

# NEGOTIATING THE OFFER OF SERVICES

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**Abstract:** *Negotiation is a fascinating process, which has been used since ancient times.*

*In the confrontation between parties, negotiating means bringing arguments and evidence in an honourable way, making claims and objections, concessions and compromises in order to avoid destroying relationships and open conflicts. Negotiation allows the creation, maintenance or development of interpersonal and social relationships as well as a working business relationship.*

*There are organizations that devote their entire activity to train their personnel to use negotiation. The most important thing is that at some point we all find ourselves in a certain position and from here to the final result is the art of negotiation. We call it art because it may not be called otherwise due to the use of force or nerves.*

**Keywords:** argument, compromise, demand, offer, objection, transaction

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## 1. Introduction

The topic of my paper is popular, having become very well known in the last 50 years, being given special attention by most organizations. The

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most important thing in negotiation is to know the negotiation partner. You cannot obtain good, positive results as long as you do not know who you are dealing with. The actual work starts long before the first meeting.

### *1.1. Negotiation – theoretical considerations*

Negotiation is a transactional process between two or more people in order to sign a commercial, economic (tariffed), legal, etc. convention (Niță C., Popescu M., 1999, p.188).

Theoretically, negotiation appears as a focused and interactive form of interpersonal communication in which two or more parties that are in disagreement seek to reach an agreement that solves a common situation or to achieve a common goal. The understanding of those involved ends with a simple verbal agreement enforced by a handshake or it can be written in the form of a letter or a contract and it can mean a truce, an agreement or a national / international treaty, all of them being drawn according to the procedures and common or special usages.

Negotiating a sale is based on the relationship that is established between the buyer and the seller at each step of this action, i.e.:

- receiving the buyer
- informing the buyer
- presenting the goods and bringing arguments for the sale (its nature, quality, manufacture characteristics, product warranty, etc.).
- closing the deal (contractual reasons).

In relation to the area of interest in which negotiations are conducted, we can distinguish between several forms of negotiation, namely: business or commercial negotiation, internal or external political negotiation, union negotiation, wages negotiation, negotiation of employment contracts, social assistance negotiation, legal negotiation, etc (Niță C., Popescu M., 1999, p.15, 188, 284).

In the confrontation between parties, negotiating means bringing arguments and evidence in an honourable way, making claims and objections, concessions and compromises in order to avoid destroying relationships and open conflicts. Negotiation allows the creation, maintenance or development of interpersonal and social relationships as well as a working business relationship.

Negotiation is inseparable from interpersonal communication and is inevitably based on dialogue. To negotiate means to communicate with the conviction of reaching an agreement between the partners.

The exchange of information and how to manage the information provided by the partners in the game determines the success or failure of negotiation.

Therefore negotiation is a complex process in which the parties are held in interaction by a common motivation. Common needs and motivations are the foundation on which the successful solution is built. As long as the customer wants something and is also mastered by the FUD factor (fear, uncertainty, doubt)(Beckwith H., 2003, p.111) the seller is motivated to convince him that the thing sold is necessary and meets all the conditions. The conflict is an important part of the phenomenon of negotiation. Resolving the conflict and finding a compromise to the solution means understanding the framework and the factors that led to its appearance. This means removing the elements in tension, in order to use strategies and tactics for an effective solution. Resentment, hostility and defensiveness are the mortal enemies of effective communication (Mitchel M, Corr J, 2009, p. 141).

In negotiating the interaction refers to the relationship between an action and a reaction that is carried out in communication. If communication does not exist, the negotiation process is cancelled. This is why communicating and keeping in touch with the partner are the basis of the negotiating process.

Through negotiation, the parties need to understand the perspective of the other who is related to reality. The reality of the two partners will be different even if they are considering the same thing. For this reason it is imperative to discuss any aspect of the conflict, without forgetting anything that would disturb later the stability of the situation.

Intelligence, imagination and knowledge are essential resources, but only effectiveness converts them into results (Drucker P,2007, p.21). You can find all these qualities in a strong team. The formation of a negotiating team for these actions represents the efficiency with which we walk into these meetings. The efficiency of the results of this team is the result of its profile and preparation and not of its size. The modern society is a society of large organized institutions where the centre of gravity is the knowledge worker, the effective thinker (Drucker P, 2007, p.23). A mobile, flexible

thinking is needed as well as a coherent strategy. The size of a negotiating team, however, depends on the structure and diversity of the offer of services. For a good development of a productive team the number of people is 4. Hence, the negotiations between the teams will lead to a negotiation table with 8 people around it, 8 being the maximum allowed number, because the number of people influences negotiation and leads to an imbalance of power between participants. Of course the team can be flexible in the sense of the permanence or the temporary period of these people from the team. The quality of the discussion and the lack of the differences between the members need to reach a peak. Continuity is indicated in the teamwork, so that the members of the team understand each other as much as possible and work better, in order to equalize the type of approach and attention (Todoran D, 2005, p. 57). If the team is well-trained and organized, it can negotiate with maximum intensity. The tasks of the team can be unfolded into psychosocial and functional roles.

### *1.2. The role of negotiation in the relationship with the clients*

The role of negotiation in the relationship with clients represents the activity undertaken to convince the partner to get what he wants (Kotler Ph., 2008, p. 45). A well established strategy is needed from the bilateral point of view. Negotiation does not mean gain for some and loss for the others when it is played correctly.

No matter where and with whom the negotiations are conducted, they turn to rhetoric, logics and elements of the argumentation theory. The work undertaken to convince the partner can be accomplished by argumentation, evidence and demonstrations.

Argumentation is an essential element in the act of selling-buying (Niță C., Popescu M., 1999, p. 22) and appears in the communication process when one wants to inculcate beliefs that trigger a certain behaviour or action into another person's mind. For this purpose we use persuasion and take into account certain types of manipulation through picture or hook words. For example: The durability of a product can be compared with the image of the word rock. The secret word has the effect of a hook on the other party. The ultimate goal is to get the receptor's adhesion to the idea presented.

Negotiation is a specialized communication, which requires learning, experience, talent and principles. Negotiation is a form of communication

that involves a communicative process, a dynamic one that can adjust; one of establishing agreement when the conflict of interests arises between two or more parties, inspired by different motives and with their own objectives, mediate their positions in order to reach a satisfactory agreement. Negotiation prioritizes the negotiator's communication ability in two respects: obtaining and transmitting information on the one hand, and, on the other hand, influencing. Communication skills are required for the collection of information.

Every decision that people make is directly related to their mental state. If you do not like their decision, you can change their state of mind before attempting to change their decision. Hence, the key to success is to bring the needed state, by the amendment of the thoughts they had during the discussion. If the effect is not the desired one, it means we have not changed their mental status. William Shakespeare said, 'Our doubts are traitors and make us lose the good things we could win because of fear of trying'. The trained/learned people are less willing to change their opinion when someone is trying to persuade them, while the less educated/trained ones can change their opinion in exchange for a minimum of information.

Hovland and Sherif believe that attitudes are mediated by beliefs, expectations, judgments which are verbalized, but not necessarily publicly declared ([http://en.wikipedia.org/wiki/Social\\_judgment\\_theory](http://en.wikipedia.org/wiki/Social_judgment_theory)). Therefore one way to change an attitude is to change an opinion. Within the group, because of the need for security, the individual wants to be accepted and, in order to be identified takes after the group's behaviour, values, attitudes and opinions, conform to the majority opinion.

Persuasive communication is based on the other person so that the message must be built around the partner. There are several steps that should be taken into account when starting to persuade the partner. Firstly, you can apply the principle of social proof; that means you tell them that their actions resemble similar actions of other people around you. Secondly, you have to find at least one common opinion with your discussion partner because it creates a favourable field for continuing your work. Thirdly you need to create empathy. That is because when you appeal more emotionally to them than to their mental, you give them the opportunity to relate easily with what you say. Personal example is very effective. Fourthly, you need to create agreements on several small ideas. Because after you get a few 'yes', it is more difficult for them to say 'no'. Fifthly, you have to get yourself

loved. It is necessary you should be in the other's shoes. This method has very good results. Just be polite, refuse to gossip, be a good listener, a funny one and have self-confidence. Apply certain rules of decent conduct (Mitchell M., Corr J., 2009, p. 24). Last but not least, you must keep your word. By doing this you give the necessary credit to convince someone else to be responsible. Proving that you keep your word, you oblige your business partner to be the same. If you are not heading in the right direction, you can point out that you kept your word and ask this simple question: What prevents you from fulfilling your promised obligations?

A bad example on which I want to draw your attention is the manipulation through mass-media. The television, also called the queen of the modern media, can go up to the destruction of discernment and the installation of apathy. They lead to the creation of a false negative image of our real desires. The poisoning with false information leads to the anaesthesia of the public with the aim of making it suspicious, hostile before a truth to be transmitted/broadcast.

### *1.3. The structure of the offer and elements of negotiation*

A document sent by a supplier or a manufacturer on its own initiative or in response to a request for an offer, outlining its full range of products or services, including their characteristics, quality, quantity, price, delivery time, payment terms and validity period is called an offer (Niță C., Popescu M., 1999, p.195).

In order to close a deal, the offer should satisfy three conditions, namely:

- be binding, that is made with the intention to undertake legal aspects;
- be accurate, that is it does not contain confusing and ambiguous references that may make the contract be interpreted;
- be complete and contain all the elements of the proposed contract.

In turn, the acceptance of the offer should meet three minimum conditions:

- be a manifestation of expressed or tacit will, tacit acceptance involving the delivery of the goods by the supplier or the pay of the price in advance of the receipt of goods or through an act that signifies the start of the contract;
- fully comply with the offer, by its content and form;

- occur in a period of time when the offer is still made.

The basic elements of negotiation, from the 'interests' point of view, are:

- common – those interests which are manifested on both sides, their existence making possible the negotiation;
- specific – they belong to just one of the parties;
- negotiable – they are based on economic or political characteristics, or on an organization's or an individual's characteristics, belonging to different socio-cultural backgrounds;
- real – to be harmonized during the talks; they differ from the interests declared during the initial stage of negotiation.

Next would be the negotiating strategy which represents the all targeted decisions to be taken in order to achieve the target objective. The practice of the strategy is closely linked to intelligence (Ioan P, 2001, p. 26)

The negotiating position is the sum of the interests of each party. The initially declared position is characterized by emphasizing certain interests in order to create a desirable space for negotiation.

The negotiation space is obtained by consciously exaggerating your own interests.

The negotiation beach is bounded by the maximum and minimum objectives of negotiation, which vary from one partner to another.

The area of common interest is the intersection of the two negotiation beaches.

The negotiation power represents the total means that the negotiator can use to achieve results close to the real interests, to the real negotiating position, which is supported by complex thinking, diversity and creativity (Ioan P, 2001, p. 26). The factors that may influence the negotiation power are: the offer-demand ratio, the size of the negotiation partners, the economic strength of the parties, the degree of market awareness, the speed and responsiveness of the parties, the existence of strategic and circumstances allies, the negotiators' experience and personality and their ability to take risks. The strategic management should see its interest on medium and long term.

It is obvious that the main problem currently faced by firms is to identify the best survival strategies, organizational management, decision-making management, marketing strategies, all of which have to launch the business entity into feasible, reliable and repeatable business activities. It is

obvious that there is only one way towards the treasure (Kotler Ph., 2008, p. 19), each company should weave its own tapestry of qualities and marketing activities.

Lately, the business environment has been in constant motion, which does not allow leaders to sleep at work. Under these working conditions of the external environment adapting business entities should be done only by marketing.

The commercial negotiation approach requires an appropriate strategy to each and every problem raised during the debate meeting, a strategy which should be well known by the negotiation manager.

The negotiation strategy is based on the constituent elements of the offer. The negotiation strategy answers the question, 'How?'. The negotiation strategy differs depending on the partner the negotiator talks with. As Philip Kotler says, the product is all that can be offered on the market, so to be recognized, bought or consumed in order to satisfy a necessity.

A strategy that gives the desired results is that through which the negotiator reaches the listener emotionally. Presenting cases of break-ins the seller can more easily convince the buyer s/he needs an anti-burglary system. If images taken from the burglary scene are presented, the buyer will be easier convinced of the need for a burglary surveillance system when the anti-burglary system is too little and s/he wants nobody to enter his/her property. Why wait a burglar get into your house when you can intimidate the criminal by surrounding your house with security systems.

The negotiation manager always offers solutions customized to the type of buyer. The strategy is also customized according to the buyer. If the customer's needs are not well defined and s/he is not convinced of the need to purchase, the manager succeeds in convincing him/her that he needs it and why s/he needs to implement the offered system.

The staff of the company we gave as an example is working directly under the negotiation manager who is the technical director and the manager of the company. The staff is composed of the leader of the security systems technician team, one or two technicians (two if there is a period with a lot of installations), and an assistant manager. In rare cases, the team leader or the assistant manager presents offers directly to the customer. But concluding the negotiations is not always done by them, requiring the presence of the negotiation manager. For best quality results the company appeals to



outsourcing workers for the financial part and the safety part of the business entity.

## ***2. Conclusions***

For a proper performance a company needs to be ready in all respects: the employees' qualification, knowing the theory necessary for the application of the management and marketing systems, knowing the market which the company operates on and, why not, knowing some notions of psychology, which are needed in working with people. The client has been and will always be the main pawn around which a stable structure is build with all the effort, a win-win working relationship if possible. The sale service is the most important element of the company's program. To achieve these objectives, the company can turn to intermediaries or partnerships can be made to increase the sales volume. Creating a website or a facebook page can be very helpful nowadays, in our dynamic times. Time is too precious for both parties; it is quite unpleasant for a buyer to seek factual deals through crowded cities and the percentage to find the leader with whom you discuss your application is very low. The success lies in adjusting correctly to the market and to the market demand in a constant and efficient way. Communication is one of the keys to all the inside and outside activities of the company. The way to achieve the proposed goals was made with great accuracy both for the theoretical part, the economic and financial analysis, and the working procedures of the organization. This was made just to view the strengths and weaknesses in order to adjust or remove the working methods which are not appropriate to the competitive environment and the markets. For the theoretical part of the paper I studied a lot of books, namely those of the founder of marketing Philip Kotler, and those of Alex Muchielli, ZigZiglar, Blair Singer and of several other authors well-known in this field, and what impressed me the most was that each of them had the same approach. For Romania and the company where I conducted the research it is very important to have access to the strategies that have been tested and have been successful overseas. The American style is the very standard in this area.

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