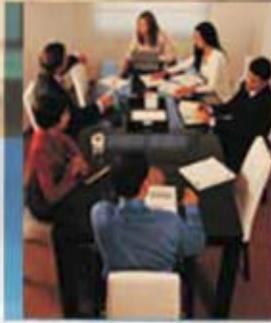


Course Director:
Prof Manie Spoelstra



Negotiation Skills Training

- Managers at senior, middle and junior levels
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- Conflict dispute resolution mediators
- Sales Negotiators
- Buyers
- Hostage & Crowd Control Negotiators
- Facilitators

INTERNATIONAL NEGOTIATION ACADEMY

Negotiation: The Genesis of Management

Newsletter January 2007
Issue 33

Price and Value

“We’ll trade **America** if you pay us an island the size of a soccer field in return!”

“Done!”

The above interaction is, in a nutshell, what it all boiled down to in 1667 around the negotiation table so as to end the second Anglo-Dutch war (1654-1667).

And it **changed the world!**

How could the Dutch offer the English an island of insignificant size in Indonesia for New Amsterdam (now New York) and literally the largest part of North America, while the Dutch were possibly having the upper hand in the war? (And, by the way, the English public were extremely unhappy to end up with a property this size while they only

really wanted a small stand with a few pricy trees on it!)

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07 – 09 MAY
18 - 20 JUNE
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The above events are beautifully romanticized and well documented in Giles Milton’s book: ‘Nathaniel’s Nutmeg’, which is available from many sources.

It illustrates saliently how intricate and fascinating negotiation can become when **values** or ‘tradables’ on the table differ vastly.

The story (according to history):

In the 1660’s the Dutch had the major ‘control’ over America and settled on Manhattan (they even called it New Amsterdam). They also controlled the so-called “**Spice Islands**” (the present day Indonesia and surrounding areas, while they

virtually controlled the trade between the East and Europe at the time.

The East sea way's spice control **smelled like gold**. Pure gold! The English only had the title deed on a small island called Run or Poolarone (by the locals). It is not much larger than a soccer field! A few nutmeg trees grew on it. They obtained the title from the 'chief' of a small tribe who somehow survived on this waterless, desolate piece of rock that protruded from nowhere in a vast ocean.

Unfortunately (or fortunately, that title symbolised to the Dutch that the English had their hand in the pot of gold! The **price** was so important at that point in time that they forgot the **value over time** and would give anything to have full control!

Manhattan had no 'value' and no spices to trade at the time. **It seemed like a bargain**.....on paper..... and when you calculate the price (perhaps)!

Trading Values

Shocking how money can change your values! How you can **compromise your principles** and even end up in jail due to this .

Some things in life can never be priced. Yet they can sometimes be 'traded' (e.g. 'we'll guarantee your freedom if you concede to a democratic election.')

Unfortunately some individuals and companies **know the price of everything, yet the value of nothing**. They know the **price** of being friends with some people of influence, they know the **price** of eight hours of work, yet they never know the **value** of spending an extra hour at work without pay or the pleasure of doing something for a friend without ever getting or expecting anything in return!.

Values in Desperate conditions

In desperate situations people will often trade anything for the lives of themselves and their family members.

A CEO of a merging company may concede to a much **lower price** for the company in return for a **controlling position** in the new merger (value).

A husband may concede all his **earthly possessions** (cars, houses) for having **custody** of his child!

Esau (from the Old Testament) traded his **birth right for a pot of soup!**

'**My kingdom for a horse!**' shouted King Richard III, according to Shakespeare.

In the face of desperateness people will become **irrational** in negotiation.

Someone may leave a well paid, but **stressful** position for **peace** of mind in the fields of Montana.

A Government may **concede power** to the masses and less personal financial gain as long as a greater cause of long term peace and prosperity is attained. Russia, South Africa and South Korea spring to mind.

In a small article in a local newspaper it was mentioned that someone traded a fairly new well-working **tractor** for a **parrot!** The tractor obviously, at the time, had less value to someone than a parrot (and vice versa); although, price-wise there is a **vast difference** in the prices of these two commodities!

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Value is in the eye of the negotiator!

It is possibly justified to state that there will be something (expensive or valuable) in the lives of **every single reader** of this article that he or she **will trade for anything** of any price as long as it can be removed from her or his life or be acquired! E.g. the lost love of someone, health, eyesight, hearing, seeing a child only once again, freedom, another chance, a friend, an assignment of significance, etc.

Conclusion:

- ✍ **Explore** the needs of individuals around the table at that particular point of time.
- ✍ Try to prevent falling in **desperate** situations. Keep some back doors open.
- ✍ Ask **questions** such as; 'What if we put you in charge of the office in Brussels if.....'
- ✍ Make your workers, children and associations aware of the importance of values and that the gains of friendship, **your word**, your effort can often never be measured or traded.
- ✍ Include your company's values (and your own) in your company's **mission** and vision and make sure that everyone 'buys it.'
- ✍ Calculate the **long term** price of present decisions. It could be vital!

Are you value-driven or Price-driven? Perhaps this subjective questionnaire will make you think.

Value-Price Test:

Count the number of yes and no answers. Be honest!

1. If you have given your **word** to No 1,

over the telephone that you will sell your second hand car for R30 000, but before he/she could get to you, No 2 offers you R35 000. Will you sell it to no. 2?

2. If your ex husband/wife asks you for additional **help** towards your child (in her/his custody)'s education (after she/he ran off with someone else). Will you try and make a plan or say 'No ways, you're already getting too much of everything!'
3. If your boss asked you for the fourth time in ten days to work overtime on an important tender, at **no extra** income to you, will you confront him directly/indirectly for additional pay?
4. If the Minister of Public Works has to finally decide on your company getting a huge tender, and you have a chance to meet him socially at a dinner party, will you go out of your way to meet him and think how you can **influence** him?
5. A travel agent tells you that he/she has the ways and means to book you on business class to an overseas destination without there being a 'hitch'. Your mandate is only for an economy class ticket. Will you **accept**?

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Results:

More than three 'yes' answers?

Do not be surprised if you are constantly in

conflict with the Receiver of Revenue, some friends, your wife, your boss, the Law and some unexpected visitors!

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