



The Art of Negotiation

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Whenever I hear a child making a plea to mom or dad, I can't help but think of the words to the Rolling Stones classic "You Can't Always Get What You Want." More often than not, the pleas do not work. As a teacher, I often thought if children learned a better technique, their success rate could be much higher. The technique would involve the valuable skill of negotiation.

Negotiation is a communication strategy used to reach the goal of getting something you want. It is an active dialogue that uses compromise as a means to meet that goal. A child can begin using basic negotiation as a preschooler attempting to get pancakes instead

of cereal for breakfast. Continually refining those skills into young adulthood can help a child be better prepared for milestones such as buying a car for the first time.

Economic importance

Parents can start the learning process by talking about bartering (see suggested resources on Page 24). Bartering is exchanging goods and services to get what you want without using money.

Back in the day, navigating the barter system involved plenty of negotiation. Farmers traded produce to teachers for educating their children. Doctors traded medical services for meat.

Successful bartering involved, first, finding items mutually agreed upon for the trade and, second, making sure both sides felt like they got a good deal. Bartering became increasingly difficult as people became more self-sufficient. As time went on and money was introduced as an efficient medium of exchange, bartering died a slow death.

Though bartering is long gone in most parts of the world, the fundamental negotiation skills are very much still in demand. If children master this strategy, they will gain privileges, decrease their costs, and possibly earn a higher wage. In addition, the communication and compromise skills involved in negotiation will help them become better team players and problem solvers as they mature.



Strategic Steps

Parents can help children develop negotiation abilities by modeling techniques in market situations. Show kids how to get better prices at garage and bake sales, and possibly with retailers, by following these steps:

1. Get personal. Introduce yourself and establish a relationship with the seller. It's easier to get the price you want from someone who likes you.
2. Steer the conversation to the item you want. Discuss the product somewhat indifferently, rather than showing too much excitement over wanting to buy it.
3. Let the seller make you an offer first. It might be lower than what you are willing to pay.
4. Be patient. If you wait and think about the offer, it shows consideration for the seller. Make a counter offer if you are not satisfied after thinking it through, and explain why you feel your offer is fair.
5. Be prepared to walk away. Know your price limitations and stop negotiating once they are reached. (Talk to kids about delaying gratification at this point, so they learn to resist the temptation of buying at any cost.)
6. Make the seller want to sell. Walking away could prompt them to lower their price, as they don't want to lose the sale. Another approach is to ask for their help in coming to a compromise in price. The seller then feels in better control of the situation.



Practice a different type of negotiation with older children to develop skills in asking for starting salaries or wage increases. Kids will feel more comfortable stating what their going rate is for babysitting, shoveling snow or pet care by using these techniques:

- Begin by having them research the average pay rate for their job by asking friends or looking online. They can use this information to justify their salary request.
- Tell kids to be prepared to share their qualifications, such as previous training, experience or references from others.
- Now rehearse, rehearse, rehearse! Kids can use the role play activities on Pages 25 and 26 to polish their negotiating ability. They can practice with a friend or family member until they feel relaxed and ready.

The confidence kids develop through learning the art of negotiation should help them as they make their way through life's give-and-take situations. And as the Rolling Stones' song says, "And if you try, sometimes you find, you get what you need."



Financial Education Resources

The Kansas City Fed is committed to promoting economic and financial literacy and greater knowledge of the Federal Reserve's role by providing resources for teachers, students and the public. Visit our website at KansasCityFed.org for more information.

KansasCityFed.org:

"Escape from Barter Island"

In this online game, students use bartering skills to travel to several islands and obtain the items they need for the trip home. For ages 10-12.

Fiction Books

"Sheep in a Shop"

by Nancy Shaw

The sheep go shopping for a gift, but don't have enough money and must barter to obtain what they want. For ages 5-7.

"Saturday Sancocho"

by Leyla Torres

A family barters to get ingredients for chicken sancocho, a kind of stew. For ages 7-9.

"How to Get What You Want by Peony Pinker"

by Jenny Alexander

Peony, along with her mom, dad and sister, all want different things to happen. A neighbor shares the secret of how to get what you really want. For ages 8-12.

Non-Fiction Books

"The Art of Barter: How to Trade for Almost Anything"

by Karen Hoffman and Shera Dalin

This book helps you determine your "tradable" skills, initiate a trade, figure a fair exchange and close the deal. For teens and adults.

"You Can Negotiate Anything!"

by Herb Cohen

This book looks at negotiation as a practical skill you can learn and improve upon throughout your life. For teens and adults.

For more free activities, videos, curriculum and other resources, go to **FederalReserveEducation.org** and **KansasCityFed.org**.





Role-play Activity #1

Superhero Sale

Object:

Teaching children to hone marketplace negotiation skills. Have your budding negotiator play one of the characters.

Characters:

Billy Buyer, a superhero lover;
Sally Seller, comic book store owner



Billy: Wow, look at all these cool comic books! This store has a great selection, especially with superhero themes.

Sally: Hello there! Can I help you find a special comic?

Billy: Hi, my name is Billy, and I love to read about superheroes. My favorite is Muscle Man because he has incredible powers, like super strength and stretch-ability.

Sally: Yes, Muscle Man is very popular with kids. Here's the superhero section, and we have several Muscle Man adventures.

Billy: Thanks for your help. [He looks through the comics and spots one he wants for his collection.] This comic looks interesting: "Muscle Man at the Olympic Trials." What is the sale price?

Sally: That's a limited-edition comic—not many of them around. I'll sell it for \$5.

Billy: [Considers the cost carefully.] That's more than I can afford. Would you agree to \$4? The original price on the comic is \$3, so you'll still be making some extra money.

Sally: I don't think I can sell it for that price. It's my last copy.

Billy: I'm sorry to hear that. If you change your mind, I'd be happy to buy it. And I will come back to shop here again, and bring my friend.

Sally: Okay, you drive a hard bargain. Four dollars it is!

Taking Care of Business

Role-play Activity #2

Object:

Helping children practice wage negotiation skills. Have your budding negotiator play one of the characters.

Characters:

Wendy Worker, pet-sitter;
Dan Dogowner, pet owner



Dan: Hello, Wendy. Thanks for stopping by. I wanted to talk to you about taking care of my dog, Spike, while I go on vacation.

Wendy: Sure, I've seen Spike at the dog park. He seems friendly and pretty smart.

Dan: Yes, Spike's a great dog. That's why I want to make sure he's properly taken care of while I'm gone.

Wendy: I understand, Mr. Dogowner. You want a pet-sitter who meets your dog's needs. If you hire me, I'll walk Spike three times a day and make sure he has food and water available. I can also take him to the dog park at times so he can play with other dogs. The research I've read says that interaction with other dogs helps them learn appropriate behaviors.

Dan: Glad you have some background on dogs, Wendy. How much experience do you have as a pet-sitter?

Wendy: Well, I started working with pets about four years ago. I took an animal care class at the Humane Society first. Then I began watching dogs and cats for neighbors when they went out of town. I can give you the names of some of them as references, if you'd like.

Dan: Sure, that would be great. Would you like to meet Spike?

Wendy: Absolutely! I want to get to know him before I'm hired. It's important for him to recognize me as a care-giver. [Dan brings Spike into the room and Wendy greets and pets the dog.]

Dan: Now, what about your fees to take care of Spike?

Wendy: I usually charge \$8 a day when I pet-sit. I know the boarding services at kennels are at least \$12 a day.

Dan: Would you be willing to watch Spike for around \$6 a day? He's an easy dog to take care of.

Wendy: The reason my fee is \$8 a day is that I come to your house, Mr. Dogowner, so Spike can stay in the comfort of his own home. Kennels can't offer that.

Dan: You make a good point. And I like the fact that you have experience with animals. You're hired!