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Negotiation models as tools for teaching Business English

Abstract

Negotiation is a process which is supported by mental models that people already possess and can be seen as a problem-solving discourse since both parties try to solve problems or reach agreements. Becoming familiar with negotiation models and their phases can help students upgrade their Business English terminology and raise their self-esteem. The aim of the article is to point out some negotiation models that have been proposed by experts and comprise 4/6/9 phases during which conversation evolves. Helpful phrases for use in the model are also suggested. The emphasis is on the use of diplomatic language, which is softer and more polite. In order for students to successfully apply the model, they should be taught terminology from different areas of business such as law, promotion, marketing, logistics, finance and management prior to the creation of a negotiation discourse and the impacts of non-verbal communication should also be mentioned.

Keywords: Business English, business terminology, negotiation models, diplomatic language, phases in negotiations.

1. Introduction

The use of negotiation models when teaching Business English encourages students to be more creative, imagine a real business situation and act accordingly, and upgrade and enrich their Business English terminology. Models do not give preference to any style of language. Students are free to use short as well as long phrases, simple as well as complex sentences, sophisticated as well as ordinary terminology and communicative styles. Models are only used as a tool to help them retrieve the negotiation record from their mind, follow it and produce an effective negotiation process which brings profit and satisfaction and leaves them with a feeling that the negotiation process has been conducted successfully.

The negotiation models that have so far been proposed comprise 4/6/9 phases during which conversation evolves and helps the negotiating parties make decisions. Mental models of negotiation consist of discourse phases. Successful negotiators

should follow these discourse phases when negotiating. Suggested phases are: Relationship building, Agreeing procedure, Exchanging information, Questioning, Analyzing, Debating, Generating options, Bargaining, Settling and concluding and Final greetings. All these phases comprise structural variables, such as pause, interruption, clarifications, reformulations etc., and content variables like recommendations, suggestions, promises, warning, threats, acceptance, refusal etc. The emphasis is also on the use of diplomatic language, which is softer and more polite.

2. Negotiation models and preparation as a pre-phase

Three variations of a negotiation model structure that have been proposed by different authors are presented below. The models start with the Relationship building phase; however, prior to the negotiation process there is always a preparation period. This is not part of the model but is an essential element of the negotiation process. During preparation, the negotiators have to decide on their objectives, the style of negotiating, the target price, reservation point, BATNA (best alternative to a negotiated agreement), type of agreement etc. Brainstorming for generating options and ideas is very helpful. Besides, in our case of role playing the negotiations, the students had to precisely define their role in the conversation and their role in the company for which they are acting as representatives.

2.1 REBC 4-phase model (Emmerson, 2009, 126)

- 1) *Relationship building*: getting to know the other person, exchanging information about the two companies, discussing the market, and generally building trust.
- 2) *Exploring initial positions, stating needs and asking questions*. In a commercial negotiation, the supplier explains the product in depth and shows how it brings value to the customer's business.
- 3) *Bargaining* – not just on price, but on a range of linked issues such as quantity, minimum order, discounts, delivery time, service plans and warranties (guarantees), terms of payment, exclusivity in a particular market, the duration of the contract, transport costs, arrangements for sharing advertising costs, penalties if clauses in the contract are not respected.
- 4) *Closing the deal*

2.2 RADPAC 6-phase model¹

- 1) *Relationship building*: establishing positive impressions, seeking information, testing understanding, supporting
- 2) *Analyzing*: establishing the other side's needs, building understanding, testing assumptions, stating facts, opinions, expressing feelings
- 3) *Debating*: searching for solutions, summarizing, clarifying
- 4) *Proposing*: proposing, summarizing, showing interest
- 5) *Agreeing*: summarizing, stating action points, time factors
- 6) *Closing*: discussing achievements, defining follow-up steps

2.3 RAEQOBSF 9-phase model²

- 1) *Relationship building*: the negotiators establish rapport. It is important to show interest in what the other side has to say and to create a positive climate for the whole negotiation process.
- 2) *Agreeing procedure*: the negotiators state the objectives clearly and agree on them with the other party in order to create a climate of cooperation. Arguments on objectives are expressed. Checking the agreement and acceptance of objectives is necessary. Suggestions are recommended.
- 3) *Exchanging information*: questions are asked to obtain more information about the customer's needs and interests. If one side listens to its opponent, the other side will show interest as well. In this way we build trust. Learning about interests is essential if you want to make a good business deal. In selling, people usually forget that people's fundamental interests are basic needs, such as security, economic well-being, comfort, recognition or control over one's life.
- 4) *Questioning*: this is a continuation of the previous phase and the two phases can be joined into one. The questions asked during negotiations and the responses to the questions help clarify positions, generate new ideas and options before making final decisions.
- 5) *Options*: during this phase options and ideas are generated. Brainstorming for ideas is also recommended prior to the onset of the negotiation process.
- 6) *Bidding and Bargaining*: when options have been evaluated, negotiators should put forward their proposals and bids. Various aspects should be considered here: prices, dates, payment terms, delivery time, liabilities, warranties, transport costs etc.
- 7) *Settling and concluding*: it is advisable for negotiators to summarize which agreements have already been reached and which responsibilities have already been assigned. It is essential to point out any issues which still have to be agreed on and resolved in the near future. Summarizing can be used to check comprehension, play for time and maintain a positive atmosphere by reviewing progress and to finally conclude the meeting or negotiation.

¹ Source: Management Study Guide, n. d.

² Source: Nieto, n. d.

- 8) *Greetings*: when the negotiation has come to an end, negotiators will exchange final greetings, thank for cooperation, and look forward to further activities.

3. Diplomatic language

Every discourse is an act of power: speaking or writing always has an effect. Every negotiation can empower the speaker if it is conducted skillfully and collaboratively. The use of diplomatic language in negotiations adds a polite tone to the conversation. The language becomes less direct and softer. Also, the application of political correctness (the chairperson, the ombudsperson etc.) is essential so as not to offend the other party. Here are some examples of diplomatic language expressions:

Direct:	Softer, more indirect:
This product is very expensive.	To be honest, this product seems quite expensive.
We want a 5% discount.	We were thinking of, say, something around 5%.
That will be difficult.	That won't be easy.
We must ...	Perhaps we should ...
This is a big problem	There seems to be a problem with ...
You must ...	Why don't you ... ?

	The phrases we may use are:
perhaps, maybe	Perhaps we should ... Perhaps it would be a good idea to ... Maybe we could ...
would, could, might	We would need a quality guarantee. Here's an idea we could consider. That might be quite expensive.
just	There's just one thing I'd like to add. I would just like to add one thing.
seems	It seems to me that ... There seems to be a problem with ... Your products seem rather expensive.
Rephrase with 'not'	That won't be easy. Sorry, we are not very happy about it.
Negative question	Why don't you ... ? Wouldn't it be better/easier to ... ?
Past forms	We were thinking of something around 5%? If we bought this product, what would ... ? Actually, we were rather hoping ...

Table 1: Diplomatic language (Emmerson, 2009, p. 130)

4. Business English terminology and the process of acquisition

Creating a negotiation process through a negotiation model requires sound knowledge of terminology from the areas of negotiating, marketing, sale, logistics, finance and law. This should be taught prior to the creation of a negotiation process. A good way to follow students' progress is to instruct them to write a negotiating dialogue (e.g. sales) before they study the phases of one of the 4/6/9 phase models. The explanation of business terminology is then carried out, usually through discussions and exercises with a lexical approach. The third stage includes the preparation and writing of the negotiating dialogue according to the model. During the final stage the students role-play the conversation.

The terminology that is acquired by students through the process of learning Business English by means of negotiation models comes from different areas of business. To promote a product and sell it, students should know the terminology from the area of marketing and should become familiar with the marketing mix. To negotiate payment terms they should learn the terminology from the areas of finance and accounting.

If the product is to be delivered, logistics can play an important role when negotiating the time, place and method of delivery. Negotiation usually leads to the contract or agreement being signed. This can be a sales contract. Further, non-disclosure agreements are necessary today and penalties for not fulfilling contract conditions have to be defined. This is why the basics of legal terminology also have to be included. Effective business communication is very important and correspondence – formal letters, orders, offers, complaints etc. – has to be practiced.

Another issue of interest is abbreviations. They frequently occur in written forms and it is practical to devote some time to explaining abbreviations that may pop up during the negotiation process. Some abbreviations are explained here: USP (unique selling proposition – what feature or benefit makes your product unique and better than any other product in the area); BATNA (best alternative to a negotiated agreement – what happens if your opponent is stronger, and you are sure that they will win – in this case it is good to have an alternative – at least from a psychological point of view: AIDA (attraction, interest, desire, action – in promoting a product various advertisements are created. They should be designed in a way that attracts customers, triggers interest which develops into desire which leads to action, i.e. people actually buying the product); COD (cash on delivery – a method of payment); B2B (business to business); B2C (business to customer) etc.

5. Helpful phrases that can be used in certain phases of a negotiation process

5.1 Relationship building

*I would like to welcome you to / Welcome to / Have a seat. /
How was your flight? / Would you like something to drink? /
What's new on the market? / I see you are still a market leader. /
Have you introduced any new methods? / What's the key to your success?*

5.2 Agreeing procedure

*To start with, I think we should establish the overall procedure. /
Does that seem acceptable to you? / Is there anything you'd like to change? /
Does this fit with your objectives? / Do you have any suggestions? /
Would you say that is a fair representation of your position? /
May we leave that till later and first look at ... ? / Can we deal with ... first?*

5.3 Exchanging information, stating needs, clarifying, looking for options

*Our main concern is / We need / Can you do that? /
Could you clarify one point for me? / What exactly do you mean by ... ? /
I'm not sure I fully understand your point. /
Can I ask a hypothetical question? / Just for the sake of argument, what if ... ? /
Suppose that / But what's the real value for a customer? /
Can you make the slight customization that we talked about earlier? /
For us, priorities are comfort and / How flexible can you be on that? /
Could you explain that in more detail? / The way I see it is /
In other words you are saying*

5.4 Bargaining

5.4.1 Proposing, responding to proposals

*May I ask, please, what your proposal is in connection with our company? /
It involves / It leaves out /
After serious consideration, we are prepared to respond to your proposal. /
That sounds reasonable. /
As far as your proposal is concerned, we think that /
Would you like to elaborate on that? /*

*If you agree to that, we can close the deal today. /
So, what you are suggesting is*

5.4.2. Compromising

*Would you be willing to accept a compromise? /
How flexible can you be on that? / I'm ready to sign that if you can /
We would be willing to ... , provided, of course, that /
We'd like to make an alternative proposal. /
We are ready to accept your offer; however, there would be one condition. /
May we offer an alternative?*

5.4.3. Refusing a proposal

*That's not really a viable option for us. /
That would be very difficult for us because / I'm sorry, we can't accept that. /
Unfortunately, we must decline your offer for the following reasons.*

5.4.4. Playing for time

*We'll have to consult our colleagues back in the office. /
We'll have to get back to you on it. /
I don't have the authority to make that decision by myself.*

5.4.5. Accepting a proposal

*We are happy to accept this agreement. / I'm all in favor of that. /
I think we have a deal.*

5.5 Summarizing

*Can we summarize your position up to this point? /
Can we review what we have agreed on so far? /
Now, let's just take a moment to review what we've discussed. /
So, what we've finally decided on is*

5.6 Analyzing an obstacle

*The main obstacle to progress at the moment seems to be /
Let's take a closer look at this problem. / I would like to analyze this situation.*

5.7 Final greetings

*It has been a pleasure doing business with you. /
We look forward to cooperating with you again.*

6. A comparison of two negotiating dialogues performed by students

Here is a comparison of two conversations on the theme of sales negotiating – one written by the students before they learnt about the 9-phase negotiation model and the second one written and presented by the students after they had been introduced to it. The model was implemented at the Doba Faculty in Slovenia during the Business English course. There were 36 participants.

The evaluation and comparison of these 72 conversations led to the following conclusions: Their initial dialogues are shorter. The students use quite informal language. The phases used are mostly Relationship building and Bargaining. A misconception that negotiating is bargaining is present all the time. However, bargaining is just one of the phases in a negotiation process during which the parties make offers and proposals, with the other side accepting them, refusing them, or coming back with a counteroffer.

Their second dialogues are much better. The conversation follows the phases of the negotiation model. The language is formal and more business terminology is used. Sometimes students join two phases, e.g. Options and Questions or Bidding and Bargaining.

The following examples (Table 2) include extracts from conversations prepared by the students. Note that the subjects of purchase may not be the same in all the dialogues. The students' negotiations are about purchasing a house or a car, renting a hotel etc. (S: supplier; C: customer)

<p>RELATIONSHIP BUILDING (Dialogue 1, pair A)</p> <p>S: Good afternoon. Are you interested in buying my house?</p> <p>C: Good afternoon. Yes, I saw your ad in a newspaper. Your house is very beautiful but the price is a little too high.</p>	<p>RELATIONSHIP BUILDING (Dialogue 2, pair A)</p> <p>S: Hello, Ms Taylor and welcome to our home. It was very nice talking to you over the phone.</p> <p>C: Good afternoon Ms Smith. It's really nice to meet you.</p> <p>S: Would you like something to drink? Coffee or tea perhaps?</p> <p>C: Coffee would be fine, thank you.</p> <p>S: Here you go. So, Ms Taylor, you are interested in purchasing our house</p>
<p>AGREEING PROCEDURE, QUESTIONING, STATING NEEDS, GENERATING OPTIONS (Dialogue 1, pair B)</p> <p>S: What do you want to know?</p>	<p>AGREEING PROCEDURE, QUESTIONING, STATING NEEDS, GENERATING OPTIONS (Dialogue 2, pair B)</p> <p>S: ... so, have you received our documentation?</p> <p>C: Yes, we have. Thank you. I hope we can reach the agreement today, but we still have a few unsolved questions that we would like to clarify such as the terms and conditions of renting.</p>

<p>C: I would like to know what the price is.</p>	<p>S: We are here at your service; we will go step by step. I'm sure we will be able to sign the agreement today. I suggest that we get down to business, shall we?</p> <p>C: I agree. Our agency has a long tradition of renting hotels located in exclusive places near the sea. This year we've chosen your hotel which is on the beach, offering endless possibilities for entertainment.</p> <p>S: Yes, I must say the hotel is really unique. Considering this tough situation in the market – what are your expectations for the season?</p> <p>C: We are aware that the market is very unstable today but we are counting on the guests particularly from the Scandinavian countries who are familiar with our offer and have been our regular customers for the last few years.</p> <p>S: Our main interest in this period is regular payment of the rent and regular maintenance of the hotel.</p> <p>C: You can rely on the regular payment but my question is what do you mean by regular maintenance of the hotel?</p> <p>S: Well, the hotel was built five years ago and it is still relatively new. We would like to keep it that way.</p> <p>C: Can you tell me how long your summer season is. Our prime time would be from April to November. Is that acceptable?</p> <p>S: I understand your needs; however, our summer season starts on 1 May and</p>
<p>SETTLING AND CONCLUDING (Dialogue 1, pair C)</p> <p>C: Please, evaluate it once more, I'll give you time till tomorrow, and let me know. My last acceptable offer is EUR 340.000,00, payment in cash next week, take it or leave it.</p> <p>S: O.K., thank you for coming, I will let you know by tomorrow.</p>	<p>SETTLING AND CONCLUDING (Dialogue 2, pair C)</p> <p>C: O.K., we are happy to accept this agreement. Let me summarize the details we have agreed on so far. We'll take three cars type Mondeo. The price will be EUR 25.000,00 per car with a 15% discount and an extended warranty for additional two years. That means – a 3-year warranty. The delivery is within four weeks and payment terms are: 50% prepayment, 50% in 60 days after the delivery.</p> <p>S: We did the best we could. I'm glad we have a deal. Let's sign the contract now.</p> <p>C: Yes, of course.</p> <p>S: It is my pleasure to make business with your company again ...</p>

Table 2: Extracts from the students' negotiations

Learning about the 9-phase model of negotiation has had a very good impact on the students, their creativity, innovativeness, self-esteem and on improving their Business English. The students expressed a positive attitude to this method of learning Business English. Some students feel that in 'real life' some adaptations of the model to certain cultural specifics of a foreign country are necessary and that negotiators should be aware of them.

7. Non-verbal communication

Non-verbal communication is important in negotiations. This includes body language as well as the tone of our voice or even our decision not to respond. Not answering a question can communicate many things – that we are ignoring it, that we have not heard it or that we simply do not know the answer. Walking briskly may show how confident we are, while crossed our arms over our chest may be a sign of defensiveness. Open palms suggest openness and sincerity, while rubbing an eye can be a sign of disbelief and doubt. A tilted head means interest and, when somebody is stroking their chin, they are trying to make a decision.

And even in our students' role-plays of negotiations some of them crossed their arms over the chest when they expressed disagreement with the proposed terms. In some countries direct eye contact is desired whereas in certain parts of the world staring may be impolite and a sign of disrespect. In order to understand non-verbal signs we also have to consider cultural differences. In Anglo-Saxon environments, interpretations of such signs may differ considerably from interpretations in other areas, e.g. Japan or China.

8. Conclusion

Negotiation models enable students to study the principles of negotiation discourse better. The particular realizations of this broad pattern may differ considerably every time speakers engage in a sales negotiation because one of the special properties of spoken discourse is that it is self-monitored. This means that negotiators have the power to select or change their own discourse route when they interact according to a wide variety of factors such as: (a) their negotiating styles, whether collaborative or confrontational; (b) their personal relationship; and (c) the external circumstances in which the speech event is embedded etc. (Firth, 1995, pp. 26-30).

Where are the sources of negotiation power? There is power in developing a good working relationship between the people negotiating, in understanding interests, in inventing an elegant option, there is power in using external standards, in developing a good BATNA, in making a carefully crafted commitment, in knowing negotiation principles and in using good business language (Fisher & Ury, 1991, pp. 179-186).

Non-verbal language can express even more than verbal language. Being aware of body language, the tone of voice and the way people respond to different initiations, taking cultural differences between various parts of the world into consideration, may contribute to understanding the other party better and improving our own non-verbal signaling.

Finally, negotiation is a linguistic act. Its outcomes involve the careful use of language. Individuals from different cultures may miscommunicate and the problems of cross-cultural communication and negotiation should not be neglected. We should realize that we all perceive the world differently. This realization should serve as a guide to our effective communication with others.

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