



Technische  
Hochschule  
Wildau  
*Technical University  
of Applied Sciences*

# Negotiation



## MBA / AVIMA 2020, Wildau Institute of Technology

Greg Bond

# What is negotiation?

## Principled negotiation:

- Separate the people from the problem

- Focus on interests not positions

- Create options for mutual gain

- Use objective standards

- Know your BATNA

## Core concerns

- The zone of possible agreement

- Persuasion

- Distributive and integrative negotiation

- Negotiation and conflict styles

- Empathy

FOUR

## 4. 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 m<sup>2</sup>**

**price agreed: € 1.5 m (€ 500 per m<sup>2</sup>)**

**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 m<sup>2</sup>

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

# Choose someone to lead the process

- This person is responsible only for process
- For inviting people to speak
- For structure
- For timing
- For encouraging new ideas
- For summarizing
- For recording ideas

# Group Work

Find as many options as you can for the parties in this case

Do not evaluate them

Choose someone responsible for the process

If possible, visualise the options

Note: options, not alternatives

Overnight, by telephone,  
they came up with a **solution** (wise or not)

The solicitor / notary added a contingency clause

*The loft would be independently surveyed:*

3000 m<sup>2</sup> – 2891 m<sup>2</sup> : price unchanged at € 1.5 m  
2890 m<sup>2</sup> – 2881 m<sup>2</sup> : price € 1.49 m (reduction of € 10,000)  
2880 m<sup>2</sup> – 2871 m<sup>2</sup> : price € 1.48 m (reduction of € 20,000)  
2870 m<sup>2</sup> – 2861 m<sup>2</sup> : price € 1.47 m (reduction of € 30,000)  
2860 m<sup>2</sup> and less: price € 1.46 m (reduction of € 40,000)

The contract was signed

and the buyer brought along champagne

## Some psychology

Why does it (often) hurt more to lose than it gives us pleasure to win?

Or: why is such a small percentage of the value of this deal suddenly so important?

= loss aversion



The surveyor sent in the results of the new survey

Two regulations

Older one: 2888 m<sup>2</sup> (price: € 1.49 m).

Newer one: 2850 m<sup>2</sup> (price € 1.46 m).

The sales contract did not stipulate which regulation was to be used as the basis of the measurement.

The sale could not go ahead.

# What Are Their Interests?

a quick and fair solution

for both parties

Should this be litigated?

that is legal

Can it be litigated?

meets financial needs

and saves face

# Mediation

The real estate agent had used the services of a mediator in the past



(and the real estate agent has interests too)

Why mediation in this case?

# Creating Options

looking for value creation

or acceptable trade-offs

looking for new ideas

solutions out of the box

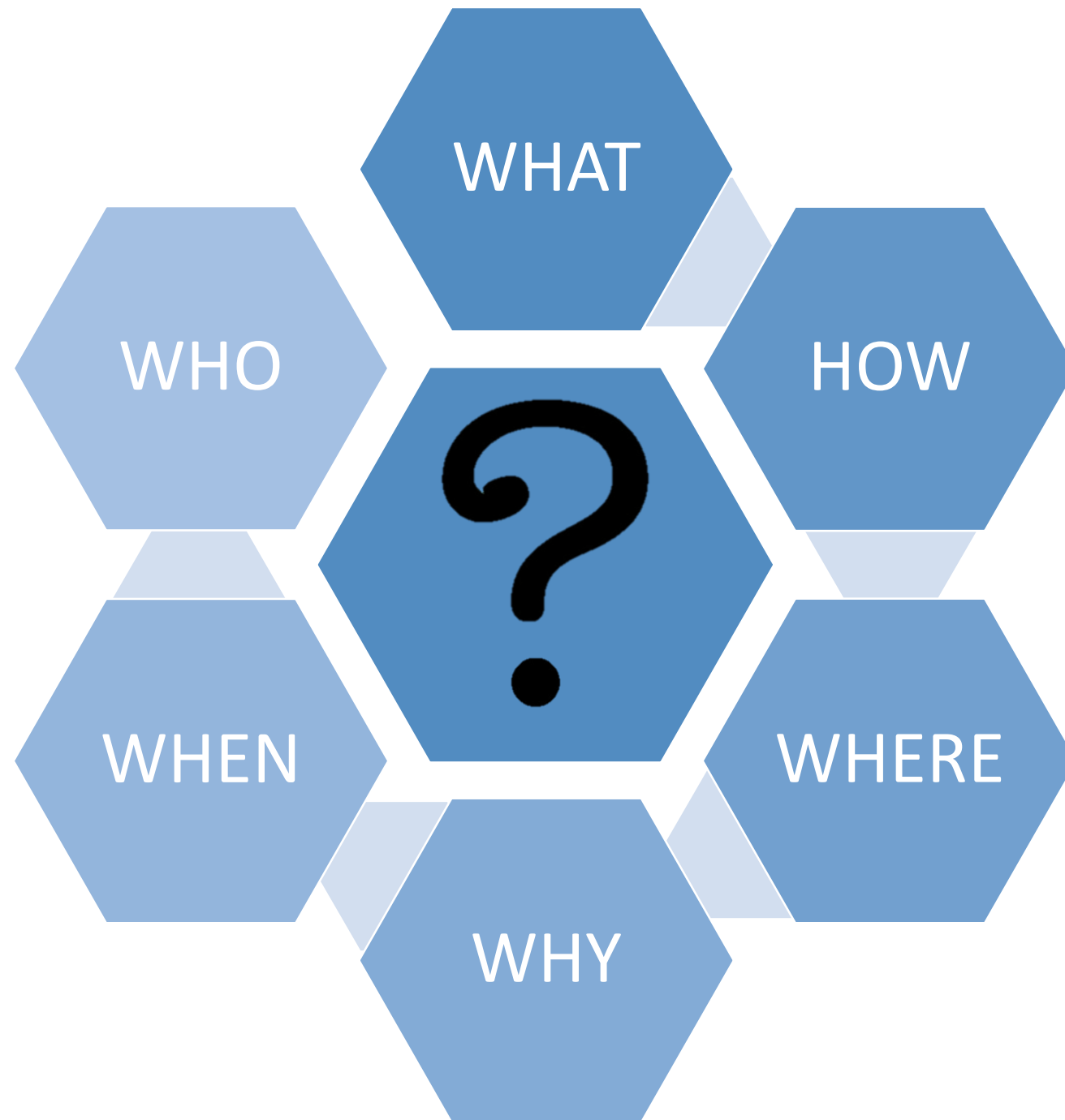
Ask as to the Logic behind an idea

toss a coin = let chance / no-one decide

split the difference = share the costs

give you access to my services in property  
management = add value of another kind

ask an adjudicator = involve a third party



# Developing and Evaluating Options

# Developing an option (to create value)

Choose one idea from the list and ask what can be done to make it more attractive or just workable

= options within the option

Do it again with another option



# Evaluating an option

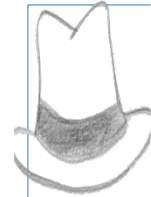
Does it meet my interests?

Is it better than the alternative to agreement?

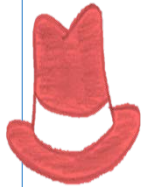
# Evaluating an option – with Edward de Bono's six hats



Process



Facts



Feelings



Creativity



Benefits



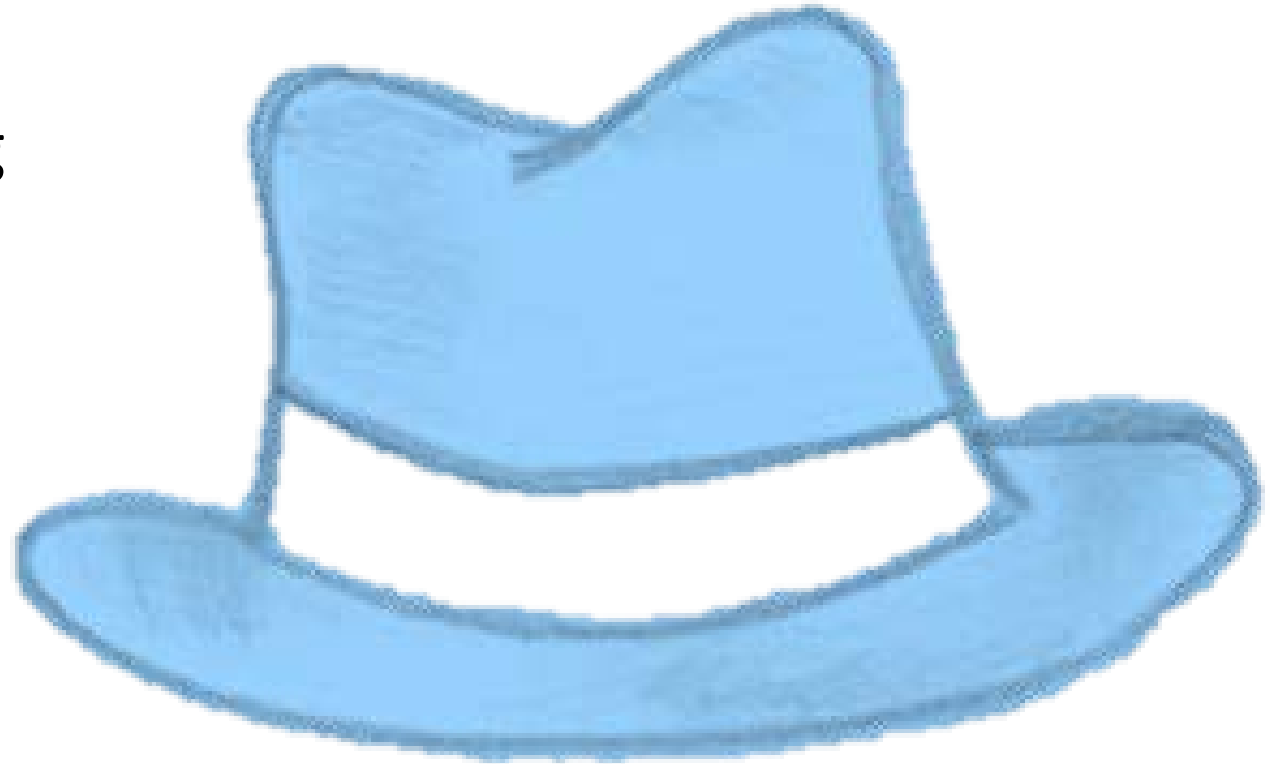
Cautions

# Process – Blue Hat

Used to manage the thinking process

Thinking about thinking

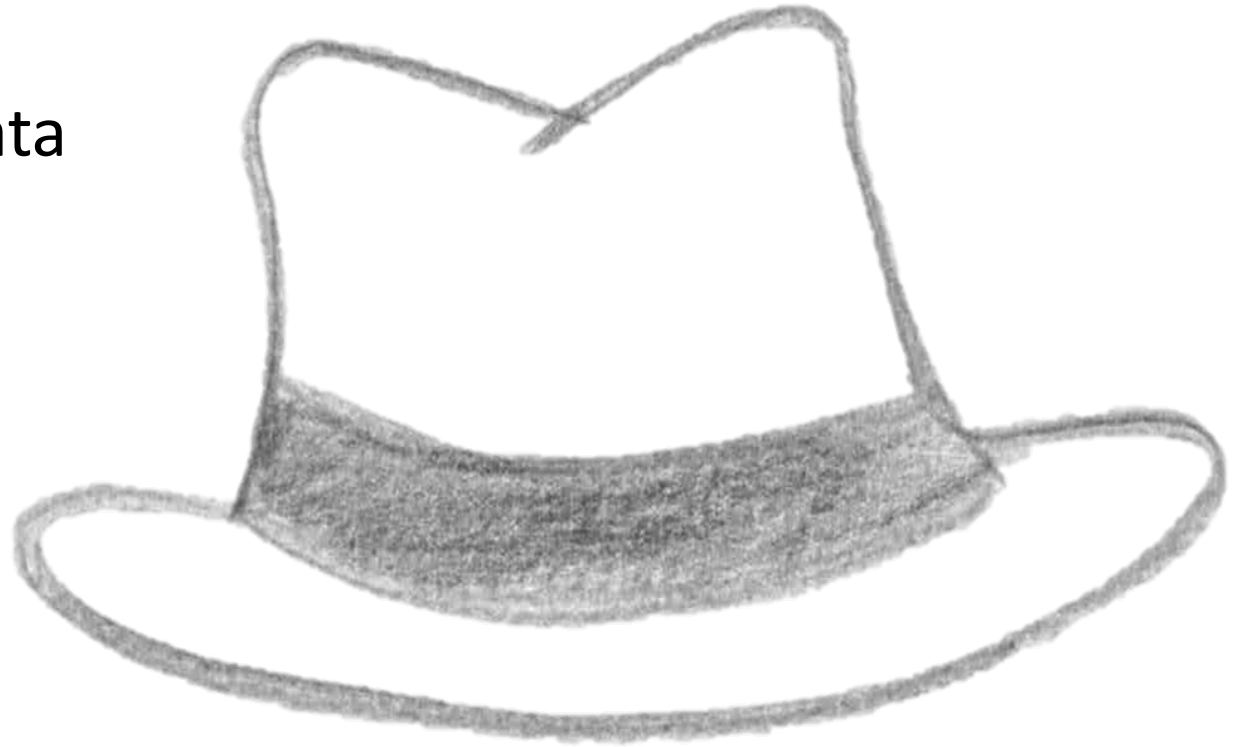
Control mechanism



# Facts – White Hat

Used to gather information/data  
known or needed

Neutral and objective



# Creativity – Green Hat

Used for creative thinking and to generate new ideas

Alternatives and possibilities

Brings solutions for black hat problems

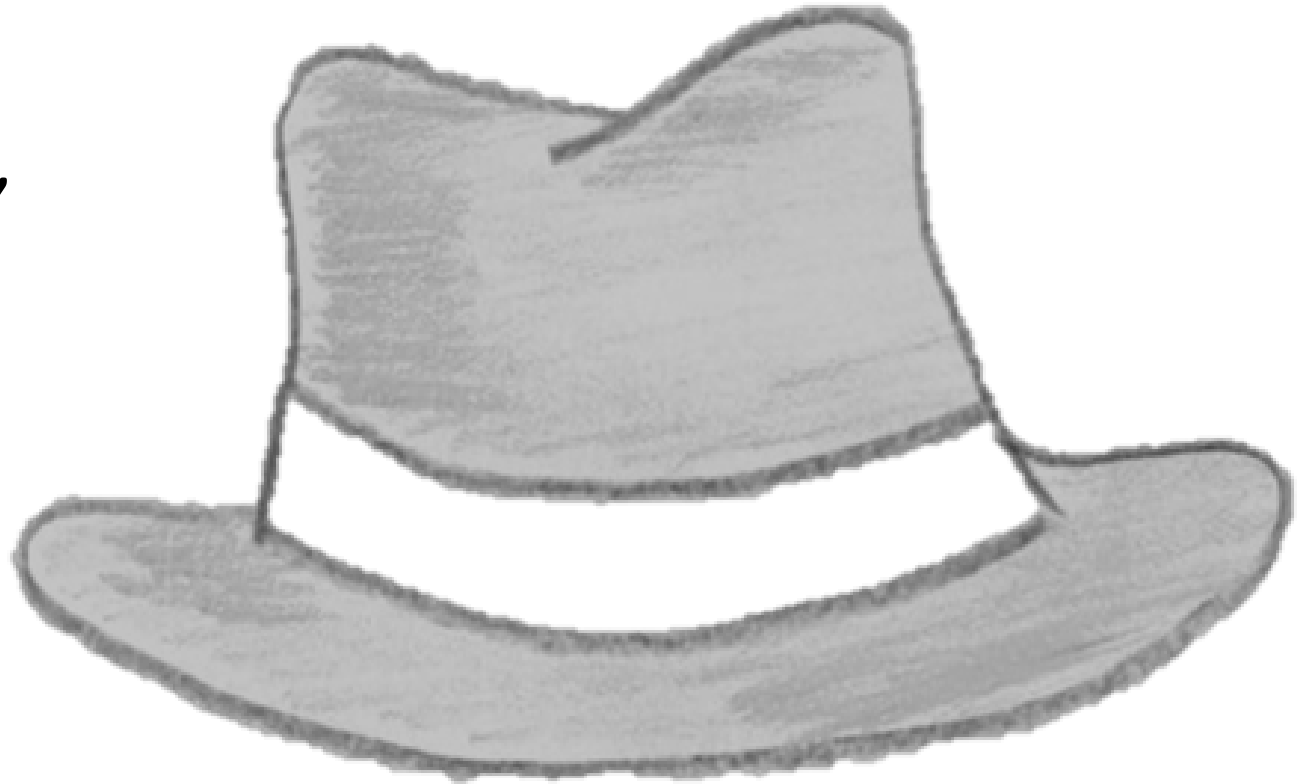


# Cautions – Black Hat

Used to analyse risks, dangers, difficulties

Stresses why something might go wrong

One of the most powerful and useful hats



# Benefits – Yellow Hat

Used for noticing good points

Symbolizes optimism and  
brightness

Logical reasons are given



# Feelings – Red Hat

Used to express feelings, intuition and emotions

No justification needed

Feelings can change

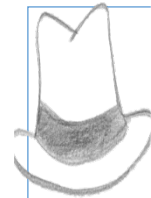




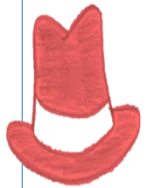
# Options – with Edward de Bono's six hats



Process



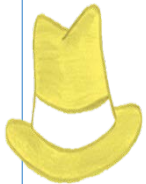
Facts



Feelings



Creativity



Benefits



Cautions

# Group Work

Find more options for this case now

Choose someone with the blue hat – responsible for the process

Blue hat first invites everyone to wear the white hat: What are the facts?

Then the blue hat invites everyone to wear the green hat: Creative ideas?

Visualise them if possible

Then the blue hat invites everyone to wear the black hat: Risks, dangers?

Then the blue hat invites everyone to wear the yellow hat: Positives

Then the blue hat invites everyone to wear the red hat: Feelings

Then the group sees if they have a best option or best options

Did They Come to Agreement?

# Did They Come to Agreement?

Given

the value of the dispute

each parties' interests

and each parties' no agreement alternative

or cost of non-agreement

They have a good chance

# The Agreement

They would donate some money to charity.

Now make this option work ... develop it ...

# The Agreement

The lower price was agreed on

The buyer would donate € 30,000 to a charity

The seller selected the charity

The seller received the tax rebate on the donation

# The Agreement

Was the agreement a trade-off?

How far did it meet their interests?

Was it easy to implement?

Did work on creative options help?

YOUR CASE

Options?