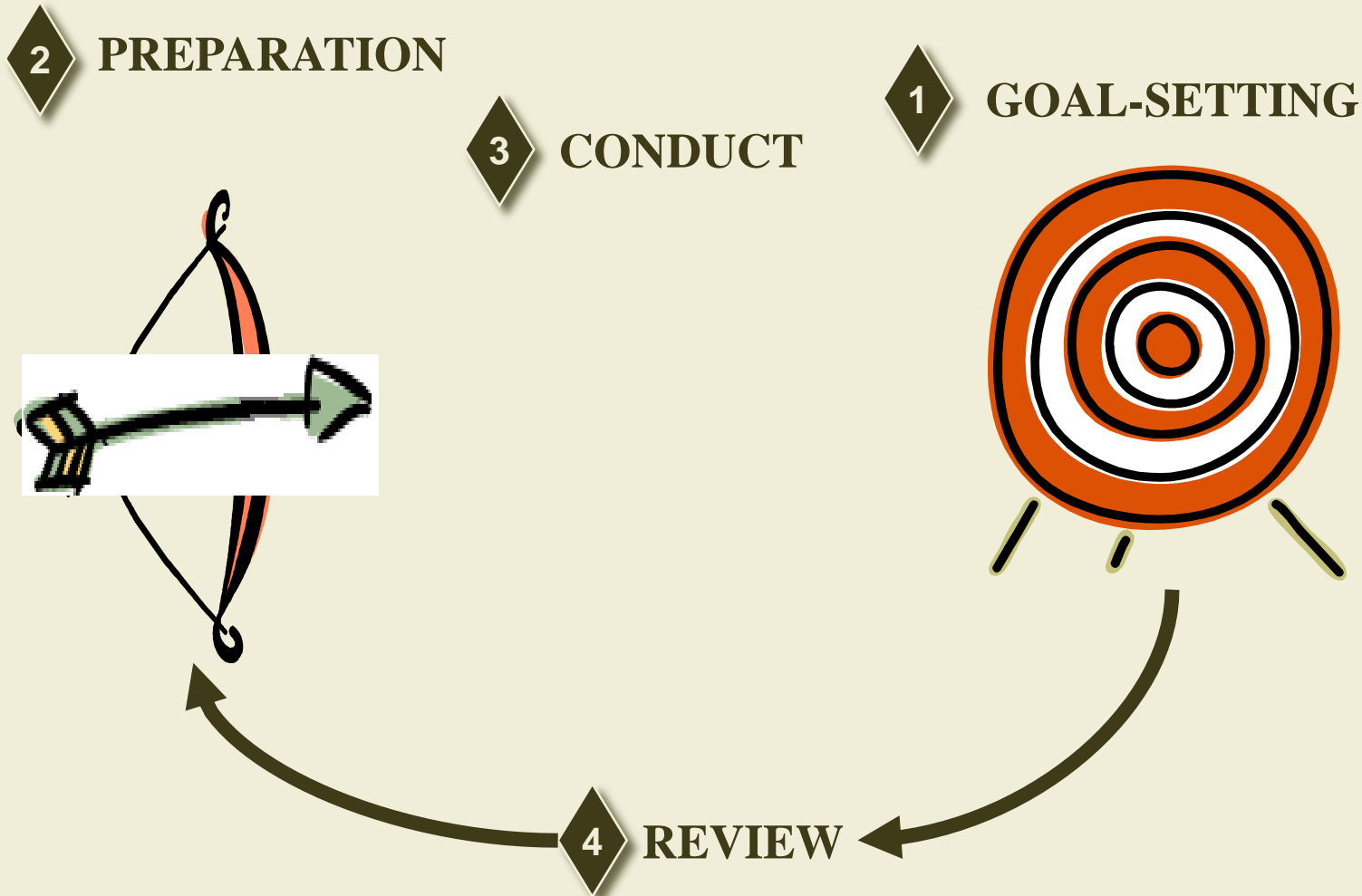


Defining Success

Negotiation
Marcello Vinci



Steps for Effective Negotiations



How do you Measure Success?

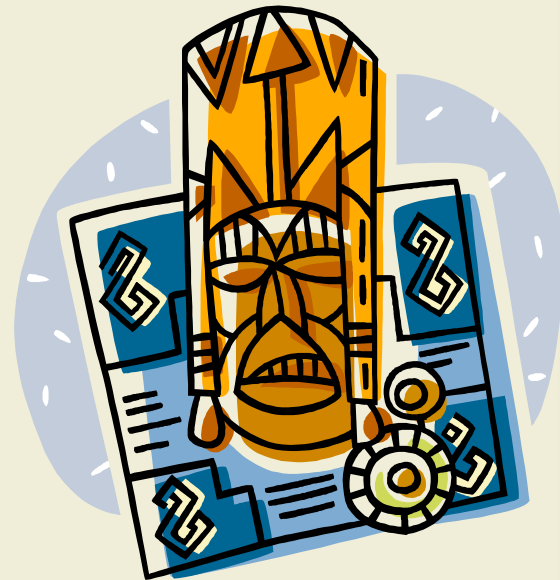
- **Winning?**

- Get the most concessions?
- Break their bottom line?
- Get the last possible dollar?
- They hurt **more**?

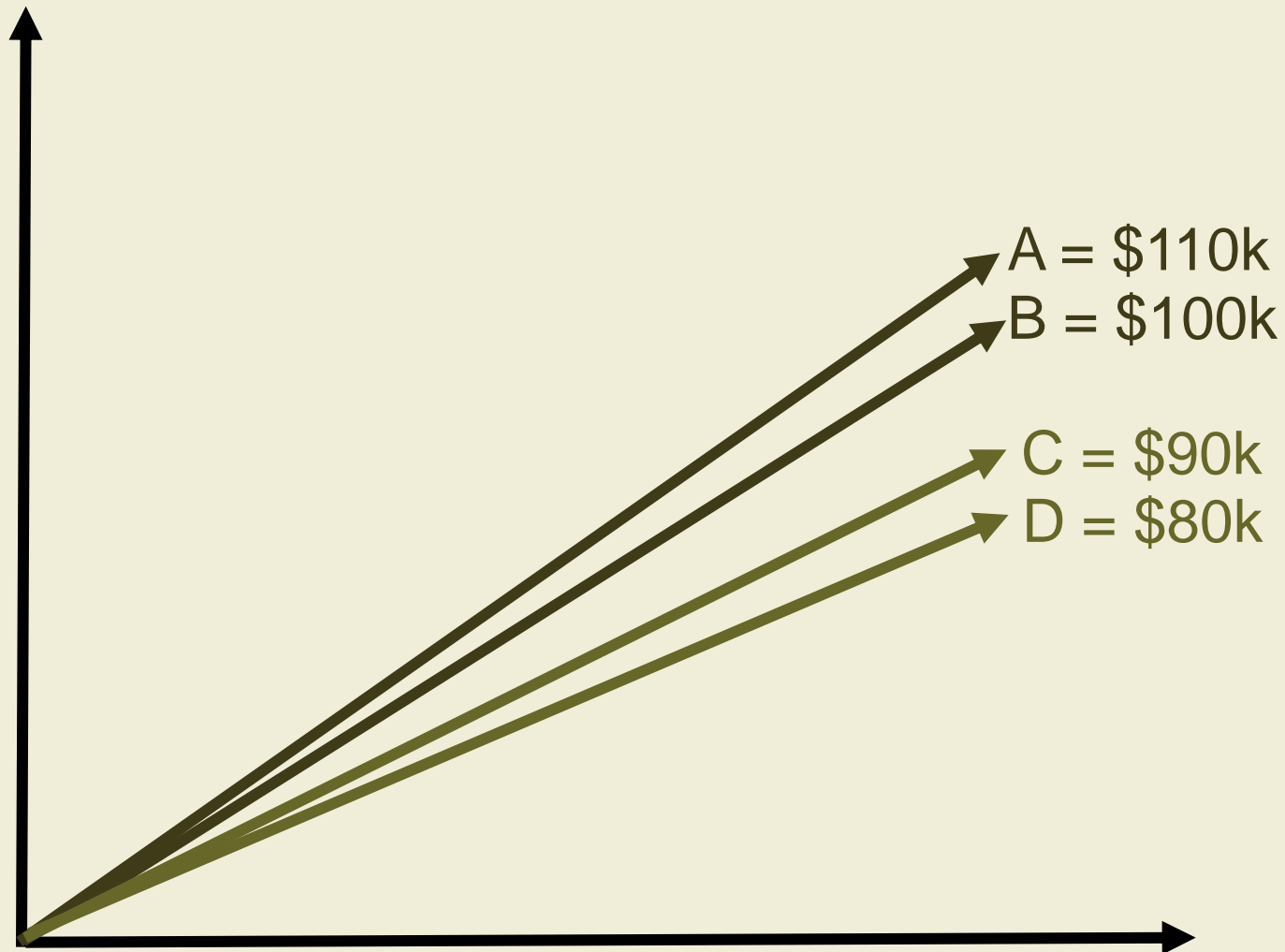
- **Not Losing?**

- Equally unhappy?
- Above bottom line?
- I won't be criticized?

- **Avoid confrontation?**



Success: Relative or Absolute?



Complex Negotiations Elements

- ⑩ Repeat over time
- ⑩ Multi-issue
- ⑩ Multi-party
- ⑩ Intra-organizational
- ⑩ Tangible Factors
 - Price
 - Benefits
 - Etc...
- ⑩ Intangible Factors
 - Trust
 - Reputation
 - Precedent



Our Definition of Good Outcome

- Better than your **Alternatives** (BATNA)
- Satisfies Interests:
 - Ours, well
 - Theirs, acceptably
 - Others, tolerably
- No waste: Among the best of many Options
- **Legitimate**: No one feels “taken”
- Well-planned **Commitment**
- Process efficient: Good **Communication**
- Process improves working **Relationship**

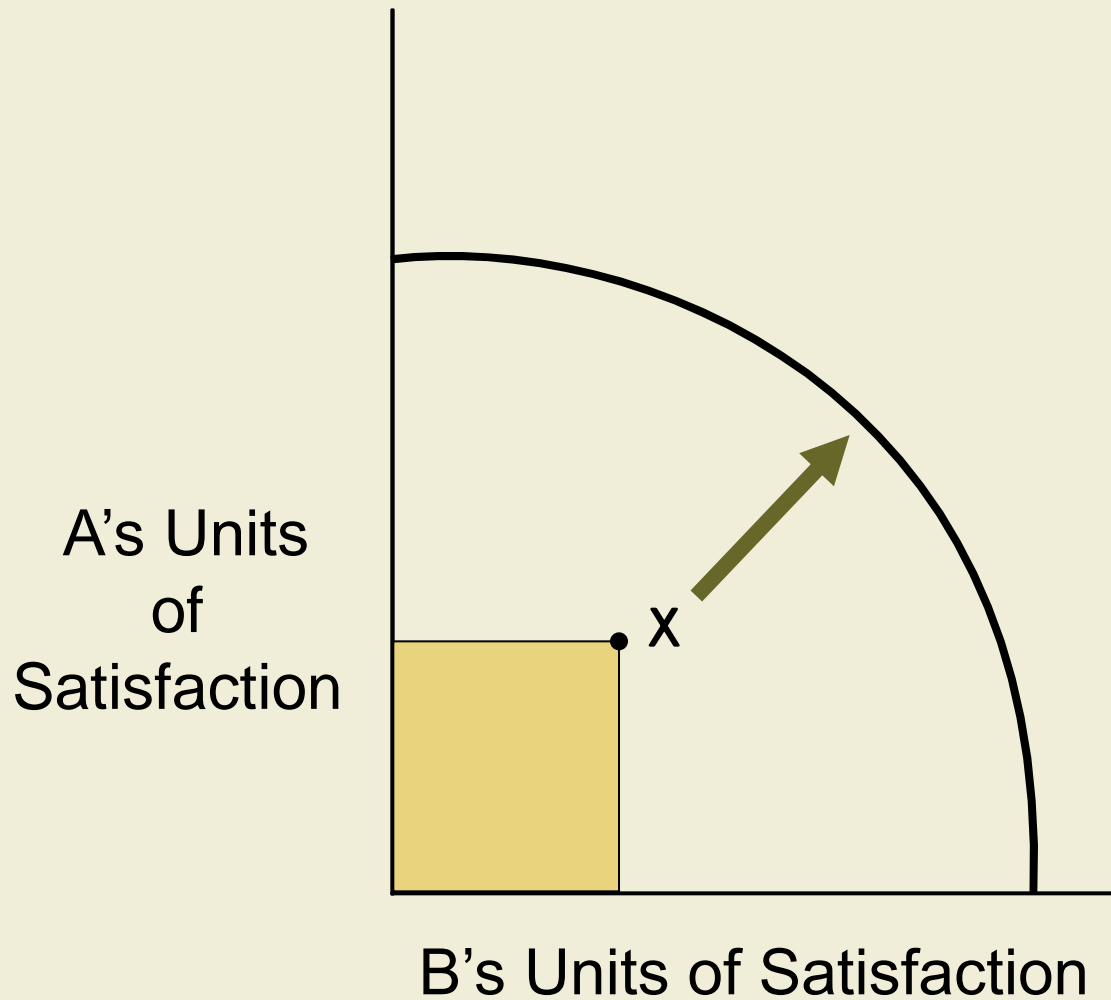


Interests vs. Positions

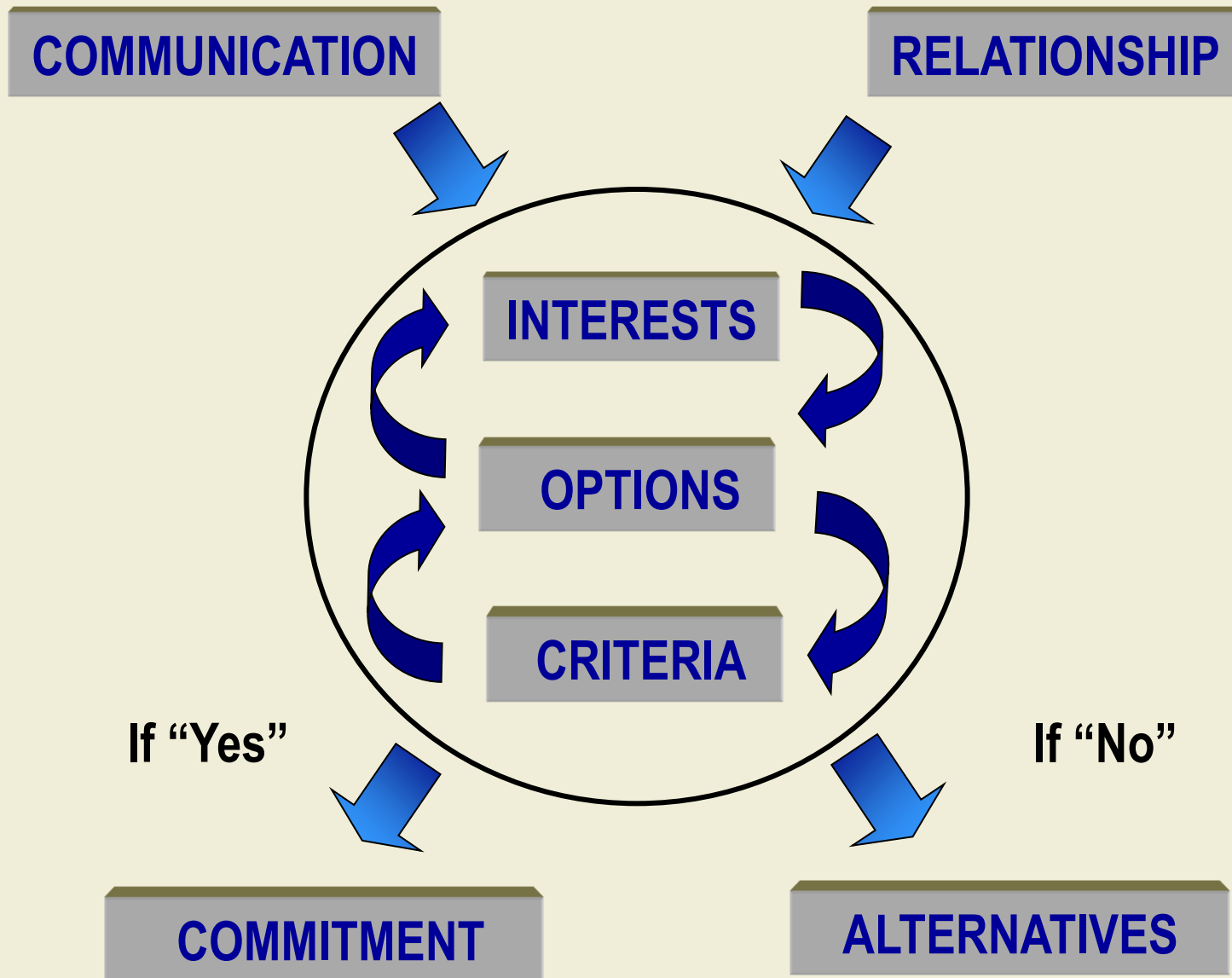


Between the surface and the iceberg appears
above the surface.
The part below the water is the most
dangerous to passing ships.

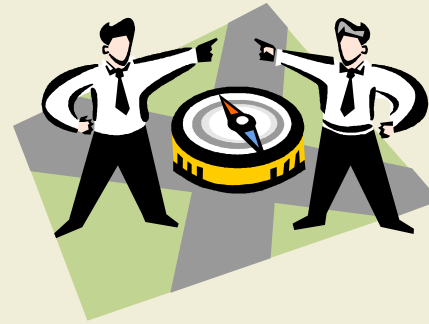
The Pareto Frontier



7-Element Diagram



Common Errors



- Ignore **Alternatives**
- Assume a choice: **Relationship** or substance
- Emphasize *positions*, ignore **Interests**
- Confuse *inventing* & *deciding*, limiting **Options**
- Ignore **Legitimacy** for what makes most sense
- One-way **Communication** (Talk w/o *understanding*)
- Focus on **Commitment** (value distribution)

Negotiation Guidelines

Relationship

Deal with *Relationship* and substance on their own merits...

- Don't *entangle* them in ways that reward bad behavior:
 - Build trust – doing things *with* people, not for them.
 - Beware of concessions under pressure
 - “Favors & Ledgers”: How do you keep score?
- Attack the problem, not the people
- Use *people techniques* to deal with *people issues*; use criteria to deal with substance!
- Empathy & understanding are different from agreement

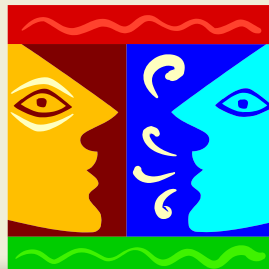


Negotiation Guidelines

Communication

Facilitate Good, Two-Way *Communication*

- Explain your *reasoning*, inquire into their *conclusions*
- Balance *advocacy* with *inquiry*
 - Ask questions!!! Then listen.
 - Use silence
- *Listen*, check and show what you have heard
- Leave room for different *perceptions* and explore them
- Frame your talk based on what and how *they will hear!*



Negotiation Guidelines

Interests

Clarify *Interests*, Not Positions

- Ask why?, why not?, or better still “WHAT FOR?”
- Share why you are asking
- Share some of your interests (modeling behavior)
- Share your understanding of theirs, then ask for feedback
- Solicit criticism of possible options



Negotiation Guidelines

Options

Invent *Options* for Mutual Gain

- Present them with possible solutions, not problems

- Generate options through “brainstorming”

- No commitment, evaluation or attribution
- Invite the other side to participate



- Focus your efforts *initially* on creating greater value

- Joint gains
- Trades
- Contingency clauses

- Explore the full potential of the Pareto frontier

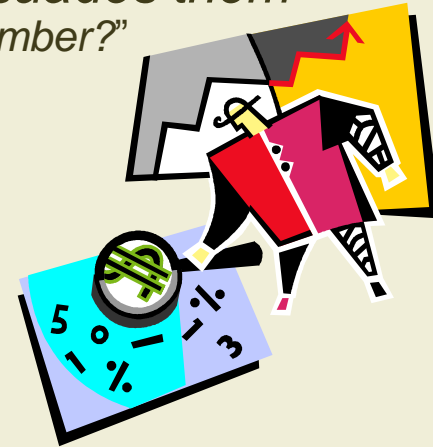
- “*Since we already have a tentative agreement, how could we increase the value of this deal for one without making it any worse for the other?*”

Negotiation Guidelines

Legitimacy

Use *Criteria* to Evaluate Options

- Protect yourself
 - “Where does *this number* come from? Why is that fair?”
- Advance your ideas based on what *persuades them*
 - “Let me share with you how I came to this number?”
- Look for fair *procedures*
- Use the test of *reciprocity*
 - “Why would you accept this if you were me?”
- Be sure *you* are open to persuasion
 - “Let me tell you that if you prove to me that your assumptions are correct, I will be OK with the number you are asking for.”



Negotiation Guidelines

Alternative

Consider Alternatives



- Know your BATNA & consider using it strategically
 - Have and continue to develop it
- Evaluate their BATNA & consider worsening/limiting it
 - Prepare your internal negotiations (*i.e., them going over your head*)
- If the other side overestimates their BATNA, reality test it
 - Ask them to fully describe it
 - Discuss how well it meets their interests
 - Work hard to make it a collaborative exercise after the best possible solution
- If the other side underestimates your BATNA, disclose it
 - Explain why it meets your interests
 - Frame the negotiation as collaboratively effort to do better

Negotiation Guidelines

Commitments

Make *Commitments* At the *End* of the Process

- Talk first, decide later
 - Negotiate and commit over the **process** first
 - Commitments only after other elements are fully explored
- Think of the *how*, as well as *what*
- Give them a stake in the outcome by including them in the process
- Consider:
 - *Contingency clauses* in case agreements are not kept
 - *Dispute resolution clauses* for later differences
- Don't make *reactive concessions*!



*After
Hours*

7-Element Diagram

