

Negotiation: Theory and Practice

(N101)

Negotiation Quiz

Please check off on this sheet which of these situations represents a negotiation.
(You may wish first to answer all those you find easy and then go back to the others.)

- Buying a rug in a West African market
- Soliciting a new source of venture capital
- Trying to capture/kill a warlord in a regional war
- Trying to injure or ruin a competitor
- Writing back and forth with someone you do not know on the Internet
- Meeting your potential in-laws for the first time
- Giving or receiving commendation and criticism
- Deciding how the dishes will get done
- Borrowing a wonderful piece of clothing from a family member
- Deciding whether to stay late at work to finish up a project
- Making up, or rebuilding a relationship with someone you love
- Picking a successor for the CEO of a company where you are on the board
- Getting a child to go to bed
- Getting into a class or training program with limited enrollment
- Courting your Life's Companion
- Laying off or firing someone
- Discussing the outsourcing of a business function with the manager of the function
- Deciding with a family member where to invest a small joint inheritance
- Soliciting a major gift from a major donor
- Soliciting bids for the new advertising campaign for your company
- Talking with your parent(s) this weekend
- Saying good-bye to someone you will not see for a long time
- Finding an advisor, or a mentor, or a counselor, or a new dentist
- Discussing with a recruiter the salary and benefits you feel you deserve
- Trying to get back to sleep when something is worrying you
- Trying to shake off a stranger on the street who keeps walking with you
- Getting an extension on a paper or a project
- Apologizing to someone whose property you unknowingly damaged
- Seeing someone you dislike and turning away at a party
- Interviewing a potential baby-sitter
- Accepting a bribe
- Turning down a bribe
- Getting another country to lower a trade barrier
- Talking anonymously about an unsafe workplace condition with a Hot Line person
- Meeting a new teammate for the first time
- Struggling to stay on a diet or exercise plan or give up smoking

A Butterfly's View of 15.667 — Negotiations and Conflict Management

(see which questions you can answer?)

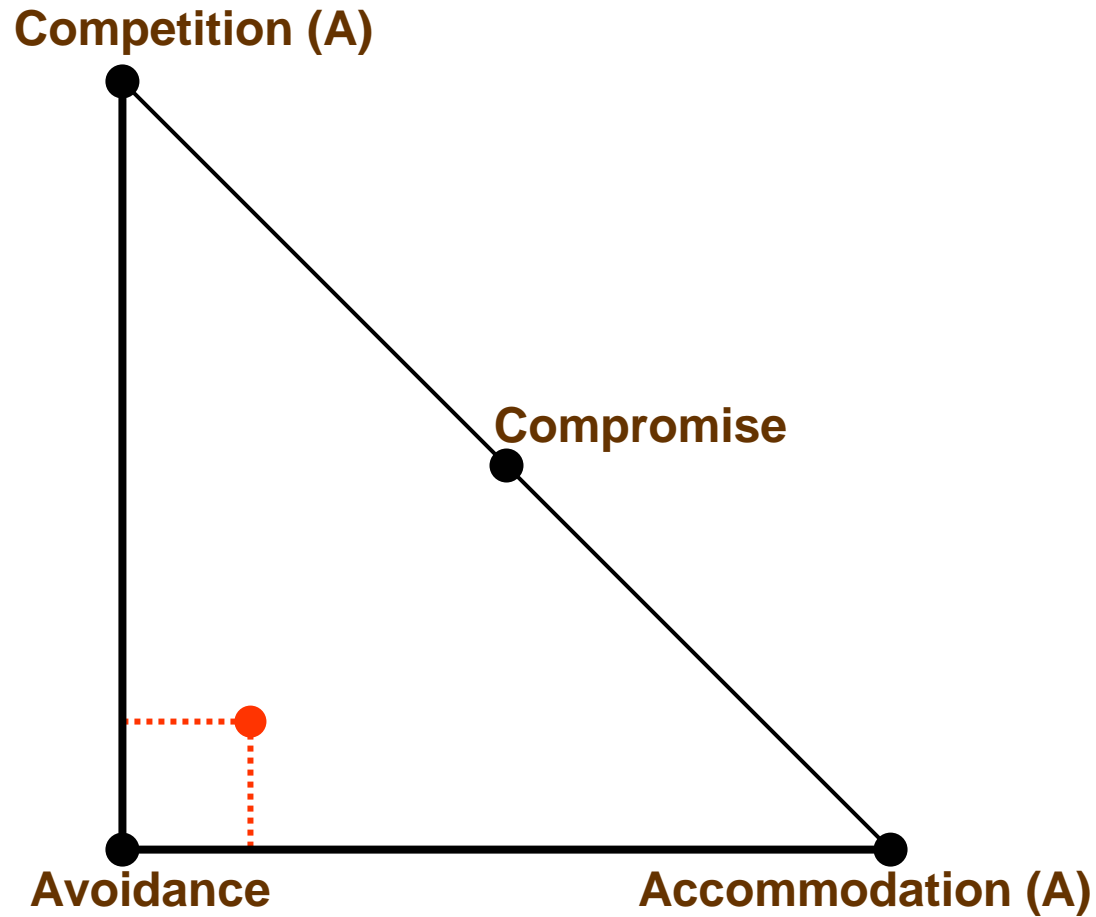
- 1) Is there one especially "**rational way**" to divide \$2 with a stranger? (If you think there is not, what determines the family of "rational choices"?)
- 2) Do you think that most **business decisions are made rationally**? Is there usually one optimum decision?
- 3) You are facing a specified conflict or negotiation with someone about whom you know only demographics, style and job description. **You have only an hour**. What might you do to prepare?
- 4) In real life, in a super important case, how and when should you choose which **strategies and tactics** you will use in a negotiation? On what factors ought this choice to depend?
- 5) How can one try to prevent a "**bad attitude death spiral**" in a negotiation with someone you do or do not know well? Where does a desire for **revenge** come from?
- 6) Which of the ways of **building trust** appeal to you the most?
- 7) What is the difference between **manipulating people and inspiring them** (as a leader)?
- 8) If you or someone else has gotten **painted into a corner**, through a commitment that should never have been made, what could be done?
- 9) Can you tell when someone is **lying** to you?
- 10) How might you figure out the strategy and depth of strategy the Other is using in a negotiation?
- 11) Within a close team or a couple, if you have no time in each negotiation to pursue the best win-win solutions, where both sides gain simultaneously, how can A and B behave so **that both are actually gaining, in the aggregate, over time**?
- 12) How would you define **effectiveness** in a negotiation? Are you effective? Who do you know that is effective?
- 13) Is it the choice of negotiating *strategy* that determines **effectiveness**? If so — which strategy is most effective?

- 14) If not—which tasks and skills most fundamentally determine the effectiveness of a negotiator?
- 15) What proportions of all your negotiations and conflicts are "mixed motive"? What proportion is purely collaborative? and what proportion is purely competitive? After you take the Thomas Kilmann Questionnaire, assess the strengths, in the five basic strategies, that you bring to your negotiations. Are your **skills in balance with the requirements of the negotiations** you are engaged in? (Which of the tactics on the Tactics sheets in Negotiation 101 do you want to practice?)
- 16) Imagine you are **assembling a team** to start a project or a company. What would you look for, in the people you would choose for your team, with respect to the five sets of strategic strengths in negotiation?
- 17) Given that most people think they are ethical, *and* that people are not at all the same with respect to **ethical standards**, would you want to give your future employees or partners an Ethics test? :-) See if what they *actually* do is what they say they *should* do, when ethical questions arise? Just see if they do what they agree to do, in negotiations with you? Suppose they think different standards should apply to them than to "most people"?
- 18) What is the likely effect of having an **observer** when you negotiate?
- 19) In complex negotiations what are some of the reasons for **sidebar discussions** with someone on the Other's team? Are there any reasons not to have sidebar discussions?
- 20) If you wanted to **win over a ten-person decision-making group** about a certain proposal, what are some of the ways you might do this successfully?
- 21) Please think of one or two negotiations that are truly vital to you—these could either be negotiations with yourself or negotiations with Others. **What is it that is being negotiated?** Think for example, about money, time, status and prestige, trust, space, family status, future growth possibilities, etc. Is money the most important subject? Name some ways you could find out how effective you are in this real-life negotiation that really matters to you.
- 22) The Last Task in a negotiation is: that all parties must come to see the outcome as the best possible under the circumstances. When is the last time you have seen the failure of the Last Task in a negotiation? Why did this happen?
- 23) Under what circumstances would you make the **first offer** in a competitive negotiation?
- 24) Under what circumstances would you **lay out all your relevant real interests** in a negotiation?

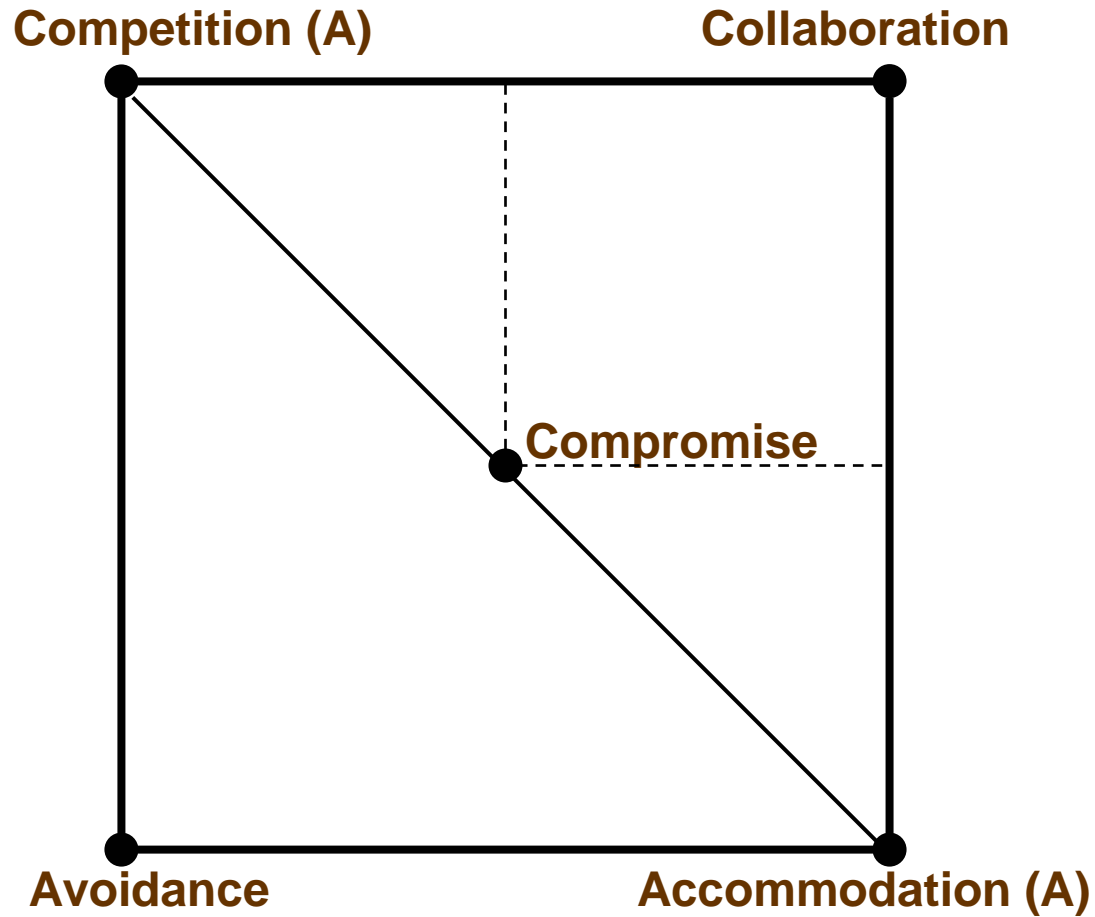
- 25) Name some elements of process you would want to think about, if you were going to negotiate for your side on a two-person team.
- 26) In a setting with coalitions, would you prefer to be a "pivot" person, or the person with the most tangible resources, if those are not the same?
- 27) Some of the options for dealing with complaints are: listening, referring people to other resources, just giving or receiving needed information, helping people help themselves through developing choices and coaching, shuttle diplomacy, formal mediation, fact-finding, arbitration or adjudication (and managerial decision-making), systems change, generic approaches, agency complaints, lawsuits, going to the newspapers. Which of these are more likely to be collaborative? Which are more likely to be competitive? Which will likely be "mixed motive"?
- 28) Some sources of power in negotiations include: legitimate authority, rewards, sanctions, force, information, expertise, elegant solutions, commitment, moral authority, BATNA, relationships. Which of these sources of power do you need for each of the options above, for dealing with complaints?
- 29) Who should decide which complaint option or conflict management option is chosen? The manager? The complainant?
- 30) Which is the most cost-effective complaint handling option'?
- 31) What does a person in an organization think about first when he or she wants to raise a concern or make a complaint?
- 32) Is it possible to go outside the organization with a complaint and still have a normal work life thereafter within the organization? What does your answer mean for conflict management system design?
- 33) What is the first question to ask yourself when you face a dispute or a complaint as a manager?
- 34) Which sources of power do people turn to when they feel powerless? What is the effect?
- 35) Is there such a thing as a "frivolous" complaint? What would you want to try, if someone kept blaming problems on other people?
- 36) Under what circumstances is a Difficult Person not "difficult"?
- 37) Which sources of power are likely help the most, in dealing with a very Difficult Person?

- 38) How do you manage your own emotions in conflict situations? (Do you consciously manage your emotions at all, or do you simply react?) What do you do if you start to feel yourself getting upset?
- 39) Do you try to affect the emotions of others in a conflict situation? How? For what purpose?

Negotiation Styles/Strategies



Negotiation Styles/Strategies



CONFLICT STYLES

When to Use Which Style?

Competing

Often Appropriate When:

- an emergency looms
- you're sure you're right, and being right matters more than preserving relationships
- the issue is trivial and others don't really care what happens

Often Inappropriate When:

- collaboration has not yet been attempted
- cooperation from others is important
- used routinely for most issues
- self-respect of others is diminished needlessly

Collaborating

Often Appropriate When:

- the issues and relationship are both significant
- cooperation is important
- a creative end is important
- reasonable hope exists to address all concerns

Often Inappropriate When:

- time is short
- the issues are unimportant
- you're over-loaded
- the goals of the other person certainly are wrong

Compromising

Often Appropriate When:

- cooperation is important but time or resources are limited
- when finding some solution, even less than the best, is better than a complete stalemate.
- when efforts to collaborate will be misunderstood as forcing

Often Inappropriate When:

- finding the most creative solutions possible is essential
- when you can't live with the consequences

Avoiding

Often Appropriate When:

- the issue is trivial
- the relationship is insignificant
- time is short and a decision not necessary
- you have little power but still wish to block the other person

Often Inappropriate When:

- you care about both the relationship and the issue involved
- used habitually for most issues
- negative feelings may linger
- others would benefit from caring confrontation

Accommodating

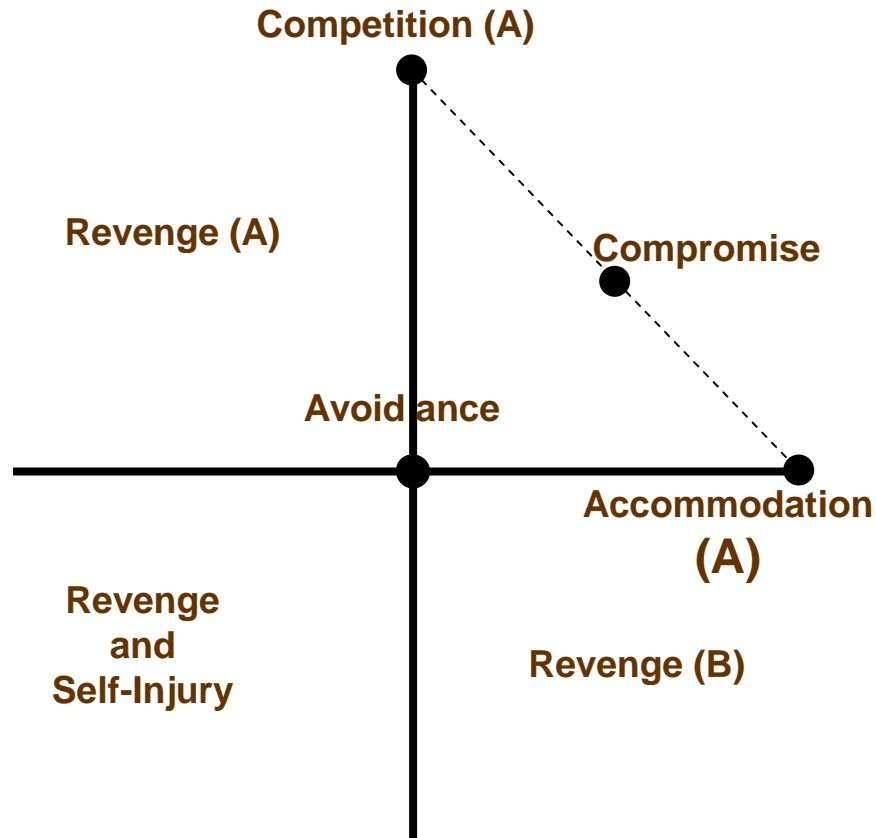
Often Appropriate When:

- you really don't care about the issue
- you're powerless but have no wish to block the other person
- when you realize you are wrong

Often Inappropriate When:

- you are likely to harbor resentment
- used habitually in order to gain acceptance (outcome: depression and lack of self-respect)
- when others wish to collaborate and will feel like enforcers if you accommodate

Negotiation Styles/Strategies



Interests vs. Positions

- ◆ Interests
- ◆ Rights
- ◆ Power

Negotiation Strategies: Definitions

- Distributive Strategy:** Claiming all the profit or the maximum share for oneself - winning it all.
- Integrative Strategy:** Creating value (expanding the pie) and finding solutions that best fit the needs of all or most parties -- especially over time.
- Mixed-Motive Strategy:** Expanding the pie and meeting the needs of all or most parties as much as possible while claiming an appropriate share.

Negotiation Styles – Typology #1: Definitions

Competitive Style:

To try to do better than all others.

Cooperative Style:

To try to be sure that the feelings of all are properly dealt with.

Independent Style:

To try to find the best possible outcome regardless of the achievements and feelings of others.



Negotiation Styles - Typology #2: Definitions

- Competitive Style:** To try to gain all there is to gain.
- Accommodative Style:** To be willing to yield all there is to yield.
- Avoiding Style:** To try to stay out of negotiation.
- Compromising Style:** To try to split the difference or find an intermediate point according to some principle.
- Collaborative Style:** To try to find the maximum possible gain for both parties – by careful exploration of the interests of all parties – and often by enlarging the pie.
- Revengeful Style:** To try to injure the other.
- Self-Injurious Style:** To act so as to injure oneself.
- Revengeful and Self-Injurious Style:** To try to injure the other and also act so as to injure oneself.

Team Building

Interests -

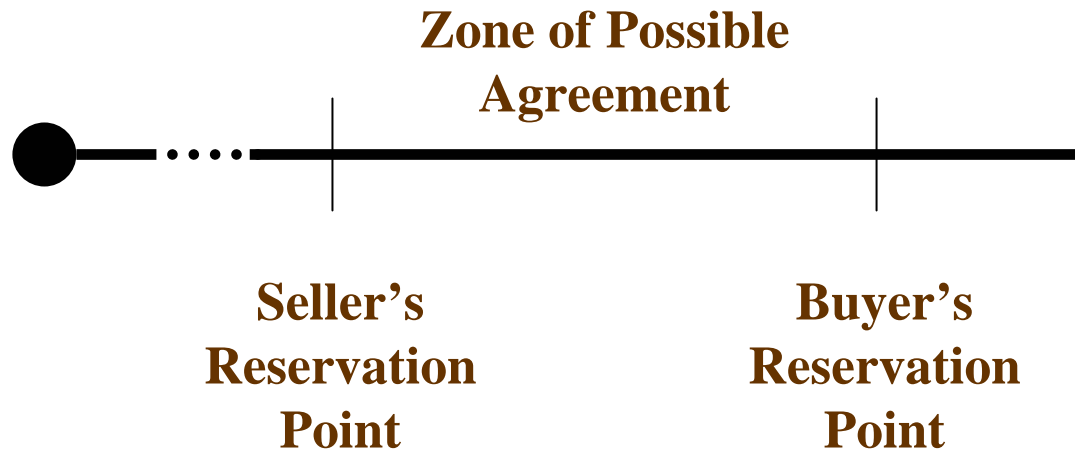
- ◆ interests rather than positions
- ◆ collaborative, cooperative learning styles
- ◆ integrative and mixed motive strategies
- ◆ informal problem solving rather than “justice”

Rights & Power -

- ◆ positions rather than interests
- ◆ competitive (or avoiding) style
- ◆ distributive strategy
- ◆ justice orientation rather than problem-solving

- ◆ Tangibles
- ◆ Intangibles

Bargaining Range

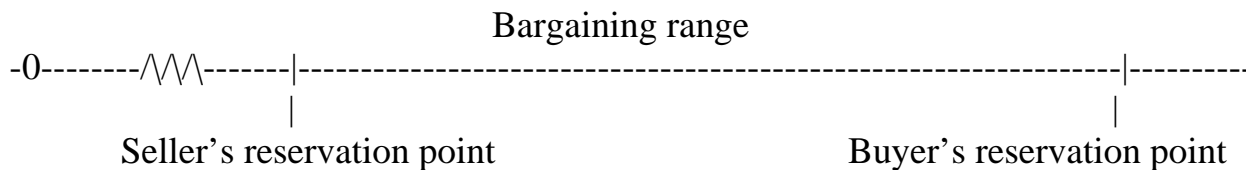


MORE TERMS IN NEGOTIATION

Reservation Point: the point at which the Best Alternative to a Negotiated Agreement (the **BATNA**) becomes preferable to starting or continuing a negotiation. In a sale—or in any negotiation—this is the point beyond which a party will not go.

Bargaining Range: The distance between the reservation points of the parties. This range can be positive or negative. If it is negative there will be no settlement unless one or both parties changes reservation points.

BUYING A HOUSE



Expanding the pie: The process of adding elements to a negotiation which help one or both sides to gain more—a basic task in making negotiations more integrative. These are usually elements which are valued differently by each party and often they have the characteristic that one side will gain a little, give up nothing or suffer only a small loss in return for great gain to the other. These elements can usually be added to almost any negotiation no matter how distributive the negotiation at first appears to be. As examples: the seller of a house may not care about taking the curtains or the lawn furniture. The buyer may greatly value these amenities because they will save a lot of time in moving in. The buyer might agree to a postponed moving date which does not affect him or her very much—in order to accommodate the seller's staying until the end of a school year. In return, the seller may not mind if the buyer sends loads of books that will be stored in the garage months before transfer takes place. Both buyer and seller may enjoy introducing the buyer to the neighbors. Both may greatly value respectful and honorable treatment from the other—which usually costs nothing.

Positions vs. Interests: A position is what you say you want or must have. Positional bargaining is usually distributive—and may be inefficient in the sense that value may be left on the table at the time of settlement because each party did not know what the other really wanted—but it may help one party gain more short-term profit. An interest is why you want what you want. Interest-based bargaining adds integrative potential.

Strategy and Style

<i>Strategy</i> Style	Distributive	Integrative	Mixed Motive
Competitive			
Cooperative			

Ineffective Competitives

- ◆ Obnoxious, complaining, rude
- ◆ Unsure of the values at hand
- ◆ Not realistic, perceptive, astute

Ineffective Cooperatives

- ◆ Unsure of self and interests
- ◆ Not creative or perceptive
- ◆ Not realistic or astute

Effective Negotiators (both strategies)

- ◆ Ethical, trustworthy
- ◆ Appropriately courteous
- ◆ Prepared
- ◆ Creative, realistic
- ◆ Perceptive, self-controlled

Bargaining Tactics¹ for Distributive, Integrative and Mixed Motive Strategies

Classic Distributive

Maintain an inscrutable (or hostile) demeanor; bargain on your own turf and do not be hospitable. Or, alternatively, be very charming.

Sacrifice relationship to gains.

Argue ad hominem.

Use humor at the expense of others.

Avoid discussions of the principles that should influence the decisions to be made.

Conceal your own **interests** (appear to ignore the other's **interests**) while doing your best to discover the reservation point of the other.

Conceal all other relevant information as much as possible.

(Dissemble, mislead, lie if necessary.)

Be unexpected, (retract former agreements or points of agreement without notice; rattle the other side).

Bargain in terms of position, (your position). Talk about your rights.

Take extreme positions.

Hold these positions tenaciously.

Classic Integrative

Be as professional and as pleasant as possible to deal with, whatever the substance of discussion; seek neutral turf. If you cannot be pleasant, be scrupulously civil and respectful.

Build trust for a longterm relationship.

Discuss issues rather than personalities.

Use self-deprecating humor.

Seek agreement on the principles that should determine the decisions to be made.

Describe your **interests**; seek to understand the other's **interests** — listen actively.

Share information; it may help to expand the pie or discover joint gains.

Be truthful.

Be consistent, reliable.

Bargain in terms of **interests** and principles. Talk about **problem-solving**.

Seek reasonable possibilities.

Make reasonable accommodation.

¹These descriptions of tactics are not meant as endorsements of all of these tactics. In particular, this paper is not meant as a recommendation of unethical tactics, nor does the author believe that unethical tactics are necessary. (It is perfectly possible to be a principled, distributive bargainer, who uses some but not all of these tactics—just as it is possible to be an unethical integrative negotiator.) It is however important for all negotiators to be aware of the strategies and tactics that may be used by others; please therefore study carefully the tactics in brackets, so that you may recognize them if used against you, and take appropriate action.

Give in only a little, and only if forced.

Offer accommodation on occasion; make larger concessions if warranted.

Widen the agenda so you will have bargaining chips you do not care about, to give up.

Narrow the agenda to what's important, or seek other possible gains for the other side, as well as your own, by expanding the pie and/or constructing a "package".

Set deadlines; create tension; repeat demands; (push decisions through before the other side can assess the implications; conceal negative consequences of the decision for the other side).

Take as much time as you need; take time out; be sure the other side really understands the consequences of the decision and accepts them.

Don't let anyone else in on anything if possible, except as below.

Brainstorm with as many wise heads as possible. Generate more options.

Refer all final decisions to another unknown, or higher authority, (who may even renege if necessary).

Let the real decision-maker bargain directly.

Tactics Common to All Strategies

Forestall commitment by the other side to the other's initial position.

Help the other side save face, if they do not or can not attain a position they've taken, and especially if they move their position.

Help both sides to come to feel that whatever settlement is reached, that it is the best possible one under the circumstances.

Mixed Motive Strategies

In almost all negotiating situations you will have "mixed motives," where you wish both to create value with your Other, and then to claim your share. In these situations you may use tactics common to both strategies, or switch at least a little from one strategy to the other. For example one would show respect at all times, be cautiously forthcoming about one's interests, share information as trust grows, be truthful and consistent, seek common ground and agreement on principle, generate as many options as possible, and in general pursue the integrative path as long as possible, while explicitly safeguarding your own interests. In many situations you will be able to expand the pie before having to divide it.

These ideas are drawn from the experience of the author and from Walton & McKersie, A Behavioral Theory of Labor Negotiations, McGraw-Hill, 1965. They also owe much to the work of Roger Fisher and of William Ury.

BASIC NEGOTIATION AND MEDIATION TASKS

Basic Tasks for a Pure Distributive Strategy

- 1. Figure out your own interests and reservation point as well as you can. Keep reviewing these points while you negotiate.*
- 2. Figure out the interests and reservation point of the Other (the other party or parties). Be alert to new data while you negotiate.*
3. Seek to move the reservation point of the Other to widen the bargaining range especially if there is a negative range. (This process is often begun by “sowing doubt.”) However, if necessary for a settlement that you must achieve, move your own reservation point.
4. Seek a settlement as close as possible to the reservation point of the Other so that you win the maximum profit.
- 5. Do what you can to see that both you and the Other come to see this settlement as the best possible one under the circumstances.*

Basic Tasks for an Integrative or Mixed Motive Strategy

- 1. Figure out your own interests and reservation point as well as you can. Keep reviewing these points while you negotiate.*
- 2. Figure out the interests and reservation point of the Other. Be alert to new data while you negotiate.*
3. Through judiciously shared information and brainstorming, seek to expand the pie so that each side may get as much as possible of what it would like. Explore moving the reservation points of each side.
4. Decide on fair principles to determine how to divide the pie.
- 5. Do what you can to see that both you and the Other come to see this settlement as the best possible one under the circumstances.*

Basic Tasks for Mediation

1. Figure out the real interests — not the “positions” — and reservation point for each side as well as you can. Privately review your understanding of these points with each side. If appropriate, keep reviewing these points during the mediation. Stay alert for new data.
2. Through acquiring information and brainstorming, seek to expand the pie so that each side might get as much as possible of what it would like. Explore moving the reservation points of each side.
3. Help the parties decide on fair principles to determine how to decide the issues at hand.
- 4. Do you what you can to see that all parties come to see the settlement — if any — as the best possible one under the circumstances.*

Sources of Power in Negotiations

- ◆ Positional Power or the Power of Legitimate Authority
 - “You do what I say because I’m the boss - that’s why!”
 - “Like it or not - that’s the law.”

Sources of Power in Negotiations

◆ Rewards

- “He bought his way in...”
- “Do whatever he says - you’ll be glad you did.”

Sources of Power in Negotiations

◆ Sanctions

- “She said she would just sue me...”
- “If you continue to make these mistakes - at very least it means a demotion.”

Sources of Power in Negotiations

◆ Force

- “I will get you...and your children, if you continue...”
- “This assignment isn’t safe for a woman - we can’t send you there.”

Sources of Power in Negotiations

◆ Information

- “He was able to get us the information we needed about what our competition is planning for the next year.”
- “You think you’re being paid fairly? Let me tell you what others are making.”

Sources of Power in Negotiations

◆ Expertise

- “She is the most important employee here - she is the only person who really knows how the data system works.”
- “I don’t care if there’s a hiring freeze. Get me someone who knows about interoperability.”

Sources of Power in Negotiations

◆ An Elegant Solution

- “We were completely stymied. He walked in here with a magic wand - he fit together all the pieces of the puzzle and found us a workable answer that helps everyone at least a little and saves face for everyone.”

Sources of Power in Negotiations

- ◆ Charisma - referent authority - moral authority
 - “People would just stop what they were doing and watch him and listen to him and do their best to support whatever he wanted done.”
 - “It was scary. But I got to my feet and said, ‘You must stop this.’ And he did.”

Sources of Power in Negotiations

◆ Commitment

- “She just never gave up. She camped outside his office night and day until finally he had to listen.”
- “We will go to the mat on this one - let there be no mistake. It’s this or a strike.”

Sources of Power in Negotiations

- ◆ Relationship - power gained or power lost
 - “Friends come and go - enemies accumulate forever.”
 - “I know her and she is the only person I will deal with on this matter.”

Sources of Power in Negotiations

- ◆ BATNA - the best alternative to a negotiated agreement
 - “They had all the time in the world and lots of other customers - they did not need us.”
 - “The worst that can happen is that I will just go back where I came from. I might even like that.”

Preparing for a Negotiation

Questions to address before and during negotiation

1. Whose interests are at stake?
2. What are their interests?
3. What are the sources of power for each person whose interests are at stake?
4. What are all the possible options?
5. What strategy do I wish to adopt?

Dealing with Difficult Tactics

1. Play the aggressive strategy right back.
2. Ignore the aggressive strategy. Lead a change in the game by proposing objective criteria and principles that should be considered.
3. Ignore the aggressive strategy. Lead a change in the game by concentrating first on the interests of the Other and then on your interests.
4. “Name” the aggressive strategy of the Other and try to negotiate a change in the game by generating options, and concentrating on objective criteria and interest of all parties.
5. Propose a change in negotiators.
6. Go to your fallback position (your BATNA).
7. Go to your “micro-BATNA”.

Options for complaint-handling include problem-solving and formal options:

I. Problem-solving options, oriented toward the interests of all parties:

A. Negotiation: problem-solving options include A (the complainant) choosing to negotiate directly with B (the apparent offender):

- A could choose to learn how to write a civil, factual, private note or letter to B, laying out the facts as A sees them, A's feelings about these facts, and the remedies proposed by A.
- A could choose to learn how to go talk directly with B, with or without presentation of the note or letter.

Drafting a private letter is usually the most helpful first step for A to take, in deciding what to do next. This is especially true if A is angry and upset, in which case it may take a number of drafts to support A to deal with rage and grief, and come to a polite, factual version.

Preparing a private letter, whether or not it is sent, is almost always helpful in choosing an option—and thereafter, in pursuing any option.

A private letter may be a good approach for concerns that are in part a matter of perception, like arguments over who should get credit for a successful idea. In a sexual harassment complaint, a letter may also help, later on, to demonstrate that sexualized behavior actually occurred and that it was unwelcome. (Both of these points would be essential in making a finding of sexual harassment if the private approach did not work.)

If a supervisor knows that a private approach is being chosen, the supervisor should follow up with the complainant, to be sure that the problem has ended.

B. Informal third-party intervention: problem-solving includes having a third party go back and forth between A and B, or bring A and B together, to resolve the complaint. The third party could be a designated staff person, an HRM manager, an impartial line supervisor or department head, or other appropriate person. It is important in these

approaches that there should be no adverse administrative action without a process which is fair to the offended person, and to the alleged offender. And the third party go-between should follow up to be sure that the problem has stopped.

C. Classic Mediation: problem-solving also includes a process of formal mediation in which A and B voluntarily choose to be helped by an impartial person to find their own settlement. These settlements often are put into writing, and may be on or off the record. Classic mediation has been relatively rare in sexual harassment cases but this option is now becoming more common. Mediation may be especially useful where there are differences in perception, and for cases where statements by the parties constitute the only available evidence.

D. Generic Approaches: problem-solving also includes generic approaches which are intended to change the system, or to alert possible offenders to inappropriate professional behavior, in such a way that the alleged problem disappears. For example, a department head might choose to distribute and discuss copies of harassment policy, in order to stop a given problem. Or a department head might encourage harassment training, in such a way as to address and prevent inappropriate behavior. Generic approaches may be effective in stopping unprofessional behavior and help to support the effectiveness of individual approaches. Generic approaches may also prevent similar problems.

Formal options, oriented toward right and wrong:

E. Investigation and Adjudication: a supervisor, department head, human resources manager or other appropriate staff person may investigate and formally dispose of a complaint—or may appoint some other person or committee to do so. This is the option that is oriented toward win/lose—toward assessing "right and wrong." If adverse administrative action may ensue, fairness requires: an investigator who is impartial, notice to the alleged offender, and a reasonable opportunity for the alleged offender to respond to complaints and evidence against him or her.

Changing Behavior

- 1) Reinforce and reward good behavior which, as it takes place, is inconsistent with, and blocks, the (bad) behavior that you hope will disappear....**
- 2) Reinforce good behavior (role-modeling from senior people, performance reviews, etc.)**
- 3) Punish bad behavior**
- 4) "Name" what is good behavior and bad behavior**
- 5) Ignore bad behavior (and good behavior)**
- 6) Reward bad behavior**
- 7) Alternately reward and punish bad behavior --- this will cast it in concrete forever**

How would you know if you are an effective Negotiator?

Who should decide? Should you decide, or should your supervisor? Your Significant Other?

What about the Other? And what about other stakeholders?

Is it all about outcome? Or process? Or both?

Can you tell right away if you have been effective? Or is it the long run that counts?

Do you have "ethical" and "legal" on your list of required characteristics?

When would collaborative and when would competitive or mixed motive strategies be most effective?

How "wide" an effect do you want to have as a negotiator? Do well on one negotiation? Or improve a whole system?