



**PACESETTER**  
OUR PEOPLE, YOUR ADVANTAGE

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# YOUR **NEGOTIATION** ADVANTAGE

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### YOUR NEGOTIATION ADVANTAGE | 8.23.2016 - 8.29.2016

*Negotiation: What is the Best Way for People to Deal with Their Differences to Arrive at an Agreement?*

*Negotiation is a fact of life. Every day each of us deals with differences in our personal lives and business affairs which require us to engage in back and forth communication designed to reach an agreement. Over the years, as a result of personal experience, business dealings, and observing others, I have learned that in navigating through a strategy to arrive at mutual gains where interests collide, not all negotiation tactics are the same.*

There are those who take a soft approach, wanting to avoid personal conflict, who end up making concessions readily in order to reach an agreement. Conversely, the hard negotiator sees any situation as a contest of wills in which the side that takes the more extreme positions and holds out for longer, fares better. This type of negotiator wants to win so badly that he exhausts him or herself and resources, and also harms the relationship in the process.

Every negotiation is different but the basic elements do not change. I found the best way to negotiate is neither hard nor soft, but rather both hard and soft. Where I see the line drawn is between deciding issues on their own merits, rather than through a haggling process focused on what each side says it will and won't do.

Professionals call this method "Principled Negotiation," which deals with issues on their own merits, succeeds in obtaining what you are entitled to, and allows you to remain decent to the other person in a fair manner.

If "we're in it to win it," what are the real differences between principle and essence of negotiation?

**Let's see what the Harvard Negotiation Project says:**

"Principle Negotiation – dealing with differences to get what you want, efficiently, and with a mutually amicable outcome."

"Essence of Principle Negotiation – lies in remaining open to persuasion by objective facts and principles."

In my experience, I have found proven standard principled negotiation strategies are: learn to separate people from the problem, focus on interest, not positions, invent options for mutual gain, and always insist on using objective criteria.

If you want to be a fair participant in a negotiation, whether it is with your child, your spouse, or in business, don't use tricks, bully tactics, or dubious intentions sacrificing ethical integrity, instead use standard strategies of positioning and bargaining.

**Some examples are:**

- Separate people from the problem. (Stay soft on people go hard at the problem)
- Do so by remaining focused on interests, inventing options for mutual gain, and insisting on using objective criteria.
- Separate "inventing options" from judging another's ideas. Consider collaborative brainstorming in a respectful manner.
- Create broader options that leave room to negotiate versus solely accepting single answers.
- Be open to correction and persuasion.
- Respond using reason, questions, and facts to verify that your persuasion is based on Standards (Facts).
- Acknowledge the good (if any) first, taking a stand on Principle, while staying open to opposing persuasion, and fairness on Standards not Position.
- Never abuse a position of power if you have the upper hand.
- Make sure you present all of your Standards before making a proposal. (Level the playing field, eliminating the chance of bully tactics from the opponent.)
- Present a proposal as a fair offer and avoid personal emotion and "mine/his/hers." In other words there is no room in negotiation for ego.

**The next time you prepare for a negotiation, consider making yourself a checklist, and ask yourself these questions.**

- Are you prepared and understand the other side's thinking?
  - Have you prepared to identify the other side's interests by asking good questions?
  - Will you listen actively and prepare to acknowledge what is said?
  - Will you be able to "Stick to Tasks and Qualifiers," keeping emotion and/or blame out?
  - Are you in tune with Emotional Intelligence Awareness? (Body language, tone, facial expressions, phrases, etc.)
  - Have you prepared to communicate effectively, speaking to be understood, and for a purpose?
  - Will you be able to remain flexible, open minded, and when confronted with problems resolve them based on Standards? (Facts not Positions)
  - Do you understand that interests will define problems, resulting in potential opportunity for compromise, and end in a mutually amicable agreement?
- Remember, when it comes to negotiation it is important to believe in what you are saying and doing. Don't be afraid to experiment, what works for one person may not necessarily be for everyone.

If you're like me, you'll learn to maximize your negotiation power if you are well prepared, believe what you say, and say what you believe.



## STEEL | 8.23.2016 - 8.29.2016

+ #1 heavy melt scrap is steady at \$209 per ton, as well as #1 busheling scrap at \$264 per ton.

- Raw steel production fell to 72.1% of capacity.

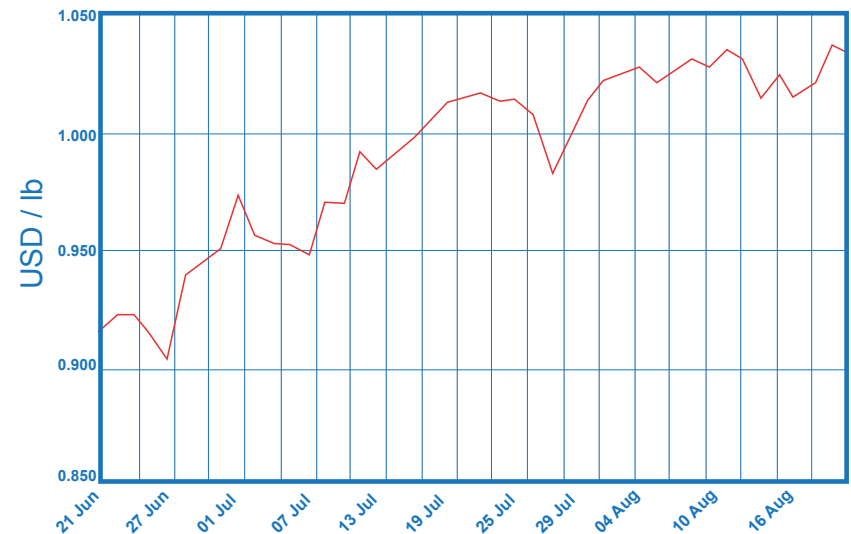
+ Domestic mill lead time for galvanized pulled back under 7 weeks.

- Iron ore FOB Chinese ports is up to \$60 per dry metric ton.

- Zinc prices are still too high.

## 60 Day Zinc Spot

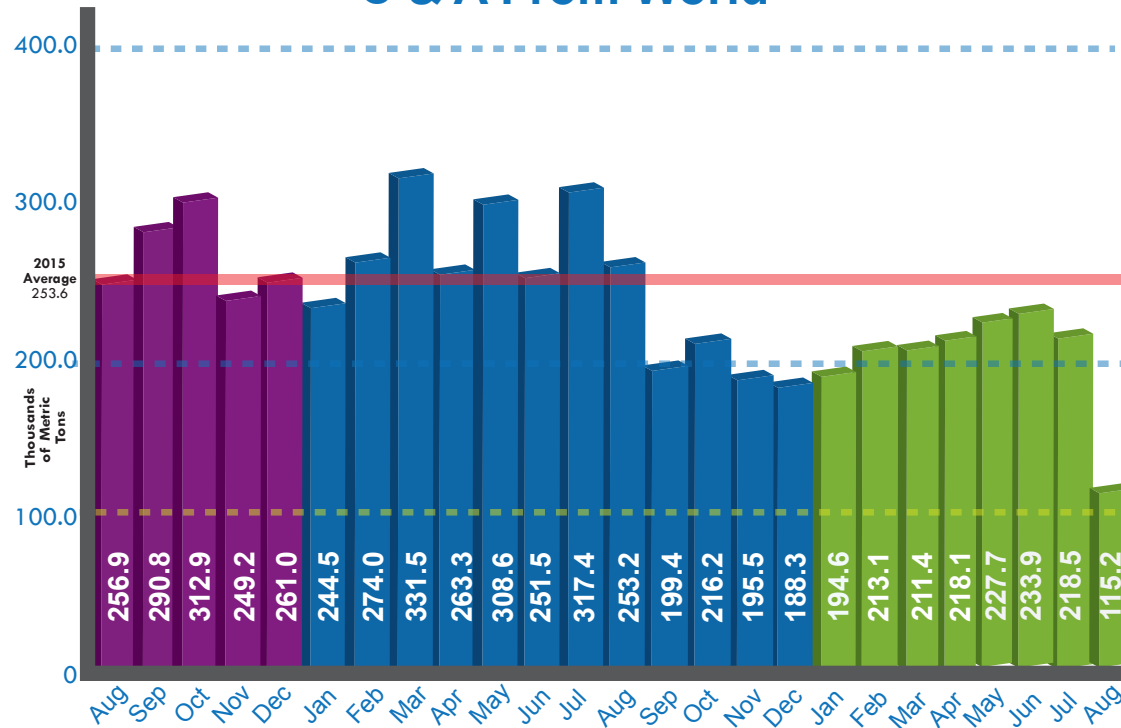
Source: [www.kitco.com](http://www.kitco.com)



## STEEL | 8.23.2016 - 8.29.2016

- Galvanized imports look like they are coming in at a steady pace.

### U.S. Imports of Sheets & Strip Galv Hot Dipped C & A From World



Source: US Department of Commerce, Enforcement and Compliance | Graph last modified on: August 16, 2016  
with Licensing Data collected through August 16, 2016. Commerce license data use for the last month appears in a different color  
Data extracted from the import licenses are not official Census data



## STEEL | 8.23.2016 - 8.29.2016

- Service center steel shipments in the US in July totaled 2.92 million tons, down 15.2% from last year. Inventories at the end of July were 7.85 million tons, down 14.5% from last year, representing 2.7 month's supply. Service center business is the largest segment in the US market, and tonnage has been lagging versus last year.

+ Steel Dynamics Inc. purchased an array of metals recycling plants in the southern part of the US from Sims Metal Management. The plants in Tennessee and Mississippi will increase raw material availability for their Columbus, Mississippi steel making plant.



## AUTOMOTIVE | 8.23.2016 - 8.29.2016

- Uber and Volvo are teaming up to put self-driving SUV's on the roads in the US by the end of this year. They aim to put 100 Volvo XC90's on the road. I'm not sure if I want to be an early adopter for this experiment. I hail an Uber XC90 and it pulls up to my hotel door with no one driving. I get in and ask it to take me to the airport, then roll the dice to see what happens next?

- Uber bought Otto, a technology company focused on a suite of software and sensors that can be fitted to existing class 8 trucks (the big semi-trucks) to convert them to autonomous driving.



+ The Consumer Price Index (inflation) was dead flat in July. Medical and housing costs are increasing, but energy, food, and transportation prices declined.

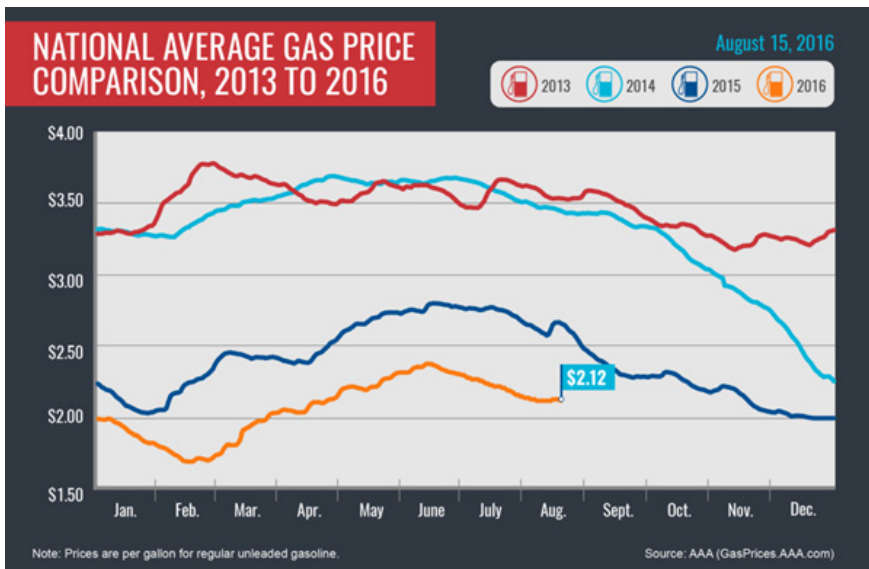
+ Housing Starts rose 2.1% in July but permits were flat.

+ Industrial Production rose .7% and total capacity utilization in the US rose to 75.9%.

+ It looks like gasoline prices are leveling out. Refineries operated at 93.5% of capacity. Demand is strong, but crude oil inventory and refinery output is keeping pace.

- The US government is owed \$2.3 billion in unpaid anti-dumping and countervailing duties from China. Imported Chinese honey, wooden furniture, crawfish, garlic, and mushrooms are the offending categories. I guess the steel industry isn't the only business effected by Chinese products.

+ China's industrial boom continues to show signs of weakness. Factories operating in the Pearl River Delta near Hong Kong have dropped 33% to 32,000 since the peak in 2006. Textile manufacturing is moving to Vietnam. Low tech industries are moving out of China and so are the jobs. China is still firmly in control of their media and the official word is unemployment is steady at 4% as it has been for the last 20 years, but the actual rate is probably higher. A group named China Labour Bulletin claims there have been 877 labor protests in China in the first quarter, up 35% from the previous year.





## BILL'S ROUND-UP | 8.23.2016 - 8.29.2016

“Inflation is flat and gasoline prices are down, so consumers in the US should be pretty happy. Housing starts and industrial production look good. China’s economy continues to show signs of slowing. Steel makers in the US look like they are getting their books caught up as lead times pull in. Raw material costs are still riding higher than what would be comfortable for our mills. Galvanized imports are coming in at a steady pace. Steel service center shipments were down during July, continuing a trend of lower shipments in 2016. Could lower service center shipments be pointing to lower demand ahead? In the automotive news, Uber is pushing the autonomous vehicle movement forward by creating driverless taxi’s and class 8 trucks to move freight.”

### PARTING SHOT:

+ You can discover more about a person in an hour of play than in a year of conversation.

– Plato (427 B.C to 347 B.C.)



Bill Feier, World Sourcing Manager





'TIL NEXT TIME | 8.30.2016



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