




Learn to Negotiate for What You Want!

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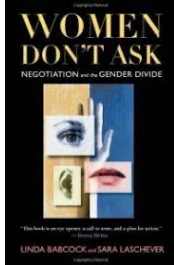
Why are you here?

-  Write down your most recent negotiation success.
-  Write down your most recent negotiation failure.
-  Describe your next important negotiation. What are the challenges and opportunities in this negotiation?

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Maybe You've Heard...

- Women are socialized not to negotiate
- And face sexist backlash when they do
- "Sometimes it does hurt to ask" (Bowles, Riley, Babcock) found that women didn't mind negotiating with other women. Women and men were equally likely to initiate negotiations with a female interviewer. (With a male interviewer, women were less likely than men were to negotiate.)




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Research: Women Ask for Raises as Often as Men, but Are Less Likely to Get Them

- Artz et al, 2018 found that women ask for a raise just as often as men, but men are more likely to be successful. Women who asked obtained a raise 15% of the time, while men obtained a pay increase 20% of the time. While that may sound like a modest difference, over a lifetime it really adds up.

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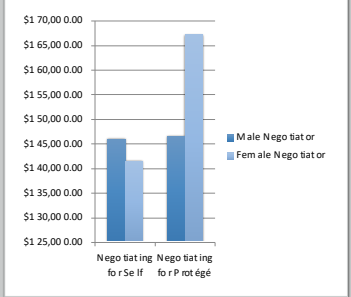
When gender matters in negotiation...



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Impact of Gender Triggers

• Bowles, Babcock & McGinn, 2005



Gender	Negotiating for Self	Negotiating for Partner
Male	~\$145,000	~\$148,000
Female	~\$142,000	~\$168,000

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Gender Stereotypes affect Negotiator Performance

- Stereotypes undermine the performance of female negotiators
- The negative effect of stereotypes about gender differences can be overcome
- The activated stereotype may matter more than the actual gender of the negotiator

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Negotiation is a Form of Conflict Management

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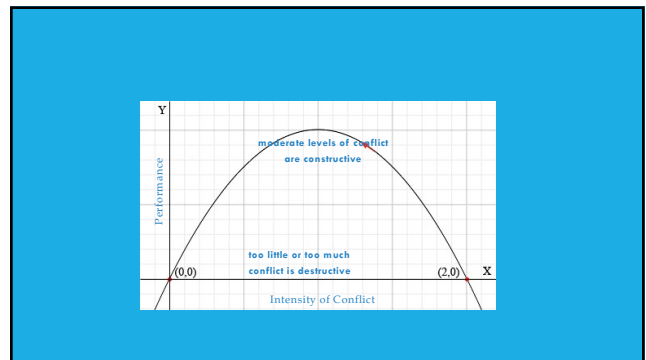
Conflict

The intensity and feelings of conflict escalate on a predictable trajectory. Previous feelings compound, compounding the next response.

- Getting along
- Dislike/Annoyance
- Disagreement/Frustration
- Argument/Defensiveness
- Discord/Anger
- Chronic conflict hostility

Slide 9

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HOW MANAGEMENT TEAMS CAN HAVE A GOOD FIGHT

Tactics

- Focus on the Facts
- Multiply the Alternatives
- Create Common Goals
- Use Humor
- Balance the Power Structure
- Seek Consensus with Qualification

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CAUSES OF CONFLICT IN ORGANIZATIONS

Structural Factors

- Specialization
- Interdependence
- Common resources
- Goal differences
- Authority relationships
- Status inconsistencies
- Jurisdictional ambiguities


Personal Factors

- Skills & abilities
- Personalities
- Perceptions
- Values & ethics
- Emotions
- Communication barriers
- Cultural differences

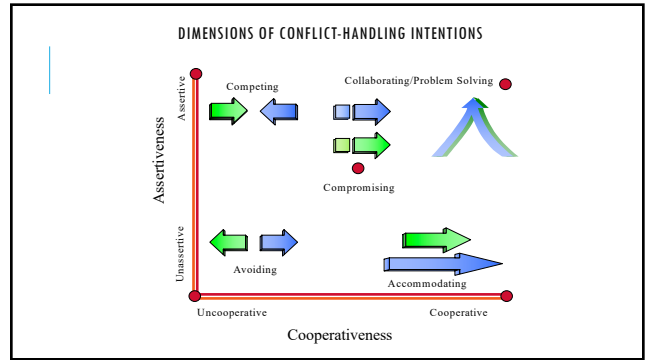
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CONFLICT STYLE

Complete the Assessment



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CONFLICT MANAGEMENT STYLES

- Avoiding** - deliberate decision to take no action on a conflict or to stay out of a conflict
- Accommodating** - concern that the other party's goals be met but relatively unconcerned with getting own way
- Competing** - satisfying own interests; willing to do so at other party's expense
- Compromising** - each party gives up something to reach a solution
- Collaborating/Problem Solving** - arriving at a solution agreeable to all through open & thorough discussion



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You have no chance of satisfying your concerns
let people cool down
Likely outcome: no resolution, long-term frustration
Issue (L), relationship (L), Power (equal), time (med-high)




AVOIDANCE IS APPROPRIATE WHEN...

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COMPETITION IS APPROPRIATE WHEN...

- No long term relationship
- To protect yourself against untrustworthy parties
- Unpopular courses of action need implementation
- Issues are vital to your welfare


Likely outcome: you feel vindicated and other party feels defeated...humiliated
Issue (H), relationship (L), Power (H), time (med-high)



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ACCOMMODATION IS APPROPRIATE WHEN ...


You realize you are wrong
Issue is much more important to other party
To build up credit for later negotiations
To preserve harmony
Likely outcome: the other person is likely to take advantage of you
Issue (L), relationship (H), power (L), time (med-high)



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COMPROMISING IS APPROPRIATE WHEN ...


- ▶ Goals are less important to you than collaboration
- ▶ Mutually exclusive goals
- ▶ To achieve temporary settlements
- ▶ Under intense time pressure
- ▶ Likely outcome: Participants become conditioned to seek expedient, rather than effective, solutions
- ▶ Issue (M), relationship (M), power (equal), time (L)



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COLLABORATION IS APPROPRIATE WHEN ...

- ▶ Both parties' concerns are too important to be compromised
- ▶ To gain commitment
- ▶ Time is not an issue
- ▶ Likely outcome: the problem will be resolved, both parties are committed to the solution and satisfied they have been treated fairly
- ▶ Issue (H), relationship (H), power (L-H), time (L)



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THE SUGAR BOWL



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DEBRIEF

Was the interaction successful? What was your selling price?


Were you happy to have completed the transaction?

Sellers:

- What did you hope to get for the sugar bowl?
- What would you do if you weren't able to sell the bowl to this buyer?
- What was the absolute LEAST that you would have been willing to accept?

Buyers:

- What did you hope to pay for the sugar bowl?
- Have you seen it elsewhere, and would you likely be able to get a good deal somewhere else?
- How much were you willing to spend?



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CHARACTERISTICS OF A NEGOTIATION SITUATION




There are two or more parties

There is a conflict of needs and desires between two or more parties

Parties negotiate because they think they can get a better deal than by simply accepting what the other side offers them

Parties expect a "give-and-take" process


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Dolores wants to buy a used Accounting for Area textbook. The bookstore is selling used copies for \$90. She hopes to get one for \$60 but is willing to pay up to \$85 for one in good condition.



Benjamin has posted a note advertising his used Accounting for Area text for \$90. He can sell it back to the bookstore for \$65, so he won't go lower than that price.



Dolores comes to inspect it, and because the book has almost no highlighting, she offers \$65, and soon they settle at \$85.

EXAMPLE

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BASIC TERMS

Target or aspiration point

- your ideal outcome. Dolores' is \$60, Benjamin's is \$90.

BATNA – Best Alternative to a Negotiated Agreement

- What do you do if you can't reach an acceptable deal? Dolores' BATNA is to share a text with her roommate. Benjamin's is to wait and see if a more generous buyer shows up or to sell the text to the bookstore. The BATNA is a positive perspective that focuses on your options.

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THE ROLE OF BATNA

Alternatives give the negotiator power to walk away from the negotiation

If alternatives are attractive, negotiators can:

- Set their goals higher
- Make fewer concessions

If there are no attractive alternatives:

- Negotiators have much less bargaining power

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BASIC TERMS

Reservation point

- The point beyond which you will not accept a deal and will turn to your BATNA. The reservation point is the quantification of BATNA, the trigger point where you will take your next best alternative instead of negotiating. (Informally, this is often called "your bottom line.") Dolores' reservation point is \$85, Benjamin's is \$65.

Zone of Potential Agreement (ZOPA)

- the range between the buyer's high and the seller's low. In this case between \$65 and \$85. This is a positive bargaining zone. A negative zone occurs when there is no overlap (say Benjamin would only sell for \$90 or more, and Dolores wouldn't go higher than \$85. BATNA time!)

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A POSITIVE BARGAINING ZONE

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A NEGATIVE BARGAINING ZONE

Mark H. Bazerman, Professor Emeritus at Harvard Business School, Case-Ready Negotiations, 1997 (No. 348) Boston: Harvard Business School Publishing, 2017. Covering is prohibited in an adaptation of copyright.

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WIN-WIN NEGOTIATION:

Expanding the Pie

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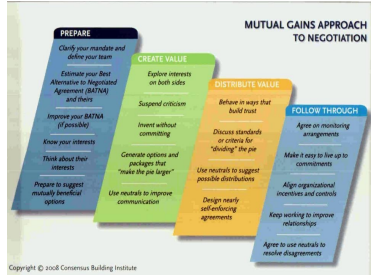
AN INTRODUCTORY EXERCISE

The Arm Exercise



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MUTUAL GAINS APPROACH TO NEGOTIATION



PREPARE
 Clarify your mandate and define your team
 Estimate your Best Alternative to Negotiated Agreement (BATNA) and theirs
 Improve your BATNA (if possible)
 Know your interests
 Think about their interests
 Prepare to suggest mutually beneficial options

CREATE VALUE
 Explore interests on both sides
 Suspend criticism
 Invent without committing
 Generate options and packages that "make the pie larger"
 Use neutrals to improve communication

DISTRIBUTE VALUE
 Believe in ways that build trust
 Discuss standards or criteria for "dividing" the pie
 Use neutrals to suggest possible distributions
 Design nearly self-enforcing agreements
 Use neutrals to improve communication

FOLLOW THROUGH
 Agree on monitoring arrangements
 Make it easy to live up to commitments
 Align organizational incentives and controls
 Keep working to improve relationships
 Agree to use neutrals to resolve disagreements

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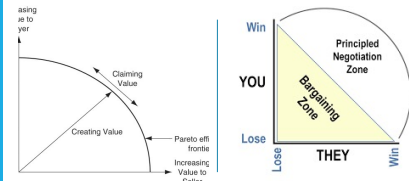
WHAT MAKES INTEGRATIVE NEGOTIATION DIFFERENT?

- Focus on commonalities rather than differences
- Address needs and interests, not positions
- Commit to meeting the needs of all involved parties
- Exchange information and ideas
- Invent options for mutual gain
- Use objective criteria to set standards

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CLAIMING AND CREATING VALUE



The graph shows 'Claiming Value' as a curve that rises and then levels off, and 'Creating Value' as a curve that rises and then levels off at a higher point. A 'Pareto eff frontier' is indicated. The diagram on the right shows a 'Principled Negotiation Zone' between 'YOU' and 'THEY' axes, with 'Lose' and 'Win' labels.

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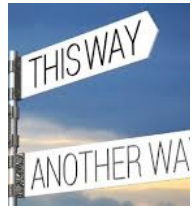
1. PARTIES & ISSUES



- Who are the parties?
What are the issues?
- List any individual or entity that cares about the outcome.
- For issues, focus on contested issues.

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2. ALTERNATIVES



Definition: The walk-away possibilities each party has if not agreement is reached.

Measure of Success: Better than your best BATNA

Advice: Consider how to improve your BATNA
 In dispute resolution...think of your BATNA as the worst thing the other party can do

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3. INTERESTS, NOT POSITIONS

Definition: the needs, concerns, goals, desires and fears that motivate us to negotiate

Measure of success: satisfies parties interests

- Yours well, their acceptably, others not directly in the game tolerable enough to be durable

Advice: clarify ours, estimate theirs

Prioritize interests. Circle shared interests and identify differing and opposed interests.



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WHAT'S DRIVING THE POSITION?

Ask, Why is this important to you???

- If you ask and learn about interests, you increase the likelihood of reaching a deal!!!

Ask, Why wouldn't this work?

- People love to criticize; this can get at interests too!



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4. OPTIONS

Definition: All of the possibilities on which parties might agree

Measure of success: maximizes joint gains, is efficient, and expands the pie

Advice

- Separate generating of options from evaluating them...list options you may even reject later
- Look for differences in preferences, risk tolerance, forecasts, etc.



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CREATING VALUE

Expanding the Pie...

Gets a better deal with no loss to either side

Anyone hear of the band "Postal Service?"

- They got a 'cease and desist' order from the Postal Service, but offered to advertise for the USPS...

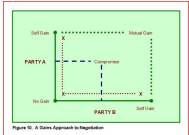


Figure 9. A Basic Approach to Negotiation

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5. LEGITIMACY – YOU EXPAND THE PIE, BUT YOU STILL MUST DIVIDE...

Definition: external criteria against which to measure possible agreements

Measure of success: using standards so no one feels taken


Advice:

- Use criteria as a sword – "Let me show you why this is a fair number."
- As a shield – "Why is that a fair number?"




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LEGITIMACY



HOW MIGHT WE CREATE SOME OBJECTIVE CRITERIA IF NONE EXISTS?



WHAT WOULD BRING A SENSE OF FAIRNESS TO THE PROCESS?


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6. COMMUNICATION

Definition: exchange of thoughts, messages, or information by speech, writing, physical cues, or other actions

Measure of success: message sent and received

Advice:
Think about how, not just what to communicate



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Gibb categories of communication

from Jack Gibb's "Effective Communication" in Communication Theory (2007)

- Evaluation vs. Description**
Is feedback phrased in "I" statements or "you" statements?
- Control vs. Orientation**
Are decisions made by and for a few, or by and for the entire group?
- Strategy vs. Spontaneity**
Are we angling for a desired result or responding honestly to new data?
- Neutrality vs. Empathy**
Are participants engaged and involved or distant and aloof?
- Superiority vs. Equality**
Can everyone participate in the discussion with common understanding?
- Certainty vs. Provisionalism**
Are opinions held with disregard for evidence, or are decisions affected by data?


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7. RELATIONSHIP

Definition: the connection between the parties in a negotiation, especially their ability to manage differences well

Measure of success: as a result of the negotiation, the relationship improves or at a minimum is not harmed

Advice:
Remember to separate the people from the problem



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8. COMMITMENT

Definition: agreement about what a party will or will not do

Measure of success: specific, firm implementable

Advice:


- Avoid committing too early
- Use process commitments at the beginning to move forward
- Make commitments of substance at the end, not piecemeal



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A SUCCESSFUL NEGOTIATION IS ONE IN WHICH ANY AGREEMENT WE REACH:

1. Resolves the issues to the satisfaction of all parties
2. Is better than our BATNA
3. Meets our interests **well**, theirs **acceptably**, and others **tolerably** enough to be durable
4. Is the best of **many** options/alternatives
5. Is legitimate, supported by objective criteria
6. Is based on clear communication
7. Improves, or doesn't harm, the relationship
8. Identifies commitments that are firm, specific and implementable




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MANAGEMENT RETREAT

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OBJECTIVES



Show importance of sharing information, especially about:
 Priorities
 Trading low priority for high priority issues to increase overall value
 Benefits of packaging instead of negotiating item by item

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THE BASICS



2 party, 5 issues
 Speakers/topics
 Destination
 Accommodations
 Length of stay
 Season

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BEST CASE



Parties find the compatible issue and make both tradeoffs!
 Then, each can earn 6,600 points for a total of 13,200!
 San Francisco
 5-star hotel
 3 or less speaker/topics
 6 days
 Spring

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THE BASICS REVISITED

- 2 party, 5 issues
- Speakers/topics (compatible)
- Destination
- Accommodations
- Length of stay
- Season

Destination and accommodations can be packaged
 As can length of stay and season

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ANCHORING

Resistance point is set for you: 2000
 But not aspiration
 If you focus on resistance, you are likely to settle just above it
 If you don't set a whole package aspiration, but rather an item-by-item goal, limits trade-offs and ability to create value
 Reasonable aspiration: 6000

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The TOTAL score reflects the integrative skills of:
 Sharing information
 Packaging and logrolling

Your INDIVIDUAL score reflects distributive skills of:
 Anchoring
 Concession making
 Use of aspiration and resistance points




UNPACKING YOUR SCORE

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WHAT'S THE NORM

Most miss one or more of these opportunities for a combined total in the 7,000's or up...but with there being some real imbalances in scores



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WHY DON'T WE GET THERE?

Fixed pie thinking can keep us from seeing even compatible issues


Bluffing

- Could damage relationship if other party finds out
- This is a coworker, so a balanced deal is important

We don't ask questions about the other party's priorities, prioritize our own issues, or look for tradeoffs.

We are afraid to share information

- Afraid of being taken advantage of
- Try this: "The number of topics is less important to me than the season, what about for you?" -shares some first about a low priority issue, seems safer, creates some trust and reciprocity.



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4 GENERAL RULES ON CONCESSIONS

1. Concessions should be principled to retain credibility
2. They must be earned and should not come quickly or easily (or they'll be seen as having little value)
3. They can't be too large (or the other party will think you have even MORE to give)
4. They should be reciprocal, always ask for one in return immediately

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ROLE OF TRUST?

How does it factor in when sharing?

How can you share without being vulnerable?

How can you get information in a non-threatening way?

How do you find issues, prioritize them and find opportunities to logroll?

How do you make effective concessions?

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CREATING VALUE IN NEGOTIATION

1. Build trust and share information
2. Ask questions
3. Give away some information
4. Make multiple offers simultaneously
5. Search for post-settlement settlements

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TAKE AWAYS

Those who share information about relative importance of issues BEFORE delving into details within the issues do better

- Get stuck on something that isn't that important
- And gets us negotiating item by item...which takes away integrative potential

Balanced outcomes are important

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AXELROD'S LESSONS

- Begin with cooperation
 - Cooperate up front
 - Never be the first to defect
- Practice reciprocity
 - Return cooperation for cooperation, defection for defection
- Don't be envious
 - Aim to do as well as you can, not better than the other side
- Be clear
 - Don't try to be tricky

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APPLYING AXELROD'S LESSONS TO NEGOTIATIONS

Consider your role in their choices

- Manage others' perceptions
- Foster relationships
- Manage resistance
- Manage the process

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You want them to trust you and others
Act trustworthy and build a cooperative environment

You want them to see benefits of sustained cooperation
Act cooperatively; avoid needless provocation
Encourage beliefs about negative consequences

You want them to work together to create shared value
Involve others in developing and selling vision
Model valuing others' gains as well as your own

You want them to reject competitive choices
Seek explicit agreement and avoid ambiguity
Develop compliance mechanisms

CONSIDER YOUR ROLE IN THEIR CHOICES

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What I do is not what they see:

My actions	What they see
Strategic	Opportunistic
Long-term perspective	Slow
See the big picture	Can't see the details
In organization's best interests	Out for herself
Flexible	Inconsistent
Collaborative	Manipulative

MANAGE OTHERS' PERCEPTIONS

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WRAP UP

Conflict has a feel to it
Negotiation is one way to resolve
Principled approaches focus on creating value and finding ways to resolve the needs and desires of over one...yours well, their's acceptably, anyone else tolerably enough to be durable

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WANT TO LEARN MORE?

The slide features three book covers. At the top is 'NEGOTIATION GENIUS' by Deepan Malhotra and Max H. Bazerman. Below it are 'GETTING TO YES' by Roger Fisher and William Ury, and 'Difficult Conversations' by Douglas Stone, Sheila Heen, and Patton McGhee.

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