

# NEGOTIATION AT WORK

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Megan H. Guy

Tuesday, September 1, 2020

2020 Valuation Actuary Virtual Symposium

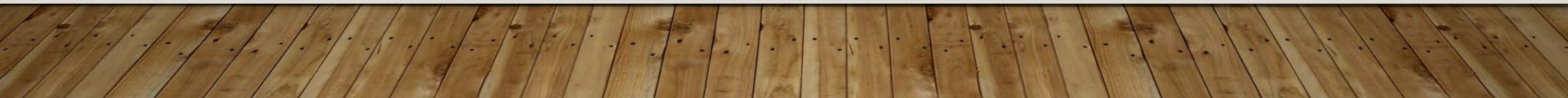


**WHY DO WE  
NEGOTIATE?**



**WHO ARE THE  
BEST  
NEGOTIATORS?**

L I N G O  
L I N G O  
L I N G O  
L I N G O  
L I N G O



# WHAT IS NEGOTIATION?

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- **Negotiation** is a form of decision making in which **two or more parties talk** with one another in an effort **to resolve their opposing interests**.
  - **Distributive negotiation** (or bargaining) describes the competitive win-lose situation – haggling.
  - **Integrative Negotiation** refers to win-win situations – mutually acceptable solutions.

# DISTRIBUTIVE BARGAINING

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# BATMAN? .... NO, BATNA

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- **BATNA** stands for **Best Alternative to a Negotiated Agreement**.
- Assume you **DON'T** settle – what is the next best alternative for you – if there is none, you'd better settle.
- **BATNA IS YOUR LEVERAGE TO WALK AWAY**



# THE ROLE OF BATNA

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- Alternatives give negotiators the power to walk away.
  - Negotiators can set their goals higher and make fewer concessions.
  - Good bargainers know their realistic alternatives before starting discussions and try to improve their alternatives during negotiation.

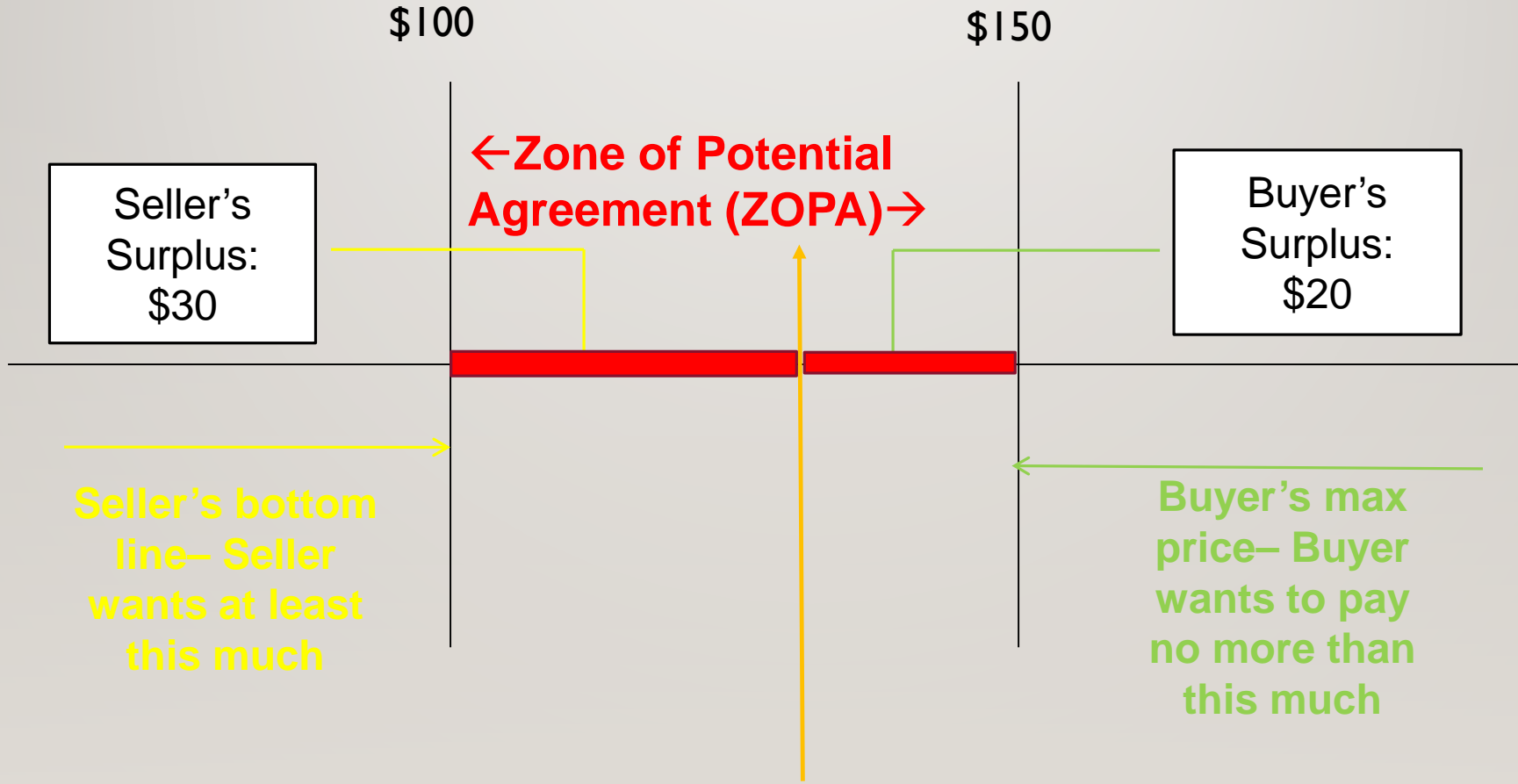


# VALUE CLAIMING AND VALUE CREATION

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- VALUE CLAIMING
  - ASSOCIATED WITH DISTRIBUTIVE BARGAINING—TRYING TO GAIN THE LION'S SHARE OF THE PRICE, THE BIGGEST PIECE OF PIZZA
- VALUE CREATION
  - ASSOCIATED WITH INTEGRATIVE NEGOTIATION—TRYING TO CREATE VALUE—FIND CREATIVE SOLUTIONS SO BOTH PARTIES CAN DO WELL AND ACHIEVE THEIR GOALS

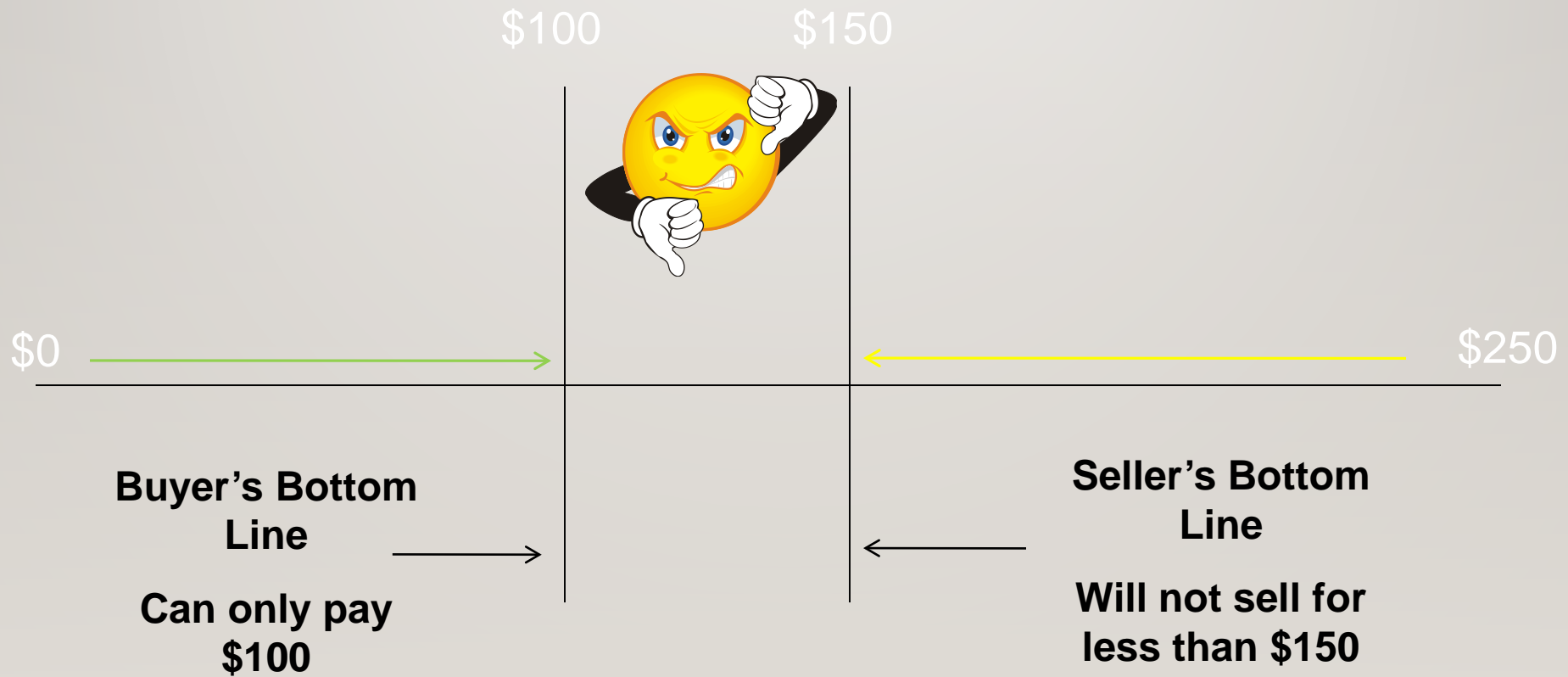
# BASIC MODEL FOR DISTRIBUTIVE BARGAINING



Final Contract Price: \$130

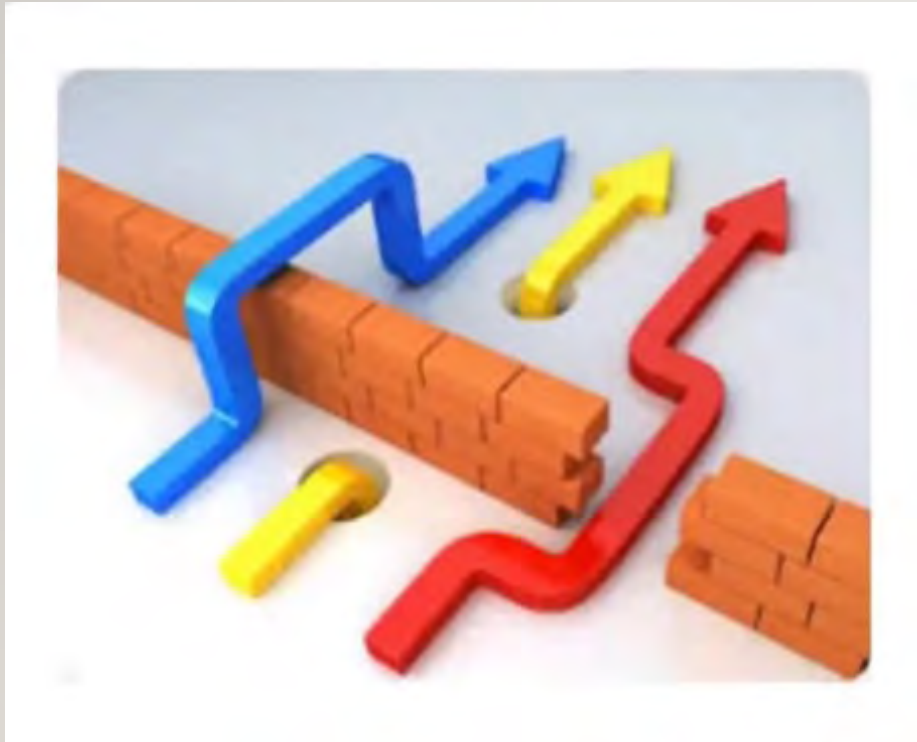
# NEGATIVE BARGAINING ZONE

Negative Bargaining Zone



# INTEGRATIVE BARGAINING

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# INTEGRATIVE NEGOTIATION

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Win/Win negotiation

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More than one issue

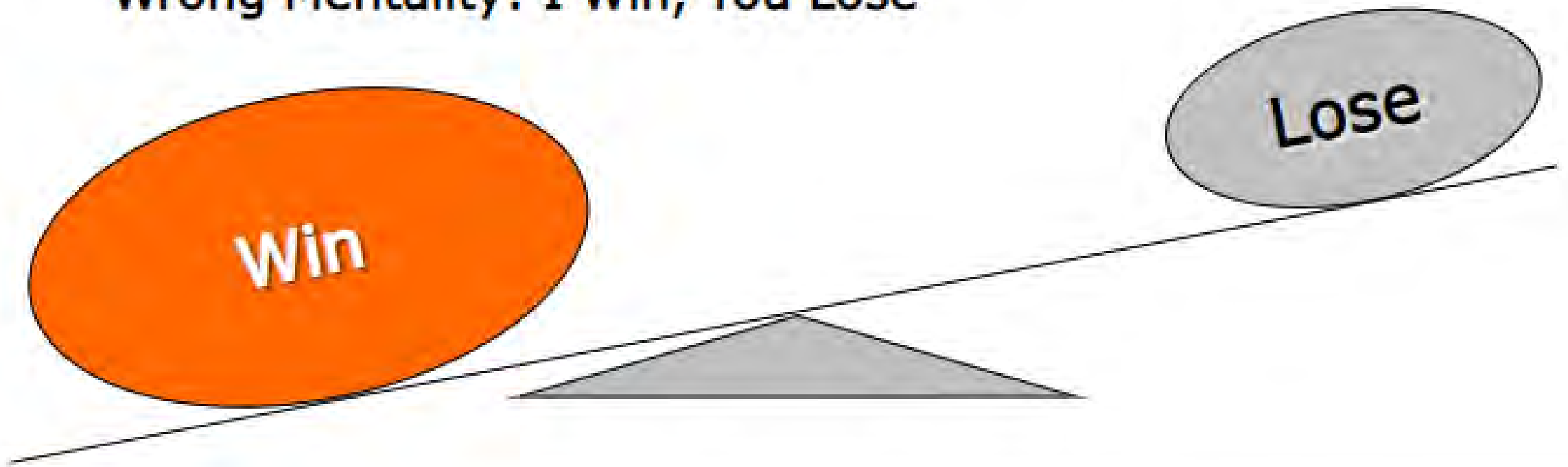
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Free(r) exchange of  
information and ideas

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Create options for mutual  
gains

## Wrong Mentality: I Win, You Lose



## Right Mentality: Let's Find a Way to Both Win



# You need to focus on the big picture and long-term

**Wrong Mentality:  
The Tree**



**Right Mentality:  
The Forest**



**Wrong Mentality:  
The Battle**



**Right Mentality:  
The War**



## IDENTIFY AND DEFINE THE PROBLEM

- You have to get mutual agreement on WHAT the problem is FIRST.
- Then focus on problem solving & creative solutions
- PROBLEMS=GOALS to achieve, OPPORTUNITIES for problem solving
- **Depersonalize the problem**





# UNEARTH TRUE INTERESTS AND NEEDS

**OK, SO HOW DO YOU  
DO THAT, ANYWAY?**

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# WORKPLACE NEGOTIATIONS ARE TRICKY

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- It's Personal. Really personal.
- Relationships can muddy the waters
- Relative power dynamics
- Organizational culture

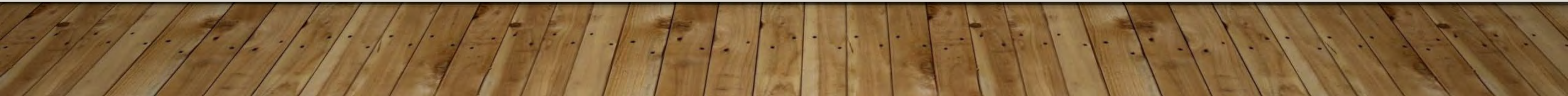
# BUT THEY ARE STILL JUST NEGOTIATIONS

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- Same rules apply as with any negotiation.

# A FRAMEWORK

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# PREPARE FOR THE “WHAT” OF “YOUR” SIDE

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- Do not rely on intuition or instinct.
- Outline the details and terms of the negotiation. What do you hope to achieve? What are your goals? What result is unacceptable?
- What are major issues related to achieving the goal? Define and rank the issues by importance.
- What are your interests

Deepak Malhotra, 22 Negotiation Tweaks, <https://www.youtube.com/watch?v=VsaxtLqh4h0>

# PREPARATION: EVALUATE THEIR SIDE & CONTEXT

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- What are the other parties goals, issues and resistance points?
- What is the social context of the negotiation?
- Who is at the table? Who may not be at the table but still has an interest in the outcome?

# STRATEGY SESSION—PREPARE FOR THE “WHY” OF YOUR SIDE AND THEIR SIDE

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- Prepare for the tough questions you are likely to receive and prepare for them.
  - Pre-empt weaknesses in your position through framing
- Prepare a lot of open-ended questions to ask them... Ask the right questions and listen to the Answers.
- Go into the negotiation with an investigative, learning mindset.
  - The question why is always more important than what.



# DURING THE NEGOTIATION

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- When you ask your good and open ended questions **ACTIVELY LISTEN** to the Answers.
- Never let your offer speak for itself. Tell the story that goes with it. Provide justification & narrative.
- Don't Leave your actions open to their interpretation
  - Label your concessions
- Don't haggle issue by issue—try to “package” issues in multiple offer options.

# DURING THE NEGOTIATION

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- “Write their Victory Speech for Them”
- Never leave a negotiation without knowing WHY they said no.
  - Get an explanation.
  - Try to frame as a “Yes, if...” not a “No because...”
- Understand and Respect the other side’s constraints...
  - Put yourself in their shoes (Perspective Taker)
  - It’s not to do them a favor. It’s to figure out how to get what you want.
  - Sometimes you simply will not get things you deserve because of insurmountable constraints.

# FOR FURTHER READING/WATCHING...

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- Deepak Malhotra, 22 Negotiation Tweaks,  
<https://www.youtube.com/watch?v=VsaxtLqh4h0>
- Control the Negotiation Before it Begins, Deepak Malhotra
- Six Habits of Merely Effective Negotiators, James K. Sebenius, Harvard Business Review, September 2007
- Investigative Negotiation, Deepak Malhotra, Mx H. Bazerman

# QUESTIONS?

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# THANK YOU!

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**Megan H. Guy**

Executive Director of Executive & Professional Education, Professor of Practice

A.B. Freeman School of Business | Tulane University

Office: 504-314-7923

Mobile: 504-813-4339



FREEMAN SCHOOL OF BUSINESS

Goldring/Woldenberg Complex, Office 606

7 McAlister Drive, New Orleans, LA 70118