

REACHING OUT



MONTHLY DIGITAL NEWSLETTER EXCLUSIVELY FOR MEA PATRONS



The 1st Moves in Global Negotiating

Uncover the issues and forge a solid business relationship with your foreign partner to achieve all your objectives.

Comparing local negotiations to global negotiations with a prospective foreign partner is like trying to compare a game of chequers to a game of chess. Although both share similarities, with winning as the object, they are very different games.

We have made your contacts, done our homework and spent time on negotiation preparation, and now we're ready to meet with our prospective foreign partner. Before we board the plane we have to carefully consider our opening moves, as we are now faced with a dilemma. On the one hand, we have to balance how we will cooperate with our global partner, in order to attain our lofty goals. On the other hand, we will also be competing with our potential partner over a host of issues. Issues that have as yet to be resolved to make the best agreement for our company or organization. It's like two people trying to drive a car at the same time, each steering towards two slightly different destinations, while trying to manoeuvre through a thicket of trees. Let's examine seven steps to help us steer the way successfully.





1 It's our move

Our first move in a global negotiation is a critical one, as it will set the tone and tempo for the rest of the negotiations. First, our success depends on how we have assigned our goals and objectives. Our objectives are our primary area of focus and should always be seen as the ultimate prize. If a relationship is only secondary to our objectives, we might be sorely tempted to give less weight to its importance.

Any relationship is unlikely to survive for long, if one party is totally self absorbed with their own needs and has no regard for the needs of their counterpart. A successful agreement will only likely be forged, when there is an appropriate mix of both parties needs. This is especially a vital concept in any global negotiation with a foreign counterpart.

2 More on relationships

A relationship is like an alchemist playing with chemicals by candlelight in a damp dungeon. The right mixture can create something wonderful, while the wrong concoction could blow up a chunk of the castle instead.

Many relationships in international global transactions begin first with the formation of personal relationships between the players. We need to have some actual interpersonal interaction with our counterparts. We should already have made preliminary contact during the Pre-negotiation stage to learn about our opposite numbers. When we finally do meet face to face, we need to interact and exchange some information to initiate relationship building.

This interaction gives both parties the opportunity to gain valuable insight and deepen understanding of each other. It also teaches us about what we have in common; what we are lacking; potential areas of conflict; and problems that we might need to overcome.

3 Needs and Objectives

Some negotiators might start their global negotiation, simply by boldly stating their positions at the outset. This can be very constricting, as it limits their abilities to explore more creative and productive agreements. It might also be viewed as rude, or might place their counterpart on the defensive.

The positions tell each side what they want, but it does not give any useful information as to why they want it. The 'why' is the whole basis behind their needs and goals, and our own. The more we can learn, and the more we are willing to appropriately share, the more we will discover about each other. This sharing of knowledge should not be considered a weakness, so long as the other side is playing in the same game.

Sharing this information can help each party 'scratch each other's back.' It can also offer a lot more possibilities in expanding the scope of an agreement that would otherwise be constricted, if an agreement were to be solely based on each party's respective positions alone.

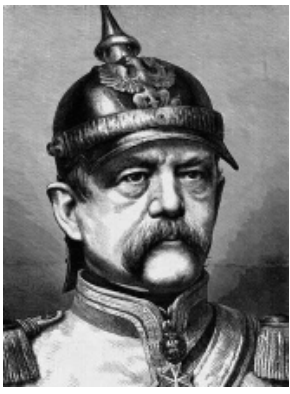
4 Creating Value

Frequently, too many negotiators are prone to heavily engage in haggling, trying to wrest as much as they can from the transaction. Some issues will most certainly involve some strong bargaining such as pricing, royalties, or the amount of capital to be invested for example. However, this can reduce the value of an overall global venture if we rely solely on taking this approach.

Many negotiators are learning that there is more merit in expanding the transaction by creating greater opportunities, and not allowing their vision to be so limited. If we can both gain in areas that are of importance to each of us, then we both have an opportunity to gain more from the transaction overall. We can only learn about these opportunities if we are able to extract relevant information, about our prospective partners' needs and business goals or objectives. It goes back to the concept of 'seeing the bigger picture'.



"Yes they shaved our margins a little, but they signed the contract!"



"When a man says that he approves something in principal, it means he hasn't the slightest intention of putting it in practice."

Bismarck, Otto Von

5 Standards should be used by both sides

Although we are both negotiating because we see beneficial possibilities through a joint venture, a number of issues are likely to be in conflict with each other. If there weren't, there wouldn't be any need for negotiations would there? In the tug of war that can result from these conflicting issues, it is very helpful to use standards, industry criteria, or some legitimate gauge, to support each side's position on these particular issues.

For example, if a prevailing rate of interest is a standard in the area where we want to conduct business, and the other party is asking for a lot more, then the standard should be used as a gauge to offset what is obviously an unreasonable or excessive demand. This is a two way street, so we should also not be making excessive demands that have no legitimate justification, in relation to measurable standards or criteria.

6 Using Third Parties

Although many negotiations will occur between the negotiating representatives from their respective companies or organizations, many global negotiations will require the use of third parties to represent them instead. These third parties could be lawyers, investment bankers, agents or brokers, just to name a few of the possibilities. It all depends on what they are being contracted to perform and in what capacity.

Third parties may be used to bring the parties together; provide communication functions; or they may be directly involved by acting as negotiators to shape the agreement. These are specialists that should be used according to our needs.

7 Consider how we will implement the agreement

Obviously, no one can predict the future in this constantly changing business and international climate. Any single thing can change that might challenge the terms of the agreement, ranging from labour disruptions, civil strife, interest rates, supply and demand, just to name a few. All of these things have the potential to upset the apple-cart and may require that the agreement be renegotiated, to adapt to these new challenges.

We need to have a variety of well conceived dispute mechanisms in place to address these changes, or else the agreement can quickly disintegrate. Think more of our negotiated agreement as something that is fluid, rather than solid and unalterable. We should be able to rapidly address these challenges at different levels, ranging from technical interaction, right through to our top level decision makers. A crisis is no time to be diddling over who's responsibility it is to address the problem. Be clear on who will handle what contingency and make it mutually understandable with our counterparts, who must be equally forthcoming.

The ability to negotiate successfully in today's turbulent business climate can make the difference between success and failure. With this in mind >

>HERE ARE SOME TIPS

1. Don't be afraid to ask for what you want.
2. Shut up and listen.
3. Do your homework.
4. Always be willing to walk away.
5. Don't be in a hurry.
6. Aim high and expect the best outcome.
7. Focus on the other side's pressure, not yours.
8. Show the other person how their needs will be met.
9. Don't give anything away without getting something in return.
10. Don't take the issues or the other person's behaviour personally.



The Negotiation Training Experts offers negotiation resources on www.negotiations.com. You can find in-depth negotiation articles, negotiation Q&A's, business cartoons, negotiation book reviews, definitions and negotiation consulting.

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