

## Negotiation

### Class 4 - Introduction to the Process of Negotiation

Every transaction is different, of course. But there are certain common patterns, and from these patterns one can discern that there are certain kinds of activities that parties involved in the transaction undertake as the transaction happens. These patterns comprise the process of the negotiation. We can look at the different phases, or stages, within these patterns, and evaluate what should be done during each of these stages. Making the correct decisions and undertaking the appropriate actions during each stage of the negotiation increases a party's chance of being successful in the transaction.

Let's look at the stages in the process of a typical negotiation. The process can be broken down to six stages, memorable with the aid of the mnemonic "POPINC":

- **Planning** - Fact gathering, identifying interests, development of strategy.
- **Orientation** - Anticipating potential problems, additional preparation for first contact with other side.
- **Proposals** - Making an offer or demand, or evaluating the other side's offer or demand.
- **Information Exchange** - Disclosing important information to facilitate the transaction or, alternatively, minimizing the impact of harmful information.
- **Narrowing the Differences** - The "back and forth" of additional proposals, wherein potential resolution may begin to appear.
- **Closure** - When possible, a deal is struck, or the parties decide to no longer negotiate.

During the next few weeks we will examine each of these stages in detail. For now, however, it is useful to see the process as a whole and to get a sense of the overall structure of the process of negotiation.