INTERNATIONAL BUSINESS NEGOTIATION

新视界商务英语系列教材

国际商务谈判

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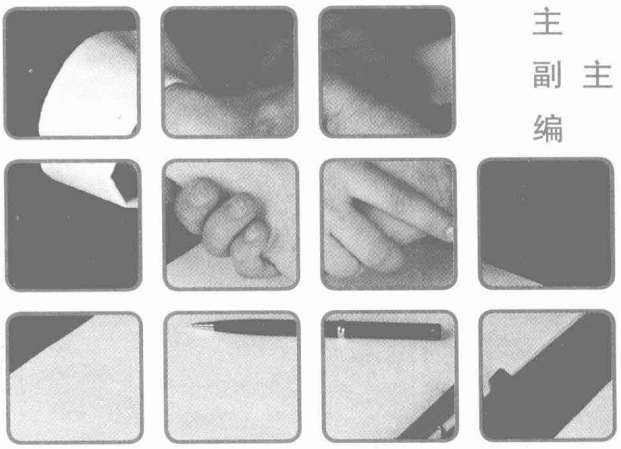

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总 序

2010年是中国经济的里程碑，因为在这一年中国的国内生产总值达到58 786亿美元，超过了日本的54 742亿美元，成为世界上第二大经济体。而按照美国高盛公司预测：中国的国内生产总值在2041年将达到28万亿美元，超过美国的27.9万亿美元，成为世界最大的经济体。中国经济的腾飞带动了高等教育的快速发展，中国的在校大学生数量目前已经达到2 900万，位居世界第一。与经济密切相关的学科发展更是令人瞩目，商务英语就是这样一个学科。从20世纪90年代诞生以来，经过短短20年的发展，已经有400多所高校设立了商务英语本科、专科专业或方向。虽然“小荷才露尖尖角”，但由于其定位是培养国际视野的复合型应用型人才，因此备受社会欢迎，就如同改革开放以来的中国经济一样，表现出了强大的发展势头和潜力。

按照教育规律，教材是一个学科发展的基石，就如同地基对于摩天大楼；没有精品教材，就不可能培养出适应社会发展的精英。为此，中国人民大学出版社与时俱进，决定陆续推出一套大型的商务英语系列教材，打造适合中国学生学习和成长的一流教材。

一流教材，必须有一流的编写队伍。为此，我们特聘请两位在中国商务英语领域乃至中国外语界卓有影响的权威专家担任本套教材的总顾问，他们分别是：中国国际商务英语研究会会长、上海对外贸易学院副校长、教育部高等学校外语专业教学指导委员会委员叶兴国教授；中国国际商务英语研究会副会长、教育部商务英语国家级教学团队负责人、对外经济贸易大学英语学院院长、博士生导师王立非教授。本套教材的总主编由山东省国际商务英语学会会长刘白玉教授担任，30多位具有丰富教学、实践经验的大学专家教授担任本套教材的编委。这些编委，不仅有多年从事商务英语的一线教学经验，而且具有多年从事国际商务的实践经验，甚至有很多到过英国、美国等国家教学、工作、留学，对发达国家有比较全面的了解和独到的见解，这无疑保证了教材的编写质量。

一流教材，必须有一流的内容。一流的内容包括系统性和新颖性。和其他版本的商务英语系列教材相比，本套教材有一大亮点：内容系统地涵盖了商务英语的主要领域，同时增加了中国企业从事国际商务的成功和失败案例，这是大胆的尝试和创新性的贡献。

一流教材，必须有一流的语言。为保证学生学到原汁原味的英语，教材的资料全部选自英美书籍、报纸、杂志、网站。英语语言规范是英语教材的基础。

一流教材，必须有一流的教辅。作为一线教师，编者深知教辅对教师的重要性。对此，教材配套编写了全部练习答案、PPT课件和相应的试题，解除了任课教师的后顾之忧。

本套教材第一批包括中国国内专家学者自主研发编写的《商务英语阅读》(上、下册)、《国际商务英语实务写作》、《国际贸易实务》和《国际商务谈判》，后续种类还会不断扩大。同时，我们还会在本套教材中增加优秀的国外原版商务英语类教材，使这套教材自编版与引进版交相辉映，相互补充，成为一个有机权威的体系。

本套教材既可供商务英语专业本科、专科学生使用，也可作为高校选修课教材供非商务英语专业的学生使用，同时也可供企业、事业单位培养外向型人才使用。

相信本套教材的出版，将成为商务英语学科百花园里的一朵奇葩，香飘四溢，历久弥新。

刘白玉 教授

2011 年 6 月于烟台黄海之滨

前言

继2010年成为世界第二大经济体后，中国2011年的进出口总值预计将达到4.2万亿美元，将成为仅次于美国的全球第二大贸易国。每一笔国际贸易的达成，都是与外商谈判的结果。可以说，谈判能力是国际贸易成功的关键。据商务部和人力资源与社会保障部权威发布：国际商务谈判人才是国家急缺的六类高级人才之一。为了顺应中国日益发展的国际贸易对商务谈判人才的需求，我们精心编写了《国际商务谈判》教材。本教材既适用于商务英语专业、国际贸易专业、国际商务专业的专业教学，又适用于全校选修，同时也适用于在职MBA和企业培训。

《国际商务谈判》全书共分八章，分别从国际商务谈判基本理论、谈判人员的素质、谈判环节、谈判策略和技巧、谈判类型、语言与非语言沟通技巧、谈判礼仪和跨文化谈判等方面进行了详述。本书除了系统性、完整性、语言规范性、内容前沿性外，还有两大亮点：一是采用案例式教学，将谈判理论、方法、技巧等融于经典案例中；二是育人，学生学完本书后不仅学习了如何做事，也学习了如何做人。本教材可使用一个学期，即32课时～36课时；教学方法建议采用最流行也最有效的互动小组讨论式，教师适当讲授基本知识后，将学生分成几组，讨论案例，模拟谈判，教师可采用启发式点评。

本教材由刘白玉、王美玲、张艳玲任主编，刘夏青、潘相阳、孔宪遂任副主编，由19位具有一线丰富大学教学经验和国际谈判实践经验的教授、博士等专家组成编委。具体分工是：第一章，包芳、潘海会、王美玲、王帅；第二章，扈珺、陈伟、张艳玲、张涛；第三章，扈珺、陈伟、潘相阳、华东；第四章，顿小慧、潘海会、孔宪遂；第五章，韩小宁、唐文龙、修志华；第六章，韩小宁、孙明玉、杨焕海；第七章，刘白玉、吕郑芳、窦钰婷、迟明赟；第八章，刘夏青、张杰、于翠红、仵欣欣。

本教材的编写和出版得到了中国人民大学出版社外语出版分社的大力支持，在此表示衷心感谢！

本教材从策划到出版历经一年，在“百花齐放”的学术氛围下，各位编委“八仙过海”，充分发挥各自的特长，呈献给读者一部有特色的教材。由于编者水平有限，虽竭尽全力，难免有些纰漏，诚望专家学者批评指正。也诚邀有志于教材编著的专家加入我们的编委团队，为中国的商务英语教材建设作出贡献。

刘白玉 教授

2011年5月于烟台黄海之滨

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Chapter One 01

Basic Theories for International Business Negotiation

To be successful, you have to be able to relate to people; they have to be satisfied with your personality to be able to do business with you and to build a relationship with mutual trust.

—George Ross

Section A

ABB and Ford: Creating Value Through Cooperation in Negotiation

A survey of U.S. automotive suppliers noted that the old behavior of aggressive competition still persisted in most negotiations between manufacturers and suppliers. The larger(and more powerful) manufacturers extracted concessions and achieved improvements at the expense of the smaller (and less powerful) suppliers. Through the eyes of the suppliers, the climate of cooperation had not emerged; manufacturers reaped the gains, while suppliers lost their margins. Some even argued that the future of cooperative buyer-supplier relationships was at a crossroads, and in the extreme, suppliers might even withdraw from the automotive industry when faced with such inequitable conditions.

While the way of negotiation practiced in the case of the Ford-ABB Oakville Paint-Finishing Project (hereafter called Oakville) may rekindle optimism for cooperative and innovative buyer-supplier relationships in the U.S. automotive industry and in other industries where adversarial practices are common. In Oakville, ABB and Ford have created a genuine, mutually beneficial and win-win relationship in the negotiation and have innovated beyond the current practices of the Japanese automotive industry.

The Oakville project

The Oakville project was the design and construction of one of the largest automotive paint-

finishing plants in the world: a 730,000-square-foot, 75-car-per-hour, $300 million facility attached to Ford's Oakville, Canada, assembly plant. Not only is Oakville a large project by anyone's standards, but it also houses a particularly challenging and critical aspect of the automotive production process. As a result of the Japanese expertise in fit-and-finish, the quality of an automobile's finish (visual appearance as well as durability) has become increasingly important in a customer's purchase decision. Paint finishing is a sensitive process comprising many steps, each of which compounds the chances of defect. Rejection rates are high: 25 percent is normal and 10 percent is exceptional. As a result, throughput rates suffer, and paint finishing requires five of the thirty hours needed to produce an automobile. Moreover, the environmental problems associated with paint finishing are considerable because less than 80 percent of the paint directed at the automobile actually reaches it. These large amounts of free spray create significant emission problems that demand sophisticated environmental controls. In summary, the pressures of market, technology, and environment have created considerable technical challenges for a paint finishing facility and call for state-of-the-art responses.

In addition to the technical challenges, the construction of a paint-finishing facility is a complex undertaking, with complicated design and intricate interfaces in the manufacturing processes. Oakville was more difficult than usual because of a workweek of only thirty-six hours in the Canadian plant, weather conditions that could lead to schedule delays, strong trade unions with specific and demanding practices, and foreign exchange risk.

Although Oakville was an exceptionally large and challenging project, it was one of the several paint-finishing facilities that Ford had planned to construct worldwide and one of many paint-finishing facilities being built by other companies both within and outside the automotive industry. Oakville was neither a one-shot opportunity within Ford nor one within the broader scope of paint-finishing facilities.

Ford's objectives: quality, timeliness, low price, and no risk in the negotiation

Ford was planning to produce its new Tempo and Topaz models in Oakville and had decided to use the leading-edge paint-finishing technology. As part of a companywide effort to improve its global competitiveness, Ford had committed itself to achieving a 25 percent to 30 percent reduction in the cost of its capital investment projects (in particular, the cost of Oakville) as compared to similar undertakings in the past. This improvement was to be achieved through new efficiencies in design, engineering, layout, and supplier performance. Benchmarking against foreign and domestic competitors had convinced Ford that such cost improvement was possible, but the company had yet to define the detailed procedures needed to achieve the improvement.

Benchmarking had also persuaded Ford that it could reduce the time for the completion of capital projects and, as a result, shorten the time for its new products to reach the market. Despite the complexity of the Oakville project, Ford allotted only two years (from January 1990 to

December 1991) from bid invitation to the turnover of an operational facility.

Ford also did not want to be exposed to the typical risks of cost overruns and time delays. As a result, the company decided to offer the Oakville facility as a "turnkey" project to a single, "full-service" contractor that would assume management responsibility for the entire project. Although other industries had undertaken turnkey projects, they were not Ford's or the automobile industry's traditional approach. Traditionally, a company such as Ford would assign a team of one or two engineers the responsibility for each discipline—building, structural work, electrical services, conveyor systems, ovens, booths, and spraying processes. Each small team would then work with a contractor to perform its portion of the job. This decentralized approach gave rise to constant coordination problems, extensive engineering and design rework, schedule delays, safety hazards, and problematical facility launches. Cost overruns on such projects could be as high as 10 percent of the total project cost.

ABB's objectives in the negotiation: customer satisfaction, profitable business, and customary risk

With a market value of $11 billion (as compared to $17 billion for Ford), ABB is a global electric company whose portfolio of expertise includes power generation, power transmission and distribution, mass transportation, environmental controls, and industrial process optimization.

In the mid-1980s, in the face of the languishing performance in its paint-finishing business area, ABB affirmed its commitment to the business with the proviso that more effective relationships with the automotive companies be developed. To foster these relationships, ABB launched three strategic initiatives. First, it strengthened the internal capabilities of the paint-finishing division by recruiting experienced engineers and acquiring small companies with unique expertise and technology. Second, ABB undertook efforts to demonstrate to the manufacturers the value of the "turnkey" approach—ABB was a participant in the construction of the Mazda Flatrock plant that ultimately became a benchmark for the industry. This project provided the initial contact between Ford and ABB. Finally, and most importantly, ABB worked at developing innovative approaches to doing business in paint finishing and, in particular, at defining valuable solutions for becoming an effective supplier of "turnkey" projects.

When discussing the Oakville project with Ford, ABB had positioned itself as a potential player in the global automotive paint-finishing business, but had not firmly established that role. The Oakville project could demonstrate to the industry that ABB was indeed a key player in global engineering and project management, one that could create economies for its clients through strong engineering and astute project management. If Oakville project were to have execution problems, the financial impact on ABB's paint-finishing business area could be significant; therefore, risks had to be minimized. Oakville could, in summary, make or break the business area's future.

Confrontation in the negotiation

In early January 1990, Ford approached ABB with an invitation to bid as a full-service contractor. The relationship got off to an all-too-common start: Ford gave ABB a short deadline (one week) by which to develop a fixed-price proposal for a total project that would be responsive to Ford's process and design specifications.

ABB met the deadline. The proposal satisfied the Ford specifications, and made use of an advanced but well-known technology, which was based on rough estimates of subcontractor costs, and included a risk premium.

One of the important challenges was that Ford had decided to innovate this facility and, at the time of the bid, was still considering alternatives for improving several critical components of the project. While this unsettled situation might offer ABB the opportunity for lucrative change orders, a shifting project definition could, on the other hand, threaten the project's integrity and risk its ultimate success. ABB's quoted price, approximately $300 million, was close to the typical industry price and, as a result, was not even close to meeting Ford's cost reduction goal of 25 percent to 30 percent. Ford immediately rejected the offer.

In many situations, such a rejection would trigger a sequence of further negotiations on how to reduce costs, create intricate payment schedules, and craft formulas for reworking compensation. Even with the best of intentions, the negotiations could be confrontational and debilitating. The results could be determined by the power associated with each party's size or relative core competencies.

From confrontation to implementation

In this particular instance, ABB and Ford took a different direction. They entered into a "deferred fixed-price contract negotiation" —a three-step process that involved establishing an appropriation price, executing a three-month cooperative-engineering contract, and submitting a final fixed-price bid.

Step One

The appropriation price was approximately 10 percent less than ABB's initial bid and was a fixed price at which ABB would be willing to deliver the facility that was proposed in its quotation. Because Ford's interest was in getting the final price as low as possible without compromising performance or schedule, it saw the 10 percent reduction as a step in the right direction, assuming the proposed facility met performance expectations. ABB and Ford agreed in the negotiation to a formula for sharing the cost reductions: all cost reductions that resulted from firming up the project specifications and the subcontractors' bids would go to Ford through a decrease in the appropriation price; all further cost reductions that resulted from new solutions created by the joint value-engineering efforts would benefit Ford and ABB according to a pre-established split. The appropriation price was a way to signal an intention to cooperate.

Step Two

The three-month cooperative-engineering phase permitted Ford and ABB to bring their respective distinctive competencies to bear on the final design of the facility. Ford contributed to its understanding of the appropriate tradeoffs among performance specifications and its experience in operating paint-finishing facilities. ABB contributed to its understanding of the state-of-the-art technology and its expertise in process design. The cooperative-engineering phase also permitted the design to be carried out in the proper sequence. As a result, the Oakville building could be designed to house the process instead of the more common method of designing the process to fit the building. Not only did this approach reduce expenses by changing the building footprint, but it also enhanced the process through a rearrangement of the process flow.

The postponement in establishing the final price also gave ABB and Ford time to understand more fully the potential schedule and process risks and to find means to avoid most of those risks before the start of construction. The delay allowed Ford and ABB to work together and develop trust in each other.

Step Three

The final fixed-price bid provided each party with the opportunity to step away from the relationship without significant losses. If the process innovations, which ABB believed would reduce the cost of the project, were not as beneficial as anticipated, ABB would set the final price near the appropriation price. If Ford's performance specifications required a plant whose cost exceeded the appropriation price, ABB would specify a final price higher than the appropriation price. In either case, Ford could decide if it would go ahead based on direct knowledge of the technology, its costs, and its anticipated performance. If Ford were not to continue with ABB, the engineering time would not be totally wasted because it would be partially transferable to another contractor. In actuality, the cooperative-engineering phase allowed both parties to agree comfortably to a fixed price that was approximately 25 percent below the initial bid.

From Ford's point of view, the redefined Oakville project met its initial objectives (quality, on-time delivery, low price, and no risk) and actually resulted in one of the best on-time project launches it had ever achieved.

Similarly, ABB was able to satisfy its initial objectives of demonstrating that it could manage a high customer value contract that provided ABB with the same profitability as the initial bid but at a lower level of risk.

Creating trust in negotiation

The Ford/ABB negotiation in Oakville was based on trust. Ford's traditional contracting methods were not producing cost-competitive facilities. ABB's strategy for paint finishing was predicated on developing close working relationships with its customers and demonstrating its ability to be an effective single-source supplier of major engineering projects. Beyond the

apparent need for a cooperative principle in negotiation, the companies created later the necessary trust as a result of the process they employed for working together. They formed a governance structure that brought about repeated encounters; they used the passage of time to their advantage; they created open and simple structures for sharing financial benefits. The cooperative principle adhered to in the negotiation, together with these trust-developing mechanisms was an important key to the success of the Oakville project and would not have been available through traditional competitive-bidding processes.

(Adapted from *ABB and Ford: Creating Value Through Cooperation in Negotiation*)

Case Discussion Questions

1. What do you think led to Ford's rejection of ABB's bid at first?
2. What is the principle adhered to in the negotiation between Ford and ABB and how is it practiced in the process?
3. What do you think is the key to the success of the Oakville project?

Humor: The Sunshine to Life

" Hadn't He Been Sick"

Negotiations between union members and their employer were at an impasse. The union denied that their workers were flagrantly abusing their contract's sick-leave provisions.

One morning at the bargaining table, the company's chief negotiator held aloft the morning edition of the newspaper, "This man," he announced, "called in sick yesterday!"

There on the sports page, was a photo of the supposedly ill employee, who had just won a local golf tournament with an excellent score.

The silence in the room was broken by a union negotiator.

"Wow," he said. "Just think of what kind of score he could have had if he hadn't been sick!"

Section B

Win-Win Negotiation

Case One

Prisoner's Dilemma

Tanya and Cinque have been arrested for robbing the Hibernia Savings Bank and placed in

separate isolation cells. Both care much more about their personal freedom than about the welfare of their accomplice. A clever prosecutor makes the following offer to each, "You may choose to confess or remain silent.

		You: Confess	You: Silence
Your Partner	Confess	Both doing serious time (parole)	You lose, your partner wins
	Silence	You win, your partner loses	"Token Sentences" Both free

"If you confess and your accomplice remains silent, I will drop all charges against you and use your testimony to ensure that your accomplice does serious time.

"If your accomplice confesses while you remain silent, he/she will go free while you do the time.

"If you both confess, I get two convictions, but I'll see to it that you both get early parole.

"If you both remain silent, I'll have to settle for token sentences on firearms possession charges.

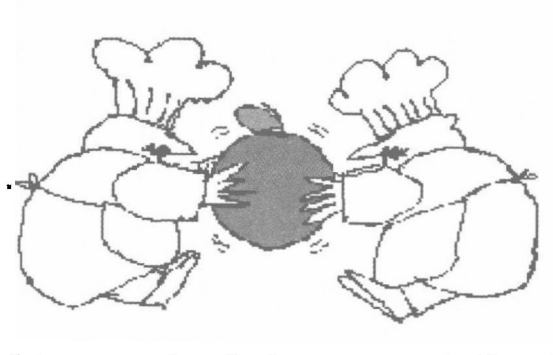
"If you wish to confess, you must leave a note with the jailer before my return tomorrow morning."

From a combined standpoint, the best option is that both remain silent and get the token sentences (Co-operation).

Self-interest of each prisoner says that confession is the best. However, the outcome obtained when both confess is worse for each than the outcome they would have obtained when both remained silent.

Prisoner's Dilemma shows that both parties are made worse off by following rational self-interest. Both would be better off if they could agree on a story, and to threaten the other if he/she deviated from the story.

I need that orange



There was once only one orange left in a kitchen and two prominent chefs were fighting over it.

"I need that orange!"

"Yes, but I need that orange as well!"

Time was running out and they both needed an orange to finish their particular recipes for the President's dinner. They decided on a compromise: they grabbed one of the large kitchen knives that was lying around, split the orange in half, and each went to his corner to finish preparing his/her meal.

One chef squeezed the juice from the orange and poured it into the special sauce he was making. It wasn't quite enough, but it would have to do. The other grated the peel and stirred the scrapings into the batter for his famous cake. He, either, didn't have as much as he would have

liked, but given the situation, what else could he have done?

What went wrong?

Positional negotiation and win-win negotiation

Traditional negotiations take the positional bargaining approach, where each side in the negotiation process tries to gain favorable terms with scant regards for the other side, and which naturally meet resistance from the other side. Negotiations end when both parties identify a common ground and reach an agreement on this basis.

The win-win negotiation approach is newer to negotiation, and it is the preferred option among the other negotiation styles of win-lose, lose-win, and lose-lose. In this approach, one party looks at the other as a partner instead of trying to corner the maximum advantage. The examples of win-win negotiations illustrate the concept as one where both sides not only win, but also feel that they have won.

Price

Assume a software vendor pricing a top end software program for $20,000. The next alternative costs $15,000 and as such, the vendor is prepared to go down to $15,000 as the least acceptable settlement. Any settlement between $20,000 and $15,000, therefore becomes acceptable to the software vendor. Now, a company who needs the software for project implementation has a budget of only $17,000, and anything beyond $17,000 would make the product not worth the price for the project.

$15,000 to $17,000 is the common ground among the parties involved in the negotiation, and a win-win negotiation would reach a settlement anywhere within this bracket. A win-lose negotiation on the other hand would result in one side trying to exploit the weakness or vulnerability of the other party. For instance, if the software vendor finds that the company desperately needs the software to implement the project and is not aware of the alternative provided by the competitor, he may not budge below $19,000. Similarly, the project manager may try to give the vendor an impression of developing the software in house and try to net the software for, say, $14,000.

Sentiments

Win-win principles do not center on price alone. It also pays due regards to feelings. In the example quoted above, the project manager readily agreeing to an offer of $17,000 might make the software vendor feel he has quoted too low, and the vendor readily agreeing for $15,000 might make the project manager regret not having quoted $14,000.

This negotiation strategy not only ensures both sides win, but it also provides each side with a feeling of having won. For instance, consider examples of win-win negotiations when negotiating wage and working conditions. A project manager readily conceding trade union's demand for wage increase or for reduced working hours to mitigate stress creates an impression

of the workers getting a raw deal. The project manager allowing for the same after much deliberation, analysis, and study creates the impression of a fair deal. Similarly, the project manager agreeing to a perfect proposal of project deliverables without any comments might lead to project owners developing an impression that the schedules are too tight, causing them to push for additional work or bring forward the deliverables.

Relationships

A third dimension of win-win negotiation is that of valuing relationships based on trust and credibility. This entails honoring commitments and having an open approach.

In the example of the software vendor above, the vendor quoting $16,000 as the absolute last price when offering $15,000 to a similar company next door, or the vendor striking an agreement for $15,000 and then charging $1,000 extra during billings for an unavoidable add-on not mentioned at the time of negotiations are both instances of unethical and untrustworthy behavior. Similarly, a project manager engaged in a win-win negotiation with workers on project deliverables understands the workers' personal commitments and quality of life requirements and does not try to squeeze in more work to close the project ahead of schedule.

Effective win-win negotiations are the cornerstone of successful deals and help establish long-lasting mutually beneficial relationships.

Case Discussion Questions

1. What is positional bargaining approach and what drawbacks may it lead to?
2. What is the win-win negotiation approach and why do you think it is a preferred option?
3. Do you think win-win principles only center on splitting money? If no, use the above cases to explain what else are involved in addition.

Case Two

A Negotiation Aching to Find Way Out

Gotabhaya Corporation is a Sri Lankan company established in 1975. It deals in machinery and equipments for industrial use. It has a very good reputation as a supplier of quality products.

The Marketing Director, Mr. Gotabhaya Jayaratne is a respected marketer in the field of machinery and equipments. He improved the business of Gotabhaya Corporation with two salesmen from a very low scale. The average sales were around Rs. 10,000 per day at the initial stages when he assumed office. In order to encourage the sales staff Mr. Jayaratne adopted a system where every member of the marketing team in the company gets a commission of 3% of the sales income. This commission was shared among them equally. However, 25% of the