



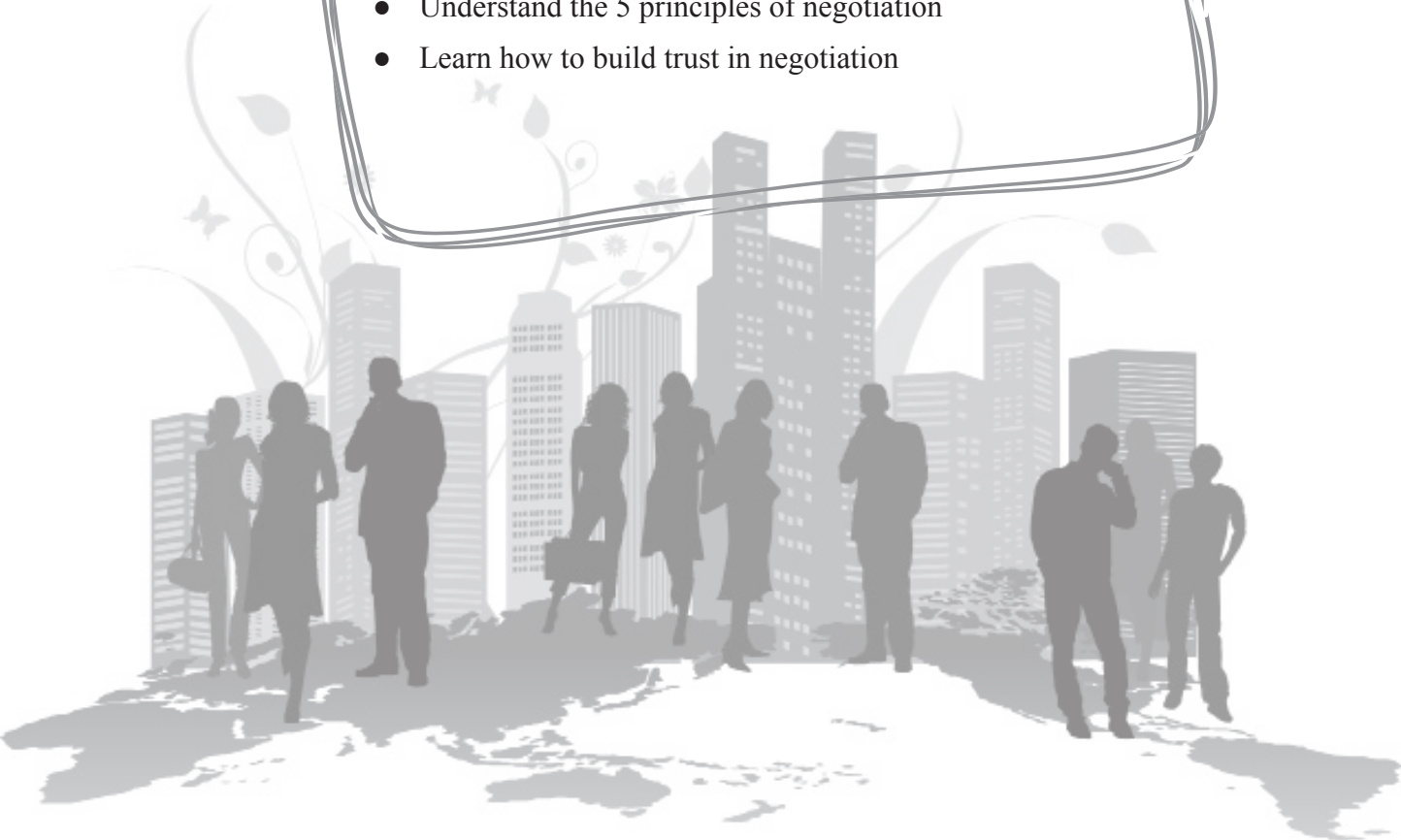
Chapter One

Principles of Business Negotiation

Learning Goals

Upon completion of this chapter, you will be able to:

- Identify the 6 Cs principles of business communication
- Grasp the connotation for the 6 Cs principles
- Understand the 5 principles of negotiation
- Learn how to build trust in negotiation





I. Principles of Business Communication

To be a successful negotiator, we need to understand the basic principles of business communication and negotiation. Basically, there are six principles of business communication: clarity, correctness, conciseness, completeness, courtesy and consideration (6 Cs principles).

1. Clarity

To maintain clarity in your message, you should first be clear-headed about what you are trying to say. Don't rely on inspiration; take notes to list all the details before writing a letter, making a presentation or even a phone call.

Second, choose precise, concrete and familiar words. When you have a choice between a redundant word and a simple word, use the short, familiar one that the reader will quickly understand. Also avoid using technical terms and business jargon in some professional situations, when you communicate with a person who is not acquainted with the terminology. If you must use such terms, define them briefly and clearly.

Third, organize effective sentences and paragraphs. The suggested average sentence length should be about 17 or 20 words. And one sentence has only one main idea. In a complex sentence the main idea should be placed in the main clause; the least important points are subordinate clauses or phrases. In addition, some visual aids can be applied, including: headings, tabulations, itemizations, graphs, pie charts, underlining, italics, indentations, etc.

2. Correctness

In order not to make mistakes, you should use the right level of language. Formal



writing is often applied in scholarly writing, legal documents, top-level government agreement and so on. The style is impersonal and contains complicated sentences. Informal writing is more typical of business communication. The words are usually short, well-known and conversational.

Errors of fact should be paid attention too. For example, errors with name of article, specifications, quantity, trading terms, price quotation, sales discount, currency option, payment modes, etc. are often made. So your message must be checked carefully before it is sent out.

3. Conciseness

To keep your sentences short, you can change a long one mentioned before into a shorter name, an abbreviation, initials or even a proper pronoun. All the useless repetition of phrases and sentences should be avoided.

In addition, you should make sure to include the relevant information only, so that the redundant details will be cut out. Stick to the purpose of the message, delete irrelevant words and loose sentences, omit information the receiver already knows, avoid long introductions, unnecessary explanations, excessive adjectives and prepositions, these are all good methods to be concise.

A concise message is not necessarily a short one. Sometimes your message deals with a multiplicity of matters. In this case it cannot avoid being long.

4. Completeness

One way to help make your message complete is to provide all the necessary information the reader needs. Whenever you reply to any inquiry, answer all questions, including explicitly stated and also implied questions. Sometimes you must do more than only answering the reader's specific questions. They may not know what they

need or their questions may be inadequate. So you should provide some extra when desirable.

5. Courtesy

Courtesy helps to build a good image of your company and deepen the business relationship. You can use tactful, respectful and appreciative words or expressions to build goodwill. The value of goodwill or public esteem for the firm may be worth a great amount of money.

Non-discriminatory language reflects equal treatment of people regardless of gender, race, ethnic origin and physical features. In business communication, you should try to avoid any masculine words.

Courtesy is not mere politeness. It's not neutral or negative. Courtesy is of positive value. If the occasion demands firmness, deal it that way, but not show your anger. Prompt and punctual handling of your business communication is also a way of courtesy.

6. Consideration

Consideration means that you prepare every message with the reader in mind and try to put yourself in reader's place. This will also show you look at things from the reader's point of view, emphasize what the reader wants to know, respect the reader's intelligence, and protect the reader's ego.

When communicating, you had better try to use "you" or "your" instead of "we", "our", "us" and "I", etc. this thoughtful consideration is called "you-attitude" approach. The reader will feel being cared about by you.

II. Principles of Business Negotiation

As a product of social competition, negotiation has got its different meaning



and content with the development of the times. There are normally five principles of negotiation: principle of collaborative negotiation, principle of interest distribution, principle of trust in negotiation, principle of distributive & complex negotiation and win-win principle.

III. Principle of Collaborative Negotiation

Collaborative negotiation is also commonly known as Harvard Principled Negotiation, which is developed by Roger Fisher and William Ury in the book *Getting to Yes*. The core of the principle is to reach a solution beneficial to both parties by way of stressing interests and value not by way of bargaining. Negotiation is to negotiate with the other party in order to solve problems. It involves people with diverse interests working together to achieve mutually satisfying outcomes. Negotiation itself is a kind of sincere collaboration. Through it both parties are seeking an alternative arrangement of a business situation so that at the end of the negotiation they feel this result is much better than that when they first started. Therefore the goal of collaborative negotiation is to minimize the dispute so that the outcome is more constructive than destructive. In achieving this, both parties are making concessions. They foster communication, problem-solving, and improved relationships. They are clear that it is through their sincere cooperation that the best result can be achieved.

Collaborative negotiation consists of four basic components:

- (1) People— separate the people from the problem
- (2) Interests—focus on interests instead of positions
- (3) Gaining— invent options for mutual gain
- (4) Criteria— introduce objective criteria

1. Separate the People from Problems

People problems are usually caused by inaccurate perceptions, inappropriate emotions and poor communication. In order to deal with those problems, three techniques are recommended for both parties to follow:

- Develop empathy:

We put ourselves in their shoes;

We avoid blaming them for our problems;

We help them participate in the process.

- Manage emotions:

We allow them to let off steam;

We do not overreact to emotional outbursts.

- Communicate:

We listen and summarize what we hear;

We avoid trying to score points and debating them as opponents;

We do not berate them about what they are doing wrong.

2. Focus on Interests Instead of Positions

The method of focusing on the common interests of negotiating parties works well because firstly, there is always more than one way of fulfilling each other's interests, and secondly, both sides can always find out certain common interests. Otherwise they will not sit together and talking. Negotiating parties can try the following methods in order to concentrate on interests not positions:

- Identify self-interests:

Explore and recognize the interests of the other party that stand in your way;

Examine the different interests of different people on the other side;

Respect your counterparts as human beings and recognize the needs and interests



that underlie their positions.

- Discuss the interests with the other party:

Give your interests a vivid description and be specific;

Demonstrate your understanding of the other party's interests and acknowledge them as part of the overall problem that you are trying to solve;

Discuss the problems before proposing a solution;

Be hard on the problem but soft on the people.

3. Invent Options for Mutual Gain

The ability to invent options is one of the most useful assets a negotiator can have. Negotiators tend to be easily trapped by their own positions mainly because they only pay attention to a single event, to which the solution is either win or lose. There are four major obstacles that prevent negotiators from creative thinking: ① premature judgment; ② searching for the single answer; ③ the assumption of a fixed pie; and ④ thinking that “solving their problem is their problem”.

Here are the steps for overcoming the obstacles and developing multiple solution options:

- Separate the act of inventing options from the act of judging them;
- Develop as many options as possible before choosing one;
- Search for mutual gains;
- Find ways to help make the other party's decision easy.

4. Introduce Objective Criteria

When options become available, negotiating parties need to decide which one suits both sides best. If the two sides can not decide which option is reasonable and rational, looking for an objective criterion will be a way out:

The guidelines for objective criteria are:

- Independent of wills of all parties;
- Legitimate and practical;
- Acceptable to all parties.

The next important step is to choose a fair procedural standard, the way of implementing the criterion, when an agreement is reached upon such a criterion. A good example for “fair procedure” is the way to divide a piece of cake between two children: the one who cuts the cake must let the other choose first. The fair procedures may also include “doing it in turns”, “drawing lots” and “looking for an arbitrator”.

Principled negotiation is a powerful tool to crack the tough nuts in negotiation. It is an all-purpose strategy, which is applicable to almost all situations. The essentials of success of collaborative negotiation are fairness, objectiveness and mutual understanding.

IV. Principle of Interest Distribution

The purpose of negotiation is to reach agreements between parties with different interests. No matter what form it may take, its goal will never change—interest realization.

Interests fall into different levels: at the domestic level, there are two types of interests involved: personal and organizational; at the international level, there are three: personal, organizational and national.

1) Personal Interests VS Organizational Interests

Negotiators are human beings. Like it or not, when a negotiator sits at the negotiating table, he has his personal interests such as the realization of personal value, position promotion, salary increase and more comfort in life. If his personal interests are line with those of the organization he represents, he will try his best to push for the most attractive deal for the organization.



But if lured by money or other material gains, a negotiator may place his interests before those of the organization. The organization therefore suffers loss.

2) Personal Interests VS Organizational & National Interests

To a negotiator, while organizational interests are near and direct, national interests are remote and indirect. For some, national interest may seem “a meaningless idea”.

However, in international negotiations, a negotiator must defend the interests of his country and make all his efforts to gain national interests. That is because any suffering of national interests will bring heavy losses not only to the country but also to organizations and individuals as well.

Organizational interests and national interests should be in convergence well coordinated, too, since national interests represent organizational interests fundamentally.

In a word, national interests should always be of priority, organizational second, and personal third. When there is a conflict between personal and organizational interests or between organizational and national interests, personal interests must be subordinate to organizational interests and organizational interests should be subordinate to national interests.

V. Principle of Trust in Negotiation

Trust is of great importance in negotiation. Trust between group leader and group members as well as trust between two negotiating parties is a decisive element of shaping relationship of all sides. Professor Malhtra described six ways to build trust in negotiations:

- 1) Speak their language
- 2) Manage your reputation

- 3) Make dependence a factor
- 4) Make unilateral concessions
- 5) Name your concessions
- 6) Explain your demands

Apart from these six strategies, there are a number of other things a negotiator can do to build trust with his counterpart:

- 1) Demonstrate your competence
- 2) Make sure the nonverbal signals you are sending match the words you are speaking.
- 3) Maintain a professional appearance
- 4) Communicate your good intentions
- 5) Do what you say you are going to do
- 6) Go beyond the conventional relationship
- 7) Listen
- 8) Over-communicate
- 9) Discuss the indiscussibles
- 10) Provide accurate information, without any hidden agenda
- 11) Be honest—even when it costs you something
- 12) Be patient
- 13) Uphold fairness
- 14) Negotiate for abundance, not scarcity
- 15) Take calculated risks

VI. Principle of Distributive & Complex Negotiation

Negotiations according to issues discussed and parties anticipated may fall into two categories: distributive negotiations characterized by single issues and only two



parties, and complex negotiations involving more than two issues and multi-parties.

1) Distributive Negotiation

Distributive negotiation is a competitive approach that is used when there is a fixed “pie”. It is a zero-sum game, in which one party’s gain is another party’s loss.

Information is the key to gain a strategic advantage in a distributive negotiation. A negotiator should do his best to guard his information carefully and also try to get information out of his opponent. To a large extent, the negotiator’s bargaining power depends on how clear he is about his goals, alternatives and walk-away values and how much he knows about those of his opponent. Once he knows these values, he will be in a much stronger position to figure out when to concede and when to hold firm in order to best influence the response of the other side.

2) Complex Negotiation

A complex negotiation usually involves:

- a number of parties
- a number of issues
- a number of interests
- different interests

In such negotiations, negotiators need to consider the varying interests of more people and deal with the possibility of forming coalitions. There are five principles to follow:

1) Think carefully about the distribution rule to be used in allocating resources among the parties.

2) Avoid majority rule in group negotiations whenever possible.

3) Avoid strict issue-by-issue agendas whenever possible.

4) Focus on the differing interests and preferences of group members to facilitate creative integrative agreement.

5) Recognize that coalitions are inherently unstable, of ten leading to agreements that are not in the best interest of the organization.

Group negotiations are becoming increasingly common in and among organizations. To effectively manage these negotiations, one needs to look more carefully for integrative opportunities, be aware of barriers to integrative agreements, and be sensitive to the impact of decision-making rules on the quality of group outcomes. Negotiating as a group allows one to take advantage of the knowledge, information, and perspective of each member to reach a creative, integrative solution.

VII. Win-win Principle

In this approach, parties collaborate to look for a solution that maximizes joint gain and allows everyone to walk away with the feeling that they have won enough. The basic idea is that both sides can achieve their objectives. It focuses on developing mutually beneficial agreements based on the interests of the negotiators. Interests include needs, desires, concerns and fears, which are important to each side.

To apply win-win approach to negotiation, the first step is to identify each sides interests and find out:

- why the other side wants that
- why people feel the way they do
- why they are demanding what they are demanding

When you are clear about the other side's interests, you might ask yourself:

- What stands in the way of their agreeing with you
- Do they know their underlying interests
- Do you know your own underlying interests

If you can figure out their interests as well as your own, you will be much more likely to find a solution that benefits both sides.



Lead-in Words

ambiguous /æm'biɡjuəs/ <i>adj.</i>	不明确的
indentation /,ɪnden'teɪʃn/ <i>n.</i>	缩排
inevitable /ɪn'evɪtəbl/ <i>adj.</i>	不可避免的
evaluate /ɪ'væljueɪt/ <i>v.</i>	评价, 估价
goodwill /,ɡʊd'wɪl/ <i>n.</i>	好意, 信誉
distract /dɪ'strækt/ <i>v.</i>	转移
demolish /dɪ'mɒlɪʃ/ <i>v.</i>	破坏, 推翻
hasty /'heɪstɪ/ <i>adj.</i>	匆忙的, 草率的
clear-headed /,kliə(r)'hedɪd/ <i>adj.</i>	头脑清醒的
redundant /rɪ'dʌndənt/ <i>adj.</i>	多余的
jargon /'dʒɑ:gən/ <i>n.</i>	行话
multiplicity /mʌltɪ'plɪsəti/ <i>n.</i>	多样性
terminology /,tɜ:mɪ'nɒlədʒɪ/ <i>n.</i>	术语
resourceful /rɪ'sɔ:sfl/ <i>adj.</i>	足智多谋的
tabulation /,tæbjʊ'leɪʃn/ <i>n.</i>	表格
collaborative /kə'læbəreɪv/ <i>adj.</i>	合作的
obstacle /'ɒbstəkl/ <i>n.</i>	障碍, 困难
empathy /'empəθɪ/ <i>n.</i>	移情作用, 神入

Practical Activities

Task 1: Case Study

In one negotiation in the early 1990s, a Chinese manufacturer was locked in a dispute with an American importer over how many models of the bicycles his company would produce. The American importer wanted four different models to

give its customers greater selection. The Chinese company wanted to produce only two models to keep tooling, inventory, and other manufacturing costs down. The position of the Chinese company was that it would produce only two models, while the underlying interest was to keep manufacturing costs down. The position of the American importer was that it wanted four models, while its underlying interest was to increase its profits by selling more bicycles. As long as the negotiators focused on these positions, the dispute could be resolved only through concessions by one or both sides. But an interest-oriented examination of the dispute leads to the questions: how can the higher cost of manufacturing four models be allocated between the American importer and the Chinese manufacturer? In this example, the parties were able to devise a formula that increased the unit cost of the different models to reflect the Chinese manufacturer's increased manufacturing cost. The interests of the Chinese manufacturer were achieved by the solution—profit per unit remained constant. The interests of the American importer were also met—it sold more units at higher prices, which more than offset the increased manufacturing costs.

Questions:

1. What type of negotiation approach was applied to the negotiation?
2. What principle was used to solve the conflict between the Chinese manufacturer and the American importer?

Task 2: Role-play

The 6 Cs principles in business communication are also applied in making a telephone call. In order to get the right information, the receptionist should “double-check” the information, esp. the spelling of the name and numbers.

The following is a phone call between a receptionist and a caller.

A: Hello. Ultimate Computers. May I help you?



B: Yes, this is Jack Kordell from Hunter's Office Supplies. May I speak to Elaine Strong, please?

A: I'm sorry, but she is not in today.

B: Can I ask when she is back?

A: Uh, yes, she would be here until late afternoon, perhaps 4 o'clock. Can I take a message?

B: Yes. Ms. Strong sent me a brochure detailing your newest line of laptop computers with a description of other software products, but there wasn't any information about after-sale service.

A: Oh, I'm sorry to hear that. I will inform Ms. Elaine Strong as soon as she comes back. Would you like her to fax the information about after-sale service to you?

B: Yes. But our fax machine is being repaired at the moment, and it won't be working until around 2:30. Could she try sending that information around 3:30? That should give me time to look over the material before I call her again, say, around 5:00.

A: Sure. Could I have your name, the telephone and fax number?

B: Yes. Jack Kordell, the phone number is 560-1287, and the fax number is 560-1288.

A: OK. Jack Kordell. Is your name spelled "C-o-r-d-e-l"?

B: No. It's Kordell with a "K" and two "l's".

A: All right. Mr. Kordell. And your phone number is 560-1287, and the fax number is 560-1288.

B: Yes, it is.

A: All right. I'll inform Ms. Elaine just when she gets back.

B: Thanks, bye.

Task 3: Mini Negotiation

Suppose you were Mr. Zhao from the China National Complete Plant Import & Export Corporation. Now you're discussing the price of an import project with Mr.

DuPont, marketing manager of a French company.

A: Good morning, Mr. Zhao.

B: Good morning, Mr. DuPont. Did you sleep well last night?

A: Yes, very well. I'm now fully recovered from the jet lag and ready to discuss business with you.

B: Good. Let's get down to business at once.

A: I believe you have studied our proposal about the project. What do you think of it?

B: After a careful study of your project proposal, we find that there are some points that need further discussion.

A: Good, further discussion will certainly be useful. The purpose of my coming here is to discuss the proposal with you further.

B: First of all, we find your quotation much higher than we expected.

A: If you take everything into consideration, you will find that our price is very competitive.

B: To be frank, we are also discussing the project with some other companies. The quotations they have offered are much lower than yours. So the success of the negotiation depends largely on your price.

A: But you have to admit that our equipment is of superior quality. If you take quality into consideration, you will find that the price is fair and reasonable.

B: If you insist on the original offer, I'm afraid the chances for us to conclude the deal are remote as your price far exceeds our budget.

A: How much is your budget?

B: I'm sorry I can't tell you that. It's confidential.

A: Then could you give me some idea of the price you regard as acceptable?

B: To get the business done, you should at least reduce your price by 25%.

A: 25%? You are not kidding? It's impossible for us to reduce the price to such a great extent. But to pull through the business, we are willing to cut the price by 10%.



B: But your price is still a bit higher than we expected. If you can make a further reduction of another 10%, we can probably come to an agreement.

A: Do you mean 20% cut? To be frank, it is impossible. We would rather not join in the project than make such a big cut.

B: How about meeting each other halfway, say a further reduction of 5%, so that business can be concluded?

A: OK, to show our sincerity in doing business with you, we accept your counter-bid. I hope this transaction will pave the way for more future business.

B: I'm glad we have reached an agreement on price.

Task 4: Student Assessment Record (SAR)

Date: _____

Instructions to students:

- Sign and date this assessment when you are able to achieve each objective reliably and consistently.
- Please tick when competence criteria have been met and answer the questions accompanying each criterion.

Competence Criteria

After studying this chapter, you are able to

1. identify the 6 Cs principles and use them in communication.

Answer the following questions.

- 1) List at least four of the 6 Cs principles in business communication.
- 2) Before writing a business letter, making a presentation or even receive a phone call, what should you do?
- 3) What language style is typical of business communication? What characteristics are of the words used in business communication?

- 4) What do you do to make your message complete when you reply to an inquiry?
- 5) What kind of words should you use to show courtesy?
- 6) What attitude do we often take to show thoughtful consideration?

2. understand and use principles of business negotiation.

Judge whether each statement is true or false.

- 1) Collaborative negotiation consists of four basic components: people, interests, gaining and criteria.
- 2) In collaborative negotiations, it is more important to focus on positions instead of interests.
- 3) In international business negotiations, negotiators should, first of all, consider organizational interests, then personal and national interests.
- 4) Being honest and doing what you say you are going to do are good ways to build trust.
- 5) In a distributive negotiation, negotiators should try to make the “pie” larger instead of trying to reach an agreement as to how to share the “pie”.
- 6) In a complex negotiation, negotiators will have to deal with different parties and usually a number of issues.

3. improve your language skills.

Translate the following sentences into Chinese.

- 1) We should be hard on the problem and soft on the people.
- 2) Objective criteria should be independent of the wills of all parties.
- 3) I suggest that we meet each other halfway so that business can be concluded.
- 4) Negotiation is not treated as an isolated event but as an integral part of the total business activity.



- 5) Good negotiators consider it important to promote a constructive climate and respectful personal relationships.

Instructor Assessment Form

A = Excellent. B = Good C = Satisfactory D = Poor	A	B	C	D
• Greeting people with appropriate language	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Taking notes to list details before speaking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Making no mistakes in grammar or spelling	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Providing complete information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Being courteous in activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Listening and summarizing what he or she hears	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Keeping eye contact when talking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Putting group's interest before his or her own	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Nonverbal signals matching words spoken	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Cooperating with partners for a win-win outcome	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Taking active part in Role-play	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Speaking with proper facial expressions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Analyzing issues and answering questions in case study	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Presentation well delivered	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Manners in delivering presentation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Atmosphere friendly and comfortable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Performing creatively	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• English well spoken with correct pronunciation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>