A well-known U.S. Candy company was interested in selling its product overseas. The company found a possible partner based in Tokyo, Japan. The Tokyo company seemed to be perfect for the deal. After many phone calls between the two parties, a decision was made to meet in Tokyo. The U.S. company chose one of their businessmen, Mike Waller, to represent it in Tokyo. He was the company’s most persuasive negotiator.

Before Waller left the United States, he and the company lawyer worked together to write a detailed contract for the deal. The contract was fifty pages long. The deal would be advantageous for both companies. It promised big profits.

Waller left for Japan with the contract. He was pleased with his careful preparation. He thought his future partners would be satisfied with his work and would be ready to bargain about the details in the contract. He had studied their company interests and was sure they would want to change a few conditions in the contract. He planned to agree to those changes as concessions. He was certain the meetings would result in good negotiations and a quick final agreement.

On the day of the meeting in Tokyo, Waller entered the boardroom with copies of the contract for the Japanese businessmen at the meeting. He handed them each a copy and began discussing the details. The representatives of the Tokyo company did not open their contracts. They didn’t discuss the contract at all, but instead spoke about general business issues. They spoke about the proposed cooperation between the two companies but they didn’t make any promises.

Waller then went back to the United States. He felt extremely surprised and disappointed. The Japanese businessmen had never asked him one question about the contract. No agreements or commitments had been made. He wasn’t even sure if there would be another round of negotiations.

**Reviewing the Case**

Answer the following questions and share your answers with a partner.

1. How did the two companies first communicate with each other?
2. How did the American representative prepare for the first meeting?
3. How did the Japanese businessmen respond to the contract?

**Making inferences**

Answer the following questions and share your answers with a partner.

1. Why do you think Mike Waller brought a contract to the first meeting?
2. Why do you think the Japanese representatives didn’t look at the contract during the first meeting?
   - What did they expect from that meeting?
3. Why do you think the two parties failed to reach an agreement?

**Problem Solving: Information Gap**

The two companies are still interested in the proposed deal. They want to understand the differences between the negotiation processes in the two countries, so they may be more successful in their next round of negotiations. As a class you are to investigate the differences and then develop a plan for the next encounter.

*Divide the class into two groups: A and B. Group A reads the U.S. cultural information in Appendix Activity 1. Group B reads the Japanese cultural information in Appendix Activity 2. After reading the information, complete your part of the chart below. Next, find a partner from the other group and ask questions to complete the chart.*

<table>
<thead>
<tr>
<th></th>
<th>In Japan</th>
<th>In the United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Which phases of negotiations are most emphasized? Why?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. At what point of the negotiation process are concessions made?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
What is their role in negotiations?

3. In what phase do negotiators use a contract? What is its role in negotiations?

4. How much time does a company spend in negotiations? Why?

Written reflection
The two companies are still interested in this business venture. How can they compromise their negotiating styles in order to work out an agreement with each other more successfully?

Write a plan for the two companies that will result in a more successful negotiation. Your plan should include a schedule for the number of meetings and an explanation of how each phase of the negotiation is achieved. To help you prepare your plan, review the issues in the chart above. When you have finished, share your plan with a class.

AROUND THE WORLD
Nonverbal Communication
Almost 70 percent of all communication is nonverbal. Nonverbal communication includes: eye contact, gestures, silence in conversations, and touching. Like verbal communication, nonverbal communication varies culture to culture. One study of Brazilians, Japanese, and Americans in business meetings found great variation in the amount of eye contact, touching, and silence.

NONVERBAL COMMUNICATION IN BUSINESS MEETINGS IN THREE CULTURES

<table>
<thead>
<tr>
<th></th>
<th>Japanese</th>
<th>Americans</th>
<th>Brazilians</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Silent Periods</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Number of silent periods greater than 10 seconds per 30 minutes)</td>
<td>5.5</td>
<td>3.5</td>
<td>0</td>
</tr>
<tr>
<td><strong>Conversational Overlaps/Interruptions</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Number per 10 minutes)</td>
<td>12.6</td>
<td>10.3</td>
<td>28.6</td>
</tr>
<tr>
<td><strong>Facial Gazing</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Number of minutes of eye contact per 10 minutes)</td>
<td>1.3</td>
<td>3.3</td>
<td>5.2</td>
</tr>
<tr>
<td><strong>Touching</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Number per 30 minutes, not including handshaking)</td>
<td>0</td>
<td>0</td>
<td>4.7</td>
</tr>
</tbody>
</table>


Discussion
Answer the following questions with a partner.

1. Which culture has the most silence during a business meeting? Which culture has the least silence?
2. In which culture is it most common to speak while someone else is speaking?
3. Which culture has the most facial gazing and touching? Which culture has the least?
4. How could these differences affect a negotiation? What are some problems that might arise in a negotiation between Japanese and Brazilian companies, for example? Do you think these problems could be serious?

Applying Your Knowledge

AN AMERICAN-JAPANESE ENCOUNTER
A U.S. airplane manufacturer and a Japanese airline company were negotiating the price of some airplanes. The American negotiating team suggested a price. In response, the Japanese were quiet. The American team then lowered the price. The Japanese team again were quiet. The American team lowered the price again. The Japanese team continued to keep silent. In the end, the Japanese team came away from the negotiation with a price lower than they ever expected. The Americans were disappointed because they sold the planes at a very low price.

Discuss the following questions. Then go to Appendix Activity 3 for the solution to the case.

1. Why do you think the Americans kept lowering the price?
2. Why do you think the Japanese kept silent?
Your Point of View

EYE CONTACT
Students are in groups of three, with one person as record keeper. Two students talk to each other for three minutes. Possible topics to discuss are family, hobbies, travel, school, and studies. The record keeper will write down the number of times each student looks in the other student’s eyes. As a class discuss the following questions.
1. Which students made the most eye contact?
2. Which students made the least eye contact?
3. At what moments did each student make eye contact (while speaking, while listening, during pauses in the conversation)?
4. What do you think a lot of eye contact in a conversation communicates (interest, aggression, disrespect)?
5. How does your length and frequency of eye contact change when you speak to the following people?
   - your boss
   - your teacher
   - your parents
   - a police officer
   - a stranger
   - someone of the opposite sex

INTERRUPTIONS
Students are in groups of three, with one person as record keeper. Two students talk to each other for three minutes. Possible topics to discuss are family, hobbies, travel, school, and studies. The record keeper will write down the number of times each student interrupts the other student. As a class discuss the following questions.
1. Which students made the most interruptions?
2. Which students made the least interruptions?
3. How did each person interrupt (by apologizing, by speaking over the other person until the other person stopped speaking, by coughing or somehow indicating the desire to speak)?
4. What do interruptions in a conversation communicate (interest, aggression, disrespect)?

TOUCHING
Do you feel touching is appropriate in the following situations? Discuss your answers in groups.

<table>
<thead>
<tr>
<th>Touching</th>
<th>Appropriate</th>
<th>Inappropriate</th>
</tr>
</thead>
<tbody>
<tr>
<td>A friend's leg while talking</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A friend's hand while talking</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A friend's arm/shoulder while talking</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A boss's hand while talking</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A boss's arm/shoulder while talking</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A stranger's arm/shoulder while talking</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Negotiating Table
Nonverbal communication is not limited to gestures, touching, and silence. We also communicate by how we arrange and seat people. Seating arrangements in meetings vary greatly from country to country, company to company, and situation to situation. Generally, some countries, such as Japan, prefer seating arrangements that communicate cooperation. Western countries often prefer seating arrangements that communicate competition.

The following diagrams represent four negotiating table arrangements from around the world. Look at each arrangement and answer the questions in terms of each arrangement. Discuss your answers.

X = Person from country X
O = Person from country O

Arrangement 1

<table>
<thead>
<tr>
<th>O</th>
<th>O</th>
<th>O</th>
<th>O</th>
<th>O</th>
</tr>
</thead>
<tbody>
<tr>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

Arrangement 2

X
O
X
O
X
X
1. Have you seen this arrangement before? Where?
2. Does the arrangement encourage cooperation or competition? How?
3. What are the advantages and disadvantages of the arrangement?
4. In the space below, draw another possible table arrangement. Is it an arrangement that communicates cooperation or competition? Share your idea with the class.

**Your Arrangement:**

**Your Bargaining Style**

Now that you have read about many aspects of negotiations, it is time to see what your own style of bargaining is. You will act out a role-play and then reflect on your style of bargaining.

*Divide the class in two groups: A and B. Group A reads the seller’s information in Appendix Activity 3. Group B reads the buyer’s information in Appendix Activity 4. In your group, decide what items are necessary and non-negotiable and what items may be given up in the negotiation as concessions. Next find a partner from the other group and negotiate an agreement. Then write down your agreement in the following table.*

**Final Agreement of Widget Sale**

<table>
<thead>
<tr>
<th>Price per unit</th>
<th>Conditions of assembly</th>
<th>Terms of payment</th>
<th>Delivery date</th>
<th>Future discounts</th>
<th>Other conditions</th>
</tr>
</thead>
</table>

**Reflection**

Think about how you negotiated in the role-play. Complete the following worksheet. Then compare your answers with your partner’s.

**REFLECTION ON ROLE-PLAY**

**Styles of Persuasion**

How did you try to persuade your partner? Each line below represents a continuum contrasting two different styles of persuasion. Indicate where you fit in, on each line.

- Cooperative: spoke indirectly so no one was embarrassed or humiliated; used emotion; reacted carefully
- Competitive: spoke directly; used logic; reacted quickly

**Concessions**

Did you bargain issue by issue or talk about the whole deal before bargaining?

Did you make many concessions? Did you make them early or late in the negotiation?

Did you reciprocate your partner's concessions?

**The Deal**

Did you get a good deal? How about your partner?

Was it a successful negotiation? How?
Appendix Activity 1

Group A: U.S. Cultural Information

Phases of Negotiation
The negotiation process can be divided into four phases: 1) building a good relationship; 2) talking about the business deal; 3) persuasion, bargaining, and making concessions; and 4) making a final agreement. In the United States, the first two phases are not emphasized, because personal relationships do not play a large role in business life and because making a quick deal is important. The negotiation process soon moves to the last two phases as bargaining and making a final agreement are the focus of negotiations.

Concessions
Concessions are made during most of the negotiation process. At the beginning, while the two parties are talking about the proposed deal, small concessions are given to show cooperation. As the two parties continue to talk about each issue of business, they bargain and make concessions. The bargaining continues issue by issue until the final agreement is signed. Each concession is met with a concession from the other party. In this way, the two parties treat each other as equals and demonstrate a cooperative attitude and a commitment to the negotiations.

Contracts
The contract is a tool in the negotiation process. It is a working document that will be changed during negotiations. It is usually introduced in the second phase of negotiations and is discussed throughout the rest of the process. Presenting a contract at a meeting shows that a party is committed to the deal and is ready to think about the details of the agreement.

Long-Term vs. Short-Term Planning
Companies in the United States traditionally have focused on short-term business deals. For example, if a business relationship does not bring immediate profits, the companies involved might end the relationship rather than waiting to see if the situation changes for the better. In view of this short-term business focus, it does not make sense for companies to spend a long time in negotiations.

Appendix Activity 2

Group B: Japanese Cultural Information

Phases of Negotiation
The negotiation process can be divided into four phases: 1) building a good relationship; 2) talking about the business deal; 3) persuading, bargaining, and making concessions; and 4) making a final agreement. In Japan the first two phases take the longest, especially since personal trust and mutual understanding are important to good business relationships. Thus the last two phases, bargaining and final agreements, come at the end of a long process of building a relationship and talking about the proposed deal.

Concessions
In Japan concessions are made only at the end of the negotiation process. After all the possible details of the business deal have been carefully discussed, the two parties begin to bargain and make concessions. They quickly come to a final agreement.

Contracts
Contracts do not play a central role in negotiations in Japan. In fact, a contract is usually a small detail at the end of a long process of negotiation. After all aspects of the deal have been discussed and all decisions have been made verbally, a contract is written up reflecting the decisions. A contract is presented at a meeting only after both parties have carefully discussed the final agreement.

Long-Term vs. Short-Term Planning
Businesses have traditionally focused on long-term business projects. Many projects are begun with the knowledge that they will not produce profits for years. Much time is spent developing a strong and stable business relationship and planning a good partnership. This planning will benefit both parties in the long term.

**Appendix Activity 3**  
**The Misunderstanding in the American-Japanese Encounter**

In Japan, silence can be part of a conversation. If someone wants to think about an offer, silence gives that person time to consider it carefully. In the United States people are rarely silent in conversation. Silence is considered to be a negative response to an offer. The Americans in this case thought the Japanese were unhappy with the offer, so they lowered the price. The Japanese team did not know that the American team was expecting an immediate response to the offer.

**Appendix Activity 4**  
**Group A: Seller’s information**

<table>
<thead>
<tr>
<th><strong>Price per unit</strong></th>
<th>$3.50 per widget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Conditions of assembly</strong></td>
<td>Can ship in parts or ready assembled. Preferable to ship in parts and then send a supervisor to assist with assembly</td>
</tr>
<tr>
<td><strong>Terms of payment</strong></td>
<td>With prepayment get 10 percent discount. A letter of credit payment limited to sixty days</td>
</tr>
<tr>
<td><strong>Delivery date</strong></td>
<td>Can only provide 5,000 widgets by May. Other 5,000 widgets available in August</td>
</tr>
<tr>
<td><strong>Future discounts</strong></td>
<td>10% discount on repeat order</td>
</tr>
<tr>
<td><strong>Other conditions</strong></td>
<td>A minimum order of 2,500 widgets</td>
</tr>
</tbody>
</table>

**Appendix Activity 5**  
**Group B: Buyer’s information**

<table>
<thead>
<tr>
<th><strong>Price per unit</strong></th>
<th>$3.00 per widget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Conditions of assembly</strong></td>
<td>Prefer ready assembled, not in parts</td>
</tr>
<tr>
<td><strong>Terms of payment</strong></td>
<td>Want to pay over six months with a letter of credit</td>
</tr>
<tr>
<td><strong>Delivery date</strong></td>
<td>Need 1,500 widgets by May. If satisfied with the product, will repeat order of 5,000 for July</td>
</tr>
<tr>
<td><strong>Future discounts</strong></td>
<td>Want a 15 percent discount on the repeat order</td>
</tr>
<tr>
<td><strong>Other conditions</strong></td>
<td>Want only 1,500 widgets in first order</td>
</tr>
</tbody>
</table>