Negotiation

MBA / AVIMA 2020, Wildau Institute of Technology

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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

Persuasion

Distributive and integrative negotiation

Negotiation and conflict styles

Empathy

Negotiations and Conflict Management / Mediation

Saying YES or NO

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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

rational criteria

- BATNA
- 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 applying for a job after finishing your bachelor's degree. You get an offer in a location you like, with a company that is ok, and with pay that is not so great.

What is your BATNA?

A political party wins an election and needs a coalition partner. The party negotiates with several other parties. Each of the others may be the BATNA with respect to each other.

A political party wins an election and needs a coalition partner. Only one other party is willing to negotiate.

What is the BATNA?

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?

Improve your BATNA


Know Their
BATNA


WATNA
worst alternative to
negotiated
agreement

You want to buy a new car. You are looking for a car that is fuel efficient, environmentally friendly, within your price range, and is a hatchback with seven seats. You need to look at the used car market to meet your price range. You can also trade in your old car, which is a fifteen-year-old car that needs repairs costing € 2000 to keep running and at present is past its official roadworthiness date.

You are talking to a dealer. You have other alternatives, including repairing your present car.

What is your WATNA?

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?

BATNA relates to process and substance, and the two are interlocked

Process BATNA – when do I change from one process to another?

Examples

from negotiation to another process or another negotiation
from litigation to another process
from mediation back to litigation
from negotiation to giving up
from not negotiating to negotiating or another process

Example: the movie Erin Brokovich

YOUR CASE

What is your BATNA?
What is your WATNA?

What do you know about their BATNA?
What do you know about their 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

OBJECTIVE STANDARDS examples

WHAT IS THE OBJECTIVE STANDARD?

- Your boss wants you to work overtime, but you are not contracted for this.
- You are paid less than colleagues doing the same work.
- You are asked to do a student job for 5 EUR per hour.
- Every time you go out with your friends for drinks, you end up paying more than your “share” of the bill.
- You are not happy being asked to clean the kitchen in your shared apartment. Your flatmate cleans the bathroom, but this is less frequent. You both talk to another friend to get her opinion.

WHEN WILL WE ACCEPT LESS THAN THE STANDARD?

Does the offer meet your INTERESTS?

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

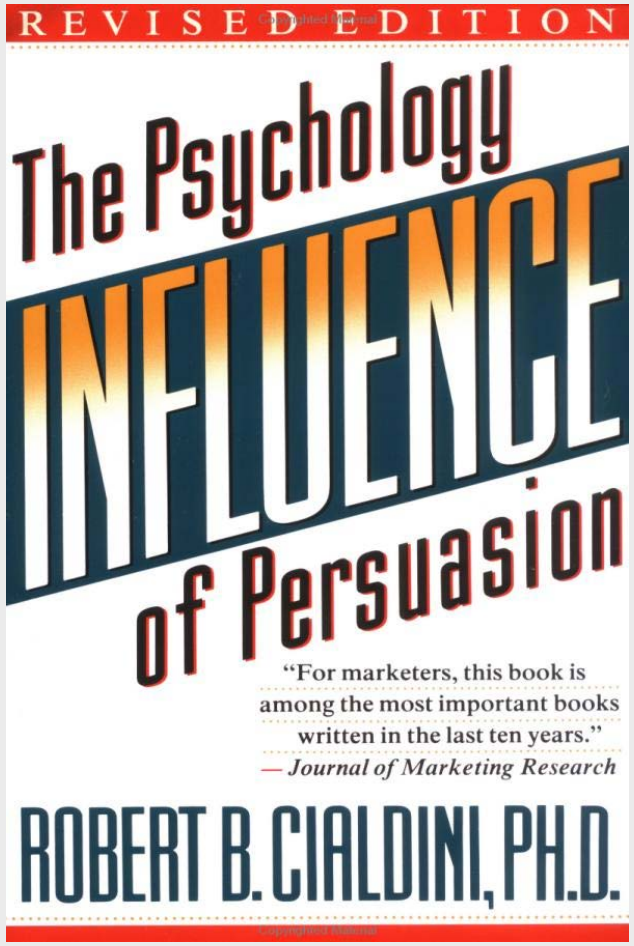
based on experience

reduces complexity

allows for quick decisions

it just doesn't feel right

PERSUASION



Robert Cialdini, Influence. The Psychology of Persuasion, first published New York 1984

PERSUASION in six ways

reciprocation
commitment and consistency
social proof
liking
authority
scarcity

PERSUASION by RECIPROCATION

why do good salespeople offer you a coffee or bring you to the door?

why do companies offer free trials of products?

if you help someone out, do you expect them to return the favour?

PERSUASION by COMMITTMENT

why is it harder to say no in person than by e-mail or on the phone?

why should you consider negotiating face to face when you really want something?

why do people buy things they do not want?

why is hard to get out of a deal when you have once said yes, even if the conditions worsen?

PERSUASION by SOCIAL PROOF

why do people all wait at red lights?

why do companies use endorsements in advertising?

why do freelancers list references?

why do online hotel booking portals inform you
when rooms were last booked and how many people are looking?

PERSUASION by LIKING

why will you find it harder to say no to someone you like?

what does that mean for a company deciding who to use as the negotiator?

why do advertisers use cute animals, attractive people, sex, etc.?

where is the link to Fisher / Ury?

PERSUASION by AUTHORITY

why will the boss have the last word?

what other authorities are there?

- industry certificates of quality
- public certificates of quality
- X number of satisfied customers
- doctors, lawyers, etc …

PERSUASION by SCARCITY

why do salespeople make offers that are only valid until a specified date?

why do TV sales channels use time limits and claim that they are down to their last stock?

why do online hotel booking businesses inform you that there is only one room left?

PERSUASION in six ways

reciprocation

commitment and consistency

social proof

liking

authority

Scarcity

Think of some examples from your own lives and work.

YOUR CASE

Do persuasion techniques matter?

Is trust important?