

Negotiation

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What is negotiation?

Principled negotiation:

1. Separate the people from the problem
2. Focus on interests not positions
3. Create options for mutual gain
4. Use objective standards
5. Know your BATNA

Core concerns

The zone of possible agreement

Persuasion

Distributive and integrative negotiation

Negotiation and conflict styles

Empathy

0. Principled Negotiation Overview

YOUR CASE

Draw a negotiation scenario from your work or life that you are thinking about

Write down / visualise key stakeholders and timelines

1. Separate the people
from the problem

a note on the word problem

keep the emotions out

he's too emotional

focus on the issues

emotions get in the way

A top-down photograph of various footwear arranged on a cobblestone pavement. The shoes include a pair of brown leather boots at the top, a pair of olive green hiking boots with purple laces, a pair of black leather loafers on the right, a pair of red felt slippers in the center, a pair of black leather boots with white fur trim at the bottom right, a pair of green felt boots with white fur trim at the bottom center, a pair of grey sneakers with red laces, a pair of dark blue sneakers with white stripes, a pair of brown leather oxford shoes on the left, and a pair of tan leather sandals with buckles in the center. The text "put yourself in their shoes" is overlaid in the center of the image.

put yourself in their shoes

The People and the Problem

1. perception, interpretation and assumptions
2. emotions
3. communication
negotiation, workplace and leadership skills

The People and the Problem

1. perception, interpretation and assumptions



cognitive bias

A blurred night photograph of a busy city street. In the center, a brightly lit carousel with a red and white striped canopy is visible. To the left, a modern building with blue neon lights and a 'SATBAM' sign is partially visible. To the right, a curved building with a digital display showing numbers 9, 10, 11, 12, and 13 is visible. The foreground is filled with the blurred silhouettes of many people walking, suggesting a crowded, fast-paced environment.

The People and the Problem

perception

a story:

the lost smartphone

The People and the Problem

assumptions we make

judgements of other people

The People and the Problem

2. emotions

emotions are never wrong

there is no point disagreeing with emotions

there is always a reason for them



let people tell their stories

be interested in how they feel

let off steam

Separate the People and the Problem

deal with people directly

Fisher and Ury say:

don't let emotions or (difficult) relationships
lead to substantive concessions
decide the outcome on its merits

The People and the Problem

3. communication:

not listening

not talking directly

not asking enough questions

misunderstanding

The People and the Problem

Leaders who don't listen will eventually be surrounded by people who have nothing to say

Listen to understand not to reply

Listen actively, ask questions, summarize, check you have understood correctly. Only answer when you have understood.

YOUR CASE

A negotiation scenario from your work or life that you are thinking about

What is the problem?

What are the people issues?

2. Positions and Interests: Look for Interests



A position is something quantified that you want

A demand for something specific: a specific sum of money, time, place, person, etc.





Positional Bargaining

When does positional bargaining make sense?

In bargaining situations at markets, in politics, etc., where positional bargaining is the basis of the rules of the negotiation game

At moments where very quick decisions are needed

To de-escalate a situation

When relationships are less important

Focus on interests not positions

1. My wife wants a dog
2. My partner does not want me to work
3. A company wants compensation for breach

Case 1: My wife wants a dog



Case 1: My wife wants a dog

My wife wants a dog

I do not want a dog

Either you can have a dog or you cannot

There is no middle way or compromise

We are stuck in positions





Case 1: My wife wants a dog



Case 1: My wife wants a dog

Why do you want a dog?

What is it that you find attractive?

- something to cuddle

- childhood dream

- now the children are on their way . . .

- someone to take on walks

company

Case 1: My wife wants a dog

Why don't you want a dog?

What is it that you find difficult?

don't want to have to take it out

don't want to look after it when you are away

no dogs in cities

autonomy

Case 1: My wife wants a dog

a solution that meets both interests:

company and autonomy

my wife has her dog

it is not my dog and not our dog



Negotiating for interests not positions

We have a dog

Looking for Interests

ask why

in a non-confrontational way

YOUR CASE

A negotiation scenario from your work or life that you are thinking about

What are the interests?
Yours and theirs?

3. Create Options for Mutual Gain

Looking at Options in Negotiation and Mediation

In the situation we are in
and having said and heard what
we have said and heard so far –

what can we do?

undeveloped city loft

size: 3,000 m²

price agreed: € 1.5 m (€ 500 per m²)

seller, buyer, real estate agent, solicitor / notary

More Facts

Date to sign the contract was fixed – a matter of days

The buyer's architect measured and came up with a different size: 2,850 m²

Buyer asked for a reasonable proportionate reduction down to € 1,425,000

Seller said no:

- the size of the loft is not clear

- and even if it is smaller the value is not determined by size alone

- and we agreed a price

What are Their Interests?

What are Their Interests?

a quick and fair agreement

for both parties

that keeps the deal alive

What can they do?

Look at options

Creating Options

Brainstorming

Collect all ideas

There are no bad ideas

There is no evaluation of ideas

One person writes them all down for all to see

and encourages the participants to think of more

When you have finished you haven't finished

YOUR CASE

A negotiation scenario from your work
or life that you are thinking about

Creative options?

4. Know Your BATNA and Objective Criteria

When to Say YES or NO

What criteria do we use to
decide when a deal is a good
deal and when we agree to it

OR

when a deal is not good enough
and we say no to it

•BATNA *rational criteria*

•Interests

•Objective standards

AND

•Gut feeling

•Persuasion

•Trust

irrational criteria

rational criteria

BATNA

OBJECTIVE STANDARDS

INTERESTS

BATNA

best alternative to
negotiated
agreement

BATNA

also called the
no-agreement
alternative

or: what will I do
if I say no?

The BATNA is not an option to make a deal more attractive, it is an alternative to agreeing that deal

Why do people
do jobs they
hate?

You are offered a freelance contract for weekend work for which you are highly qualified at short notice and in another city. What do you know about the other party's and your own BATNA?

Your company claims that a business partner is in breach of contract and owes you EUR 3 million. The partner denies this. You try to negotiate and to mediate, but this is pretty difficult.

What is your BATNA? How do you know if this BATNA is strong?

Discuss

BATNA on the level of
substance or the problem

BATNA on the level of process

What does this mean?

Can you find examples for
each?

You are a supplier of industrial parts negotiating new contract terms with a client, who is asking for a better deal on price, and is also asking for better payment terms. Your costs are increasing and this is not an attractive deal.

At present this client makes 15% of your turnover.

You have parts in stock that you can only sell to this client.

There are other potential partners in the market, but you need to negotiate deals with them and that may take some time.

What is your BATNA? And what is your WATNA?

OBJECTIVE STANDARDS

Which different
objective
standards might be
used in negotiation
and decision-
making?

market price
fair price
legal norms
administrative norms
precedents
best practice
independent opinion
reciprocity

If a deal meets your
INTERESTS, is better
than your BATNA,
and complies with
STANDARDS – then
say yes

Is that all?

irrational criteria

GUT FEELING

PERSUASION

TRUST

GUT FEELING
or INTUITION
early warning system
uses emotions
based on experience
reduces complexity
allows for quick decisions

*it just doesn't
feel right*

YOUR CASE

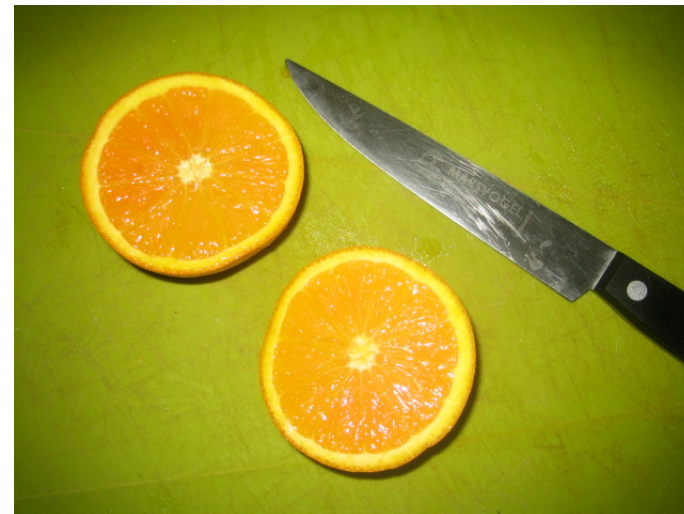
A negotiation scenario from your work or life that you are thinking about

What is your BATNA?

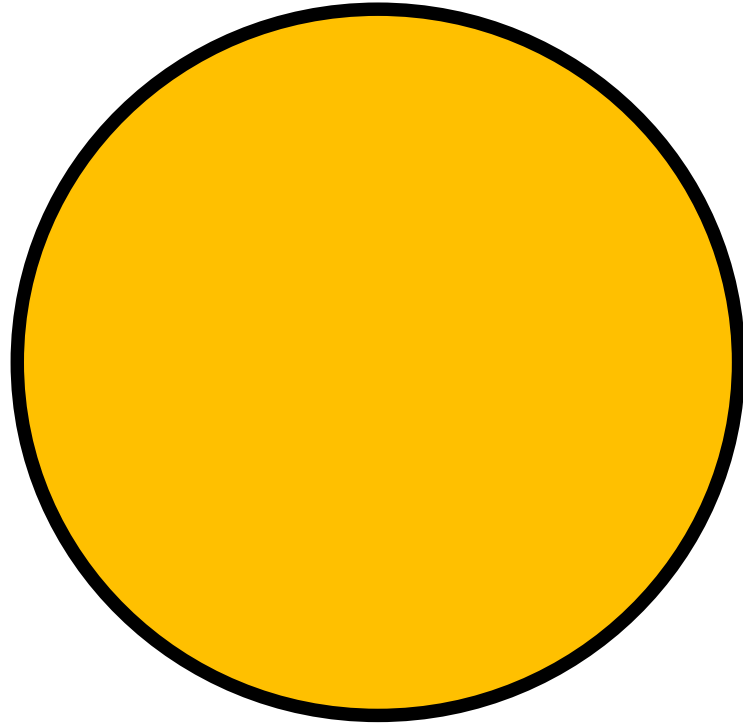
And theirs?

Are there any objective standards?

Distributive and Integrative Negotiation

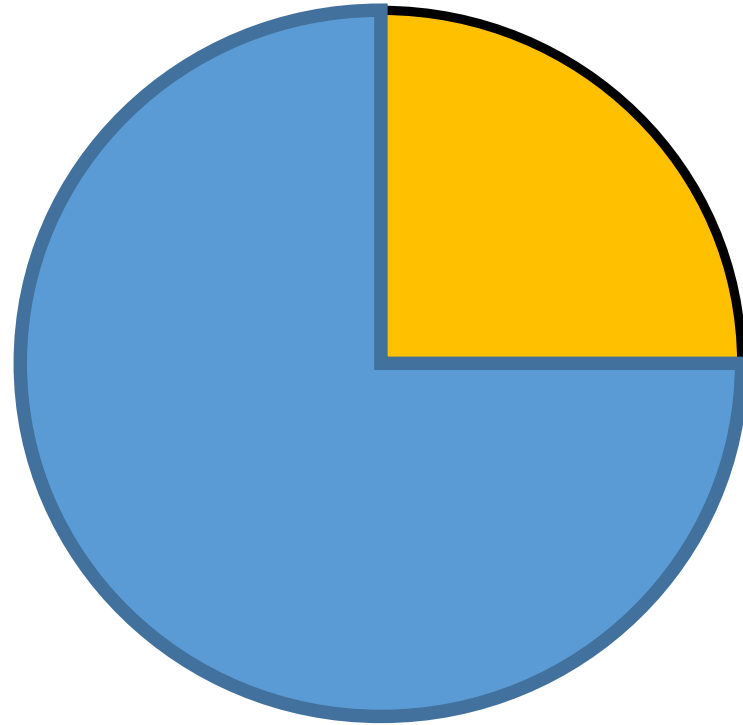


Distributive and Integrative Negotiation



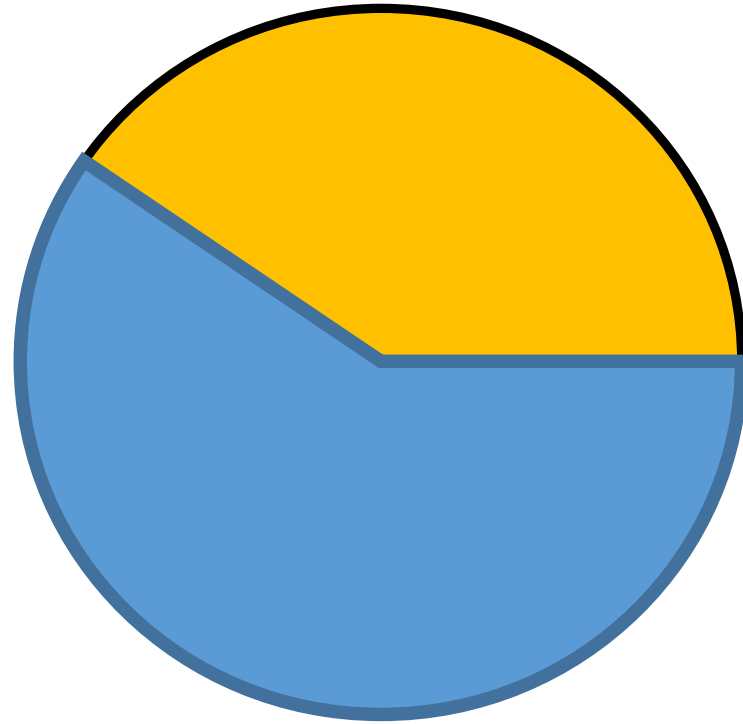
the pie

Distributive and Integrative ***Negotiation***



the pie

Distributive and Integrative ***Negotiation***



the pie

Distributive and Integrative ***Negotiation***



the pie

Distributive and Integrative Negotiation

all negotiation creates and distributes value

how?

integratively or distributively?

win-win or win-lose?

based on what mindsets?

and what strategies?

Distributive and Integrative Negotiation

The tactics of distributive negotiation 1

Focus on positions not interests

Stay tough on the relationship

Make substantial demands

Claim there are no other options

Do not disclose information

Distributive and Integrative Negotiation

The tactics of distributive negotiation 2

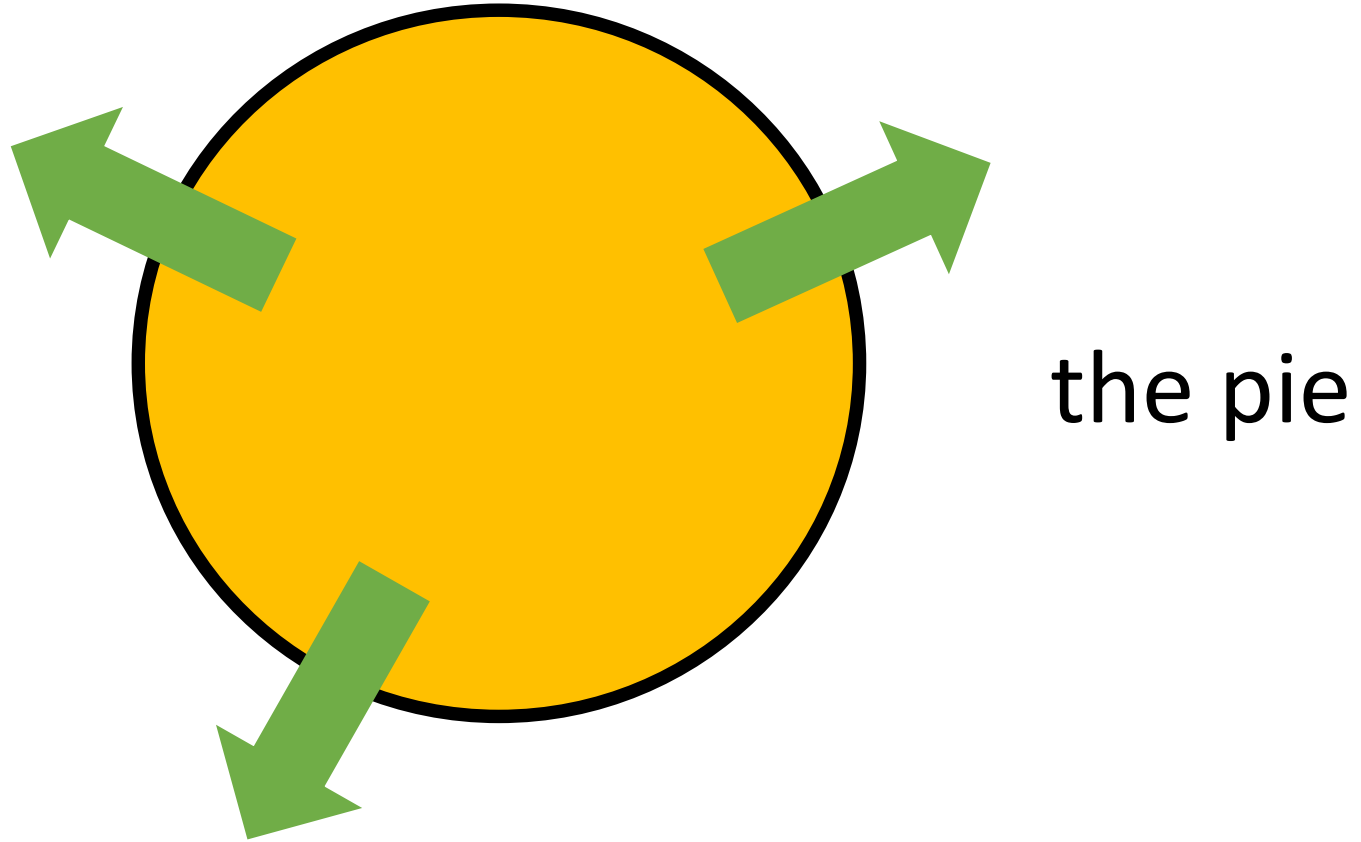
Do not ask questions to show understanding

Ask questions that challenge the other side's position

Look for and name the weaknesses of the other side

Play a bargaining game – give only when you take

Distributive and *Integrative* Negotiation

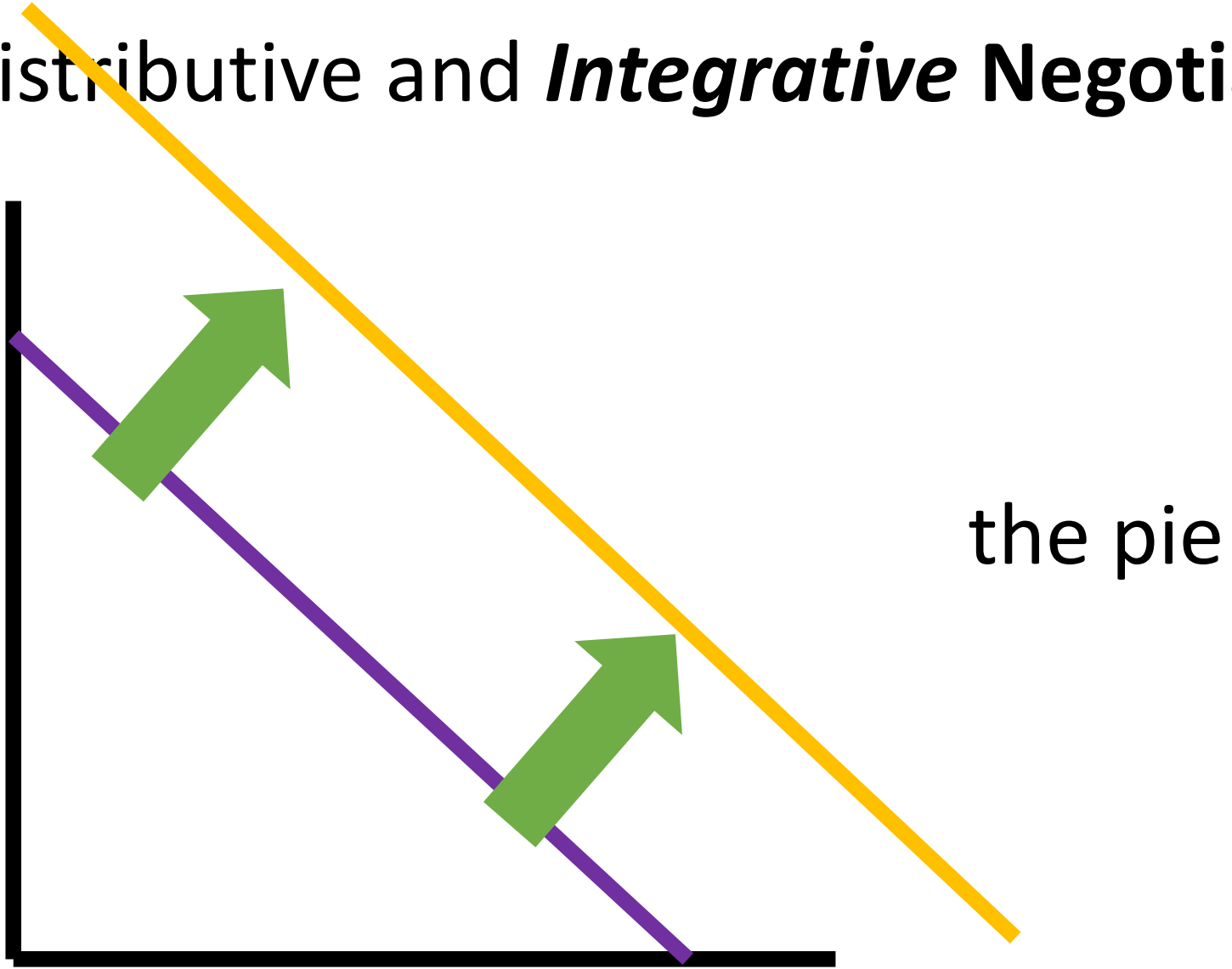


Distributive and **Integrative Negotiation**

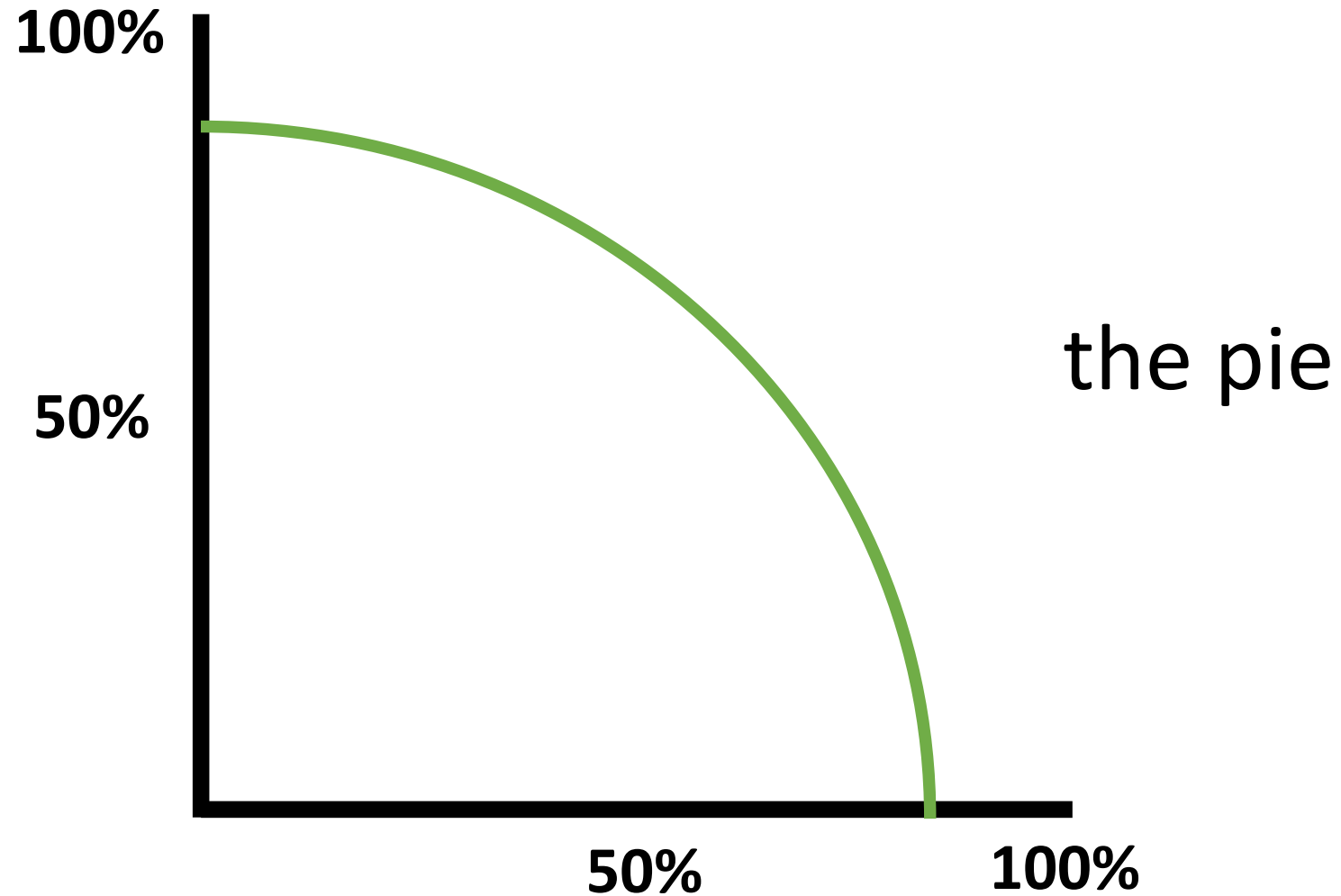
the pie is not fixed

by looking at all sides' interests
value can be created for all before
distributing it

Distributive and *Integrative* Negotiation



Distributive and *Integrative* Negotiation



Distributive and ***Integrative*** Negotiation

The tactics of integrative negotiation 1

Build relationships and express appreciation

Explain and ask for understanding

Understand before deciding

Ask for help in solving the issue together

Look for common interests

Distributive and ***Integrative*** Negotiation

The tactics of integrative negotiation 2

Work with empathy

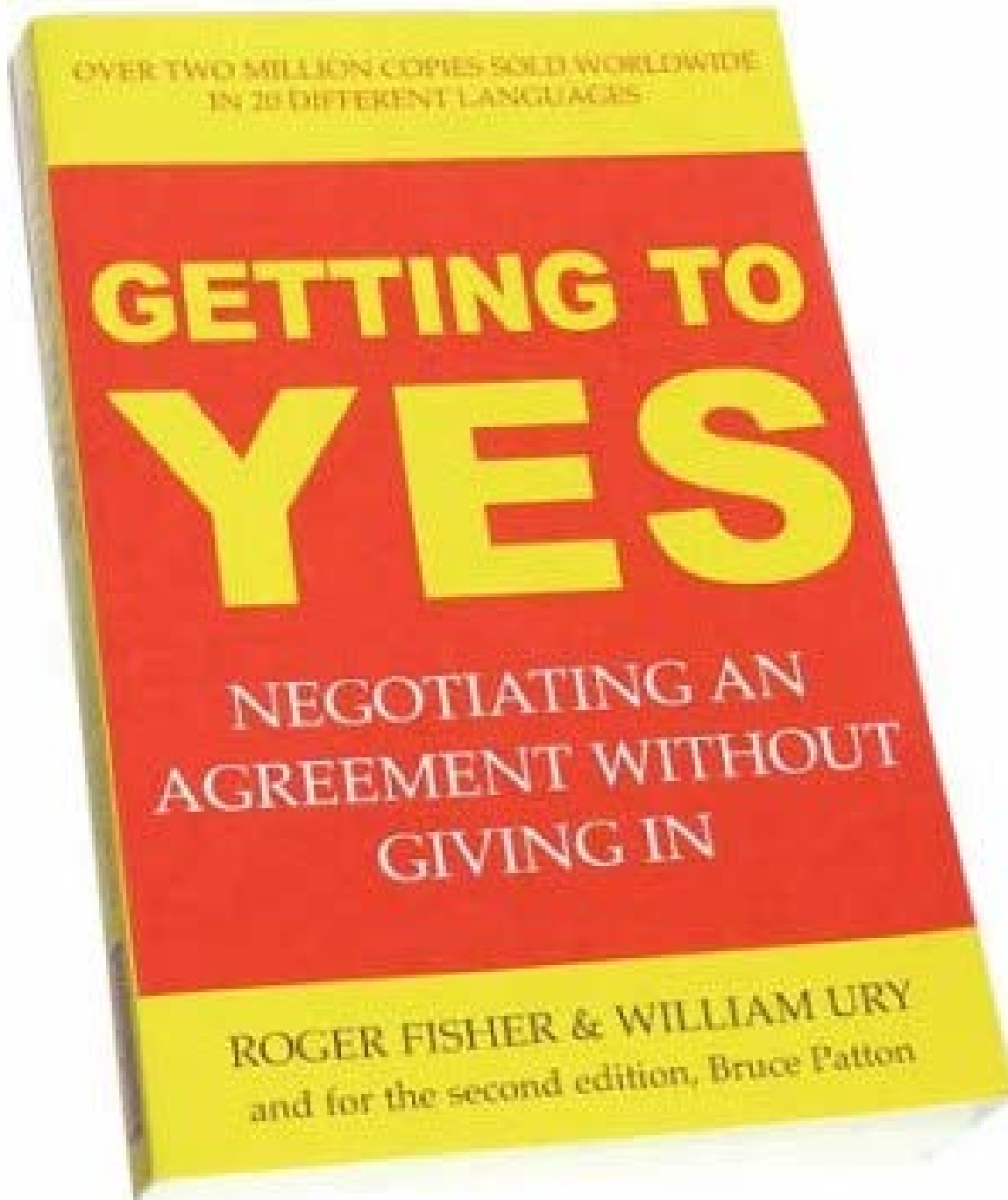
Be transparent with information

Show interest in the other side's needs

Show interest in the other side's feelings

Explore creative options to create value

Decide together



This is compulsory course reading. Any edition is fine.