

THE DYNAMICS OF NEGOTIATION IN OBTAINING **FINANCIAL STABILITY AS AN ARCHITECT**

Presenter

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Negotiation is the exchange of valuable resource for another. It enables both parties achieve a satisfactory outcome. It is the back and forth communication designed to make a deal when you and the other side have some shared interest and divergent interests (Roger Fisher, William Ury, 1981).

It is an everyday event and most times not easy and cumbersome. The paradigm often leads to zero sum game where “one's loss is another's gain”.

This sometimes presupposes that the issues and interests are single and simple such as price only. Even then, from a single issue negotiation such as price can arise, other sub issues such as time, mode and other terms of payment. Such terms can then create value for the parties in terms of managing cash flows to being able to implement the price decision reached.

Another reason for the ineffectiveness of typical styles of negotiations is that people see only two ways to negotiate – either the hard way or the soft way.

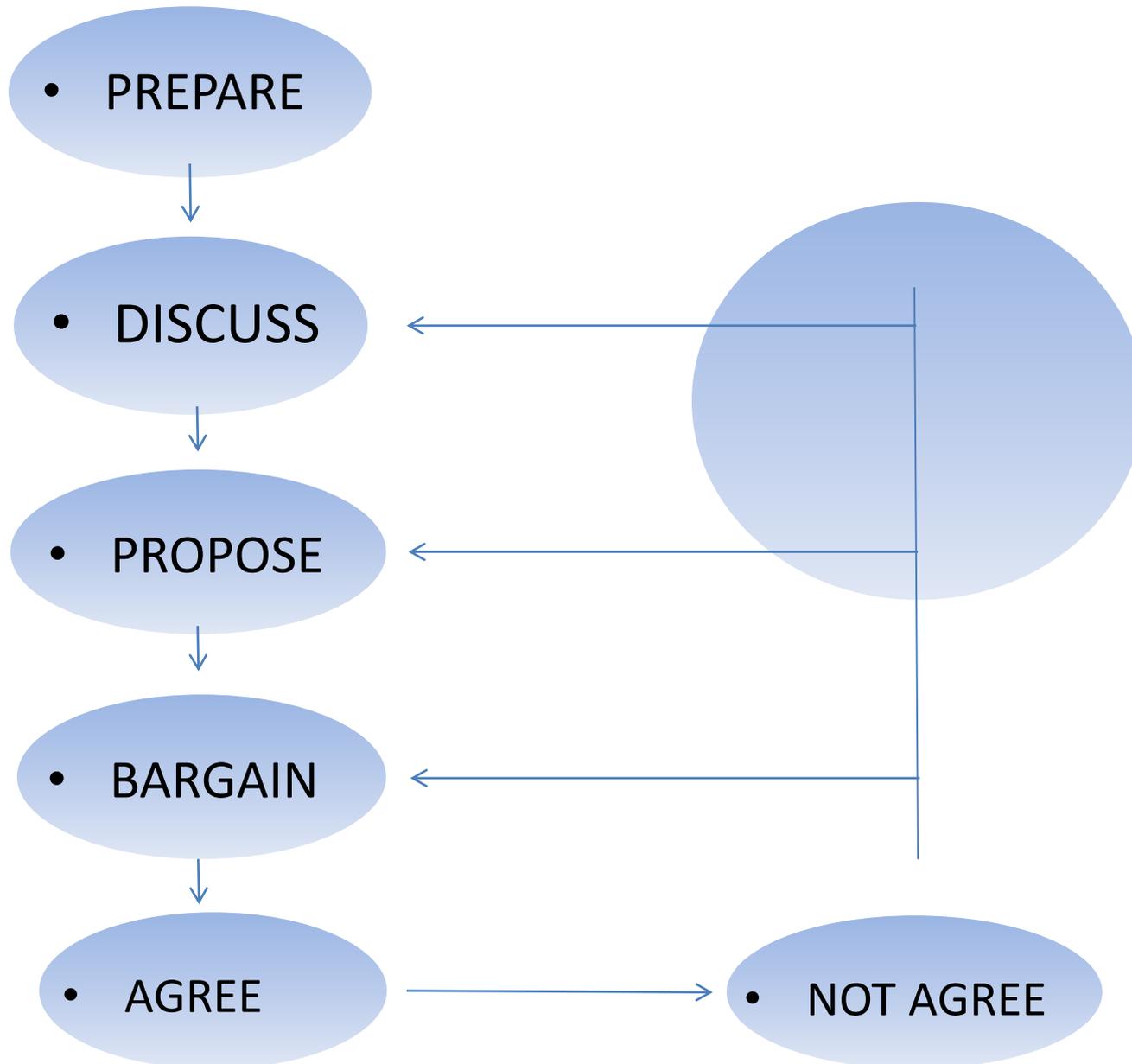
The hard negotiator sees negotiation as a battle to be won rather than a problem to be solved by the parties. He sees it as a contest of wills and very often he ends up also toughening the other party who is equally aware of the contest.

In the event that the hard negotiator wins, he may have problems maintaining a relationship with the loser once the loser becomes aware that he has been taken.

On the other hand is the soft negotiator who is afraid of a confrontation or the lingering on of a matter. He wants an amiable settlement so much that he ends up being exploited by the other side and then he resents the other side for having cheated him.

There is however a fair balance between these views of negotiations which to my mind are extremes. That fair balance lies in having a principled negotiation – a win-win approach to negotiation. The method of principled negotiation focuses on having a negotiation on the merits, on the merits, on the basis of interest of the parties without having to haggle over the positions of the parties.

THE PROCESS OF NEGOTIATION



In the process of negotiation, many things happen at once. These includes but not limited to:-

- ❖ Considering and stating your needs
- ❖ Pick up all the direct and subtle signals and nuances originating from the other party
- ❖ Some schools sees the process as a fight and full intrigue
- ❖ To some it is a battle to win the other side where possible

Positional bargains appear to be a frequent cause of breakdowns in negotiation (roger Fisher and William Ury in 'Getting to Yes' (1981).

The approach should be problem solving rather than a battle to be won.

- ❖ A collaborative rather than a competitive environment is put in place
- ❖ Get both parties to work together to resolve the problem (A win-win outcome is achieved).

- ❖ Set the negotiation process to be constructive
- ❖ Listen more and talk less where necessary. Make it obvious that you are taking a problem solving approach
- ❖ Involve in the process of reaching a conclusion
- ❖ Show your willingness to accept the other side's point of view (where the other side is taking an aggressive approach or a win-lose or lose-lose approach, you can manage the situation by helping them save face, putting your irritation away in a corner for later on and also acknowledging the positive intention behind the action).

PREPARING FOR NEGOTIATION

“I may be a slow walker, but I never walk backwards” – Abraham Lincoln

- ❖ Constitutes more than half of the overall negotiation process (Foundation for all successful Negotiations)
- ❖ Estimating the needs and outcomes of the other party
- ❖ Good background knowledge about the subject matter of the negotiation
- ❖ Listing your own desired outcomes and needs, what to achieve, why you want to achieve that and that must be positive (sadly some people know what they do not want, but find it difficult to know what they want)
- ❖ Knowing your priorities (what you do not want and your limits.
- ❖ To know what point you will say no to the thing that clearly is not in your interest
- ❖ Review your alternatives using the BATNA formula, designed by Fisher and Ury, in getting to Yes (1981).

(BATNA – a Best Alternative To a Negotiated Agreement)

- ❖ This helps you manage your bottom limit where there is no breach
- ❖ Manage your DESPERATION FACTOR thereby giving you confidence to walk out of a negotiation that is not in your interest.
- ❖ Helps you establish your IDEAL, REALISTIC AND FALL BACK POSITIONS.
 - Ideal situation – do not wish for heaven. Wish for an ideal that has a chance of success
- ❖ Keep realistic position as realistic as possible
- ❖ Keep your fallback position to a really bottom line position otherwise it affects your own ability to manage the process when faced with counter position from the other side.

❖ 5 STEPS AND PRACTICES THAT CONSISTENTLY WORK IN NEGOTIATION PROCESS - BY WATERSHED ASSOCIATES

1. **PREPARE** – Identify potential value. Begin to understand interests. Develop facts base.

STAGE 1

- ❖ First Stage of any negotiation (though people often don't give it the time it warrants) there is no short cut else
- ❖ You charge into information exchange stage or even directly to bargaining
- ❖ It starts with determining if this is a potential collaborative situation so you can select the better strategy

- ❖ **Spend time researching information, analyzing data and leverage**
- ❖ **Identify interests and positions before finally considering the relationship you want to build**

KEY ELEMENTS OF PREPARATION

- **Initial points to consider**
 - **Should I be negotiating**
 - **What I need to Know**
 - **Organize information**
- **Research Covers – Players and Stakeholders, the fact base standards and bench marks.**
- **Analysis – Re-organizing data, anticipating what will happen, assessing strength and risks**
- **Identification of your and their interests**
 - **Positions – Goals, most desired outcomes**
 - **Least Acceptable Agreements**
 - **BATNA**
 - **Concessions**

- **Know the Relationship you want to build**
 - **Plan to build Trust**
 - **Prepare for emotional reactions**
 - **Develop probes to discover “Don’t Knows’**
 - **Test Assumptions**

2. Information Exchange and Validation

- **Discovering and creating value**
 - **Assess interests**
 - **Build rapport and Trust**

STAGE 2 – INFORMATION EXCHANGE

- **Engaging the other side**
- **Share information**
- **Explore options that address interests (what you each need; as opposed to positions – what you each ask for later in the bargaining stage.**

(Position and Interest – critical to successful negotiations (e.g Employee Positions – she has asked to be assigned to Project A)

INTEREST – To get promoted – Project of high visibility

- **Critical Assessments in Exchange Stage**
- **Trustworthiness – are they honest and dependable**
- **Competency – Are they credible and able**
- **Likeability – can you work well together**
- **Alignment of interests – Are your interests aligned with theirs.**

Master tool for exchange stage is the PROBE

PROBE:- Defined as a technique employed to encourage the employee to give a more detailed answer to a question and elaborate on his previous response e.g anything more?, ‘why do you think that is fair?’, ‘How did you come up with that solution?’

• A GO /NO-GO DECISION TIME IN EXCHANGE

If assessment is negative, make adjustment or implement your BATNA (Best Alternative To a Negotiated Agreement).

If possible, move forward.

With Trust, development, explore for creative solutions that address interests and see the potential to create real value.

- Then develop a joint agenda

3. Bargain

- create and distribute value
- Address interests
- Make and manage concessions

STAGE 3 – BARGAIN

- Face-Time with the other person (even where you are not face to face). Give and take happens. Where this satisfies both parties' interest, you build a lasting relationship and a fruitful outcome
- Create value and with trades finally capture value.

*Note: That to be trusted, you must be genuine”.

TOOLS FOR BARGAINING

- The PROBE
- Creativity

Bargaining like all interpersonal relations, emotions can help or hinder progress

- Behavioral Skills
- Communication Skills) are critical to create Value and execute trades to capture Value
- When solution satisfy everyone's need you will be most successful in your bargain.

4. CONCLUDE:

- Capture value**
 - Confirm interest have been met**
 - Thank Them**
- You reach an agreement**
- Time to find out if the other side has the capacity to follow through with the things they said they would do**
- Time to put in writing the common interests and a comprehensive summary of the agreement**
- Consider the strategy here to lock-in a commitment**
- Be sure to agree on next steps as well.**
- Never forget to thank the other party for their willingness to negotiate - even when no agreement is reached.**

5. EXECUTE

- **Expand Value**
- **Address Changing interest (Variations)**
- **Strengthen Relationships**

- **Implementation of the agreement**
- **It could be the preparation for the next negotiation opportunity**
- **Follow through on promises made in order to strengthen the relationship and build trust**
- **Learn more on this stage to help in the next stage, leading to easier negotiation next time around**
- **Likely to apply the total negotiation process and best negotiation Process (BNP) to unexpected events, failures in performance and the inevitable changes**

POSITION	INTERESTS
What they say they want	Why they want it
Surface statements (where you or they stand) Rarely provide insight into underlying motivations values or incentives	Parties underlying reasons values or motivations. Explains why someone takes a certain position
Certainty of terms e. Contract Duration	Conditions precedent to terms – e.g LAD Precedent to meeting Contract terms and Condition)

CREATING A NEGOTIATING ENVELOPE

- Be clear about all your interest
- Grasp the other side's interests
- Helps you define the boundaries for the conversation

POSITIONS

❖ DEMANDS

- Things you/They say you will/won't do
- Subjective Wants
- What people say they want
- Start a month early

INTERESTS

❖ CONCERNS

- Fears and aspirations
- Objective needs
- Why they want it
underlying motivations
- Finish project on time

ARCHITECTS EXAMPLE – INTEREST V POSITIONS

- ❖ Architect's Position
- ❖ I want a one month extension to finish the project
- Architects Interest
- Before facing unforeseen obstacles in completing this project on time, the Architect approved the site supervisor's vacation and wants to demonstrate to the team that she fights for their needs and keeps her words.

ARCHITECTS EXAMPLE – INTEREST V POSITIONS

- ❖ Client's Interest
- Way's to address Interests
- ❖ Get the Project done on time
- Client gives Architect (Head of Project Team) discretion to change team members assigned to the project and extends deadline on another project so that team members can be brought over during the lead supervisor's absence.
- Approve budget for over time compensation or additional support
- ❖ Result
- ❖ Project is done on time without an extension and the Architect keeps her word on approved vacations

USING YOUR POWER EFFECTIVELY

(“Power can corrupt, but absolute power is absolutely delightful” – Anonymous)

- Power is one of the most influencing factors in a negotiation – Ability of the parties to arrive in a deal.
- It affects the outcome of that negotiation
- Environment, the situation and the perception can affect or alter the balance of power
- It should not unduly influence one side in the negotiation unless he has no other alternative

In 'The Bases of Social Power', 1959 by French and Raven, five different sources of external power was identifies:-

1. Legitimate or Position Power:- Derives from position one holds and which is recognized by some power e.g Head of Project Department of an institution
2. Reward Power:- This is the ability to give something to someone who wants it or to withhold the same. To be effective reward power needs to be relevant to the recipient
3. Coercive Power:- This is the ability to make threats about what will happen if you do not get what you want and having those threat believed. The crucial element here is not as much the real ability of carry out the threat as the real likelihood of whoever you are threatening believing that you have the means to carry out the threat.

4. EXPERT POWER

The power that comes with experience and knowledge.

5. OTHER POWERS

Charismatic, connection, information, physical and negative powers

To make good use of your power, whether it is power of the majority, it helps to be aware of your external power as well as your internal power. Your internal power comprises your beliefs about yourself, your self esteem and self confidence. It is advisable to practice increasing your own internal power.

PUTTING YOUR CASE EFFECTIVELY

People's impression of you

- What they see come from you. 55% of the impression you make on other people will be governed by what they see. This includes colour, sex, appearance, posture, facial expression and your dressing.
- What they hear. 38% of the impressions you make will be governed by what they hear. This includes tone of voice, accent, speed and pitch of voice and clarity of speech.
- Actual words used by you. 7% of the impression you make is governed by the words you use. So this means that the other side is far more likely to be influenced by how confident you look than by the words you use.

SKILLS AND STRATEGIES

(Negotiation is all about building bridges, it get better all the time”)

Skills and strategies help the process of bridging the gap between opposing parties and expediting satisfactory conclusion. They can make the difference between a failed negotiation and one which moves forward to an agreement. As a guide, it is advisable to:

- Start positively by stating your objectives and then asking for theirs
- Ask for their opening position and then state yours.
- Take time to think and ask questions appropriately
- Draw their attention and keep the atmosphere positive
- Avoid irritants, counter and unnecessary argument dilution
- Test understanding during the negotiation, say what you feel and often summarize on the issues agreed thus far.
- Assess the offers you receive against your realistic, ideal and fallback positions
- Assess the offers you receive in terms of value, implementation and price
- Soften disagreements

BARGAINING

(‘Problem-solving is about the willingness to move’).

One of the bedrock of negotiation is the willingness to move. Bargaining and trading separate negotiations from other transactions between two parties. The process facilitates movements of parties towards each other. A crucial skill for bargaining is that of giving and receiving signals. This involves non-verbal communication, signs of tension, positioning of the body, the tone of voice and other forms of unconscious expressions.

The essential skills of bargaining (signaling, picture painting, trading and packaging) are well worth polishing. It helps to brush up your awareness of signals sent by others, and to be aware of conscious as well as the unconscious signaling. You can use phrases such as ‘suppose we...’ and ‘How would it be if’ to create the vision of outcomes. You may need to package demands and proposals to be able to give in one area while gaining in another.

TACTICS, TRICKS AND THREATS

Tactics, Tricks and Threats are integral parts of negotiation, though they are not always constructive. Some tactics are useful however others need to be handled well. Threats need to be used with caution and responded to with care and dexterity.

Adjournments are a useful tactic. You can use adjournments for assessing offers, and for gaining thinking time or cooling off time. They can also be used for purposes of checking facts and consulting colleagues. It must be stated that a good negotiator should not be intimidated by the 'tough' stance. He should stand up to his rights. He should challenge tactics when they seem like a trick. The negotiator should not give in to threats unless he has no alternatives.

LISTENING

(‘The good listener gets more time to think and to see’)

Listening to what the other person has to say helps the quality of negotiation. Do not just make assumptions, or hear what you want.

Listening entails more than that or simply listening to your own voice. It is important to avoid bad listening habits or superficial listening. Be attentive, look at the speaker all the time, and nod occasionally to demonstrate a communication connect with the verbal behavior and eye contact to show people that you are listening, test your understanding and clarify meanings, and lastly express feelings, ask appropriate questions and summarize your understanding from time to time.

QUESTIONING

(‘I keep six honest serving men (They taught me well). Their names are – ‘what’, ‘why’, ‘When’, ‘How’, ‘Where’, and ‘Who’ – Rudyard Kipling)

Questions are a versatile tool of negotiation and also form a vital part of it. They allow you establish a wider framework for the negotiation, move out of stalemates, clarify details, stimulate thinking, gain commitment and to float ideas. To be more effective in your negotiations, you would need to improve your use of this stool by:-

- Using open questions to encourage people talk:
- Using closed ones to get short ‘yes’ & ‘no’ answers
- Using ‘chunking up’ questions such as ‘what will having ‘x’ do for you?’ to get behind stated reasons for doing or wanting things
- Using ‘chunking down’ questions such as ‘how specifically’? To get details and unpick generalizations.
- Challenge assumptions by asking ‘what would happen if you did / didn't?’
- Do not accept statements at face value. Use probing questions to find out more detail.
- Stimulating thinking by asking ‘what if’.

- Adopt a conversational approach, not an interrogation
- Gain commitment by putting suggestion in the form of question
- Use questions as a way to defuse aggression and for calming conflict.

THINKING FAST

Thinking creatively can extend the speed and ability of the brain to come up with new, different and sometimes better answers to a problem. To do this first you need to recognize the barriers to creative thinking, such as patterns, the fear of looking a fool, not wanting to go against dominant ideas, or polarizing tendencies, and then making a conscious effort to overcoming them, you would need to:-

- Train yourself to use questions to challenge assumptions as well as stimulate your thinking e.g. 'what other ways?'
- Learn to reframe problems to see them in a different light
- Take the worst consequence approach. What would be the worst that could happen? Would it matter?

DEALING WITH THE UNEXPECTED

Unexpected circumstances, reactions, demands, ideas, co-operation or opposition can throw us off balance. Learning to activate your rapid response mechanism at such times can increase your ability to cope. Reduce the fear of the unexpected by concentrating on your ability to handle the situation.

- Keep your cool in the way that suits you best
- Gain time by expressing your surprise or repeating their statement back to them
- Apply your natural curiosity, don't just say 'no'. Also be sure of unexpected cooperation before accepting finally

MOVING THROUGH STALEMATES

If a negotiation reaches a point where no further movement seems possible, it has reached a stalemate. When this happens:-

- Use questions to gather new information which help to unfasten all parties from their fixed positions.
- Apply a mental icepack to avoid feeling irritated or angry, while you positively look for common grounds
- Summarize both positions and remind each other of the consequences of not reaching agreement
- Address their concerns and find out why they are staling
- Look for creative ways forward
- If all else fails, fall back on your already prepared BATNA (best alternative to a negotiated agreement)

CONCLUSION

In John Maxwell's book of Winning with people, the critical questions we must ask ourselves if we want to win a negotiation process includes but not limited to:-

1. Readiness:- Are We prepared for the relationships
2. Trust:- Can we build mutual Trust
3. Synergy: Can we create a win-win relationship.

Hence we need to build The Bedrock Principle (Trust is the foundation of any Relationship)

- The situation Principle (Never let the situation mean more than the relationship)
- The Bob Principle (When Bob has a problem with everyone, Bob is usually the problem).
- The Approachability Principle (Being at ease with ourselves helps others be at ease with us)
- The Fox Hole Principle (When preparing for battle, dig a hole big enough for a friend-the other party to the negotiation)

Therefore to succeed we must imbibe the 7 core behavior (otherwise known as The Honour Code) by Lee Ellis

1. Tell the truth even when its difficult
2. Treat others with dignity and respect
3. Keep your word and your commitments

4. Be ethical
5. Act responsibly: do your duty and be accountable
6. Be Courageous
7. Live your value for if you find true success you have only fulfil the highest, most truthful expression of YOURSELF as a human being (Oprah Winfrey)

FINALLY

- Do not demand an outcome that is not fair to both sides
- Give continuous feedback to the other side immediately if possible
- Maintain your factual position every time it is challenged
- Observe body language
- Use your team as observers
- Be a contrarian (play the devil's advocate by putting yourself in your opponent's shoes and try to ascertain what tactics he must use to achieve its aims)
- Convey the impression of professionalism, integrity confidence and efficiency

And lastly, before making a quick decision consider why you want to make it quickly. Also consider if it will honour God and what it might cost others.

If you are afraid to make a decision especially at the critical stage of negotiation, think about why that might be. Most of all pray for a moment, prayer and patience can prevent loss of confidence, fears, apprehensions and doubts to avoid "Go Fever".

THANKS

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