WHY DO WE NEGOTIATE?
WHO ARE THE BEST NEGOTIATORS?
WHAT IS NEGOTIATION?

• **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
BATMAN? …. NO, BATNA

- 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

• 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

• 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

Seller's Bottom Line—Seller wants at least this much

Buyer's Max Price—Buyer wants to pay no more than this much

Zone of Potential Agreement (ZOPA)

Final Contract Price: $130

Seller's Surplus: $30

Buyer's Surplus: $20

$100 $150
NEGATIVE BARGAINING ZONE

Negative Bargaining Zone

$0 $100 $150 $250

Buyer’s Bottom Line
Can only pay $100

Seller’s Bottom Line
Will not sell for less than $150
INTEGRATIVE BARGAINING
INTEGRATIVE NEGOTIATION

Win/Win negotiation

More than one issue

Free(r) exchange of information and ideas

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?
WORKPLACE NEGOTIATIONS ARE TRICKY

• It’s Personal. Really personal.
• Relationships can muddy the waters
• Relative power dynamics
• Organizational culture
BUT THEY ARE STILL JUST NEGOTIATIONS

- Same rules apply as with any negotiation.
A FRAMEWORK
PREPARE FOR THE “WHAT” OF “YOUR” SIDE

• 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

• 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

• 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

• 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

• “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...

- Deepak Malhotra, 22 Negotiation Tweaks, [https://www.youtube.com/watch?v=VsaxtLqh4h0](https://www.youtube.com/watch?v=VsaxtLqh4h0)
- Control the Negotiation Before it Begins, Deepak Malhotra
- Investigative Negotiation, Deepak Malhotra, Mx H. Bazerman
QUESTIONS?
THANK YOU!