muzzle to sustain Epsilon demands.

The other option that Epsilon can consider is having an onsite manufacturing plant of the products that it buys from CPP. It would claim most of the resources that they have been consolidating for purposes of the expansion of

their business. It is because by embarking on a mission to construct a plant, a lot of money will be spent, and this money could have been spent in the expansion of their business. Again, having an onsite plant of their own will savour all the relationships that they had with CPP, and this is dangerous for their coexistence. This action will also mean that CPP will have to close down their business because they have been their main customer, and if they start their own business, another competitor will have been brought into the market on top of Dupree. The timing of the construction of another plant for Epsilon is misplaced. It is because I will come at a time when CPP is having a struggle of life and death. They either redeem their business, or they close down.

The options of CPP

CPP does not have many options, because they are the ones that are struggling. The only options available are to agree to make a few losses at the expense of their business. One of the things that they need to do is to agree to make a special offer to Epsilon so that they agree to their price increase albeit at a lower rate. It will ensure that they reclaim their lost glory in the business and also avoid losing a very important customer to their competitor or even the customer to create their own plant.

The other option is to increase the prices offered to the other customers to compensate for what they will have lost from Epsilon's new special offer, but at the same time ensuring that they maintain Epsilon as their main customer. It will make them gain twice. In the first instance, they will have reclaimed their business, and they will have maintained all their customers.

The other option that is available to them is to initiate talks with their main

competitors, Dupree, for a possible merger in the case of Epsilon fail to agree to their offers. It will ensure that even if Epsilon start their own plant, CPP and Dupree will have more customers because Epsilon will be alone and will now be an enemy of all the other players in the industry. It, however, will arise at an advanced stage, and this is after Epsilon has declined all offers given to them by CPP.

The possible deal and result of the negotiations

Having explored the available options available for both parties, this session will predict on the possible outcomes of the negotiation that is due to be undertaken. First of all, Epsilon is likely to agree on the increment of the prices for the sake of continued trade relations. When this happens, CPP must make a specific offer to them whose effect will be to reduce the increment that would have been imposed on them. In that case, both parties will have had a win-win situation as discussed in the introduction.

The other possible outcome will be an extension of Epsilon contract. In the likely scenario that Epsilon accepts an extension of the contract, CPP must promise that the agreement that will have been made concerning the specific offer will continue to apply even in the new contract. It will cement the existing relationship between the two trading partners.

CPP will also have to promise that it will implement all the requirements of EPA to avoid any future fines whose effect is to threaten the coexistence of the two trading partners. This promise will include drastically reducing its carbon dioxide emissions into the atmosphere and also regularly certifying to the EPA that it has complied with all the regulations. For this promise to have a binding effect, it will have to be signed and witnessed by representatives

from both parties in the negotiations. Each party will also have a copy of the same.

The likely duration for the negotiations:

This being the weighty matter that it is; there is a need to accord it the adequate duration of time that it requires. At the same time, because it involves matters that threaten the collapse of a business empire, it is important that the negotiations take the shortest time that is possible. It means that the negotiations must start and continue on a weekly basis until they are completed. Four months are enough to conclude the negotiations.

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