

Making concessions in bargaining

After the start of bargaining, the parties begin an exchange of dialogue and proposals. As the bargaining process continues, certain concession patterns evolve. Making concessions is a natural and critical part of the bargaining process. Concessions do not represent a loss of position; making a concession may involve agreeing to a proposal that has a neutral or positive impact. Concessions can also be an important way to gain leverage.

There are at least four identifiable concession patterns. It is essential to understand them since each has predictable outcomes.

Excessive aggression

When one party realizes they are not in a strong bargaining position or that they have been bargaining poorly, or they become angered at the opposition, they often retaliate. This retaliation can be in the following forms:

1. Verbal outburst
2. Walking out of negotiations
3. Insulting the other side
4. Throwing objects or other anti-social behavior

Excessive unilateral concession

One party may continually make concessions for no apparent reason. This form of bargaining:

1. Breeds contempt from the opposition
2. Breeds aggression from the opposition
3. Is interpreted as a sign of weakness

Fast concession

During the bargaining process, one party may begin to make one concession after another without negotiating something in return. This form of concession is:

1. A sign that the team making such concessions wants to get bargaining over with quickly
2. Bait for the opposition who will move rapidly for a short time and then cease moving at all
3. The cause for the opposition to verbalize much but move little

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Reciprocal concessions

The concession pattern that is the most useful is the pattern where exchanges are made in trade for a concession. This form of concession is:

1. The most preferable pattern
2. Sometimes slow and rhythmic and develops the method for resolution
3. At the point when only hard issues remain
4. Responsible for relatively good contract provisions

Do's and don't's of making concessions

Do...

- Give yourself room to negotiate.
- Make the opposition work for your concession.
- Get the other party to open up first.
- Conserve concessions.
- Train yourself to get something for each concession.
- "Tit-for-tat" is not good for you. If the opposition moves \$60, you can move \$40.
- If you cannot get a concession, get a contractual promise.
- Say "no" with a smile.
- Keep track of your concessions.

Don't...

- Set your initial demand near your final objective.
- Start negotiations without listing each issue along with its goal and its minimum.
- Accept the first offer.
- Use up concessions. They are like a bank account. When concessions are gone you may deadlock.
- Make yourself too predictable. The opposition should not be sure of what is likely to occur in the way of concessions.
- Make quid pro quo (something for something) counter offers.

Avoid Early Commitment

- The other party may withhold or distort relevant information.
- Anticipate gaining information only through interchange.
- Make exploratory rather than firm offers.
- Negotiate the entire contract via tentative agreements rather than by ratified agreement item by item.
- Allow enough time to bargain.
- Start initially with big demands, particularly in new bargaining relationships.
- This avoids a stance that may later prove too low.
- The lower the initial demand the greater the risk of an initial unnecessary concession.
- The parties need some of their own offers refused to assure that a lower agreement is the best available; a result is convincing opponent how difficult it is to move.
- It allows parties to keep bargaining going while assembling information.

Induce the Other Party to Make Concessions

- Induce the other party to accept a minimal satisfactory contract.
- Cause the other party to lower its expectation level.
- The second party's concessions may affect the first party's trust level.

- Hold fast to initial demands until the other party moves.
- Beware of misrepresentation by exaggerating the real value of issues.
- Devaluation of one's own offers.
- Devaluation of offers made by the opponent.

Make “Economic” Concessions

- With patience and prudence
- Make the opponent feel cooperative and willing to reciprocate.
- Attempt to satisfy while sacrificing as little as possible, i.e., overestimation of the value of the issue.
- Seek out information on the opponent's priorities.
- By trying various contract provisions of relative districts.
- By questioning, try various probes to seek reaction.

Research Anticipated Satisfactory Outcome

- Initially sound out the other party.
- Observe the interaction at the table.
- Attempt a strong influence.
- Test the potential and the actual power of the parties.
- Check constituency support.
- Watch carefully the opponent's concession patterns.
- Insinuate willingness to make firm and/or final positions.

Coordinate Issues

- Values of all positions must be well defined.
- A proper balance of initial positions, counters, goals and acceptable minimums must be struck.
- Knowledge of fair trade (quid pro quo) is imperative, i.e., \$50-\$200 on salary is not fair trade for just cause.
- The correlation between timelines and deadlines to bargaining positions is a must.