Important Key for Construction Managers – Negotiation and Communication

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What is negotiation?
What is negotiation

- A system of “give and take”
- Compromise and agree a way forward
- A way to resolving conflict
- To arrange or settle by discussion and mutual agreement
Core characteristics of negotiation

- Involve people – individuals or in groups
- Ways of exchanging things (e.g. bargaining and bartering)
- Almost always face-to-face on the use of the spoken word; gesture and facial expression
- Mutually acceptable decisions and agree the what and how of future action
- Reaching a conclusion by a decision that is taken jointly
Different approaches

- **Competitive negotiation**
  - What I get, you lose
  - What you get, I lose

- **Collaborative negotiations**
  - Integrative bargaining
  - Creation of incremental value – creating a bigger pie
Negotiation Model

- Investigation
- Bargaining
- Communication
- Agreement
Planning

- What are the interests of the other side?
- What are the interests of my side?
- What are the common interests of both sides?
- What standards to be used to resolve conflicting ideas?
Prepare for your negotiations

- Discriminate between what you want and what you need
- Identify your limits
- Prepare yourself to reach an end point that need to be acceptable to everyone involved
- To decide the order that benefit to you, which is the 1st, 2nd and 3rd….
Prepare for your negotiations

- Consider the outcomes – the end results
- It is crucially important to know your own objectives
- Where you want to finish up before you set off

“Begin with the end in Mind”

*Stephen Convey, author of The Seven Habits of Highly Effective Peoples*
Know who you are dealing with

- **Expectations**
  - What are their expectations going to be?
  - Why do they have those expectations?

- **Background and Culture**
  - Understanding their background / culture is a vital part of understanding what will appeal to them and what will turn them off
Know who you are dealing with

- Behaviour
  - How will they expect you to behave?
  - How will they behave?
  - Are they naturally aggressive, or conciliatory?
  - Will they make extreme demands or will they be more reasonable?
  - Will they react in a logical way or will they expect you to behave in a particular way?
  - If you suddenly behave differently the way you have behaved in the past, how will they react?
Know who you are dealing with

- Preference
  - Will they want to negotiate one-on-one or will they turn up as a team?
  - Is the other party likely to see the world through positive or negative eyes?
  - Is their glass half full or half empty?
  - Do they look at the big picture or the detail?
Know who you are dealing with

Pressures

- Even if they turn up on their own, has their boss exerted pressure on them to get a particular result?
- If there are such pressures on the other party – “having a monkey on their back”

Options

- How important are you to them?
- How important is it for them to reach agreement?
- What is their best alternative to reaching agreement?
Aim for the outcomes

- Outcome is the end results of negotiation
- It is crucially important to know your own objectives – where you want to finish up before you set off
- There are four possible outcomes to any negotiation:
  - Failure to agree
  - Lose-lose
  - Win-lose
  - Win-win
Outcomes

- **Failure to agree**
  - Simply nothing on which the negotiators can possibly agree

- **Lose-lose**
  - When both parties refuse to move, neither side achieves its objectives nor do the two parties generate solutions to their problems
  - This leads to total disillusion and frustration with the negotiation process
  - A danger of sourcing long-term relationships through a loss of respect and trust
Outcomes

Win-lose

- The side that did not move ‘wins’ whilst the side that did all the moving ‘loses’

- Individuals are usually more concerned with victory rather than relationships

- Much effort is put into achieving short-term goals rather than long-term objectives

- A ‘them and us’ attitude is created

- Long-term relationship between parties is jeopardized
Outcomes

- **Win-win**

  - Negotiator will work towards creating two-way movement that is felt to be reasonably split between two sides
  
  - Movement is aimed to bridging any gaps between two sides
  
  - During the negotiation, channels are developed and kept open for two-way communication
  
  - Emphasis on flexibility, solutions
Outcomes

Win-win (Cont’d)

- Constructive proposal that enable both sides to achieve their objective
- Satisfactory decisions are arrived at and long-term relationships are enhanced
- Both parties have demonstrated reasonable movement
- Agreement to be made at the end
Clear objectives

- Proper preparation prevents poor performance in negotiating
- A clear understanding of your objectives is essential when negotiating
- You should be ready to propose a package that is challenging but credible
- The preparation should end with you deciding on your ‘Desirable’ list and using it to form the basis of your first proposal
Staking out the bargaining zone

- Party A’s aspiration range
- Settlement range
- Party B’s aspiration range

Party A’s target point
Party B’s resistance point
Party A’s resistance point
Party B’s target point
Preparing a desirable plan

1. List the things on which is possible that you can give and take (called negotiating variables)

2. For each variable, list the outcome from your point of view
   - **Desirable** – the best you can hope for
   - **Probable** – the most likely
   - **Worst** – the worst that you would want to finish up with

3. Put a value on the difference between ‘Desirable’ and ‘Worst’ - identifying what the most valuable items are from your point of view
Preparing a desirable plan

4. List all things on which you are not prepared to give and take (nor negotiable items)

5. Look at everything done from the point of view of the other party. Ask yourself
   - What they will be looking for on each variable?
   - What variable they will be looking at?
Preparing a desirable plan

6. Consider

- Where you will have areas of agreement?
- Where there will be disagreement?
- If your opponent wants to negotiate on the things that you have considered to be non-negotiable, you may struggle to reach agreement.
Anticipate the other party’s approach

- You are not negotiating in a vacuum – you have to work out and agree with other people, who have their own objectives, problems and emotions

- In your preparation, it is important to consider the likely reaction of your negotiating partner

- Priorities
  - What is important to them? What have the most value to them?
  - It is important to be aware of their likely gap between ‘Desirable’ and ‘Worst’
Anticipate the other party’s approach

- **Wants**
  - What they want and what you want?
  - Wants are trade/exchange what they want with something that you have

- **Monkeys**
  - Does the other party have any serious ‘monkeys on their back’ – things that restrict their ability to move and to be flexible?
  - If they have, you need to bring it open, and help them understand why this is a barrier to both
Clearly state your opening position

- What is in your opening position will depend on your objectives, and your negotiating partner’s objects

  e.g. “I want to protect our good relationship”

  “I want to agree things today that will allow both of us to be successful this year”
**Listen more than you talk**

- If you don’t listen to the answer, you don’t have information in asking further questions.

- Two stages to good listening:
  - Firstly, you have to hearing the words – that is not listening, it’s hearing.
  - Secondly, you have to understand what is meant by the words.
Asking questions

- Asking the right questions
  - The key to unlock a difficult negotiation
  - Understanding things you need to know in order to reach agreement

- Asking open questions
  - To persuade people to talk
  - To give you the information for negotiation
  - e.g. “What is the most important thing to you?”
    “Why is that important?”
Asking questions

- Ask one question at a time
  - If ask more than one question at a time, the other party may becomes confused and/or
  - You may not know which question they are answering
    e.g. “Do you feel about that?” “Does it appeal to you?”
    This is likely to lead to a “yes” or “no” answer
Asking questions

- **When to ask closed questions**
  - Use closed questions to check on progress or to check whether you are both agreed

  e.g. "Would you agree with me?"

  The answer in a straight “yes’ or “no”, but you should know where your stand, and what question to ask next
Let them offer the first package

- It is important for the other side to declare what they are looking for first because:
  - Their first package may contain things that are better than the best you have imagined in your preparation.
  - From their first proposal, you know what your partner’s key issues are.
  - You have more flexibility if the other party ‘bats first’ – you can adjust your proposal.
Give the other party a choice

- Don’t leave the other party with no choice unless your really have reached deadlock

- Trade packages
  - Packages of more items can keep the negotiation going
  - Have plenty of items in your package – the more items you have in your package, the more flexible you can be
Start with small concessions get better results

The way you manage concessions will affect not only you. It will affect the aspirations of the other party

Put all the other party’s demands on the table

Get them to open up first. Initially, keep some of your demands hidden – this is to give yourself room to manoeuvre

Never assume you know what the other party wants
Make you first concession small

- Never give a concession without securing a concession in return – get something for every concession
- Let the other person make the first concession on the major issues
- You could be first to make minor concessions
- Don’t split things 50/50
Always secure a counter-proposal

Never modify your proposal without extracting a counter-proposal from the other party

The reason are:

- You have sent a signal that your proposals are not serious
- You have undermined your credibility, because you have demonstrated that you are not negotiating in a structured way
- You are making things easy for the other party
Know when to adjourn

- Knowing when to adjourn (take a break) is important
  - If push into doing something when you are not ready, it will have a negative effect on the outcome
  - When you need time to think, ask for an adjournment
  - Take a break when the exchange seems to be stuck in a circular argument
  - When you feel you cannot concentrate
  - Any time you need to re-assess your Desirable / Probable/Worst objectives
Know when to adjourn

- Remember that any adjournment creates an expectation that new proposals or a new approach will be presented.

- Summarize before the break.

- Don’t adjourn – even for a few minutes, if you feel that valuable momentum will be lost.
Steps for negotiation

- Define the Context
- Define the Outcome
- Set the Game Plan
- Ready to negotiate

- Facts, figure, background
- Results, solution
- Objectives, desirable plan
- Strategy, tactics, skills
Communication process
Why Distortion?

Interpretation of the same message varies according to how each individual’s perception is influenced by experience, attitudes and beliefs and a range of acquired skills or expectations.

One person may perceive the colour blue as cool, peaceful while another person may see blue as old-fashioned or blue may be calming and relaxing.
Forms of Communication

- **Verbal Communication**
  - Oral and written communication
  - Face-to-face interaction

- **Nonverbal Communication**
  - Actions, facial gestures, voice intonation, physical distance, silence
Nonverbal communication

- Less rule bound
- More ambiguous and susceptible to misinterpretation
- Some facial expressions are hardwired and universal
- Automatic and unconscious
Nonverbal communication

- Communication that is transmitted without words
  - **Sounds** with specific meanings or warnings
  - **Images** that control or encourage behaviors
  - **Clothing and physical surroundings** that imply status

- **Body language**: gestures, facial expressions, and other body movements that convey meaning

- **Verbal intonation**: emphasis that a speaker gives to certain words or phrases that conveys meaning
Body language

- Body language is a major form of non-verbal communication

- Seventy per cent of all communication is visual rather than auditory

- Effective communicators are not only listen to what other people say but are also aware of the signals their body language gives, and notice other people’s body language
Body language

- Your body language is sending messages all the time

- Those messages are sometimes clear and sometimes foggy, but are mostly about feelings

- Most people can learn to read the messages with a reasonable degree of accuracy
Pocket Reminders

- Listen with your eyes
- First impressions are the most important
- Manage your own body language and facial expression
Presenting - some basic techniques

- **Reduce complexity**
  - If some points are difficult to understand, break them apart into more understandable components

- **Be clear**
  - Make sure that what you say is easily understood

- **Be concise**
  - Use simple and unambiguous words, keep explanations as simple as possible
Presenting - some basic techniques

- Use analogies
  - Explain something that is unfamiliar by likening it to something that is more familiar

- Use pictures
  - use a visual image

- Be logical
  - Move from point to point and finally to your objective
Interpersonal communication

- People need via dialog to resolve the unclear information or misunderstandings

- Effective interpersonal communication can help to solve the problems including instant and potential problems

- Effective interpersonal communication is benefit to build positive relationship among stakeholders
Barriers to effective interpersonal communication

- Filtering
- Personal Perception
- Emotions
- Semantics
- Information Overload
- Defensiveness
Overcoming interpersonal communication barriers

- Use Feedback
- Simplify Language
- Listen Actively
- Constrain Emotions
- Watch Nonverbal Cues
Active listening behaviours

- Avoid interrupting the speaker
- Paraphrase
- Avoid distracting actions or gestures
- Make eye contact
- Don’t over talk
- Exhibit affirmative head nods and appropriate facial expressions
- Ask questions

Interpersonal communication

Pocket Reminders

- Concentrate on listening
- Do respond, don’t react
- Control your imagination and use it effectively
- Think positive
Conclusions

- Well prepare
- Clear your objectives
- Know your strength and weakness
- Understand your opponent
- Minimise the distortion when presenting
- Asking appropriate questions
- Pay attention to the response of your opponent during negotiation, including watch their nonverbal cues

The negotiator is a chess player
Thank You