Supply Chain Negotiation

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Power and influence are the naturally occurring traits in a negotiation. Power can be defined as the authority to make the change in behavior and make others do things as per one’s choice. Power and influence are the traits leveraged by the negotiators in order to get the desired outcome. In the case of DELAMIX blenders, they hold some power that they can use to influence XYZ plastics to get them to the point of their own benefit. Learning about power and influence is important for the negotiators to make the negotiation in their best interest. The negotiators from the DELAMIX blenders have to take note of the qualities of the negotiating power to maintain their best interest.

The power in negotiation depends on the subjective and objective features. One of the power in the negotiation process is due to the best alternative to the negotiated agreement (“Sources of Power in Negotiation,” n.d.). The party which has more BATNA is more potent as compared to the other party as this party will be less dependent on the other for their needs as compared to the party which will be having no or weak alternative. The power in the negotiation also comes from the positions or roles that one party exerts on the other party. This type of power mostly comes from the role of hierarchies. Another power in the negotiation is the psychological power. When one party lacks objective power, it can have a psychological sense of power.

Other than the above-mentioned sources, some other sources of power in the negotiation is an informational source, which is the ability to organize the facts and data to support one's position. This type of power comes from the expertise, and it challenges the other person's position and desired outcome. The expert's argument is more powerful as compared to the non-expert's argument. In addition, the power also comes from the relationships which are commonly referred to as the referent power. Such power comes from respect and admiration due to the interpersonal style and is also based on some commonalities.

In this case, as DELAMIX blenders are having less objective power because they depend on XYZ plastics for one of the critical parts they need to use in their blenders, so it is essential for them to develop the psychological power. This power comes from the psychological factors and impacts the negotiation process in favor of one party. An example of perceiving this power is to develop confidence in one’s abilities and perceiving that one has power even if they don't (“Power in Negotiations,” 2018). Being powerful and displaying power in front of the other party is crucial to obtain favorable outcomes for one party. Regardless of the source of power it produces the positive impacts and favors one party having or perceiving power.

If the negotiator fails in the negotiation, then they can opt for walkaway alternatives. A walk away can be an alternative supplier of the product to manufacturing the main product. A negotiator has to be very careful in the case of walk away point. Best alternative to negotiated agreement (BATNA) is the term first used by Roger Fisher and William Ury and it refers to the best option that can be employed in the other party denies to negotiate with one party (corissajoy, 2016). The ideal outcome in such circumstances is not to get lost but to opt for a choice that is best without them. BATNA’s are critical to any negotiation because one party may fail to make a wise decision (corissajoy, 2016). BATNA's are not apparent, and they can be determined for any situation. In this case, if DELAMIX blenders fail to negotiate well with XYZ plastics, they have to adopt a method to identify their BATNA.

BATNA can be used as a source of power if it is employed by proper negotiation strategies. By cultivating a strong alternative, the negotiating party can gain power in the negotiation process over the other party to get away from an unappealing deal. In this case, DELAMIX blenders do not have to lose power by disclosing the fact that they are dependent on XYZ plastics for one critical component they have to use in their blenders, instead they can identify the best alternative option that can replace XYZ plastics in the case they fail to make an agreement that works in best interest of them. To identify their BATNA, they need to go through a simple process; the first step is to list all the available alternatives. The next step is to evaluate each alternative to know how much each alternative is valuable and choose the alternative that provides the best value to the company.

Apart from BATNA, the negotiating party can also go for hardball techniques. One of the hardball technique to use is to follow the extreme demands with a few concessions. To create a win-win situation, DELAMIX blenders can consider the best alternatives available and can go for the concessions. Another option for them is to make an offer to XYZ plastics. Take-it-or-leave-it is also a hardball technique that is helpful in negotiations. Commitment tactics is also a hardball technique that can be employed in negotiations, but the negotiating party has to make sure that these commitment tactics are genuine.

References

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