



# Establish and maintain a business relationship

D1.HCS.CL6.02

D1.HSM.CL5.05

D2.TCS.CL5.15

Trainee Manual





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**Trainee Manual**



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# Introduction to trainee manual

## To the Trainee

Congratulations on joining this course. This Trainee Manual is one part of a 'toolbox' which is a resource provided to trainees, trainers and assessors to help you become competent in various areas of your work.

The 'toolbox' consists of three elements:

- A Trainee Manual for you to read and study at home or in class
- A Trainer Guide with Power Point slides to help your Trainer explain the content of the training material and provide class activities to help with practice
- An Assessment Manual which provides your Assessor with oral and written questions and other assessment tasks to establish whether or not you have achieved competency.

The first thing you may notice is that this training program and the information you find in the Trainee Manual seems different to the textbooks you have used previously. This is because the method of instruction and examination is different. The method used is called Competency based training (CBT) and Competency based assessment (CBA). CBT and CBA is the training and assessment system chosen by ASEAN (Association of South-East Asian Nations) to train people to work in the tourism and hospitality industry throughout all the ASEAN member states.

What is the CBT and CBA system and why has it been adopted by ASEAN?

CBT is a way of training that concentrates on what a worker can do or is required to do at work. The aim of the training is to enable trainees to perform tasks and duties at a standard expected by employers. CBT seeks to develop the skills, knowledge and attitudes (or recognise the ones the trainee already possesses) to achieve the required competency standard. ASEAN has adopted the CBT/CBA training system as it is able to produce the type of worker that industry is looking for and this therefore increases trainees chances of obtaining employment.

CBA involves collecting evidence and making a judgement of the extent to which a worker can perform his/her duties at the required competency standard. Where a trainee can already demonstrate a degree of competency, either due to prior training or work experience, a process of 'Recognition of Prior Learning' (RPL) is available to trainees to recognise this. Please speak to your trainer about RPL if you think this applies to you.

What is a competency standard?

Competency standards are descriptions of the skills and knowledge required to perform a task or activity at the level of a required standard.

242 competency standards for the tourism and hospitality industries throughout the ASEAN region have been developed to cover all the knowledge, skills and attitudes required to work in the following occupational areas:

- Housekeeping
- Food Production
- Food and Beverage Service

- Front Office
- Travel Agencies
- Tour Operations.

All of these competency standards are available for you to look at. In fact you will find a summary of each one at the beginning of each Trainee Manual under the heading 'Unit Descriptor'. The unit descriptor describes the content of the unit you will be studying in the Trainee Manual and provides a table of contents which are divided up into 'Elements' and 'Performance Criteria'. An element is a description of one aspect of what has to be achieved in the workplace. The 'Performance Criteria' below each element details the level of performance that needs to be demonstrated to be declared competent.

There are other components of the competency standard:

- *Unit Title*: statement about what is to be done in the workplace
- *Unit Number*: unique number identifying the particular competency
- *Nominal hours*: number of classroom or practical hours usually needed to complete the competency. We call them 'nominal' hours because they can vary e.g. sometimes it will take an individual less time to complete a unit of competency because he/she has prior knowledge or work experience in that area.

The final heading you will see before you start reading the Trainee Manual is the 'Assessment Matrix'. Competency based assessment requires trainees to be assessed in at least 2 – 3 different ways, one of which must be practical. This section outlines three ways assessment can be carried out and includes work projects, written questions and oral questions. The matrix is designed to show you which performance criteria will be assessed and how they will be assessed. Your trainer and/or assessor may also use other assessment methods including 'Observation Checklist' and 'Third Party Statement'. An observation checklist is a way of recording how you perform at work and a third party statement is a statement by a supervisor or employer about the degree of competence they believe you have achieved. This can be based on observing your workplace performance, inspecting your work or gaining feedback from fellow workers.

Your trainer and/or assessor may use other methods to assess you such as:

- Journals
- Oral presentations
- Role plays
- Log books
- Group projects
- Practical demonstrations.

Remember your trainer is there to help you succeed and become competent. Please feel free to ask him or her for more explanation of what you have just read and of what is expected from you and best wishes for your future studies and future career in tourism and hospitality.



# Unit descriptor

## Establish and maintain a business relationship

This unit deals with the skills and knowledge required to Establish and maintain a business relationship in a range of settings within the hotel and travel industries workplace context.

### Unit Code:

D1.HCS.CL6.02

D1.HSM.CL5.05

D2.TCS.CL5.15

### Nominal Hours:

60 hours

## Element 1: Establish and conduct business relationships

### Performance Criteria

- 1.1 Establish business relationships in a manner that promotes goodwill and trust between the enterprise, its customers and suppliers
- 1.2 Build trust and respect in business relationships
- 1.3 Identify and take up opportunities to maintain regular contact with customers and suppliers

## Element 2: Conduct negotiations

### Performance Criteria

- 2.1 Conduct negotiations in a business-like and professional manner within the relevant cultural context
- 2.2 Conduct negotiations in the context of the current enterprise marketing focus and within legal and ethical constraints
- 2.3 Maximize benefits for all parties in the negotiation through use of established negotiation techniques
- 2.4 Incorporate feedback and input from colleagues into the negotiation where appropriate
- 2.5 Communicate the results of negotiations to appropriate colleagues and stakeholders within appropriate timeframes

## **Element 3: Make formal business agreements**

### **Performance Criteria**

- 3.1 Confirm agreements in writing, using formal contracts where appropriate, and in accordance with enterprise requirements
- 3.2 Check and gain appropriate approvals for all aspects of formal agreements in accordance with enterprise procedures
- 3.3 Identify the need for and seek specialist advice in the development of contracts where appropriate

## **Element 4: Foster and maintain business relationships**

### **Performance Criteria**

- 4.1 Seek, review and act upon information needed to maintain sound business relationships in a pro-active manner
- 4.2 Honor agreements within the scope of individual responsibility
- 4.3 Make adjustments to agreements in consultation with the customer/supplier and share information with appropriate colleagues
- 4.4 Nurture relationships through regular contact

# Assessment matrix

## Showing mapping of Performance Criteria against Work Projects, Written Questions and Oral Questions

		Work Projects	Written Questions	Oral Questions
<b>Element 1: Establish and conduct business relationships</b>				
1.1	Establish business relationships in a manner that promotes goodwill and trust between the enterprise, its customers and suppliers	1.1	1, 2, 3	1
1.2	Build trust and respect in business relationships	1.1	4, 5, 6, 7	2
1.3	Identify and take up opportunities to maintain regular contact with customers and suppliers	1.1	8	3
<b>Element 2: Conduct negotiations</b>				
2.1	Conduct negotiations in a business-like and professional manner within the relevant cultural context	2.1	9, 10, 11	4
2.2	Conduct negotiations in the context of the current enterprise marketing focus and within legal and ethical constraints	2.1	12, 13, 14, 15	5
2.3	Maximize benefits for all parties in the negotiation through use of established negotiation techniques	2.1	16, 17, 18	6
2.4	Incorporate feedback and input from colleagues into the negotiation where appropriate	2.1	19, 20	7
2.5	Communicate the results of negotiations to appropriate colleagues and stakeholders within appropriate timeframes	2.2	21, 22	8
<b>Element 3: Make formal business agreements</b>				
3.1	Confirm agreements in writing, using formal contracts where appropriate, and in accordance with enterprise requirements	3.1	23, 24, 25, 26	9
3.2	Check and gain appropriate approvals for all aspects of formal agreements in accordance with enterprise procedures	3.1	27	10
3.3	Identify the need for and seek specialist advice in the development of contracts where appropriate	3.1	28	11

		Work Projects	Written Questions	Oral Questions
<b>Element 4: Foster and maintain business relationships</b>				
4.1	Seek, review and act upon information needed to maintain sound business relationships in a pro-active manner	4.1	29, 30	12
4.2	Honor agreements within the scope of individual responsibility	4.1	31, 32	13
4.3	Make adjustments to agreements in consultation with the customer/supplier and share information with appropriate colleagues	4.1	33, 34	14
4.4	Nurture relationships through regular contact	4.1	35	15

# Glossary

Term	Explanation
3BL	Triple bottom line approach to the operation of a business taking into account the three Ps of Profit, People and Planet. A more acceptable and responsible alternative to focussing just on profit at all costs, regardless of the consequences and impact on people and the environment.
Ab initio	Legal term meaning 'from the beginning'
B2B	Business to business – a situation where one business does business with another business, or other businesses
Compromise	Settling for less than what you want; give-and-take so parties to a negotiation accept less than they initially wanted but still feel they have been successful in the process
Corporate (accounts)	Business (accounts): derived from 'corporation'
Demographic characteristics	Classifications of information (race, age, gender, education level, marital status, religion, income level) describing and/or differentiating between customers/target markets
Ethical constraints	Limitations on action imposed by the requirement/desire to 'do the right thing' – morally, according to business
Fax	Facsimile
Feedback	Information received from others on your performance
Goodwill	Positive sentiments stakeholders hold about a business
HR	Human Resources
IR	Industrial relations
IT	Information technology; matters related to computers and related technologies
Inclusion	A 'free' item included as part of a package (or other) deal: for example, free breakfast; free upgrade; free transfers; late check-out
KPI	Key Performance Indicator
Legal constraints	Limitations on action imposed by law

Term	Explanation
Legislation	Laws; statutes and regulations
Negotiation	The practice of two or more people or parties determining (and agreeing on) an outcome for a situation, problem or set of circumstances so both parties believe they have benefited from the result
Negotiation techniques	Strategies, tips and ways to optimise the outcomes of negotiation
Non-verbal communication	Body language
Nurturing	Caring for; growing; looking after
OHS	Occupational Health and Safety
PR	Public relations
Pax	Industry term or jargon for 'passengers' or number of persons
Prima facie	A legal term meaning 'on the face of it'
Prospects	Potential customers: those who have shown an interest in buying from the business
Stakeholder	Anyone with an interest ('stake') in the business
Target market	A set of customers who share common demographic characteristics, and who the business has decided it wants to attract and sell to

# Element 1: Establish and conduct business relationships

## 1.1 Establish business relationships in a manner that promotes goodwill and trust between the enterprise, its customers and suppliers

### Introduction

It is essential in the hospitality, tourism and travel industries to be able to establish, manage and sustain business relationships.

These business relationships may be with a wide range of people, organisations and/or bodies.

This Section identifies the range of business relationships a business may need, or elect, to develop and maintain, and describes the environment in which such a relationship will need to occur for it to be effective.



### Who might you want to establish business relationships with?

Exactly who you or your business will seek to establish a business relationship with will vary between individual organisations.

A hotel will have different business relationships to travel and tourism yet there will be some common relationships.

Generically, all businesses will seek to develop business relationships with some or most of the following:

#### Customers

These are the people who deal with or buy from the business.

Customers may also be referred to as 'clients' (especially in travel and tourism – or 'pax') or 'patrons' (in hospitality).

Customers may be divided into, or classified in many ways, often aligning with marketing or sales targets or business-specific 'target markets', such as:

- Corporate customers and clients
- Government customers – such as local and or national government agencies or authorities



- Private customers – these are individuals, couples or families
- Travel or tourism sectors – for example historical tourists, medical tourists, eco-tourists.

Customers can also be identified by certain demographic characteristics, such as:

- Gender – male or female
- Age – which may be a specific range, or an age range
- Religion
- Income
- Marital status
- Domestic, or international – who may be further divided into 'country of origin' classifications.



A business may also use the following 'loose' classifications of customers to describe them and differentiate between them:

- Regular customers – who use the business services on a 'regular' basis
- New customers – those who use the business for the first time
- Potential customers – those to whom the business has a chance to sell something
- Prospects – people or businesses that have shown an interest in doing business with, and buying from the organisation.

### Suppliers

These are businesses or individual who provide products and services to the organisation.

They may be:

- Wholesale businesses – these are businesses who sell only to the retail sector. They will buy from a manufacturer and on-sell to the retail sector
- Retail businesses – who buy from wholesalers and on-sell to members of the public, private individuals and other businesses
- Combined wholesalers-retailers.



Suppliers are important to businesses because they provide the goods a business sells and they provide a variety of services (repairs and maintenance; advertising; utilities) the business requires to sustain its ongoing presence in the marketplace.

### Strategic partners

These are other businesses with whom a businesses has entered into a formal business relationship with for mutual benefit.

They are called 'strategic' partnerships because they have been entered into strategically, that is, for a quite definite and distinct reason (or set of reasons).

Strategic partnerships can be entered into because:



- There is a logical flow to the relationship – for example, a travel agency having a strategic relationship with an airline, cruise line or hotel group is a common sense relationship based on mutual need or benefit
- There is advantage to be gained from the relationship – a travel agency can get priority seating and bookings with a company with which it has a strategic relationship
- There can be mutual advertising and promotion at the one time – so the one business promotes or recommends the partner whenever they are making a sale of their own
- There is the potential to save money and generate extra sales.

### Finance companies

These may be:

- Banks – with whom the business deals on a day-to-day basis to:
  - Process purchases through electronic (debit and or credit) payments
  - Obtain change
  - Provide overdraft facilities.
- Financial institutions – used by the business for loans, lines of credit or leasing facilities to:
  - Purchase products and services
  - Refurbish the property
  - Extend and expand the business.



### Other enterprises

These can be other business with whom a business has 'arrangements'.

These arrangements can be:

- Service contracts – where the other business provides service, repair and or maintenance services based on the terms of a legally binding contract
- Commission-based – where a business is entitled to receive a commission from another business whenever it refers a sale to them, or makes a booking on their behalf or with them
- Association- based – where a business belongs to an association, this membership can automatically create a relationship with other businesses who are also members of this association.

### Employees

There is always a business relationship with workers.

This relationship is (in part) imposed by law and embraces issues such as:

- Remuneration
- Working conditions
- Industrial relations issues
- Insurance



- Occupational health and safety.

### Industry bodies

Industry bodies can include

- Government bodies, agencies or authorities with various industry, business or employment-related obligations imposed on them under a range of legislation
- Unions – which represented the rights of workers and lobby on their behalf
- Peak industry bodies – which represent the interests of an industry/industry sector to government, unions, the media, the public and funding bodies.

Membership of these bodies is (usually) voluntary and they hold regular meetings to:

- Enable networking
- Generate research data
- Share information
- Develop aims and objectives
- Seek and source funding
- Provide training.



### Local authorities

Local authorities can include:

- Local councils – who may apply local by-laws and have local compliance requirements across a range of environmental, health and planning issues
- Local offices of national government agencies or authorities – situated locally to provide a base of operations for Inspectors to work out of, and a nearby office for businesses to contact in the event they require information or have to deal with the agency or authority.

## Establishing the relationship

A relationship between your business and another party can be started by:

- The business making contact with the other party
- The other party making contact with the business.

This contact may be:

- In person – face-to-face contact:
  - Where a person walks into a business
  - Where a person from a business calls on or visits a potential customer.
- Telephone contact
- Written contact – fax, email, letter, advertisement, and offer.



Where the other party responds positively to the initial contact, a relationship can be said to exist.

A 'positive' response includes:

- A sale
- A request for (more) information
- Showing of interest.

## The environment of a business relationship

Whenever and wherever a relationship exists, it should be occur within an environment that promotes goodwill, trust and respect between the business and the other party.

Coverage of 'trust' and 'respect' will be addressed in the next Section.

### Goodwill

The business must act in such a way it generates goodwill towards itself.

Goodwill refers to the positive feelings and sentiments customers (and others) have towards the business.

It translates into the reasons a customer (or other party) likes or prefers the business, and is often the result of:

- The positive things the business does for the community – sponsorship of clubs, donations to charity, and support of people and local bodies
- The way it conducts itself in terms of its ethical standards, compliance with legal requirements and the extent to which it goes beyond its legally imposed obligations
- Gifts – made to customers and potential customers
- Its public statements and actions about issues such as environmental concerns, supporting the local and national economies, employing locals, buying locally, and being part of the local community – in brief, being a 'good corporate citizen'
- Its history – the track record of a business indicates the real way it does business, and the real way it treats others with whom it deals. Advertising and promotion can (and is) aimed at generating goodwill but will never convince others unless the business genuinely does what it states it will do or has done.



## 1.2 Build trust and respect in business relationships

### Introduction

Establishing and conducting business relationships requires you build trust and respect into these relationships.

This Section discusses the concepts of 'trust' and 'respect' identifying how it can be created and maintained in business relationships

## Trust

Trust refers to the ability of your customers (and other stakeholders – suppliers, government authorities) to believe you and believe you will do what you will say you will do, when you say you will do it.

Trust is a result of actions and not promises.

This means you must:

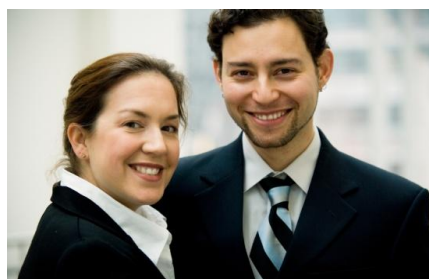
- Be very careful about what you promise or say you will or can do – never tell customers or potential customers what they want to hear if you think/know the business cannot deliver on that promise
- Under-promise and over-deliver – if you tell a customer they will receive an email within 24 hours send them one within the hour; if you tell a customer they will save 5%, make sure they receive a 6%+ savings
- Read any contracts or agreements you sign – so you know the obligations the business is under. For example, if your supplier requires payment within 30 days, make sure they receive payment within this time.



Trust means your customers can rely on you to deliver what you have promised, when you have promised it and at the price you said it would be provided at.

Building trust requires many things to occur but most of them are relatively simple to achieve:

- Follow-up on all things – as promised. For example:
  - Send quotations as and by the time promised
  - Send information as promised
  - Call in to see people as promised
  - Call back if you have promised to do so.
- Honour promises made – even where this may cost the business money. If you have guaranteed a price, then that price must be the one charged
- Make customers aware of any potentially negative aspects of a deal, arrangement, contract or booking – for example:
  - If there is a cancellation (or re-booking, or change of booking) fee – tell customers about it and make sure they understand how and when it applies, and how much it is
  - Avoid over-booking situations – where the business takes reservations knowing things are already fully-booked
  - Avoid using terms giving a false sense of confidence or which imply something that does not, in fact, exist – for example, a ‘guaranteed’ booking really should be guaranteed and not subject to some internal interpretation meaning it is not really ‘guaranteed’
  - If certain seats, rooms or tables provide a less than optimal experience, tell the customers about the down-side, the negative implications of their booking.
- Give customers what they are entitled to – even though:



- They may not ask for it – if a sale entitles the customer to a discount or a free item of merchandise, then all customers must be provided with this as it applies to the item/service they have purchased
- They may not know it exists or applies to them and to their transaction.
- Advise them when:
  - A new product or service they have previously shown an interest in becomes available
  - A better deal on an item they have booked becomes, or is, available – such as a package deal providing the same inclusions but at a cheaper price
  - A better alternative is available – for example, purchasing tickets ‘now’ will save the customer having to queue in the hot sun when they arrive at the attraction or amusement park
  - A possible price rise for something they are considering buying is imminent
  - They are close to becoming entitled to a bonus or discount – for example, a significant price reduction may apply to their purchase if they spend a small amount more on their purchase.
- Maintain confidentiality – this means all the information you have about a customer or business must remain private and not disclosed to any other business
- Charge the prices quoted – charging a person or business what you have said you will charge them is a vital element of building trust with them
- Advise suppliers when you have received more than what you ordered and or more than what you paid for – as opposed to keeping the ‘extra’ items and benefiting from their error.



## Respect

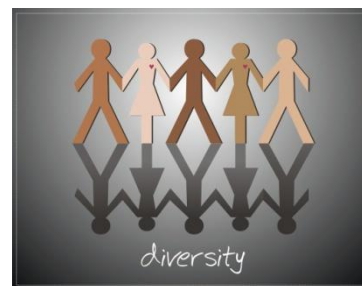
Respect is the regard you have for customers and stakeholders.

It embodies – and can be demonstrated by displaying – a range of factors such as:

- Consideration for them – and their situation
- Politeness and civility – treating them ‘properly’ and as they expect to be treated: using correct language; using their name; opening doors for them
- Getting to know their needs, wants and preferences – as opposed to believing their needs, wants and preferences are the same as everyone else’s
- Treating them differently to other people – that is, providing them with deferential treatment which shows the value you place on them as a person, business or organisation
- Acknowledging and showing appreciation for their time – as well as who they are
- Recognising and appreciating the money they spend with you – and the opportunities they provide for doing business with them



- Never taking them for granted, ignoring them or providing them with sub-standard products or services
- Identifying and showing due regard for individual differences – such as religious differences, social differences, special needs
- Demonstrating ‘nothing is too much trouble’ – when dealing with businesses and customers: spending extra time with them; being willing to change previously made arrangements
- Understanding every customer is a unique individual – with unique needs, pressures, limitations and expectations
- Demonstrating a genuine desire to be of service – as distinct from providing limited service, or delivering service lacking in real customer focus.



## The need for on-going trust and respect

Trust and respect are vital to all effective and mutually beneficial business relationships regardless of whether the other party is a customer, supplier or other.

Both ‘trust’ and ‘respect’ must be demonstrated on an on-going basis.

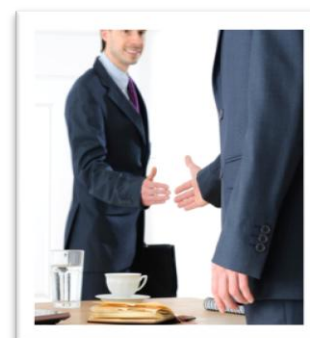
You cannot demonstrated trustworthiness once and believe, on that basis, the customer will believe all future promises.

Trust needs to be evident in every transaction, dealing or contact for the life of the relationship – it is a never ending pre-requisite to all business relationships.

Likewise, ‘respect’ must also be demonstrated in every contact.

For example:

- You must use the person’s name – all of the time: not just when you first meet them
- You must keep appointment times – every time you make an appointment to visit the person
- You must maintain a professional ‘distance’ from the person – refraining from becoming over-familiar with them: you may strive to become an ally or trusted and respected adviser but it is inappropriate to try to become their friend
- You must be alert to their non-verbal communication – to identify signals or cues they want to change the subject, are unhappy with what you are doing or want you to ‘hurry up’ with whatever you are doing
- You must refrain from being judgemental – where their customs, habits or preferences are different to yours, or those of your home country
- You must always dress appropriately – which demonstrates they are worthy of the time and attention this requires.



## 1.3 Identify and take up opportunities to maintain regular contact with customers and suppliers

### Introduction

Productive business relationships are, in part, built on the ability to identify and take up opportunities to maintain regular contact with customers, suppliers and other relevant stakeholders.

This Section identifies many of these opportunities.

### Opportunities to maintain regular contact

Opportunities to maintain contact with customers and suppliers must be actively sought out and used.

Good business relationships do not simply 'happen' – they have to be worked at.

Opportunities to maintain regular contact with customers or suppliers may include:

#### Informal social occasions

Informal social occasions can include:

- Meetings
- 'Get together'
- Parties
- Business events – which always include an 'informal social' component.

All relevant industry sectors are characterised by these informal occasions and they present excellent opportunities to:

- Make new contacts
- Cement existing ones
- Learn new information.

To use these opportunities effectively all it takes is the effort to attend, and the desire to 'network' or 'work the room'.

#### Industry functions

Again, there are many industry functions ranging from product launches to trade exhibitions, and they all provide rich opportunities to meet people and establish and build business relationships.

You should plan your attendance at these events:

- Take business cards with you – to hand out to contacts: always ask for their business card if they do not offer one
- Wear a name tag – identifying you and the business you represent



- Determine who you want to make contact with – plan a strategic approach to making new contacts, and ‘touching base’ with established contacts
- Take pen and paper – to record and capture questions asked of you, promises made and or arrangements entered into.

### Association membership

There are many industry associations and bodies that represent and serve various industry sectors.

Most are unique to different industry sectors (for example, travel agents will have associations different to those focussing on hotels, cooking, housekeeping) but some are generic across industry types (such as Chambers of Commerce organisations, and local employer organisations).

These associations provide a wealth of relevant industry knowledge and information and an excellent forum in which to meet people and organisations of like mind to yours.

Your business should join a relevant organisation if it is not already a member, and you should make an effort to attend its meetings and functions to get a feel for what it is all about. At these meetings:

- Introduce yourself, explain your role and distribute business cards – obtain contact details of others and promise to make contact
- Offer to be of use to others and to participate in efforts the association is making – these efforts often involve:
  - Industry research
  - Petitions to government
  - Applications for funding
  - Review and or generation of industry standards, codes of practice and similar.
- Volunteer for office bearer responsibilities – be prepared to take on ‘official’ roles to assist the association.



### Cooperative promotions

There will be many situations where your business and another organisation will join together to run a promotion.

These cooperative promotions may involve:

- Sharing of market research data relevant to the promotion/target markets being considered
- Sharing advertising and promotional costs
- Developing and offering package deals combining products and services from both businesses – for example, a cooperative promotion involving a hotel and an airline would feature air travel (from the airline) and accommodation, food, beverages and entertainment (from the hotel)
- Joint acceptance of reservations and payment.





These relationships demand of all parties:

- Honesty – this is the key requirement in this type of relationship. All parties must believe and be able to trust the other parties – without this, all cooperative or joint ventures will fail
- Full and open disclosure and sharing of all relevant information
- Hard work – to ensure the mutually agreed goals are achieved
- Regular contact – to communicate progress of the promotion, fine tune activities and revise action to be taken
- Mutual support – so the relationship is genuinely ‘cooperative’ where all parties help each other: support may be practical assistance or it may simply be participating in discussions and listening to the problems others are encountering.



### **A program/schedule of regular telephone contact**

The telephone can be a brilliant servant in terms of business relationships but a very bad master.

If you decide to use the telephone you can make regular, inexpensive but much appreciated contact with suppliers and customers. Telephone contact is much more personal than an email and enables and encourages two-way communication (as opposed to the very limited benefits of one-way communication).

Using the phone is easy, but it does require you to commit to making sure you do it.

This means developing a schedule of contacts and contacting key people perhaps every fortnight or monthly (and other people less frequently). You need only spend a minute or two on the phone with them – the point is simply to ‘stay in touch’, to ‘stay in the loop’.



Time to make these important calls should be diarised to ensure the calls are made. These contacts must be regarded as important and need to be allocated the time and priority they deserve.

Where people indicate they do not want or appreciate telephone contact make sure you respect this and stop calling – perhaps a letter or email is a better alternative for these people.

Face-to-face meetings may be even more appropriate.

## Topics for discussion

There are really no hard-and-fast rules about what should be discussed when making regular contact with customers and suppliers but examples of topics for discussion include:

- General comments – about:
  - Your business
  - Your family
  - Events and happenings – you have experienced.
- Advice about:
  - New information you have discovered – about business, trade, products and services, personnel, legislated requirements
  - New/revised offers/deals available and forthcoming.
- General enquiries – about:
  - Their business and family
  - Their needs, wants and preferences
  - Events and happenings they have experienced – holidays, recreation activities, dining out
  - Their level of satisfaction with your business and or its service.
- Responding to questions – as asked by them:
  - Business-related
  - Personal
  - Family
  - Topical issues.
- Making undertakings – to:
  - Provide and forward information or other promised items
  - Call and contact again.



As a general rule it is accepted you should never discuss the following topics with business contacts:

- Sex
- Religion
- Politics.

It is also wise to avoid:

- Telling jokes – as these can sometimes give unintended offence
- Talking about other businesses or people – especially making negative comments about them and/or their practices.

## Work Projects

It is a requirement of this Unit you complete Work Projects as advised by your Trainer. You must submit documentation, suitable evidence or other relevant proof of completion of the project to your Trainer by the agreed date.

### 1.1 Prepare a report based on your workplace:

- Identifying the enterprises, agencies/authorities, customers, suppliers and other important bodies with whom a business relationship has been established
  - Explaining why the relationships identified above are required, necessary or exist
  - Detailing how you or others in your organisation promote goodwill in the above relationships
  - Describing how you or others in your organisation build trust and respect in business relationships both initially and on an on-going basis
  - Indicating the opportunities for maintaining regular contact with each identified enterprise, agency or authority, customer, supplier and other important body.
-

## Summary

### Establish and conduct business relationships

When establishing and conducting business relationships:

- Ensure all potential and required businesses, bodies and individuals are identified
- Know why the relationship is necessary
- Meet and or make contact with a person as distinct from an organisation or enterprise
- Generate and maintain goodwill
- Build trust and respect in the relationship and sustain these on an on-going basis
- Search for and take advantage of opportunities to maintain regular contact
- Establish and adhere to a regular contact schedule
- Share information.

# Element 2: Conduct negotiations

## 2.1 Conduct negotiations in a business-like and professional manner within the relevant cultural context

### Introduction

In any sort of business relationship there will almost always be a time when you are required to conduct negotiations.

The negotiations must be conducted in a business-like and professional manner within any applicable relevant cultural contexts.

This Section gives a context to the process of negotiation and presents advice for effective and ethical negotiation.

### Why negotiate?

Negotiation is sometimes undertaken because it is the best way of resolving conflict or striking a deal, when the parties involved believe that not reaching an agreement means a loss for everyone.



In these circumstances the parties are usually willing to make some concessions in order to achieve a win-win situation.

That is, the true aim of a negotiation is for both parties to come out of the negotiations as a winner – the idea is not for one party (the business you work for) to win and the other party (supplier or customer) to lose.

Compromise is an essential element of true negotiation.

Not all negotiations, though, reach a successful conclusion.

### Examples of topics for negotiation

In the context of business relationships, negotiations can occur in relation to:

- Corporate accounts – where there is a B2B relationship. Corporate accounts are regarded by many businesses as 'beneficial' as they often represent volume business (businesses usually purchase more frequently than individual people). The potential down-side is corporate clients usually demand a corporate discount
- Service contracts – these are legally binding documents or arrangements with service providers (such as refrigeration technicians, IT specialists) designed to repair and provide maintenance to equipment, systems and technology

- Agency agreements – these are legally binding documents or arrangements between head office and individual agencies, or between a franchise operator and franchise outlets. The agreements cover operational and financial details such as (but not limited to):
  - Commissions payable; fees and charges
  - Advertising – who pays; amounts involved; type and location of
  - Signage in and on the business
  - Policies and procedures
  - Products and services to be offered and made available
  - Staff recruitment and selection; training; uniforms; remuneration.
- Venue contracts – the definition of venue contracts is open to interpretation but they can include:
  - Contracts for specific services provided to the venue – such as contact cleaning and or security
  - Contracts provided by the business to customers – such as contracts for functions, events, and or travel and tickets.
- Rate negotiations – rates refer to the cost for goods and services provided.

‘Price’ is always important when a purchase is made but it is only one element. When price is being negotiated, attention must always be paid to ancillary issues such as:

  - Reliability – can you trust and rely on the other party to deliver what they say they will?
  - Quality – is the quality of the product or service to be delivered appropriate to the identified need? A lower price for a lower quality may be totally appropriate in some cases, but totally inappropriate in other situations
  - Availability – if the need for the product or service is urgent then the provider who has availability may be able to command a higher price
  - Totality of service provision – most people and businesses strive to deal with an organization who can provide all or most of their needs rather than having to deal with a range of businesses.
- Marketing agreements – these may occur as a result of (other) arrangements between businesses and or joint venture partners.



These agreements contain:

- Identification of the type and extent of marketing activities to be undertaken – such as market research, advertising and promotion
- Allocation of roles, responsibilities and functions – to enable established plans to be achieved and identified outcomes to be achieved
- The financial contribution to be made towards marketing endeavours – such as amounts to be allocated to advertising, PR, sales campaigns, and publicity
- Times and dates – for action, for payment of contributions to identified activities.



- Preferred product agreements – many businesses strive to become the ‘preferred provider’ for other businesses.

A ‘preferred provider’ (or a business with ‘preferred provider status’) is a business which will be used as the automatic or default provider whenever the other business wants to buy a product or service the preferred provider sells.

Preferred provider status is granted by one business to another business following evaluation of (and negotiations on) topics such as:

- Suitability of the goods and services to meet identified need
- Price – and value for money
- On-going capacity to supply when required
- Quality
- Ancillary issues – such as support services available, terms and conditions of trade, environmental issues, public image.



## Negotiation – defined

For our purposes, negotiation can best be defined as 'A process in which two or more parties confront a problem and arrive at a solution which best meets the needs of all of them'.

Implicit in this definition is communication takes place in which you try to get approval, agreement or action from someone else, which may be different to what they first wanted.

Note while the definition uses the term ‘parties’, many negotiations are conducted not between *groups* of people but between two individual people (who may or may not represent groups of people).

For example, a negotiation may occur between you and a supplier, between you and a guest, or between you and the head of a certain department or business owner.

Also it is important to realise most negotiations often result in a less than perfect solution (or outcome) for one, or both, parties.

Inherent in negotiation is the concept of ‘give and take’ where both parties are likely to settle for less than what they may have originally hoped for, but nonetheless a result that still represents a win-win situation.

In some cases, the final result may even be little better than what they hoped for. There are definitely times in negotiations where you will give more than normal in order to achieve some other perhaps long-term goal or related aim: ‘trade-offs’ are part of the business world.



Realistically, this can mean what you lose today, you will (or hope to) pick up tomorrow.

## Be prepared

All negotiations involve resolving 'issues' or problems.

To be successful in any negotiating situation you need:

- Good preparation – you need to research the issue at hand and become familiar with all the relevant facts, policies, guidelines, and standard operating practices.

It is also useful if you can find something out about the person with whom you are negotiating – what have their tactics been in the past? What are their strengths and weaknesses? What are their stated and their hidden goals and agendas?

- Recognition of your goals and limits – no-one can successfully negotiate without a thorough knowledge of where they stand, what it is they are trying to achieve and what their limits for negotiation are

You must know the limits as to how far you can go in the negotiation – how far to discount a price, how much extra you are allowed to use or offer as an incentive, what are the realistic timeframes for delivering what is being discussed, what terms of trade you can offer.

In addition, you must know what the establishment and or relevant department goals are: on one occasion (for example) they may be to maximise occupancy irrespective of the [room] rate (revenue) while on another occasion the aim may be to maximise revenue regardless of the occupancy levels.

A calm, non-emotional approach – anyone who engages in negotiation must be calm and collected.

Negotiations are no place for those who are quick-tempered, hot headed, easily provoked or readily goaded.

While you must strive to remain professional during all negotiations, there is always the possibility personalities will intervene and things can get very personal, very nasty and very ugly in a short space of time.

The key is to stay focussed on the aims/goals and not on the person you are negotiating with.

- Good listening and communication skills – active listening is required, which requires you to listen 'between the lines'.

This includes reading the non-verbal language, asking probing and open questions, and repeating/rephrasing questions as needed.

It also involves knowing when to keep quiet – silence can be a powerful communication tool and an effective negotiation technique.

- Knowledge of the relevant cultural context – when negotiating with a person from a different culture, an appreciation of their cultural issues, preferences and habits will demonstrate respect for them and facilitate a better understanding of the potential issues.

It is important to realise different people have different perspectives and while you do not have to agree with or practice their customs, an awareness of them will always be appreciated and will always facilitate the negotiation process.





- Knowledge of how to close a deal – a good negotiator will know when all that is going to be said has been said, and will move to close the deal/finalise the arrangement.

There is little point in going over and over what has already been said – it can even be counterproductive: the process needs to move on and it is often you who will have to instigate this.

Obtain agreement about what has been discussed, re-cap the relevant points, and suggest the next step (such as signing a deal or contract, paying a deposit, filling in a required form, or accepting a handshake).

Poor negotiators allow discussion to drag on and on sometimes taking so much time they allow the other party to over-think the proposed arrangement enabling them to retreat from what was (an hour ago) a perfectly good and acceptable outcome for them.

## Before you start to negotiate

Ensure you have identified what the needs are for this negotiation:

- What are your needs and the needs of the venue?  
The precise nature of organisational needs will change over time, and often vary with the seasons and or time of the year or day of the week. Given the parameters of this negotiation, what is the establishment seeking to get from this negotiation?



You may have to consult with others to determine this because it may not always be 'just money or profit' that is the key need – the business may be seeking ticket sales, occupancy, volume, turnover, image, a foot in the door with a new client or market sector, or a raised image and or profile within the marketplace

- What do you need to get out of this negotiation? What is your bottom line?
- Where is the point where you will have to walk away from the negotiation?
- What are the needs of the other party? On the basis of what they have told you, what you know, and what you have found out through research – what are their precise and definitive needs? Are their needs such that they are saying one thing (and perhaps actually believing what they are telling you), but really meaning something else?

Ensure you have the facts before you start negotiating: if you do not have the facts, or you do not have **all** the facts it may be better to postpone the negotiating session.

There is nothing worse than negotiating in good faith only to have the other party prove one of your figures (or the basis of one of your suggestions) is wrong or flawed. In many cases it is impossible to recover from such a position – trust, goodwill and respect can often be destroyed by what is truly an innocent mistake.

A checklist for negotiating might look as follows:

- Identify what facts you know – and what facts you need to know
- Try to ensure you know more about the issue than the other party does – spend some time doing your homework and research: it is important and it does merit your time, concentration and effort.



- Try to determine what information the other party might have – can you provide them with something better than what they have already got, or better than what they already know? Can you introduce something to make what they know irrelevant, out-of-date or insignificant?
- Find out about the needs and wants of the other party – are they desperate? Have they tried other places and failed? Does the other party have a recognised point where they are vulnerable?
- Do you and the other party have the same set of facts? It can be useful to begin by comparing what you both believe to be the situation – this can help establish common ground to serve as the basis for a discussion and a solution.

It is very difficult to negotiate when you are on different wavelengths. There needs to be a meeting of minds.



- What are the assumptions being made by the other party? Try to identify what points or information ('facts') are being assumed by the other party – doing this helps to clarify false assumptions and bring the negotiation back to a realistic footing.

There are often many false assumptions made about the margins our industry shows on various items (travel, tickets, tours, food, beverages and accommodation), and the profits made by industry operators.

The other party may also be assuming you are not busy or are not well-booked and may therefore try to push for cheaper rates: advising them you are nearly fully-booked can avoid this problem and neutralise this bargaining point.

Remember, first-hand knowledge is best.

Never simply believe what the other party tells you – if you can, check it out and determine the truth for yourself. The facts can often appear quite different when you make some enquiries yourself.

Similarly, do not try to talk with authority about things you have not experienced yourself – you will soon get found out and lose all credibility.

## Negotiation proper

Prior to beginning any negotiation remind yourself you must be flexible and prepared to change or adapt any preconceived ideas you may have, and you may have to make these changes and adaptations very quickly during the course of the actual negotiation.

The following are sound general negotiating rules:

- Try to witness more experienced colleagues negotiate – ask to sit-in on other negotiations so you can gain experience about what is said and done (the 'dance' that often characterises many negotiations).

Pay attention to the statements made by both sides; the offers and counter-offers; the objections and how they are responded to; the body language.

- Be business-like while remaining as friendly as possible – do not try to be a 'hard case' (someone who refuses to yield, negotiate, or compromise)



- Try to get initial agreement from all parties as to the agenda of the negotiation – get consensus about why everyone is involved in the negotiation
- At the same time try to get agreement on what the likely outcome will be – this can give you an edge in the negotiation by focussing everyone’s thoughts on what you hope to achieve
- Deal with any issues that can be easily and painlessly dealt with, first – do not try to tackle the big and hard issues at the very beginning: if you know the other party wants a small item provided free-of-charge, then accede to this straight away as a means of demonstrating you are prepared to negotiate and ready to compromise.

Once you have done this, the ‘pressure’ is on them to do likewise.

Note: dealing with small issues immediately **does not mean** you have demonstrated you will be prepared to deal similarly with bigger, more important and or more expensive issues.

- Take notes, refer to them regularly and try to get agreement your notes accurately reflect what has taken place – these notes act as a summary of the negotiation and can be used as a guide for future meetings, future action, eventual formal written agreements, and for any reports to be written as a consequence of the negotiation.

They also provide the basis for review and reflection where negotiations have to be continued at a later date.



### Communication skills

A negotiation will involve two very important things:

- The preparation you have done – involving the knowledge you have about your issues and your side of the negotiation, plus the knowledge you have obtained about the other party’s knowledge, and
- Communication skills:

Think of the situation as if you were a defence lawyer and try to prepare for the negotiation as if you were the other party: then prepare your case better.

Try to work out what they might say, what they might present as their point of view, and how they may try to pitch their case.

In negotiation you will need to be especially aware of, and use:

- Listening skills – particularly active listening
- Questioning techniques – open and rhetorical questions are useful
- Body language – be aware of both yours and theirs
- Assertiveness – this is not to be confused with aggression
- Feedback – you need to note the feedback you receive, and be aware of the feedback you are sending: remember it is feedback that turns a monologue (one-way communication) into a dialogue (two-way communication)
- Timing – be aware it is not only what you say and the way you say it, but it may also be important when you say it: if you hold out a while before conceding, the other party will feel they have achieved more than if you conceded straightaway.



An immediate concession may leave them believing they could have 'got more' from the negotiation and they may feel dissatisfied even though they have obtained what they asked for

- Presentation – this covers your professional presentation/setting-out of your side of the issue: arguments must be cogent and logical, and delivered in a measured manner.

Be persuasive rather than forceful – 'educate' the other party rather than 'lecture' them

- Be aware of any perceptions of power that exist – are there any indications either you or they have the upper hand? How can this position be exploited or defended? Is it possible to challenge their perceived power by questioning their assumptions, or can you bolster your position by reference to new evidence, additional experience or other practical indicators?

## 2.2 Conduct negotiations in the context of the current enterprise marketing focus and within legal and ethical constraints

### Introduction

Any and all negotiations must be conducted within the context of the focus of current enterprise business and marketing objectives.

This means all decisions taken by management and operational staff should support attainment of the goals and objectives the business has set for itself in terms of its Business Plan and its Marketing Plan.

This Section presents factors to consider in this regard as well as identifying possible legal and ethical constraints applicable to the negotiation process.

### The need to know what goals the business wants to achieve

Before entering into any negotiations you must know (in addition to the questions raised in previous sections), answers to the following enterprise-specific questions:

- What are the organisation's aims for the area under negotiation/discussion in marketing terms?
- Is the business trying to attract a new target market or sector?
- Is the business looking to move out of one market into another?
- What are your personal workplace parameters in terms of decision-making relating to areas such as prices and costs (what is the minimum acceptable selling price? Or alternatively, what is the most we are prepared to pay to a supplier?)
- What discounts can you offer? Who is entitled to them?
- What specials, deals and or packages do you have the authority to put together?



- How can you alter the 'product' being offered or negotiated? What extra can you give or include?

Different departments can have a different focus or objective

It is worth noting there is often tension between the Sales and Marketing department and other departments in a business.

This is often because Sales and Marketing are sales-focussed (that is, focussed on selling rooms, selling seats, selling tickets, functions, events, trips and tours) *regardless of the price* for which they are sold.

By contrast, individual departments are focussed more on profit from their sales and are often not prepared (or happy with) a Sales and Marketing department that sells loads of rooms, seats, tables or tickets but does so at a price that does not return the required profit margin.

In this regard important considerations are:

- What target markets are being pursued during the time period under consideration?

Remember target markets for a business can change over time, so what is sought today may be dated in three months' time and be irrelevant or of less importance.

- What image is the business seeking to create or maintain?

This, too, is subject to change, so it is important any negotiated solutions are in accord with these requirements.

Is the business seeking to create or sustain a market position of 'low fares', or 'value-for-money dining', or 'budget accommodation'?

Or is the business targeting an elite market position based on highest quality, best service and corresponding high prices or rates?

- What specific departmental objectives are being pursued?

For example, is the department/revenue centre looking to become established in a new target market?

There is little point negotiating a deal with a group of young, overseas backpackers when the venue has a revised focus on domestic senior citizens.

- What are others within the business doing?

It is critical the right hand knows what the left hand is doing – you do not want two people from the one organisation contradicting each other in the public domain, pulling in different directions or sending confusing messages when negotiating with other parties.



### Change is constant

An important point to remember is business focus is likely to change over time and all negotiations must accommodate (or at least take into account to some extent) this fact.

There may be a strategy or plan to guide this change of direction, necessitated by customer feedback or complaints, or caused through action taken by competitors – the point being you really do function within a dynamic business environment and there is a need for the business (and departments within it) to respond appropriately.

What was suitable for promotion and/or negotiation yesterday may not be appropriate today or tomorrow.

Changes may have identified certain events, specials, or deals that will occur at some predetermined point in time: thus, our negotiations today may need to take these planned changes into account.

For example, most venues will prepare an annual plan that identifies special dates (Mothers' Day, Valentine's Day, St Patrick's Day, Easter, certain sporting events, Christmas) and describes the activities and deals planned for each occasion.

Travel and tourism businesses offer planned seasonal specials and deals as well as other packages based on time-related factors.

## Legal constraints

All businesses must operate within the law.

Legal obligations can be imposed by:

- Legislation – the Acts and statutes of the country in which the business is operating.

Where a business operates in different countries, it must comply with laws of each of the countries in which it works – it cannot simply comply with the requirements of its 'home' country, or the country in which its head office is based



- Regulations – most legislation features 'regulations' established to provide guidance and direction to enable the requirements of legislation to be met.

These regulations have the full force of 'legislation' and must also be complied with.

- It is imperative all negotiations comply with the law of the land, and one of the most important aspects is all negotiations must be conducted in a 'fair' manner free from misleading statements, fraudulent misrepresentation and dishonest practices or inferences.

### Determining legal obligations

- To identify the legal constraints your business is required to work under:
- Speak to your supervisor, manager or the owner/operator of the business where you work
- Talk to more senior and experienced work colleagues
- Make contact with authorities/agencies you know monitor and control the industry in which you work – these are government bodies with legislated responsibility for a range of issues such as (but not limited to):
  - Fair trade
  - Employment
  - Equal Opportunity
  - OHS
  - Liquor, food, gaming and tobacco
- Visit relevant websites – see immediately above

- Ask questions of industry associations as well as employer and employee bodies.

### Penalties for failing to comply

- Failure to comply with various legislated requirements can result in one or more of the following penalties depending on the seriousness of the offence and or the number of times the offence has been committed:
  - Verbal and/or written warning issued by the authorities – no further action taken but the business is likely to be visited/inspected with an increased frequency
  - A monetary fine – which may, or may not, require attendance at a Court of law
  - A term of imprisonment – fines are often applied in addition to gaol time
  - Official and binding directive or ‘order’ – this may be to:
    - Undertake some action – such as make repairs, clean or repair equipment, train staff, change an existing practice
    - Refrain from taking some action – such as direction to stop doing something (such as to stop advertising a nominated product/service; to stop treating people a certain way).
  - Business closure – in extreme cases of (usually, repeated) non-compliance the business may be closed down. This is usually achieved by authorities removing/revoking its licences and permissions to trade/operate as a business and or to be registered as a business.

### Ethical constraints

Ethical constraints are business practices the organisation elects to comply with.

This means they have a choice about whether or not they comply with them.

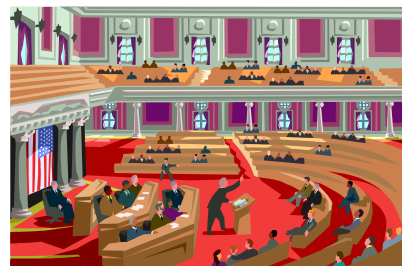
Some ethical constraints are imposed by various agreements the business subscribes to, but the point remains the business has elected to be part of that agreement/arrangement.

Sources of ethical constraints can be:

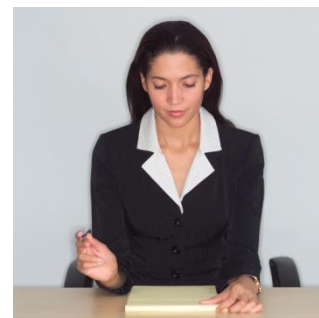
- The standards the business publicly makes about itself – such as the promises and content in their Vision Statement, Mission Statement and/or Value Statements.

These statements are developed to:

- Reflect cultural and community expectations
- Respond to cultural and community influences
- Position the business in the marketplace
- Indicate the intentions of the company in all its dealing with all its stakeholders
- The policies and procedures of the business – which reflect the public statements
- Head office – where the business operates under control from a remote, controlling body
- Codes of Practice – as developed by industry associations
- When a business joins an association they agree to uphold and comply with these (usually public) statements identifying:



- The way they will do business – with customers, suppliers, the local community
  - Staff performance – when dealing with customers, highlighting (for example) need for respect, proper communication, honest and accurate information
  - Things they will and will not do – to comply with the law and to meet community/general expectations
  - Guarantees they make to their customers – regarding service delivery and action to be taken to resolve issues in the event of complaints or dissatisfaction
  - Commitment to various environmental, cultural, local and industry-specific issues of concern to the public – many businesses identify a ‘triple bottom line approach’ (3BL) to the conduct of their business indicating they will pay attention to the planet and the people they impact, as well as the profit they seek to make
- Social and moral imperatives – these may be covered by legislation and/or may be ‘mandatory’ requirements under certain Codes of Practice, or they can simply be decisions the business takes to do ‘the right thing’ even where no formal requirement to so exists.



In many cases, businesses elect to go beyond the basic legal, compliance requirements in these areas to demonstrate their commitment to the cause.

Issues in this category can include:

- Protection of children – in relation work exploitation and or sexual exploitation
- The environment – in relation to reducing energy use, re-cycling initiatives lowering the impact of business on the environment, and sustainability
- Cultural sensitivity – towards groups of people and geographical locations
- Remuneration – providing a fair day’s pay for a fair day’s work
- Rainforest alliance commitments

### Results of breaching ethical constraints

Breaching an ethical constraint will not result in a legal penalty (as identified above) being applied unless the breach also entails breaching a legal requirements.

Breaching ethical constraints may result in:

- A warning from head office or an association – continued breaches may result in:
  - Termination of agreements
  - Removal from the association
  - Sanctions – action taken to encourage wrong-doers to do the right thing. May include higher fees and charges; refusal of attendance at meetings, seminars and conferences; restricted access to products, services, information.
- Negative comments in the media – which have the potential to negatively impact sales and the market position and image of the business
- From the point of view of negotiation, compliance with ethical constraints is normally as important as compliance with legally imposed obligations.





## 2.3 Maximize benefits for all parties in the negotiation through use of established negotiation techniques

### Introduction

The essence of any business relationship is mutual benefit.

This Section provides tips and techniques to use when negotiating with others so there are win-win outcomes.

### Need to maximise benefits

In all negotiation situations you must strive to maximise the benefits to all parties involved: negotiation is not really the practice of exploiting the other party while maximising your result.

Any negotiation seeking to take advantage of the other party will only damage or destroy any potential long-term relationship and benefits: repeat business (from customers and with suppliers) is a fundamental requirement for ongoing business success.



You must also remember just because you were unable to reach an acceptable outcome *this time* as a result of negotiation, does not mean you will not be able to do so *next time*.

At all times bear in mind you will not have the opportunity to even enter into subsequent negotiations if you have destroyed the relationship this time.

You must endeavour to keep the other party on-side (that is, feeling positively toward you and your business) even if the negotiation fails and ensure they are prepared to at least consider doing business with you next time.

There are many examples of a business missing out on a sale (that is, the negotiation failed to result in the business winning the sale), and the client going to a competitor only to find their service, product, value-for-money and so on was atrocious.

Where the client decides to make a similar purchase next time, you want to be a business they consider even though they rejected you last time: how you conducted yourself last time will be a prime determinant of whether or not you get an opportunity to quote (negotiate) next time.

The moral of this story is 'never become upset or annoyed at a customer who takes their business elsewhere – they may come back if you continue to act properly and professionally'.

### Tactics and techniques

There are many tactics and techniques that can be used during negotiation.

You are unlikely to use all of them in the one situation or negotiation but you should try to commit the options to memory so they form a useful set of negotiation tools which can be used 'as required'.

Remember, however, there is also the possibility the other party may use these tactics on you, too!

Tactic	Counter-tactic
The other party walks out	Ask them to return. Re-frame statements previously made. Make new offers. Try and find a compromise
The other party is delaying or stalling	Use this time yourself to cool off, think again, plan new strategy, get additional information. Try for a compromise. Seek clarification for the cause of the delay
The other party has set limits (for example they have established boundaries of finance, personnel, time, price)	Explain why these limits are unacceptable. Respond with your own limits. Engage in open discussion of limits.
The other party shows controlled emotion – rage, outrage, shock, surprise	Reply with same. Be assertive, not aggressive
If there is a deadlock	Claim you do not have the authority to make the change and buy more time to enable more thinking, input from others, re-thinking of your position, goals
The other party keeps silent	Ask questions. Ignore the silence, or respond with silence yourself.
The other party makes a personal attack on you, a staff member, the business, service delivery	Always ignore it – never counter-attack. If it continues, walk out
The other party overloads the discussion with information	Summarise relevant issues and try to get back to main topic. Ignore the diversion and stick to the main topic.
The other party moves from general to the specific and vice versa	Stick to the point
The other party acts as if they are stupid and do not know anything	Use questions to find out the other party's position and how much they know.

Further negotiation techniques may include:

- Identifying goals and limits – it is always useful to make it clear at the outset what you want to achieve and the limits/boundaries regarding what you can do or offer.

Doing this provides the parameters for the negotiation/discussion and helps to clarify what the other party can expect in terms of an outcome.

- Clarifying needs of all parties – this can often be a simply statement spelling out what you want to achieve and what you believe the other party wants to achieve.

This can verify (or clarify) understanding regarding the requirements of the negotiation, and provides a good follow-on from identification of goals and limits as it supplies context and demonstrates you have taken time to determine what the other party wants.



- Identifying points of agreement and points of difference – to help guide the discussion and to clarify for everyone the stage the negotiation has reached.

This also helps keep everyone on the same wavelength, thereby reducing the possibility for confusion and later criticism there was any deliberate deception or coercion

- Demonstrating research of the facts – it is important at an early stage to show to the other party you have done research to identify the relevant facts (schedules, prices, rates, availability, times, inclusion) in relation to the negotiation.

Showing you have copies of appropriate facts/research is also influential as this proves you have 'hard facts' as opposed to relying on memory, or making up information to support your case.

In some cases, doing appropriate research may mean you encourage another, more qualified or better informed person to participate in the negotiation.

- Using appropriate language – critical are the use (and emphasis on) active listening and the use of open questions.

Swearing should be avoided in all negotiations and industry (or other) terms used during the negotiation should be agreed on and understood by everyone present.

This may mean spending time clarifying what certain words mean as different people have different interpretations.

Even within the industry there are different interpretations of certain terms, phrases, acronyms.



- Using appropriate non-verbal communication techniques – with emphasis on the need for your body language to match the verbal communications you send.

You must also be alert to noting and interpreting the non-verbal communication signals being sent by the other party.

- Bargaining – this may be seen as the crux of negotiation: often the two parties are simply engaging in an elaborate 'dance' to trade something for something.

Frequently, those negotiating are more than happy to agree if they can walk away from the negotiations and be able to point to some 'thing' or 'point' they won from the other party: this is a very important point to remember – you must look for how you

can win what it is you want, and still make the other party look like they've won too (this is the essence of a win-win outcome to negotiating)

- Developing options – this involves thinking on your feet and creating possible solutions as various aspects, limits, pressures, restraints, egos and other factors emerge
- Demonstrating appropriate cultural behaviour – you should always strive to be accommodating, polite and culturally sensitive.

Avoid showing surprise or shock if the other party needs to accommodate a religious and/or cultural need.

Research prior to the negotiation process should focus on any possible cultural issues needing to be accommodated during the negotiation and/or as part of the deal/package being negotiated.



- Confirming agreements – confirmation of agreement should occur:
  - Immediately following reaching of agreement – to check for definite approval of what has been negotiated. It is important to write down the details of all such agreement
  - At the end of the negotiation session.

## Maintaining a positive relationship

The use of certain techniques, in addition to those described above, will assist you maintain a positive relationship with the other party into the future regardless of the outcome of any negotiation.

Techniques include:

- Keeping in regular contact with clients you have lost (that is, those with whom you have not done business in a long time) and with those with whom you had a successful relationship (that is, those who have made a purchase or enquiry in the past three months) – this may be a face-to-face visit or simply a phone call every three months.

It may include putting the client on your mailing list (if you do mail-outs of specials, or produce a newsletter-type publication).

Sending 'general broadcast' emails or facsimiles should only be done in accordance with organisation policy as many businesses believe sending these communications can be counter-productive (from a PR and goodwill perspective) where the recipient does not wish to receive or read them.

- Following up with clients – where you have successfully negotiated with a client and they have used your services, it is wise to follow-up with them to see how things went.

Ask them some basic questions (and then show a genuine interest in their replies):

- 'How was the holiday?'
- 'Did you enjoy your cruise?'
- 'How did the function go?'



This gives you an opportunity to gather feedback, and to rectify any problems perceived by the customer, or which actually occurred.

It also demonstrates an on-going interest in them proving your interest does not evaporate immediately their function or event or trip has finished.

You are acknowledging and making obvious your concern for the client recognising the future possible win-win scenarios.

It is a fact of life it is easier for an *established* client to deal with you than it is for them to have to source an alternative supplier and 'train them' in what they need or want or prefer and in the way they want to be treated.

The benefit of retaining contact with an established customer is they know you, you know them and it is expected you will go that extra step to make their function or trip (or whatever) a success.

## Internet information

Take time to visit, view and listen to:

<http://www.kantola.com/Margaret-Neale-PDPD-11-S.aspx> - Clips 1,2 and 3

## 2.4 Incorporate feedback and input from colleagues into the negotiation where appropriate

### Introduction

Negotiation should be seen as a team effort – while you may be the individual conducting the negotiation, your work should be the result of help, feedback and input from colleagues.

This Section looks at the importance of information in negotiation, the role of feedback, and how to use feedback in the negotiation process.

### Information and input from colleagues

For many negotiations a team effort is required to provide the basis for the discussions that will occur.

The 'team' may include:

- The other party – and/or their representatives
- Specialist members of your workplace – who have particular, required knowledge, skills or experience
- Management – with authority to make decisions about issues not included as part of your scope of authority.



## Importance of information

Information used in the negotiation is important – it must be:

- Comprehensive
- Accurate
- Current.

This is vital because:

- It is the basis of ‘the deal’ – and the other party is entitled to rely on it as being correct
- Insufficient, poor, dated or wrong information is highly unprofessional – and severely damages the reputation and image of the business
- The other party uses it to make a decision – to buy or not to buy
- The business can be held legally liable if they provide false or misleading information.



## Examples of information and input

Information and input from colleagues should/could:

- Provide history about previous dealings with the other party – indicating (for example):
  - The tactics they may use/have used in the past
  - Their needs, wants and preferences – likes and dislikes
  - Their parameters
  - Who was involved.
- Supply factual information for use in the negotiation – such as:
  - Prices, dates, times, minimum numbers, schedules, availability
  - Limitations
  - Company policies, procedures and protocols.
- Generate historical data, statistics and information – such as:
  - Previous purchases made by the other party
  - Conversion rate – queries converting to sales/bookings
  - Demonstrated previous needs, wants and preferences of the other party.
- Assist with trialling the negotiation process – by:
  - Suggesting tactics and techniques
  - Participating in a role play or practice run as the other party – and deliberately asking awkward questions, demanding ‘better’ deals and refusing to agree to proposals
  - Providing feedback on your negotiating performance in negotiation trials and practice sessions.



## Feedback from 'the other party'

Feedback can also be received from 'the other party' as part of the negotiation process.

Feedback can be:

- Positive – agreeing with your statements, offers and or points of view
- Negative – disagreeing with what is being offered or presented, and requiring change to bring the negotiation to a successful conclusion.
- Where feedback is positive this indicates a need to continue with the planned negotiation – continuing to present the prepared offer, not making additional inducements to buy, adhering to prepared prices, terms and conditions.
- Where feedback is negative this indicates a need to revise the planned approach – and pay attention to identifying the exact cause or focus of the negativity so appropriate alternative offers and suggestions can be made.
- Feedback from the other party must be continually sought throughout the negotiation process, and responded to (where possible) in order to move the negotiation forward to a successful (mutually beneficial) outcome.



### Verbal and non-verbal feedback from the other party

Feedback may be provided in verbal and non-verbal form.

Attention needs to be paid to:

- The words spoken – as individual words/terms or expressions can carry different nuances or meaning
- The force or passion with which statements are made – to determine if statements are deeply held or peripheral to the discussion or negotiation
- The body language and facial expressions accompanying the spoken word – to identify if the verbal statements are truthful or not.



### Using the feedback

Tips on using feedback from the other party include:

- Thank the person giving you the feedback, and respect their view – try to separate the person giving the feedback from the feedback given
- Clarify the feedback by repeating it back to them or by paraphrasing – make sure you fully understand the feedback provided
- Reflect on the feedback – to determine if you believe the feedback was reasonable and accurate
- If you believe the feedback is reasonable and accurate – act on it: take appropriate action to remedy a situation or to make sure there is no recurrence of a bad situation



- Always remain within your designated scope of authority to act on the situation – you must never offer more inclusions, or cheaper prices, exceeding your individual authority to do so.

Sometimes you just have to accept you cannot achieve a successful outcome for every negotiation you enter into

- If you do not believe the feedback is reasonable and accurate – work it through with the sender: tell them you believe their feedback is inaccurate, or misguided (as appropriate).

Be prepared to stand up for yourself, using facts and evidence as the basis for your response

- Learn from the experience – we all make mistakes. If you have made a mistake, accept the mistake, acknowledge it and promise yourself not to repeat it. Remember the person who hasn't made a mistake hasn't made anything – mistakes are how most people learn and gain experience.

## Providing feedback

When you are giving feedback as part of the negotiation process the following tips on giving effective feedback should be adhered to:

- Be positive and constructive – even where you have to provide negative feedback, make sure it is accompanied by something positive.

Consider using the 'positive-negative-positive' sandwich approach, sandwiching the negative comment between two positives:

- “We can certainly provide travel on the dates and at the times you want but unfortunately the price for those times is not negotiable: we can however provide some discount vouchers, a free travel bag and our Priority Service with this purchase.”

- Make sure all feedback is fact-based – you have to be able, if challenged, to provide evidence to support any feedback you give.

If you express the opinion a deal or package is the best value available, you have to be able to prove this is the case

- Respect the feelings of the person you are providing feedback on, or to.

Realise providing feedback has the potential to nearly always impact on what the other person thinks, believes in or is committed to.

If statements are likely to impact on people's feelings, consider using the 'feel-felt-found' approach:

- “I can understand why you **feel** [or 'think'] the way you do – others have **felt** [or 'thought'] the same thing but they have **found** this option really is the best choice providing excellent value-for-money and meeting the vast majority of their needs.”

- Immediate feedback is more effective than delayed feedback.

Providing feedback on-the-spot is usually best as it allows the discussion or negotiation to develop based on the reality at the time.

Even negative feedback is best provided immediately





- Restrict your feedback to only those things that can be changed – it is best to provide feedback on issues the other party has the ability to alter.

If they are adamant they cannot increase their purchase prices, then feedback needs to address reducing inclusions, service levels, quality, or some other factor.

## Feedback is good

The point to keep in mind about feedback and input from colleagues – and the other party – is it should be viewed as assistance.

You must see it as help and guidance in the overall process of negotiating a sale/required result.



The adage 'none of us is as strong as all of us' should be recalled.

It is also worth remembering 'Feedback is the breakfast of Champions'.

## 2.5 Communicate the results of negotiations to appropriate colleagues and stakeholders within appropriate timeframes

### Introduction

At the conclusion of any negotiation it is often (but certainly not always) necessary to communicate the results to appropriate colleagues and stakeholders, within appropriate timeframes.

This Section identifies timeframes for communicating results of negotiations, those to whom communication may need to occur and the possible format and content of the communication.

### What is an appropriate timeframe for communicating results?

The most commonly accepted 'appropriate timeframe' translates into 'immediately' which is usually taken as 'as soon as possible'.

In practice this can range from sending notification to people literally within seconds or minutes of knowing the outcome of a negotiation.

### How should communication occur?

In these cases the usually accepted means of communication are:

- In person – using face-to-face, verbal communication allowing the other person to ask questions, clarify issues and provide feedback
- By phone – in many instances, certain people (major stakeholders, management) will both appreciate and require notification of the results of some negotiations, immediately.

This may involve calling their cell phone or even their home number to pass on the outcome especially where the negotiation was an important one

- Via e-mail – larger premises use their internal e-mail as a standard communication tool.

It is certainly quicker for you to type one message and send it to multiple recipients, than to have to ring a dozen or so people and tell them.

In other cases, where the impact of the negotiation is not so critical, severe or important, it can be acceptable for notification to take place the next day.

In all cases though, you should make it a goal to pass on all notification within 24 hours.

## Who should be notified?

Those to whom notification may need be passed include:

- Anyone who was involved in the negotiation process – this would include anyone who did research for you, and anyone who prepared documents, samples or reports or techniques and tactics used in the process
- Business owners, managers and departmental heads, supervisors, and/or boards of directors
- Departmental personnel from key support departments – such as finance staff, marketing personnel, HR staff, IT
- Suppliers and support services who may have been advised to be on 'standby'
- Head office – to advise of important or significant outcomes, or to comply with organisational reporting policies and procedures
- Specific operational departments potentially involved in servicing and providing whatever was the content of the negotiation – for example, in a hotel this may mean communicating results of negotiations to stores, cellar, kitchen, security, housekeeping, front office.



## Written reports

In some circumstances (or in accordance with policy) management may require a written report on the negotiations.

These reports should detail issues such as:

- Those involved in the negotiation – by name, title and position
- The basic issues involved – an outline to set the scene or context
- Attempts at resolution/solution – what was offered and said; who said what
- Reasons the above attempts failed or were rejected – if applicable: some negotiations do not feature any rejection but this is not usual. There is usually some contestation of what is offered, but not always
- All relevant figures, data and statistics – prices, quantities, dates, discount percentages, commission percentages
- The desired position or preferred outcome for the business including room that was available to manoeuvre



- Details of final offers made
- The final result
- Who was notified, when and how
- Lessons learned – from the negotiating process about ‘the art of negotiation’ and the ‘other party’ and their tactics and strategies
- Recommendations for future action in relation to the negotiated outcome or result achieved – what is the next step? What are the next several steps? What timelines apply? What resources are required?



These reports may need to be forwarded to head office, management or departmental managers.

In essence, these reports may also have value to other businesses or operators elsewhere within a chain or be of benefit to the operation of another department or team within the organisation.

Where reports are produced for internal consumption you can expect them to be discussed at the next management meeting so take time preparing them because you will (in part) be judged by what they contain and how they look.

## Work Projects

It is a requirement of this Unit you complete Work Projects as advised by your Trainer. You must submit documentation, suitable evidence or other relevant proof of completion of the project to your Trainer by the agreed date.

2.1 To meet the requirements of this Work Project you are required to provide photographic, video or other evidence demonstrating you have conducted a negotiation session with a potential customer:

- In a professional and business-like manner
- Within a relevant cultural context as appropriate to the other party
- Meeting applicable legal and ethical requirements and constraints
- Reflecting suitable and appropriate planning and preparation
- Incorporating suggestions and input from other workplace colleagues
- Responding to feedback from the other party
- The negotiation used as the focus for this Work Project may be an actual workplace negotiation, or a simulated session.

2.2 To meet the requirements of this Work Project you are required to prepare and present a written report communicating the result of the negotiation that was the focus of Work Project.

The written report must:

- Be a true reflection of the negotiation
  - Detail 'lessons learned'
  - Identify to whom such a report would be distributed within the workplace
  - Identify when and how the report would be distributed.
-

## Summary

### Conduct negotiations

When conducting negotiations:

- Act in a business-like and professional manner
- Realise the outcome of a successful negotiation is a win-win result
- Do the necessary research and preparation prior to the negotiation process
- Involve others in the planning and preparation
- Know your limitations for negotiating and never exceed them
- Prepare a plan, know the plan and stick to the plan to the greatest extent possible
- Use appropriate communication skills
- Align the negotiation with workplace demands and focus
- Ensure all negotiations occur within legal and ethical constraints
- Use established negotiation techniques but seek a positive outcome for all parties
- Be flexible and be prepared to amend offers to reflect emerging need, changed circumstances and varying requirements
- Use feedback from others to plan and guide the process
- Communicate the outcome/results of negotiation promptly and comprehensively to designated persons according to internal requirements.



## Element 3: Make formal business agreements

### 3.1 Confirm agreements in writing, using formal contracts where appropriate, and in accordance with enterprise requirements

#### Introduction

After negotiations have been successfully concluded are commonly instances where it is necessary to confirm the agreed arrangements, in writing.

Note, however, many arrangements remain purely verbal, and these verbal arrangements serve quite acceptably as the sole basis for future action and can be legally binding.

#### Why 'put it in writing'?

The benefit of confirming arrangements in writing is the written form serves as a platform on which both parties can find common understanding and agreement.

Verbal agreements, by contrast, doubtless leave themselves open to misunderstanding as well as the confusion created by the passage of time and forgetfulness.



It may not be your organisation seeking to have the arrangement 'reduced to writing' as sometimes the *other* party will ask for the negotiation outcomes to be confirmed in writing: you must be willing and ready to do this where required.

Where arrangements are to be confirmed in writing, two basic options exist.

First option - you may engage the services of a solicitor to prepare a formal contract: this is time consuming and costs money, but may well be the best course of action where a substantial sum of money is involved and or where the arrangements are complicated.

Your solicitor will ensure all legalities are complied with, and will protect your interests (as well as the interests of the other party): should things go awry, using a solicitor always provides you with better avenues of recourse.

It should be noted the vast majority of business agreements never involve legal counsel.

Second option - you may elect to write up your own formal contract.

This can be done in one of two ways – you can use an internally generated template outlining the basics of the agreement and you simply add the required information – dates, prices, times, specifics of the products and/or services agreed on, terms of payment, details of parties bound by the contract.



Alternatively, you can draw up your own contract without using the services of a solicitor.

The following information will help you to understand more about contracts, but is not intended to substitute for professional legal advice.

## Contract – defined

A contract is an agreement enforceable at law.

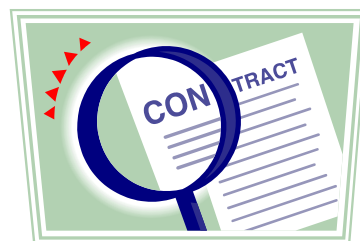
An essential feature of the relationship formed by a contract being a promise by one party to do (or refrain from doing) certain specified acts.

### Simple contracts

The vast majority of all contracts are known as simple contracts: this is not to indicate their composition or associated issues are simple in nature, but this term separates them from other types of contracts (such as Contracts under seal, and Contracts under record).

Simple contracts may be:

- Formed orally
- In writing
- Implied (by courts, at a later date) from the actions of the parties.



### Elements of a valid contract

There are six elements of a valid simple contract: some texts will combine one or more of these elements thus depicting a lesser number of elements yet they still cover all the necessary factors.

All elements must be present for a contract to be valid.

The six elements are:

- Intention to create legal relations – both parties must intend to enter into legal contractual relations: the relationship cannot just 'happen'
- Agreement – there must be both an 'offer' and an 'acceptance'.

One party must make an offer and the offer must be accepted by the other party.

Note just having the price of an article on the shelf or on an article does not constitute 'offer' but is what is legally known as an 'invitation to treat'. The price is inviting the buyer to make an offer.

- Consideration – there must be a promise of 'something for something'.

Note the terminology used here ('consideration') does not refer to the mental activity of applying one's brain to reflect on, contemplate or consider the contract.

Note also the law is not concerned with the *amount* (or value) of the consideration, hence 'peppercorn rentals' (very cheap prices for something which should or could be much more expensive) are quite legal

- Capacity – the parties must be legally able to contract, not prevented by their status from entering into contractual arrangements.





People who are drunk, for example, are not of legal capacity

- Certainty of terms – the contract must not be marred or confused by mistake, misrepresentation or fraud

There should be no confusion about what obligations arise from entering into the contract – there should be clarity of intent

- Legality of objects – the purpose of the contract must not be illegal.

### What if one of these elements is missing?

Should one or more of the above components be missing then a contract will be deemed to be one of the following:

- Void – the contract will have no legal effect at all
- Voidable – where only one of the parties may avoid the contract, or alternatively may compel the other party to perform their share
- Unenforceable – here the contract is prima facie valid but no legal action can be brought because of (perhaps) some lack of procedural requirement requiring the contract to be in writing. In addition, there may be a statement to the effect that the written document is/was never intended to be a binding document due to, for example, lack of intention to create legal relations
- Illegal – where purpose of the contract is contrary to public policy/statute.

## Certainty of terms or consent – one of the six elements

There must be certainty between parties about the contents/focus of the contract, and the consent of the parties must be genuine, or the contract may be avoided.

Contracts involving mistake, misrepresentation, duress and undue influence may affect the validity of a contract and possible outcomes of legal action can include damages or a voided contract.

### Mistake

There are four kinds of mistake:

#### Common Mistake

This refers to the situation where both parties make the same mistake.

For example, where the parties are unaware the subject matter of their contract has been destroyed.

This type of mistake must relate to the subject matter of the contract (not to a peripheral issue) before the courts will hold no contract was made.

Where the common mistake refers to accidental qualities of the subject matter the courts are generally reluctant to hold that the contract is void *ab initio*.

#### Mutual Mistake

Here both parties understand each other but are at cross purposes.

For example, A offers to sell a bottle of wine to B. B accepts the offer believing it to relate to A's 1960 Malbec. In fact, A was offering to sell his 2006 Chardonnay.



There can be no real agreement because the parties are at cross purposes and so there is no correspondence between offer and acceptance.

### ***Unilateral Mistake***

This is where only one of the parties is mistaken, and the other party is (or ought to be) aware of this.

For example, where A believes he is contracting with B, whereas he is in fact contracting with C, and C knows of this error but fails to inform A of this.

The contract is then void.

### ***Non est factum ('it is not my deed or option')***

This is a mistake as to the nature of the transaction.

A signed document is not binding on the party signing it if she or he was induced to believe she or he was signing a document that was 'fundamentally different'.

### **Misrepresentation**

Misrepresentation falls into two classes: fraudulent misrepresentation and innocent (though nonetheless negligent) misstatements.

The reason for the distinction is the difference in consequences.

Moreover, misrepresentations do not form part of the contract and so do not give rise to claims for damages but may allow the aggrieved party to repudiate the contract.

### ***Fraudulent misrepresentation***

This is a false representation of fact made with the knowledge it is false, or is a statement or representation made carelessly or indifferently without any real regard to what may be the true facts.

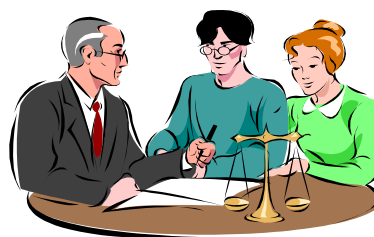
For fraudulent misrepresentation to be actionable it must be **all** of the following:

1. A false
2. Fraudulent
3. Representation
4. Of fact
5. Made by one person to another
6. With the object of inducing the other to alter his position to his prejudice
7. Which actually induces the other to alter his position to his prejudice.

All these factors must be present.

Damages can result from successful action.

In business, it is important to realise we (as professional caterers and hoteliers, as professional travel agents and tour operators) 'hold ourselves out' as being professionals, having special skills and talents in our trade in the provision of food, beverage and accommodation, travel and tours.



Thus, where we contract to provide a service (such as a function or an itinerary), the client can reasonably expect us to fulfil the promises we have made in terms of the standard of service and quality: where we fail to live up to our promises we should be aware courts are increasingly finding in favour of clients when actual events fail to measure up to the promises made.

The message is clear – do not promise what you cannot deliver.

### ***Innocent misrepresentation***

This misrepresentation is innocent in that the representor believes his assertion to be true and consequently has no intention of deception.

The representee cannot obtain damages for an innocent misrepresentation.

### **Silence**

Two points are important in relation to this.

First, silence cannot be taken to indicate agreement.

Silence does not mean assent.

Second, silence can amount to misrepresentation where a person makes a false statement believing it to be true, discovers later that he was mistaken but keeps silent about the initial innocent misrepresentation.



### **Duress**

This consists of actual or threatened violence to the contracting party or their near family or close relatives, by or on behalf of the other contracting party.

The contract is then voidable at the option of the threatened or injured party.

### **Undue influence**

Is the improper use of a position of power or influence over another in order to induce the other to act for his benefit?

This involves things such as offering an inducement or bribe (money, favours, and promotion) and the special relationships that are deemed to exist between parent and child, patient and doctor, solicitor and client, priest and devotee.

## **Contents of the contract**

This section looks at some of the terminology involved in contracts, how a contract operates and how the contract can be discharged.

### **Terms or contents of a contract – express terms and representations**

During the deliberations and discussions preceding the formal signing of a contract both parties make statements intended to improve their position in relation to the contract without any intention those statements find their way into the eventual agreement that is drawn up.

When dispute arises over such statements it is then necessary for the courts to determine whether such statement is to be treated as 'mere representation' or whether it should be seen as a 'term'.



Mere representation, unless deliberately fraudulent, does not form part of the contract and so does not give rise to the right to sue for breach of contract.

Where the statement is deemed to be a term however, a remedy exists in suing for breach of contract.

Decision as to what is a 'term' and what is 'mere representation' centres around the intent of the parties – or what the courts infer as their intent.

Courts will use the following as guidelines in establishing this:

- The stage at which the crucial statement was made during the course of the transaction – the greater the time between the making of the statement and the eventual contracting then the more likely the courts are to infer the statement was merely inducement to the contract and not intended as a term
- The importance attached to the statement by the parties – the more important it is, the more central it is to the agreement, the more likely it will be treated as a term
- The form of the statement – where an oral statement precedes and finally produces a written contract in which the intent of the verbal statement is not set out, it is less likely that the statement is a term
- Knowledge of the person making the statement – where the statement was made by someone possessing some special knowledge or skill as compared to the other party then such statement is more likely to be seen as a term.



### **Difference between a 'Warranty' and a 'Condition'**

If it is established a statement is to be considered as a 'term' of the contract, then the next problem is to consider or rate its significance.

The obligations created by terms of a contract are not all of equal importance and so a further distinction must be drawn between a 'condition' and a 'warranty'.

This question relates to the intention of the parties. The reason for making such a distinction at law is because the remedies are different for each area.

If the term that is breached is deemed by the courts to be only a 'warranty' then the injured party can only claim damages.

However if the term that is breached is seen to be a 'condition' then not only are damages recoverable but the injured party can treat the contract as being repudiated by the party who is in breach.

A condition then is a term going to the very root of the contract such that failure to perform it would render the performance of the rest of the contract something different in substance from what the defendant intended.

When the courts assess a term to decide if it is a condition or warranty, they will take into account the context in which the contract was made and all the surrounding circumstances.

### **Exemption clauses (also known as 'exclusion terms')**



Where a party seeks to limit their liability or to exclude liability, a clause to this effect may be inserted in the contract.

These are known as 'exemption clauses' or as 'exclusion terms'.

Many are found in what is termed 'standard form' in many contracts.

You should be aware in the case of *signed documents* containing exclusion clauses, in the absence of fraud or misrepresentation, the party signing will be bound by these clauses *whether they read the document or not*.

## Privity

The concept of privity applies to provide rules to govern the legal relationship which arises between various persons involved in a contract.

They are:

- A person cannot incur liabilities under a contract if she or he is not a party to the contract – that is, she or he cannot sue or be sued on the contract
- A person has no rights bestowed on them under a contract to which they were not a party. Note, however, where a person has benefits conferred on them under a contract between other parties, courts are increasingly finding for these persons.

In essence then, the parties to a contract cannot confer rights, or impose liabilities, upon anyone but themselves.

## Discharge or dissolution of the contract

Contracts are said to be discharged or dissolved when the obligations created by them cease to legally bind the parties.

Contracts can thus be discharged by:

### Performance

This is the most common way of discharging a contract: it is simply the fulfilment by both parties of the obligations they both agreed to perform.

To secure 'absolute discharge' payment (where the other party agrees to pay for a product or service as their part of the contract) must be in legal tender for the full amount agreed.

'Conditional discharge' occurs when payment is made by cheque. When the cheque is honoured, discharge becomes absolute.

If, however, the contract stipulates payment is to be made by cheque and the debtor settles by cheque which is subsequently dishonoured, the contract is still discharged: the creditor's only recourse is to sue on the cheque, not the contract.



Where only a slight difference is apparent between performance and the intent of the contract, the courts will deem the substantial performance to represent a valid defence to a claim: entire performance is thus not a condition precedent for recovery as any breach can be compensated in damages, not in the voiding of the contract.

Slight variations from the contract, thus, will not prevent a valid claim for damages.

### **Tender or attempted performance**

In the case of 'tender', the one party has tendered the exact amount of the agreement in payment but the other party has rejected the money for some reason.

The debt still stands but the debtor does not have to seek out the creditor again, and, if the debtor is sued, the creditor will not be entitled to recover costs arising out of such action.

Where one party attempts to execute or perform their part of the contract but is prevented from doing so by the other party, they will be released from the contract and can sue for damages.

### **Agreement between the parties**

Where both parties are still to fulfil their parts of the agreement, they may agree to end the contract by mutual consent.

The agreement by both parties to end the contract will be seen to be sufficient consideration for the agreement of the other, and rescission will be complete.

### **Frustration**

Here the law recognises circumstances may change so much a contract between parties may bear no relationship to what was originally agreed: a house which is at the centre of a contract may burn down, or an industrial dispute may make it impossible to complete a task by a set date.

Frustration in this context is taken to embrace things that make further performance of the contract impossible.

The result is both parties are excused from the contract and no further liabilities will accrue from that time onwards, however, obligations accrued prior to the event are still enforceable and action may be taken to recover against them.



### **Breach**

When there is a breach of contract by one party it allows the other party to treat their obligations under the contract as being at an end.

A breach occurs when one party directly or indirectly refuses to perform their obligations/promises, or when a party fails to fulfil any of the terms or conditions of the contract.

The innocent party will be entitled to damages.

### **Operation of law**

As the name implies, this embodies instances where the law itself brings about an end to the contract.

Five areas exist:

- Merger – where the parties sign a deed which covers the same content as the contract, the contract ceases to be by virtue of the merger. In effect a new contract is raised and there is mutual agreement about both the original and revised contracts

- Material alteration to written document – where one party without the consent or knowledge of the other party changes the material content of the contract, this renders the contract, by law, invalid or voided. The intent of this is to protect the innocent party
- Death – means that contracts for personal services are at an end. Obligations already accrued are able to be claimed from the estate but no future liabilities can be incurred. Other contracts remain enforceable against the estate of the deceased
- Insolvency (bankruptcy) – this results in the wiping off of all debts and the termination of all contracts. It should be noted that some people voluntarily go bankrupt as a means of escaping their debts and then start up again in business
- Losing of the contract – while this does not affect the rights and obligations of the party, the problem is often in proving what was contained in the contract. Where the contents of the contract cannot be definitely decided upon the courts may terminate the contract: for this reason it is good business practice to keep a copy of all documents, especially contracts.

## Remedies for breach of contract

Your remedy for breach of contract is a common law action for damages.

Damages are awarded so as to put the party whose rights have been violated in the same position (as far as money can do) as if those rights had not been violated.

Only loss resulting from aspects relating to the breach *per se* will be assessed as being worthy: losses deemed not to be connected directly to the breach in question will be said to be 'too remote' and thus disallowed.

In addition (or perhaps as an alternative) to the monetary recompense provided for in damages, you may elect to pursue what is termed an 'equitable remedy'.

This means you may seek:

- 'Specific performance' meaning if the court decides in your favour, they will force the other party to perform their part of the agreement; or
- 'Injunction' where you seek, if the court finds for you, a court order preventing the other party from doing specific act(s).



Where the breach is of a warranty, then this will not negate the contract (that is, you are not entitled to treat the contract as finished), but you can sue for damages and loss that results.

Where damages are sought, the plaintiff is required to minimise the damages sought and not to exaggerate or inflate them: such action to minimise the loss brought about by the breach of contract is known as 'mitigation', and the claimant is obliged to do everything reasonable to prevent and or minimise further loss.

The end result is the aggrieved party is not supposed to show a profit on the action.

Damage claims may be for 'unliquidated damages' where the claimant is unable to determine the dollar amount. In this case it is up to the court to decide and assess the amount to be paid.

Alternatively a claim may be for 'liquidated damages' where a specific sum of money has been named in the contract as the amount payable and the claimant seeks that specific amount.

## Examples of formal agreements

Formal agreements encompass a broad and significant range of commercial dealings and may include those identified in Section 2.1 – that is:

- Corporate accounts
- Service contracts
- Agency agreements
- Venue contracts
- Rate negotiations
- Marketing agreements
- Preferred product agreements.

## 3.2 Check and gain appropriate approvals for all aspects of formal agreements in accordance with enterprise procedures

### Introduction

Any formal agreements entered into will bind the business to certain actions, and may hold the possibility of legal action.

### The need to check agreements

Because legal action may flow from signing a formal agreement – and to verify final arrangements – all formal agreements must be checked by the appropriate person, and all appropriate approvals to proceed must be obtained.

In many instances checking will simply be a matter of course, and can often simply involve obtaining signatures from specified people after they have read and approved the document.

The procedures at your establishment will differ from those at all other venues, so make sure you check enterprise procedures before going any further.

Talk to the manager/owner or departmental head and ask what procedures apply, and ask what policies you should read.

### Who may grant approvals?

It is likely that approval, permission and/or signatures will have to be obtained from:

- The owner or manager
- Finance or accounting department
- The individual relevant department head – such as the Executive Chef, the Head Housekeeper or the Functions Manager





- Sales and Marketing
- The legal representative for the business
- What if the contract is not approved?
- Where approval for the agreement is not granted, options include:
- Re-negotiation – to develop a new or revised contract or agreement
- Withdrawing – not entering into re-negotiations.

### 3.3 Identify the need for and seek specialist advice in the development of contracts where appropriate

#### Introduction

From time-to-time, depending on the focus of the contract being considered there can be a need to obtain specialist advice before accepting or otherwise proceeding with a contract

This Section identifies the areas in which specialist advice may be required when dealing with contracts.

#### The need for legal advice

As society becomes increasingly litigious, there is a growing need for businesses to protect their interests from predatory behaviour, and the seeking of specialist advice in the development of contracts is an important aspect of this

More specifically, legal advice is likely to be needed when:

- Entering into a relationship with a new party – that is, a business or person with whom you have never had a relationship before
- Entering into an agreement that is a new area for your organisation – that is, a contract involving provision of goods and or services you have not previously contracted for
- Legislation relevant to the agreement has changed – and (perhaps) there is confusion over new definitions, revised laws and emerging legal intentions and implications
- The agreement involves a large sum of money – the exact definition of what is a large sum will vary between businesses
- There is a degree of urgency associated with the agreement – for instance, where it is critical a service/product is delivered or provided by a set date
- The agreement involves a very high level of risk – and or public exposure
- Where you are entering into a contract about something where you previously experienced legal problems – which may include the threat of legal action as well as actual legal proceedings
- The project is a large one – that is, something likely to go on for a number of months, or for a year



- The nature of the agreement (the actions at the root of the agreement) is such that it is contentious, risky or liable to be actioned.

As has been mentioned, it is time consuming and expensive to be continually running to legal advisors to protect your business, but it can be a necessity in certain circumstances.

## The need for financial advice

Financial advice can be required to:

- Assist with determining the financial viability of a contract – by helping assess the revenues and costs associated and the final profit, return on investment and other financial indicators
- Source funds to assist with discharging the obligations imposed by the contract – there can be a need for:
  - Short-term and or long-term loans
  - Overdrafts
  - Lines of credit.
- Determine alternatives for obtaining necessary equipment and materials to discharge a contract – such as:
  - Leasing
  - Renting
  - Extended terms of credit.
- Identify financial planning imperatives – related to:
  - Paying tax
  - Investment of profits
  - Business expansion (or contraction)
  - Investment options.



## The need for industrial advice

Industrial advice refers to the need for advice about industrial relations (IR) issues.

These can relate to:

- Preparation of employment instruments or contracts to support engagement of staff to perform work for a nominated contract
- Determination of suitable remuneration and working conditions
- Establishment of dispute resolution protocols for specific contracts/work
- Resolution of IR issues and workplace disputes relating to the contract and work undertaken as part of the contract
- Staff recruitment, selection, training and induction
- Discipline
- Determination or clarification of employer and employee roles and responsibilities under a contract
- Compliance with local employment and IR obligations as imposed by law.



## Work Projects

It is a requirement of this Unit you complete Work Projects as advised by your Trainer. You must submit documentation, suitable evidence or other relevant proof of completion of the project to your Trainer by the agreed date.

- 3.1 To meet the requirements of this Work Project you are required to prepare and present a formal business agreement or contract appropriate to the business where you work.

The document must:

- Be legally binding, when signed
- Represent all the requirements for a formal contract as required in your locality
- Reflect enterprise requirements relating to formal arrangements, agreements and contracts
- Contain proof it has been sighted and approved by management (or other relevant persons)
- Be clearly worded indicating precisely what both parties to the agreement have agreed, and are obligated, to do.

Your submission must also include information, evidence, statements, explanation or other to demonstrate:

- Relevant legal advice has been obtained, where necessary
- Relevant financial advice has been obtained, where necessary
- Relevant industrial advice has been obtained, where necessary.

The document may be an actual workplace document or a simulated one.

## Summary

### Make formal business agreements

When making formal business agreements:

- Realise many industry contracts are not put in writing – a handshake or verbal agreement is often the only agreement
- Putting it 'in writing' is the preferred option as it reduces confusion and gives certainty about intentions
- Ensure the contract is valid from a legal perspective
- Never make false statements or misrepresentations when negotiating a contract/agreement
- Avoid applying duress or undue influence when contracting
- Strive to clarify ambiguities
- Be certain about all terms and conditions, warranties and guarantees
- Realise signing a document commits you to whatever is in the document/contract you have signed
- Understand the penalties for failing to discharge your obligations under the agreement
- Obtain approval and authorisation before entering into any agreement
- Seek legal, financial and industrial advice when necessary.

# Element 4: Foster and maintain business relationships

## 4.1 Seek, review and act upon information needed to maintain sound business relationships in a pro-active manner

### Introduction

Assuming you are happy with the agreements you have negotiated with others, you will want to foster and maintain business relationships with those organisations.

It is likely, too, they will seek to maintain a relationship with you – providing they are satisfied with the way you have discharged your part of the bargain.

### The need to be proactive

Part of the need to maintain a positive relationship with people and businesses is to proactively seek, review and act upon information needed to maintain sound business relationships.

Earlier notes identified and described opportunities to maintain regular contact with customers and suppliers – options include

- Informal social occasions
- Industry functions
- Association membership
- Cooperative promotions
- A program of regular telephone contact
- The point being the onus rests with you to make contact
- It is never sufficient to rely on the other party making contact with you.



### Research

In addition it may be useful to undertake one or several of the following research activities:

- Talk to your network of industry contacts to identify what ‘the other party’ is up to – other suppliers and certain guests/customers can provide valuable insight
- Keep an eye on the news in the media for details about relationship partners are doing
- Be observant about media advertising that is undertaken by your other party – what does it tell you they are up to?

- Obtain and read relevant annual reports
- Visit relevant web sites and opposition properties.

## Benefits of maintaining sound business relationships

The rewards of taking the time and trouble to foster and maintain excellent business relationships are many, especially in the realm of the outstanding personal relationships and friendships that can emerge.

Other benefits include:

- Peer support and a network you can use to bounce ideas off
- An opportunity to learn from others and share personal experiences
- Increased business opportunities for your enterprise
- Chances to keep more up-to-date and better informed about the industry
- Increased access to relevant information that is sometimes denied to those who aren't 'in the know'.



## Need to use the information

All new or revised information about customers must be acted on – this is the reason effort is made to obtain it.

Examples of action based on information gained may include:

- Contacting them to congratulate them on something they have done – such as an award they have won, a contract they have secured, milestones they have achieved
- Contacting them to say you have noticed them in the newspaper, on TV or on the radio – their 'public' appearance is a good and legitimate reason for making contact and growing the relationship
- Contacting them to say you were talking to someone who mentioned their name – this indicates a common link between you and them, and indicates the value you place on them
- Revising previous offers or suggestions made to them – to accommodate the new information you have obtained
- Providing them with new or different materials – to reflect the new or different offers made
- Making contact with a new person – who has joined the other organisation, been promoted to a new position or who has moved into a role where they may need to use the services your business provides



- Updating internal records and files – this may include:
  - Changing telephone numbers, email addresses as required
  - Modifying personal details of contacts – for example, recording their date of birth if it is identified (so a Birthday card can be sent); changing family details if they have a child (so conversation can include this fact)
  - Including news about products or services they have bought from other businesses into in-house files – as this nonetheless contributes to an overall understanding of their needs, wants, preferences, and experiences.
- Mention what you have learned to others in your organisation – so the knowledge is shared.

## 4.2 Honor agreements within the scope of individual responsibility

After an agreement is confirmed, it is then up to you to honour the agreement within the scope of your individual responsibility.

This Section accepts and acknowledges you are not responsible in most cases for the total discharge of the agreement so you can usually only have limited liability in this respect, and it also raises the concept of business ethics.



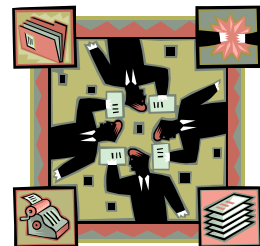
### Scope of responsibility

It is standard practice in businesses for all employees to have prescribed 'scopes of authority'.

This scope defines the action the staff member can take without the need to consult with other people, or without the need to obtain specific approval for decisions or action.

Your individual scope of responsibility will:

- Be explained to you when you join a business – as part of your Induction and orientation
- Be relatively small to begin with – there may even be no scope of authority for the first few weeks and months
- Grow as your experience grows – and enable you to do more without reference to other people.



Important points to note regarding your scope of authority:

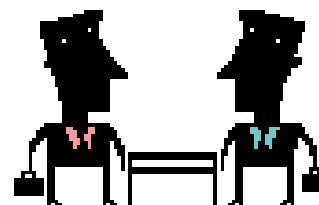
- Fully understand what you are allowed to do and not allowed to do – clarify any ambiguities, talk to management and ask for workplace examples of what is allowed
- Never act outside your scope of authority – ever: if you believe there is need to act outside your scope of authority:
  - Refer the matter to a more senior person for their consideration and action
  - Ask a more senior person for direction, guidance and advice.
- Failure to adhere to existing scope of authority guidelines can result in all scope of authority permissions being revoked – in some cases, exceeding scope of authority can be grounds for dismissal.

## Customer expectations

Customers expect you and the business to honour agreements made.

Honouring an agreement from the customer's perspective means:

- Doing what you said you would do
- Doing it when you said you would do it – or by the stated point in time
- Doing it for the promised price
- Doing it to the expected, stated or agreed standard
- Doing a little bit extra – that is, going beyond the strict interpretation of the agreement.



This applies whether the arrangements were made verbally or are part of a contract.

Failing to meet these expectations:

- Reduces levels of satisfaction – creating negative sentiment
- Harms the trust and rapport that has been established – because the business is seen to be lying and untrustworthy
- Creates the impression your business is only interested in their part of the agreement (the cash, the booking) – and not focussed on fulfilling agreed requirements
- Can give rise to legal action – such as damages and or enforced undertakings
- Can result in adverse publicity – where the matter is raised in the media or otherwise made public
- Destroys the potential for on-going relationships.

## Business ethics

Business ethics are the standards, values and beliefs applied within a business context.

Suitable business ethics underpin the majority of business dealings within the community and between people and organisations every day: without proper business ethics, business would grind to a halt.

In practice, correct business ethics mean the business operates fairly and in accordance with laws and community expectations and standards.

The business will not seek to take illegal or immoral advantage of another party, and functions according to the standards and practices commonly accepted by others in business.

For example, if the other party makes a mistake and supplies extra goods or services that were not requested (and fails to charge for them), the organisation is faced with a decision. Because you know you have been oversupplied, and not charged, what do you do?

Keep the goods and say nothing?

Act as if you do not know what happened?

Go on as if nothing happened?





Proper business ethics require you (of course) to notify the other party and either return the goods or pay for them.

If you do not do this – and this may be a very tempting alternative at times – you must realise at some time your deceitful and dishonest behaviour will be uncovered and your personal and business reputation will suffer irreparable damage.

Those who expose your poor behaviour will tell others (the network within the industry is strong, and word spreads very quickly) and you will find yourself quickly shunned by others, perhaps dismissed, and perhaps even facing legal charges.



The moral of the story is pretty simple – do the right thing: all the time, every time, no matter how appealing the alternative may seem.

You may ‘get away with it’ for a short time, but you have been warned things will always catch up with you.

Also, be aware the conditions you bargain for during negotiations – in an open and honest exchange where others know you are trying to drive a hard deal – are one thing and taking advantages of mistakes are something else.

The end result may be the same, but how you arrived at it is the differentiating factor.

## Agreed terms and KPIs (Key Performance Indicators)

Honouring agreements must occur within the spirit of the relevant agreement and in compliance with applicable terms agreed to.

These terms may relate to:

- Money to be paid
- Dates for payments
- Services to be provided
- Action to be taken
- Conditions to be met.



### KPIs

Some agreements may contain KPIs.

KPIs are usually statistically-based targets each party is expected to attain as part of the agreement.

The nature of KPIs will vary depending on what the contract/agreement relates to.

Examples include:

- The venue may agree to buy a nominated amount of a product within a given period
- The client may agree to purchase a set number of rooms over a given period
- The agency may agree to sell 50% of tickets through a nominated carrier
- The venue may agree to generate \$X of sales through a joint-venture partner
- The supplier may agree to make 95% of its deliveries within 24 hours of orders being placed.

KPIs tend to be theoretic or projected benchmarks against which actual performance is judged throughout the life of a contract or relationship.

Actual performance is gauged against these KPIs at set dates/times and action is taken to address situations where actual performance is falling short of expected/promised performance.

### 4.3 Make adjustments to agreements in consultation with the customer/supplier and share information with appropriate colleagues

#### Introduction

Even the best plans can go wrong.

The same applies to agreements and arrangements, so there will be instances where adjustments – in consultation with the customer or supplier – need to be made from time to time, in order to achieve the mutually desired outcomes originally agreed on.

This Section addresses adjustments which may be made to agreements.

#### Making adjustments

In effect 'making adjustments' alters the original agreement.

This may necessitate alterations to be written into a new or revised contract, and signed by both sides.

In most cases though, a brief discussion usually resolves the situation and identifies remedial action to be taken: a handshake arrangement frequently seals the modifications.

While this approach is easier and highly attractive, you should always check with others before committing to such an arrangement.

Very often, deals which required a legal approach in the first place, will also require the services of a legal advisor when changes are being made.



Your approach to the issue of changes must be the same as your approach to the initial negotiation – you need to be flexible, polite, friendly, and aware of the facts, know the revised outcome you want to achieve, aware of the constraints and parameters.

In lots of ways, factoring in adjustments throughout the period of the formal agreement is very similar to entering fresh negotiations.

Never make changes to existing arrangements, agreements or formal contracts without consulting the other party.

Keys when making adjustments are to:

- Clarify revised arrangements – so there is genuine, mutual agreement and understanding
- Obtain approval for changes

- Determine if extra charges (or refunds) need to be made – to reflect the revised agreement
- Advise others (as necessary) about the revised arrangements – so they can plan and deliver as required.

## 4.4 Nurture relationships through regular contact

### Introduction

Business relationships must be nurtured.

They will not flourish – or even simply continue to exist – unless you spend time caring for them.

This Section identifies ways to cultivate existing relationships.



### The keys to nurturing

The two keys to nurturing business relationships are simple:

- Regular contact
- Effective communication.

It is problematic in so many instances that these basic keys are often over-looked or not implemented.

Sometimes you seem to just get 'caught up' in running the business, doing the required and repetitive tasks, looking after various things. And then one day you realise six months have gone by and there has been no meaningful contact (which may just mean 'social' contact) with the other party.

During that time a very small problem, issue or misunderstanding has assumed monumental proportions and the relationship is in jeopardy, if not already beyond saving.

In reality you can often spend too much time working in the business, rather than working on it.

In effect this small section is all about not taking people, customers or suppliers for granted.

Do you like being taken for granted?

Then what makes you think *they* do?



### Practices to consider

The following will help ensure you pay necessary attention to nurturing relationships:

- Prepare a contact schedule – and implement it
- Set aside time each day or week to make contact with important customers
- Diarise promises made – for follow-up calls/action
- Stay polite and respectful – in all conversations and contacts
- Ask for permission – to call in, telephone, make contact, provide a quotation, and supply information

- Use a variety of contact options – telephone, email, face-to-face
- Respect contact preferences identified or requested by the other party
- Be prepared to call back and or try again – an attempt to contact someone that is unsuccessful *is not an actual contact*
- Talk about non-work related topics – spend some time talking (as appropriate) about their career, general business, their family
- Thank them – for making an enquiry, for taking your call, for responding, for making a purchase, for making a booking
- Meet with people in ‘out of work’ situations – such as industry events and social occasions
- Follow-up – after the other party has made a purchase, attended an event or taken a trip make contact and enquire how things went
- Focus on the important things – for example:
  - Spend more time with more important clients/bigger accounts
  - Spend time fixing problems – problems never fix themselves
  - Keep all promises made.
- Share the load – introduce the other party to other workplace staff. This:
  - Demonstrates the value you place on the other party
  - Allows someone else to handle the other party if you are unavailable.
- Review personal performance and adjust as required on the basis of feedback and/or reflection – what can you/should you do differently or better? What should you spend more or less time on? Where should your focus be?



## Work Projects

It is a requirement of this Unit you complete Work Projects as advised by your Trainer. You must submit documentation, suitable evidence or other relevant proof of completion of the project to your Trainer by the agreed date.

- 4.1 Interview one or more senior/experienced persons in your workplace and prepare and submit a report reflecting their responses to the following questions:
- How do they seek information to use as the basis for maintaining sound business relationships?
  - What information types do they seek, and why?
  - How can they use or have they used this information to foster and maintain the business relationship?
  - What tips, techniques and strategies can they recommend to optimise effective and mutually beneficial business relationships? What things do they identify as being things **not** to do or **not** to say when seeking to nurture business relationships?
  - What do they do or what have they done to honour business agreements?
  - What is their personal scope of authority for honouring business agreements?
  - What advice can they suggest where action to honour a business agreement falls outside your allocated scope of authority?
  - What examples can they provide of instances where there has been a need to make adjustments to agreements with a business relationship context? Who and what was involved? How was the issues addressed and resolved? What factors were taken into account as part of this process?
  - How do they personally identify the business relationships they need to nurture on an on-going basis? How do they nurture these relationships? What do they say and do? When? Where?
-

## Summary

### Foster and maintain business relationships

When fostering and maintaining business relationships:

- Understand the need to be proactive – never wait for the other party to make contact or nurture the relationship
- Undertake research into identified important relationships to discover new/revised information
- Use information discovered as the basis for making contact with other parties and communicating with them
- Contact others outside a strictly work context
- Keep all contacts professional, polite and respectful
- Honour agreements made
- Adhere to individual scope of authority when dealing with others – or involve others where needed to make decisions/take necessary action as required
- Know the contents of all contracts and agreements so you know what customers expect and are entitled to
- Seek to meet (or exceed) customer expectations
- Apply standard business ethics in all dealings
- Be prepared to make adjustments based on issues arising and changes to customer circumstances
- Make regular contact
- Use clear and effective communication
- Review personal performance and adjust action accordingly.

# Presentation of written work

## 1. Introduction

It is important for students to present carefully prepared written work. Written presentation in industry must be professional in appearance and accurate in content. If students develop good writing skills whilst studying, they are able to easily transfer those skills to the workplace.

## 2. Style



Students should write in a style that is simple and concise. Short sentences and paragraphs are easier to read and understand. It helps to write a plan and at least one draft of the written work so that the final product will be well organized. The points presented will then follow a logical sequence and be relevant. Students should frequently refer to the question asked, to keep 'on track'. Teachers recognize and are critical of work that does not answer the question, or is 'padded' with irrelevant material. In summary, remember to:

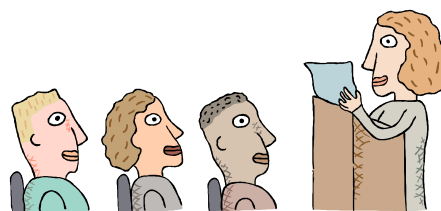
- Plan ahead
- Be clear and concise
- Answer the question
- Proofread the final draft.

## 3. Presenting Written Work

### *Types of written work*

Students may be asked to write:

- Short and long reports
- Essays
- Records of interviews
- Questionnaires
- Business letters
- Resumes.



### *Format*

All written work should be presented on A4 paper, single-sided with a left-hand margin. If work is word-processed, one-and-a-half or double spacing should be used. Handwritten work must be legible and should also be well spaced to allow for ease of reading. New paragraphs should not be indented but should be separated by a space. Pages must be numbered. If headings are also to be numbered, students should use a logical and sequential system of numbering.

**Cover Sheet**

All written work should be submitted with a cover sheet stapled to the front that contains:

- The student's name and student number
- The name of the class/unit
- The due date of the work
- The title of the work
- The teacher's name
- A signed declaration that the work does not involve plagiarism.

**Keeping a Copy**

Students must keep a copy of the written work in case it is lost. This rarely happens but it can be disastrous if a copy has not been kept.

**Inclusive language**

This means language that includes every section of the population. For instance, if a student were to write 'A nurse is responsible for the patients in her care at all times' it would be implying that all nurses are female and would be excluding male nurses.

Examples of appropriate language are shown on the right:

Mankind	<i>Humankind</i>
Barman/maid	<i>Bar attendant</i>
Host/hostess	<i>Host</i>
Waiter/waitress	<i>Waiter or waiting staff</i>



## Recommended reading

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# Trainee evaluation sheet

## Establish and maintain a business relationship

The following statements are about the competency you have just completed.

Please tick the appropriate box	Agree	Don't Know	Do Not Agree	Does Not Apply
There was too much in this competency to cover without rushing.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Most of the competency seemed relevant to me.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The competency was at the right level for me.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I got enough help from my trainer.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The amount of activities was sufficient.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The competency allowed me to use my own initiative.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My training was well-organized.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My trainer had time to answer my questions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I understood how I was going to be assessed.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I was given enough time to practice.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My trainer feedback was useful.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Enough equipment was available and it worked well.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The activities were too hard for me.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The best things about this unit were:

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The worst things about this unit were:

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The things you should change in this unit are:

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William  
**Angliss**  
Institute

Specialist centre  
for foods, tourism  
& hospitality



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