



# UNIT-10

## Developing Effective Negotiation Skills

### Learning Outcomes

**By the end of this unit the learner will be able to:**

- ✓ Explore negotiation techniques
- ✓ Discuss different phases of negotiation
- ✓ Mastery of Negotiation Fundamentals
- ✓ Principled Negotiation Techniques
- ✓ Effective Relationship Building in Negotiation

## Unit 10

### Developing Effective Negotiation Skills

#### Handling Objections

Objections come in different forms. The ability to master them can accelerate your success at work. Objections are not personal; they may come from predictable sources and for predictable reasons. The thought of hearing rejections can scare a person away from working on the phone at all. However, when you are prepared and know your products and services, responding to objections is another way for you to reinforce the value of what you offer.

An objection is a technique that the buyer uses to slow down and avoid rushing into a sale they will later regret. It is a way to buy time so that they can gather additional information, ask questions, and make an informed decision. If you have no objections at the end of your pitch, either people weren't listening, weren't interested, or weren't buying.

#### Test Your Knowledge:

Objection	Response

## Closing the Sale

If we frame our calls with the idea that we are developing or nurturing relationships, a well-structured close should include a question. Some questions are polite, but seem to get tired, like this statement: “Is there anything else that I can help you with today?”

### Test Your Knowledge

Use the space below to brainstorm some great closing questions.

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## Feelings

Relationships center on feelings. Customers and clients form feelings about you based on interactions. Working on empathy is a way to connect with other people.

### Statement One

#### Statement

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#### Rewrite

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## Statement Two

### Statement

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### Rewrite

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## Changes in the Customer

### The Changing Customer

**Customers have changed in the past twenty years.** The CCA understands changes to customer interactions and understands that change can be a good thing.

**When something goes wrong, customers want someone to fix it,** and not next week, either. They want someone to fix it today, although they may be willing to wait up to two days if they are offered some kind of coupon for their inconvenience. Customers purchase warranties and options so that if their digital camera has to be repaired more than twice, it gets replaced. They may expect that if a computer takes more than three weeks to fix, it gets replaced. Likewise, a newly purchased sofa with faulty springs is also likely to be replaced.

**Does all this replacing mean that CCAs are constantly bombarded by complaint calls?** That could be the case; however, savvy CCAs know that in order to head off complaints, they need to provide a level of service that appeals to every customer. How do they do that?

**People did not always expect such care when they bought things.** If you bought a house and the basement leaked three years after you moved in, you dug down to the weeping tile and fixed it. If a tornado whipped through the valley and blew the barn down, you rebuilt it. Not anymore. Now, you call the 1-800 number and someone fixes the leak in your new home or the barn is replaced by a warranty program.

**So how do savvy CCAs deal with all this negativity and complaining without pulling their hair out?** They perform their jobs by offering service that is extraordinary.

### Test Your Knowledge

**Where do these expectations come from?**

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**Who wants our service?**

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**Why do customers seem so demanding?**

## What the Customer Wants

What our customers really want and demand is respect. They want service. Your job is to serve them while maintaining a careful balance between their needs (or demands) and the goals of your company. In meeting those needs, you may be required to:

- Solve technical issues.
- Answer questions.
- Sell products and services.
- Up-sell products and services.
- Send alarm responders.

## Negotiation Techniques

### Mastering Negotiation Skills

**Negotiation means coming to agreement on certain terms.** In North America, it is not common to negotiate on everyday purchases, such as groceries or clothing. We do, however, negotiate when it comes to buying large ticket items, such as cars and homes. In some cultures, it is accepted and encouraged to negotiate or barter on nearly all purchases.

**Bartering** does not always include the same process as negotiation. As well, in some places, the customer offers a low price (on a house, for example) and then the price is driven upward through negotiating. It is important to know the subtleties of the market that you are operating within.

Three very **effective ways to learn how to negotiate** include taking courses, learning methodology that reflects accepted best practices, and mentoring.

Negotiating used to be about win/lose and whoever got what they wanted was the winner. This is no longer the case. We understand that **negotiating is about finding the best solution that continues or strengthens a relationship**. Although there are still plenty of people who continue to play the win/lose game (the essence of Greek tragedy), today's effective negotiator recognizes that the tragic flaws of Greek heroes, like pride and arrogance, have no place in the interpersonal relationships of today.

### **Key Skills for Success**

You may not think that you have ever negotiated anything, but that's probably not the case. Have you ever bargained with a colleague over putting on a pot of coffee or replacing the water bottle for the cooler? Have you ever had lunch with a friend and had that brief, awkward struggle over who would pay the bill? No matter what the outcome, you were negotiating. Here are several key skills that you can work on to make yourself an effective negotiator.

### **Allowing for Creative Flexibility**

Negotiating is less about confrontation and aggression than it is about flexibility and innovative thinking. If a situation calls for negotiation, it also calls for an approach that leads to optimal solutions. Note that we are going to refer to the person that you are in a negotiation with as a "partner" or "counterpart." These words evoke a sense of teamwork and cooperation, which is essential in successful negotiation. If we refer to the other party as a "disputant" or "opponent," we are setting up a negative term of reference for the process. Our goal is to establish strong and effective relationships from which to negotiate. In a poor negotiating climate, when our partner offers something that is cooperative, we might actually fail to recognize it if we have set up an expectation to work against one another rather than together.

### **Preparation**

We cannot emphasize strongly enough the importance of preparation prior to a planned negotiation. An effective negotiator always comes to the table very well prepared and is often willing to balance that preparation with flexibility. Weak negotiators can be overly confident and under prepared, and may lose opportunities that might have been noticed by someone with more skill. An effective negotiator is prepared for the unexpected and is creative enough to see potential problems for the opportunities that they hold.

### **The Rule of Value**

Creating and claiming value are at the heart of the negotiating process. **Creating value** means that we can develop effective and creative solutions that meet the needs of everyone involved in the

negotiation. In negotiation terms, this is commonly known as “expanding the pie.” **Claiming value** refers to the size of the piece of the pie we receive as a result of negotiation.

Many negotiators can do a good job at either creating or claiming value, but not both. Master negotiators do an excellent job of striking this balance by having a good understanding of both party’s interests and by identifying common ground, rather than simply aiming for a target and not allowing for any flexibility.

### **Understanding Negotiating Styles**

A good negotiator understands their own style as well as other people’s styles. They understand their own limitations, and how their style can work for and even against them. They also understand how to flex their own style and exhibit high levels of self-control so that they maintain composure and control through the negotiation process.

If we approach negotiating as a **collaborative effort**, we are more able to notice and acknowledge our partner’s use of language and body language, and we can recognize things that they value through the words they use in conversation or in written drafts of an agreement. In return, we can adapt our language to reflect their values and appeal to their understanding. We can modify our approach to reflect their interests and values; as a result, we can increase the chances that they will take us seriously. We are not as capable of noticing subtleties if we are in a negative or confrontational environment.

**Cooperative negotiators** look for a win-win situation where both parties know that they were able to get the best result possible. **Competitive** negotiators, on the other hand, aim to win in the negotiation. Their objective is to get as much value as possible for their objectives, whether their counterpart gets any satisfaction or not.

**In combined approaches**, one negotiator may be cooperative and the other competitive. When both are cooperative, they will find a solution if there is one available. If both negotiators are competitive, they may both dig their heels in and refuse to offer any concessions to the other side.

### **Practicing Negotiation**

**Effectiveness** is an important element of style. For example, an effective, competitive negotiator may bully an ineffective, cooperative negotiator. This could occur when an idealistic or naïve individual is trying to negotiate with someone who is headstrong or impatient.

Someone who is competitive but not very effective would be inclined to intimidate or bluff their way through a negotiation because they are not well prepared. Instead of drawing on knowledge as the negotiation gets underway, they increase their level of aggression and even lose their composure. This can lead to a breakdown in negotiation.

## Test Your Knowledge

Think of the last time you negotiated something you wanted to purchase – a product or a service. This might be something routine that you did not recognize as a negotiation (who paid for coffee, for example), or it might be a formal process that you went through. Briefly describe the situation below.

**Were you cooperative or competitive?**

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**How effective was your approach?**

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**Were you satisfied with the outcome? Was your partner?**

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**What would you do differently next time?**

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## It's More Than Just a Phase

### Phases of Negotiation

#### Introduction

Knowing the phases of negotiation is a great asset to a sales and customer service provider. Although people often think that negotiating is the same as bargaining, that is not the case. Negotiating is a process, and bargaining is one stage of that process. There are three other stages of negotiating, and those are tempered by timing, intuition, and flexibility to the process. Although your particular call center agent's job may not include hard sales, the exchange of information for services, adding on additional products (up-selling), and even looking for a raise, can be enriched by understanding how to effectively negotiate.

When the negotiating formula works as it is intended, the parties are more likely to work together with trust and respect in the agreement.



(Adapted from *Bargaining for Advantage: Negotiation Strategies for Reasonable People*, by Richard Shell, Penguin, 2006)

#### Phase One: Preparation

Preparation is extremely important in negotiating. An inexperienced negotiator who is well prepared can successfully make their argument and win their case against a seasoned negotiator. In the preparation phase, negotiators need to review previous examples or other incidents that might have bearing on this situation. In this phase, parties will decide to negotiate rather than pursue court ordered settlements as a way to control their costs or the amount of time spent in court. When the cost of not negotiating a resolution is higher than the cost of negotiating one, negotiation can be the most desirable result.

#### Phase Two: Exchanging Information

This is not a step that many negotiators consider consciously, except perhaps in legal situations (where it is referred to as disclosure). But it plays a role even in negotiations at home, and certainly in the workplace. Exchanging information is really an extension of preparation and allows both parties the opportunity to consider all of the available information before a bargaining meeting takes place.

#### Example

For example, say that you are the new supervisor of a twenty-person team at work. Your sense is that production could be improved if the tasks were divided differently among members of the team. You mention this in passing to your boss. He shares that a couple of team members tried something like this

before, but it never got off the ground because some members became territorial and felt their jobs were being threatened.

How can you use this knowledge to help you negotiate the changes for your team? Potential answers:

- Do some additional preparation by speaking with the team.
- Ask them for input on changes, such as assigning tasks according to strengths, or altering task order to provide better workflow.
- Speak to people who tried to initiate improvements previously; determine the barriers that forced them to abandon the project, and what they think could be done now to initiate positive change.

The strength of these answers could put you in a much stronger bargaining position when you present your ideas to the boss.

### **Phase Three: Bargaining**

This is the meat and potatoes part of negotiation. Bargaining is where interested parties go over their agreements and negotiate changes, sometimes one term at a time. This is the stage where hostility and anger can become evident as the parties work on the fine details of an agreement. It is important that negotiators remain calm, professional, and relaxed during this phase. If negotiators lose their tempers or argue belligerently, the negotiations may fall apart; no progress is made if people are not speaking to one another.

There are times when an agreement in principle can lead to a long and protracted quest for agreement on smaller details. Those smaller details are worked out in bargaining, the phase where actual sacrifices and concessions are made.

Working out the finer details is common in divorce proceedings, for example. The divorcing couple may agree in principle that they will share custody of their children equally. The details, however, of deciding how to share the children during special occasions like birthdays, school holidays, or Christmas can become extremely difficult to work out, much more so than deciding other details, such as who is responsible for which amounts of debt or who gets the photo albums, CDs, or casserole dish.

### **Phase Four: Commitment and Closing**

Once the parties have completed bargaining, made all the adjustments, and agreed upon the least uncomfortable result, the negotiation is ready for commitment and closure. This would be the time, for example, when you write a check as a deposit on a new car. It is also the time when a bargaining committee in a workplace would return to their membership with a new deal to be voted on.

Commitments can be made public (through a press release or some other media) as a way to share the conclusion of a process with the public. By this time, any hostility should be long over with, since the parties have moved to this stage following the conclusion of bargaining. At times, though, resentment can be close beneath the surface, so any positive steps that can continue to support relationship building are important at this time.

One final, important note in the process is to make absolutely sure that you have a commitment to carry out the agreement that has been negotiated.

## Negotiation Made Easier

The essence of negotiating is that in order to get what we want, sometimes we have to give something up. We can negotiate on price (you give me more value and I will give you more money), or principles.

### Argue Based on Principle instead of Positions

You've probably heard that expression that someone is arguing and "digs their heels in," meaning that they are so focused on what they want (and their position) that they have lost sight of the topic being argued, and the principle.

If you are arguing – or negotiating – try not to defend a position; otherwise you simply become more attached to it and will defend it even harder. You'll try to save face, and lose your commitment to the real problem.

### Arguing Chips Away at Relationships

Since a negotiation is a form of conversation, the idea is to have successful negotiations that contribute to more conversations. Be careful that your approach to negotiating does not lead to a battle of wills. Each of you can clearly state what you are willing to do or not do, and then work through the problem, rather than deteriorating to personal attacks and bravado.

### The Softer Side

Sometimes people who resist conflict, or who understand the high price that can be exacted for hard bargaining, try to soften the edge by being friendlier in approach. They get focused on the relationship and on reaching an agreement rather than simply pushing their own agenda. This is an example of soft negotiation where we extend trust to the other side, make offers and concessions, and do what we can to avoid confrontation.

### Principled Negotiation Works

Instead of having to choose whether to stick to your position, or to use a soft or hard positional approach, we recommend that you apply **Principled Negotiation**. This approach is neither soft nor hard, and works in almost any negotiation by applying four simple strategies, as described in *Getting to Yes* by Roger Fisher and William Ury. Each point deals with a basic element of negotiation and suggests what you should do about it.

- **People:** Focus on the problem, not the people.
- **Interests:** Be concerned with interests of both parties, rather than digging in your heels.
- **Options:** Think of different solution and possibilities instead of starting out from where you want to end up.
- **Standard:** Make sure that results are based on actual standard, instead of something subjective.

## Focus on the Problem, Not the People

We often make the comment that we have to focus on behaviors, not people. Don't get angry: get clear about behaviors that need to change.

## Negotiators are People First

When it comes to negotiations, we are dealing with human beings. And when people get passionate about something, it is a good reminder for us to see that they have emotions, convictions, different paradigms, and they can be unpredictable.

When things get heated, which they will at times, remember that your emotions and hot buttons are also involved. Ask yourself if you are paying attention to the people, or are getting distracted by positions.

## High Impact Moments

### Make It Count

When you consider the essence of customer service (whether you are doing sales, support, or combined service), it's important to have a solid skill set to draw from. You want to do a good job, and you have to maintain the integrity of the company that you represent. That first phone call, or the first customer that stops by, can be the ideal chance to make a lasting, positive impression.

## Test Your Knowledge

What are some examples of these first encounters?

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What actions would you take to serve these customers?

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## Further Reading:

- ✓ Hamilton, Cheryl, and Cordell Parker. *Communicating for Results* (10th Edition). Wadsworth Publishing, 2013.
- ✓ Kimsey-House, Karen, Henry Kimsey-House, Phillip Sandahl, and Laura Whitworth. *Co-Active Coaching* (3rd Edition). Nicholas Brealey Publishing, 2011.