Negotiation Skills: Negotiator Selection And Training, Pre-negotiation And Post-negotiation Process

Negotiation Skills

Question 1

Describe the process by which your company: a) Chooses and b) Trains its negotiators. Make recommendations as to how each of these processes could be improved and why? If they do not have processes to both choose and train negotiators, suggest how they might put them in place, and what they should comprise.

Introduction

The company I worked for was a global pharmaceutical corporation and the department I worked at was the project team of its central marketing. The responsibility of the team was to design and manage the tailored events focusing on the chronic diseases such as cardiovascular, stroke, diabetes, etc. In these processes, negotiation sometimes took place in the external partnership (e.g. healthcare associations, hospital), and the project owner was considered as the negotiator by default, on basis of which, there was no specialized or specific process for choosing and training negotiator in the company, and it mainly depended on the position and experience of the project owner.

In contrast to distributive negotiation, partnership agreement we were facing to is not a zero-sum game. This is a principled negotiation (integrative negotiation) in a sense, which creates a collaborative environment in which parties establish shared interests and work together to build mutually beneficial solutions, and cooperate together to reach a value-creating agreement that leaves both parties happy with the outcome and with the status of the relationship(Long, 2013). In this type of negotiation, one of its main features is coordinating the interests of both parties and distinguishing between relationships and problems to be solved. In order to achieve this goal and make the negotiation successful and efficient, it is vital to include careful team selection and training as part of your pre-negotiation process(Kresic, 2013).

Recommendation

Negotiator selection: According to Ira G. Asherman said, there have two types of negotiators that respectively are contract-driven negotiator and implementation-minded negotiator, and in the pharmaceutical industry, the contract-driven approach usually focus on short-term interest, however, the implementation-minded negotiator is concerned with one that both parties can implement and that contributes to long-lasting high-trust working relationships, as well as create value that goes beyond the specifics of the contract(Asherman, 2017). Therefore, implementation-minded negotiator is more suitable to be chosen in our negotiation process.

Negotiator training: In terms of Eman ElShenawy’s study on the relevance between negotiation training and negotiators' performance, it shows that the value of negotiation training for

increasing firms' performance through increasing the negotiation skills of its negotiators, and ones should spend more time in training programs to enhance their performance and gain more skills(ElShenawy, 2010). There are below main elements for the training process: focusing on both strategy and tactics, acquiring insights from the number of case studies, practicing more and more etc. Becoming a good negotiator is not magical, it is a procedure that takes time, effort and practice(ASHERMAN; and ASHERMAN, 1998).

Question 2

Outline the process which your company currently undertakes before any significant negotiation. Recommend ways to improve it, and support your recommendations.

Pre-negotiation process

In general, the company went through the following steps before the negotiation: Firstly, proposing plan and requirement with the review and feedback from internal function departments involved like medical, legal, procurement, etc. to make sure the project abide by company policy. Secondly, evaluating our objective and current resources we have had. Besides, understanding the counterparty's requirement and status in quo. Furthermore, preliminarily communicating with the other party through email or phone and sending listed items need to be discuss during the meeting. Then getting feedback and confirmation about the appointment and content of the discussion.

Recommendations

As Roger Fischer and William Ury mentioned in their book 'Getting to Yes', negotiation preparation includes seven aspects as below diagram, which is not a singular one but a sequential integration with value creation, and should not split the people from the problem, concentrate on interests rather than positions, invent options for mutual gain and persevere in using objective criteria(Rybacki, 2016).

Figure 1. The Circle of Value Approach to Negotiation(Fischer and Ury, 1981)

Besides, in the pre-negotiation process, we are aiming to reduce information asymmetry as much as possible. In the meanwhile, negotiation framing could help us define our objectives and prepare efficiently to minimize surprises and to identify and take advantage of opportunities, and also help to appreciate and wisely assess the consequences of available process choices(Moffitt; and Bordone, 2005).

Furthermore, MESOs can enhance the other party's satisfaction during the negotiation since more offers are presented at the negotiation table by making tradeoffs across issues, and parties can obtain greater value on the issues that are most important to them, this negotiation strategy entails identifying several proposals that you value equally and presenting them to the other side(STAFF, 2010).

Question 3

Describe your company's post negotiation review process, or state the absence of such a

process. Explain why it is so important to review the negotiation process, and how best to do so, with supporting references.

Post-negotiation process

After the further negotiation between our both parties, the company would review the process to ensure the previous issues had already been posed or solved and a confirmation email would be sent by summarizing what we discussed during the negotiation with updated comments and it would also be a notice and report for key KOLs or decision maker need to be involved.

Importance

Based on the four-step process presented by G. Richard Shell, which is preparation, information exchange, proposing and concession making, and commitment(Shell, 2001), there is another important step that is reviewing the previous process and acquiring feedback. These five steps consist of the whole process and are the essential strategies applied in the negotiation.

The review process could help us further consider the following question: How did two parties reach the agreement once they realized that they had overlapping requirements and interests? Did either side seems to make greater concessions during the closing phase? Did two parties resort to cooperative/integrative bargaining to maximize our joint returns?(Craver, 2011)

Project negotiation is a continuous work, which may not achieve the desired outcome in one or two negotiations. The negotiator/project owner need to go through these five steps repetitively to achieve a win-win target in coordination, negotiation and understanding among all of parties. Furthermore, negotiators need to consider the problem from the angle of company, and evaluate the expected effect and feasibility from the perspective of the other party.

Question 4

Use the example of a negotiation in which you have personally participated to illustrate how your company negotiates. Suggest ways in which this could be improved and why?

Taking the partnership regarding one of year-round projects I was responsible for as the example of the negotiation I participated. This scientific project was a jointly organized event by a national healthcare association (referred to as “HA”) and our company (referred to as “PC”), which was complicated with multiple internal and external partners involved focusing on build up a primary care platform of chronic disease management nationwide via a digital solution and a series education and training developed by PC and technologic vendor. Before completing the agreement, preparation and communication were persisted couple of months, and various details were discussed by plenty of email, telephone, or instant messenger and finite face to face meeting since the two parties located in different cities. Both parties would like to reach the agreement and sign the final contract as soon as possible in order to carry out the further activities earlier. There are some identified aspects about the negotiation as below:

1. Team roles:

- Name Position Role Function

- Director of department Negotiator HA’s Representative
- Manager Summarizer Summarize the details and provide suggestion on implementation
- Project owner Negotiator PC’s Representative
- Strategic manager Participator Provide explanation about the digital platform
- Medical manager Participator Provide advice from medical perspective
- Head of project team Chairman Monitor the whole process

2. BATNA:

BATNA

HA Waiting for the cooperation with other pharmaceutical company.

PC Seeking a new healthcare association which have similar reputation and influence.

3. Interest Matrix:

HA PC

Cooperation objective Implement hierarchical medical diagnosis, build up primary care system, improve medical service capacity Patient-oriented, help to practice hierarchical medical system, help primary hospitals improve their norm of diagnosis and treatment with PC’s products accordingly make profit.

Geographical coverage To cover nationwide To cover the majority of Chinese counties (2000+ primary hospitals)

Diseases management Chronic diseases Cardiovascular, diabetes, stroke, etc.

Relationships Access to primary hospitals more directly and achieve good regulation;

Establish experts committee Keep good relationship with healthcare regulators and top medical experts

Advantage for counterparty National and prestigious association with substantial influence

1. Self-developed digital solution
2. Owned sales team in each target territories with good primary hospital network and familiar with local conditions
3. High-qualified products
4. Issues:

Controversial points Details Priorities

Payment all planned events and vendor fee included; training and technology maintaining were not included vendor fee was not included for internal approval and better project management high high

Payment terms within 30 days after the agreement took effect paid after all internal approval and at three intervals low medium

Responsible assignment implementation should be in the charge of HA provide technologic and professional project coordinators high low

Feasibility Comply with rules of association and government policy Comply with company policy and implement feasibly and cost-effectively high high

Vendor (decoration &logistic) selection HA's vendor from PC's vendor list high high

Time pressure as planned complete the contract process as early as possible, and initiate the activities the faster the better low medium

5. Outcomes:

Negotiation process were concentrated on harmonize common interests of both parties and balance those that were disputable in consideration of project feasibility and local circumstance, the contract has been signed finally and would initiate in pilot territories firstly. At this phase, on one hand, we made a concession that vendor fee was included in the payment and HA's vendor was chosen for supportive implementation. On the other hand, the payment term could be executed as our request.

6. Recommendation:

Even though the two parties reached the agreement in stage, there were many difficulties underrated and both of us were over-optimistic for local service capacity of HA's vendor in the course of project implementation. The periodic review for improving in the next phase and it was necessary to post negotiation.

We should focusing on value creation and exploring underlying interests in the negotiation, where we aim for a "win-win" mutual(McCarthy; and Hay, 2015) rather than what we want. In many cases, persuading parties to a conflict to commit to a negotiated settlement is even more complicated, time-consuming, and difficult than reaching agreement once negotiations have begun, and those who try to resolve conflict peacefully need to think in terms of a process that deals with the obstacles to negotiation as well as the hurdles in negotiation (Saunders, 1985). Judgment accuracy is a key ingredient for reaching integrative negotiation agreements by exchanging information, negotiator may learn that their interests are not completely opposed to those of the other party as they might have otherwise assumed, as the result, negotiators may identify ways in which they can maximize their gains at little cost to the other party(THOMPSON, 1991). Building up mutual trust is an effective tactic in negotiation process, meanwhile, persuasion is based on the long-term cooperation and the feasibility considering the local circumstance, where PC's vendor was more familiar with. This would save more energy and time for HA and ensure the implementation effect. It could also tell them there were constraints by our company policy. If possible, do not negotiate under time pressure(Malhotra; and Bazerman, 2008) at any time to avoid making irrational concessions because it influence the information processing, however, this could be used for the other party.

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