

## **MANAGING ONGOING RELATIONSHIPS**

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**NEGOTIATION STRATEGY**  
**CEMS MIM Programme**  
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# HOW DOES REPETITION AFFECT COOPERATION?

“**FEAR OF RETALIATION**” IN ONGOING RELATIONSHIPS MAY FAVOUR COOPERATION...

HOWEVER, **PROCESSES OF ESCALATION OF CONFLICT** OFTEN EMERGE IN REPEATED NEGOTIATIONS.

FURTHERMORE, **INCREASED TRANSPARENCY ABOUT PAYOFFS** AS A RESULT OF LEARNING OFTEN CONTRIBUTES TO MAKE COOPERATION MORE PROBLEMATIC.

IN ADDITION, AS A RESULT OF **ROUTINE**, SOONER OR LATER NEGOTIATIONS TEND TO FOCUS ON ONE OF TWO ISSUES...



# EXAMPLE: Colgate Palmolive vs. Intermarché

## STEPS

1. “NO”: PARTIES TAKE EXTREME POSITIONS ON *THE ISSUE*

2. “BECAUSE”: FACTS + ARGUMENTS = *THE SOLUTION*

Arguments:

- Do not convince
- Irritate / Create resistance
- Throw away information / Do not allow you to listen

3. “A FRIENDLY WORD OF ADVICE”: EXPLICIT THREATS

*ESCALATION OF CONFLICT : LOSE / LOSE*

4. “MAYBE THIS WILL TEACH THEM A LESSON”: PUNISHMENT

Adding pressure tactics

5. THE CREATIVE SOLUTION: “COUPER LA POIRE EN DEUX”

The 50/50 solution is inefficient because *parties are different*

## *How to avoid processes of escalation of conflict?*

⇒ ABANDON A SINGLE-ISSUE LOGIC (E.G., PRICE): **CREATE AGENDAS WITH MULTIPLE ISSUES**

⇒ AVOID EXCESSIVE ARGUMENTATION: **ASK QUESTIONS!**

⇒ **DO NOT LOSE CREDIBILITY:** DO NOT LIE, DO NOT MAKE EXTREME (OR OUTRAGEOUS) OFFERS, DO NOT WITHDRAW AN OFFER AT A LATER STAGE IN THE NEGOTIATION, ETC.

⇒ AVOID **MISUNDERSTANDINGS:** “WHERE ARE WE?”, “LET US MAKE SURE THAT WE HAVE THE SAME UNDERSTANDING ABOUT WHAT WE ARE NEGOTIATING...”

⇒ **MANAGE THE NEGOTIATION PROCESS TAKING INTO ACCOUNT THE GOLDEN RULE: “SOFT ON PEOPLE, TOUGH ON ISSUES”** – SEPARATE THE PEOPLE FROM THE PROBLEM, AVOID STRONG LANGUAGE (“IRRITATORS”), KEEP THE LEVEL OF ADRENALINE IN THE NEGOTIATION UNDER CONTROL



## EXAMPLE “What is chicken?”

B.N.S. International Sales Corp., a New York sales corporation, agreed to sell to Frugaliment Importing Co., a Swiss corporation, a given quantity of:

|| “*US Fresh Frozen Chicken, Grade A, Government Inspected, Eviscerated. All chicken should be individually wrapped in cryovac, packed in secured fiber cartons or wooden boxes, suitable for export*”.

When the initial shipment arrived to Switzerland, Frugaliment Importing Co. found that an important part of the birds were not young chicken suitable for broiling and frying but stewing chicken or “fowl”. Indeed, many of the cartons and bags plainly so indicated.

Parties went to court. The problem was: “What is chicken?”. Frugaliment Importing Co. (plaintiff) insisted that chicken means young chicken suitable for broiling and frying; B.N.S. International Sales Corp. (defendant) argued that the contract simply specified US Fresh Frozen Chicken, Grade A, Government Inspected.

|| Defendant’s witness Weininger, who operated a chicken eviscerating plant in New Jersey, testified that “Chicken is everything except a goose, a duck, and a turkey!”.

