

Introduction to negotiation : batna

[Business](#), [Management](#)



Negotiation is an activity that every individual carries out in his everyday life. We are constantly negotiating with ourselves, our family, friends, business, etc. Every activity that happens is the result of a negotiation – “Pros and Cons”. And thus negotiation can be defined as; “The means by which people deal with their differences”. Negotiation is a continuous and an evolving process especially in a supply chain environment. A company cannot meet the expectation of its customers or shareholders single handed and thus there is a lot of negotiation involved and it is a continuous process.

It is a process that emerges when there is a difference and it cannot be settled single handed without a negotiation. Negotiation is not necessarily a win-lose process, but a good negotiation process is where both parties accept a mutually beneficial or amicable solution. A negotiation can be distributive or integrative depending on how it is conducted. A negotiation which involves hard bargaining and is mostly concentrated on one topic where usually the winner takes all is a distributive negotiation. There is little or no attention paid to relationship, consideration or sharing of information and are very aggressive.

On the contrary an integrative negotiation is a process in which all parties cooperate to maximize the benefit to all parties and is commonly referred to as expanding the pie. There is a lot of understanding among the parties and importance is paid to how more value can be generated in a continuing partnership. Sometimes depending on the topic a negotiation can get very complex. It could get into a Multi Phase Negotiation stage where one negotiation could lead into another negotiation with the complexity increasing at each stage.

It could also get into a Multiparty Negotiation where the needs and want of other parties will require to be explored and will be included into further negotiations. Though there are many types or causes of negotiation, it is always important for an effective negotiation to underline once BATNA (Best Alternative To A Negotiated Agreement) and their Reservation Point. A BATNA is something which every negotiator should have, and is completely under his control. With this he should be able to set up his reservation point, something beyond which he should not negotiate.

Once these are clearly understood and negotiated up on, we can at most of the time identify the ZOPA (Zone of Potential Agreement), which in most of the times overlaps both parties' reservation points. Apart from the above other main elements that plays an important role in a negotiation and the most important is listening. Both parties should pay attention, listen and acknowledge the other parties BATNA and Reservation Points. This will not only improve relationships and achieve in establishing a ZOPA, but could also be beneficial to other departments or other entities that could have connection with your unit or industry.

There should also be lot of preparation involved prior to a negotiation and preparation should focus on all areas. While a negotiation can be very effective, it could have several barriers. Therefore it is always important that some level of effort is put in in prior and during the negotiation. It is important to respect all parties and acknowledge their interests and concerns. Finding areas of common interests and sharing same, providing a comfort zone for negotiation, talking about past experiences, etc. , are some of the few ways to unwind before going into a negotiation process directly.

Similarly it is important that during negotiation a process is clearly followed. The point around which discussion is taking place is well identified and not deviated from and a clear time line is established. It is also important that the right persons are involved during the negotiation and the points negotiated upon is justifiable. There should be room for flexibility. All barriers like lack of trust, excessive bargaining, being reluctant to share information, structural impediments in putting inappropriate people at the discussion, cultural and gender difference, any kinds of spoilers should not be used and the language used should be simple and understandable to all parties. Mental barriers like Escalation, Partisan Perception, Irrational Expectation, Override confidence caused by ego, having shifting BATNA, not having a clear breakpoint, not understanding the other person, not sharing problem and understanding viewpoint, feeling invincible, etc. and should not be used during a negotiation process. While there are no rights or wrongs, style also matters in a negotiation. This often reflects on the kind of person one is always best to consider how to proceed.

There are 5 different styles and each can be detailed as below; Avoiding style is when you hate conflicts and try to avoid them at all cost. It is often associated with trying to withdraw from a situation or try to pass the decision to someone else and hence very difficult to arrive at a conclusion. This kind of style can be used if the issue, relationship, decision is of less importance, but can cause problems if the relationship or issue is of importance. Using this too often can have a negative feeling. Accommodating is when trying to use relationship to solve a conflict.

On the contrary if the other person is not accommodating and takes advantage there is nothing returned in the negotiation process a negotiation can be accommodating when no much importance is paid to the issue or when there are not arguments on one's side of the table. This can often create problem if the outcome is going to be shared at it could show that other are taking advantage of your position. Competing is like trying to win and take control of the situation or considers a negotiation as wining and loosing.

There is no attempt made on collaboration, or cooperation from others and if used often shall loose self-respect eventually. A competing strategy can be during a negotiation if there is an emergency and a decision is imminent. It could also be that one side is confident that they are right and have all the supporting's and the situation is under their control Compromising negotiation often tries to find something amicable. This often results in giving and taking with moderate satisfaction to both parties. This could create problem while negotiation on very creative problem and could be used the working together s important with limited resources A good solution is often considered as a bottleneck and any collaboration is considered as forcing something on. Collaborating is more a problem solving style of negotiating. They are very imaginative who think about win-win situation and thing of expanding the pie. Issues and relationship are both given importance along with being cooperative and creative. All concerns are well addressed and as a result will not be able to exercise if time frame is too short. It is also not applicable the issues are trivial or no much preparation or rehearsing time.

A negotiation can also be different when negotiation for yourself or for others. When negotiation for yourself you often tend to negotiate what is most beneficial to your whereas on the other hand when negotiation for a third party there is often a personal gain side that is looked at especially in cases where negotiating for a property via a real estate agent. However a third party negotiator can bring with him lots of experience that could also be very beneficial and will assist in a negotiation process. Thus for a negotiation it is important to understand one own style and to determine the other persons style as well.

This will avoid unpleasant surprises during a negotiation. and will assist in the effective preparation of BATNA and reservation points We can thus understand that the process of negotiation is continuous and needs to be constantly improved. It is a process that needs to be understood and required to be planned and monitored using various strategies and resources. As part of continuous improvement it is important to create a process, train all participants to follow and monitor the process. This process can be improved by learning and summarizing from reflection after a negotiation.

It is also important to consider that every negotiation must have a preparation process where goals and expectation are clarified. A clear BATNA have to be defined which everyone in the team is well aware off. Any smart suggestions need to be recognized and suitably rewarded. Develop a process that works best for oneself and use it to evaluate what works best and willingness to follow the process. And the most important to remember that

all negotiations cannot be won and not to be abandon just because we are not able to achieve what we perceived.