

Section 3. Background Stage

Introduction

It's strange to think that an activity such as negotiation (necessarily involving more than one party) would include a critically important stage performed without the other side's participation. You need to do a degree of background work in order to prepare yourself for your opponent. Having done the necessary preparation, you'll have gathered as much relevant knowledge as possible and be better situated to engage your opponent in negotiation.

The knowledge you have is a source of power. Being in a state of readiness and having prepared for the negotiation will increase your confidence for when you begin to interact with your opponent.



3.1 Gather the Facts

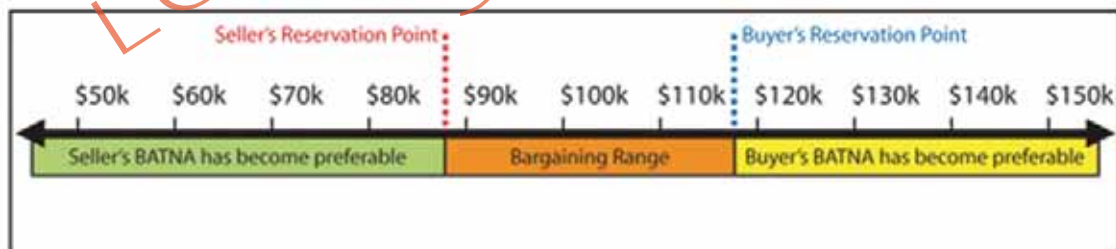
- Gather the facts including, commercial considerations, environmental factors, legal ramifications, compliance issues, and time constraints.
- Be mindful of any industry taboos, office politics, and other 'silent' factors that may derail or hinder your negotiation.
- Understand the alternatives to that which is being considered in the negotiation. Competitor offerings, current market forces, direction of your industry, and future technology are all factors that may influence the negotiation.
- Understand the facts that you feel are important to your situation and *interests* and even those you don't. Your opponent may have a different view of what's important and you need to be prepared for this.
- Knowing the facts is necessary to place a worth upon that which is being negotiated.
- If there's technology or particular products involved that you don't understand, then do some research so you're comfortable in your comprehension of them. Make sure your understanding is to a level deep enough to allow you to speak confidently and negotiate effectively. Beware of discussing facts with your opponent if you only have a very superficial knowledge of them.
- Have a backup line to adjourn discussions with your opponent if you find you need to investigate the product/s, service/s, or fact/s in question, in more detail. Attempt to do this without appearing 'out of your depth'.
- The facts and information you gather at this stage will give you confidence in the following stages.

- Confidence is a key to successful negotiation. Your confidence will help persuade your opponent to move in your direction.

3.2 BATNA and Bargaining Range

- Your BATNA is your 'Best Alternative To a Negotiated Agreement'. This is your best option if no agreement is reached as a result of the negotiation.
- Establish your BATNA. Knowing your option/s for if no agreement with your opponent is reached, will help you establish what reaching an agreement is worth to you. If possible, work to improve these alternatives before the negotiation.
- What is your opponent's BATNA? Estimate your opponent's BATNA.
- Know the worth you place on that which is being negotiated. This may differ from the worth your opponent, the general public, or even an industry 'expert' or 'commentator' places on it.
- Your *Reservation Point* is the point at which your BATNA becomes preferable to engaging in or continuing the negotiation. Therefore, at or beyond this point, you will logically opt for your BATNA. (see Figure 3.1)
- The *Bargaining Range* of the negotiation is the space between your *Reservation Point* and your opponent's *Reservation Point*. (see Figure 3.1)
- Your bargaining power is determined by contrasting your non-settlement options (BATNA) with your opponent's non-settlement options (BATNA).

Figure 3.1



Note: The *Bargaining Range* can be positive or negative. If positive, there's a space separating each party's *Reservation Point*, between which an agreement may be reached. (as seen in Figure 3.1 above) If negative, it means that already, there is no space for agreement. One or both parties must move their *Reservation Point* (enough to create a positive *Bargaining Range*) in order for an agreement to possibly be reached. See Figure 3.2 overleaf for an example of a negative *Bargaining Range*.