

Negotiation

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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

- Distributive and integrative negotiation

- Negotiation and conflict styles

- Empathy

5. The Zone of Possible Agreement

Making offers



The Skiing Chalet Negotiation

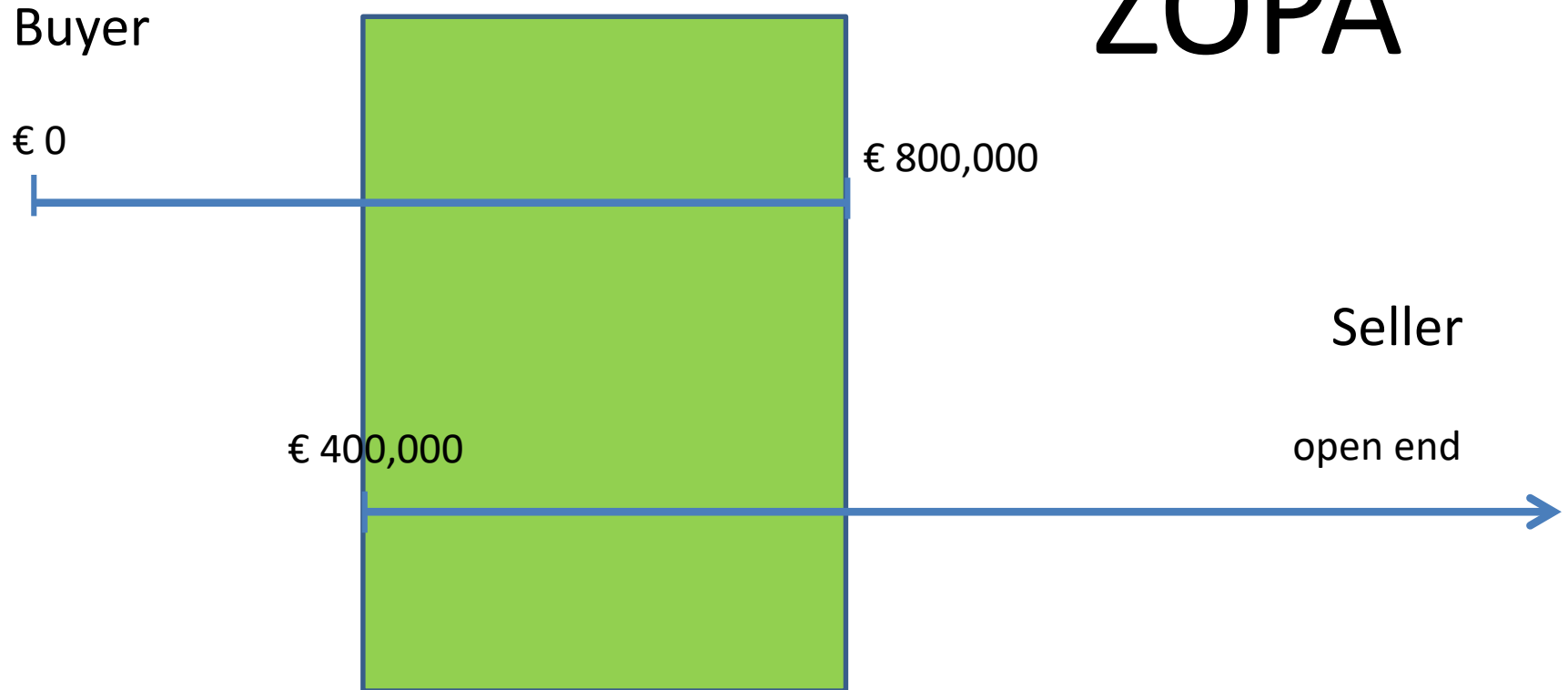
You should prepare this negotiation by making five lists:

1. Your interests as the agent
2. Your client's interests
3. What you think the interests are of the agent you are negotiating with
4. What you think the other agent's client's interests are
5. What information you want to have from the other agent, and what questions you will ask?

ZOPA

zone of possible
agreement

ZOPA



ZOPA – Zone of possible agreement

ZOPA

Not just money . . .

time . . . numbers of any kind . . . place . . .
people . . . etc.

How can we know? How can we find out?

And how can we get our negotiation partners to
move up to our best deal within the ZOPA?

ZOPA

Finding the ZOPA by Using Objective Criteria

market prices

the usual practice

what has been done before

get several offers

ZOPA

Finding the ZOPA by Making Offers

base your offer on an objective criterion

be realistic – if you go in too high you will lose credibility

ZOPA

Who Should Make the First Offer?

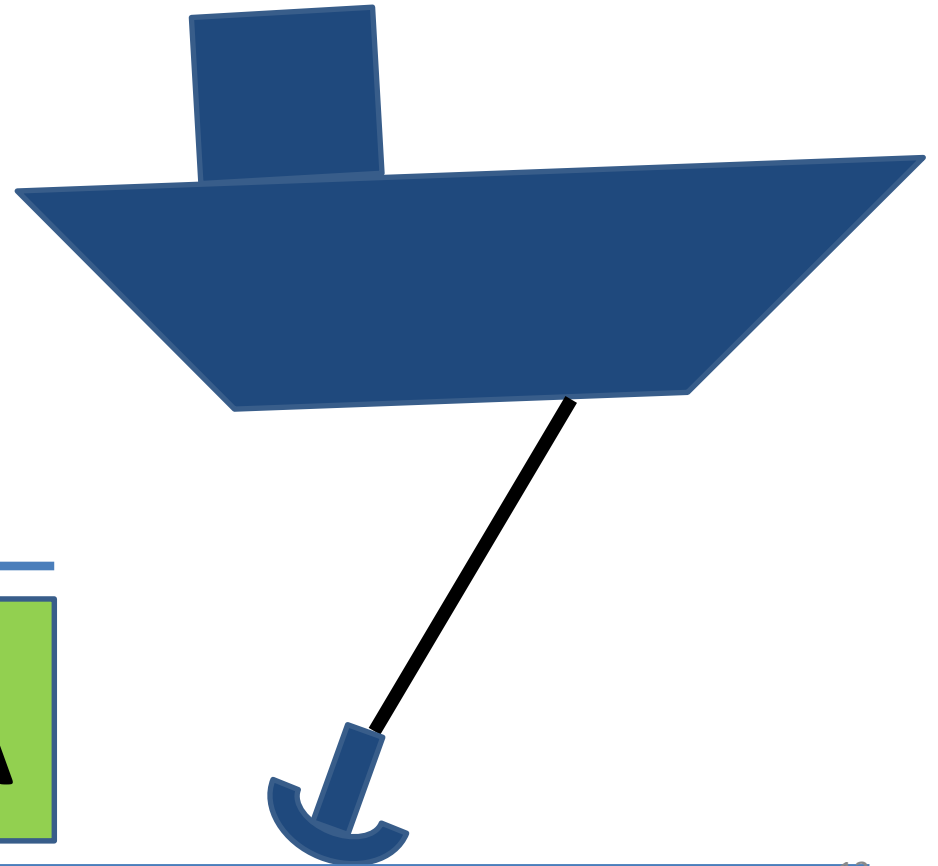
in some businesses this is standardized

in others : who “jumps” first?

is it best to wait or best to make an offer?

ZOPA

Anchoring



ZOPA

Getting the best deal within the ZOPA

how badly do you need the deal?

how badly do they need the deal?

most negotiations are multi-issue negotiations.

what can you offer them that will add value and
might bring them closer to your best price?

Should You Work with Bottom Lines?

A bottom line is inflexible

You do not know what else may be on offer

Fisher / Ury recommend the “tripwire” –
a reservation point



ZOPA in job negotiations

How much money?

How many working hours?

How many hours home office?

How much travel?

How many bonuses?

How much responsibility?

etc.



Football coach

Example



INTERESTS

Seller

Buyer

Seller's Agent

Buyer's Agent

INTERESTS

Seller

- Fair price
- The right buyer
- Respect for property
- Relationship to agent
- Reputation in the area

Agent

- Fair price (commission)
- Relationship to client
- Professional reputation
- Further business
- Efficient deal

Buyer

- Fair price
- Location
- Contacts to community
- Confidentiality / privacy

Agent

- Commission / fee
- Relationship to client
- Professional reputation
- Further business
- Efficient deal

INTERESTS: 4 categories

Material: price, house, location, right time to buy, commission, extras (contacts etc.)

Relationship: between buyer / seller and their agents, also between the two agents, and perhaps buyer and seller

Process: information gathering and exchange, confidentiality, timing, professional negotiation, agents stay within the parameters their principals define in terms of information

Self: self-esteem for agents, and also for buyer and seller in finding the right partner and environment for this deal



YOUR CASE

What do you know about the ZOPAs?