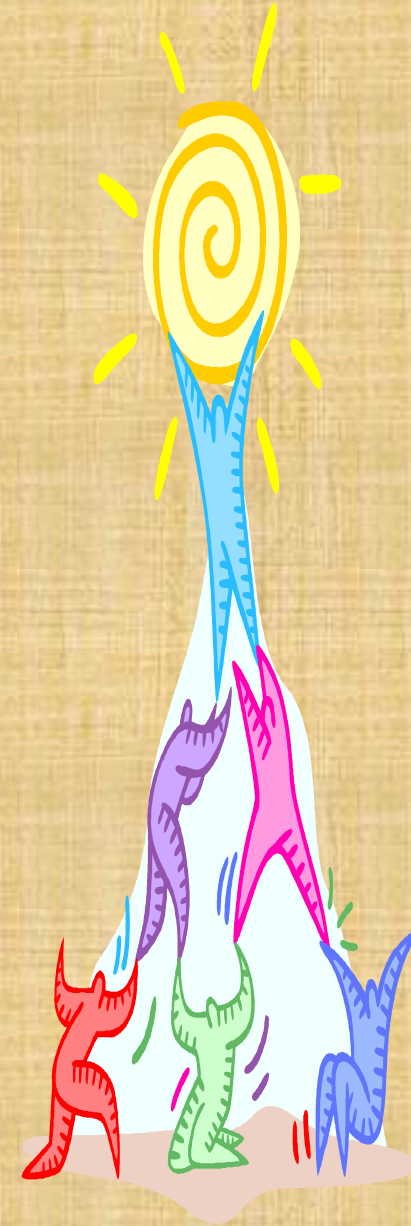


STRATEGIC NEGOTIATION

Negotiation

- Negotiation is a dispute resolution where two or more parties jointly search for a solution to their problem.
- Essentially, negotiation involves communication and a problem solving strategy



Some characteristics of negotiation

- **Two or more** parties
- **Choosing** to seek a solution.
- **Interdependence** among parties
- **Disagreement** about how to proceed

- A **process**

- **DYNAMIC and UNCERTAIN!**

What is good negotiation practice?

Helping others

have it

your way

Negotiation Approaches

- Power-based Negotiation
- Interest-based Negotiation



Power-based Negotiation

POWER-BASED NEGOTIATION APPROACH focuses on the proposed solutions to the problem and exertion or withdrawal of power to reach solution.

Power-based Negotiation

There are two types of power-based negotiation:

- The hard negotiators, who seek to win by defeating the other party at all costs; and
- The soft negotiators, who easily give in to the demands of the other side for the sake of the relationship.

Soft Negotiators

| | |
|---------------------------------------|--|
| How the Other Side is Regarded | People whose power the soft negotiator cannot match, or whom the negotiator depends on or would like to maintain relationship with. |
| Goal of Negotiation | Any agreement is better than severing the relationship. |
| Negotiation Posture | Be soft on the people and the problem <ul style="list-style-type: none">• Be willing to accept one-sided losses to reach agreement and maintain relationship• Search for an answer that the other side will accept. |

Hard Negotiators

| | |
|---------------------------------------|--|
| How the Other Side is Regarded | Adversaries |
| Goal | Victory = Defeat of the Other Party |
| Negotiation Posture | Be hard on the problem and the people: <ul style="list-style-type: none">• Insist on own proposed solutions• Apply power (pressures and make threats)• Search for the answer that the HARD NEGO will accept (without consideration of the other party) |

Interest-based Negotiation

INTEREST-BASED NEGOTIATION

focuses on the reasons behind proposed solutions, and searches for mutually acceptable and beneficial solutions.

Focus on interests, not positions

- **Interests** = goals, what you want
- **Positions** = advocated solutions, usually only to meet **your own goals**
- Examples:
 - Two sisters and an orange
 - Negotiating grades?

Power-based vs. Interest-based Negotiation

I want you to stop working so you can take care of our children full time.

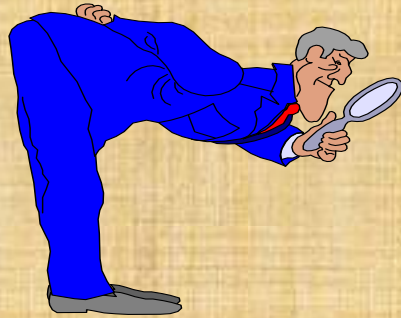
Husband

I don't want to stop working because your salaries are not enough for our needs and I also want to have my own source of income.

Wife

Interest-based Negotiation

| | |
|---------------------------------------|---|
| How the Other Side is Regarded | <ul style="list-style-type: none">• A co-stakeholder• A co-problem solver |
| Goal | A wise outcome reached efficiently and amicably. |
| Negotiation Posture | <ol style="list-style-type: none">1. Make a sound diagnosis of the problem.2. Work to understand the reasons behind positions.3. Invent options for mutual gains.4. Seek the use of objective criteria in the selection of the best option5. Develop own BATNA and understand BATNA of other parties. |



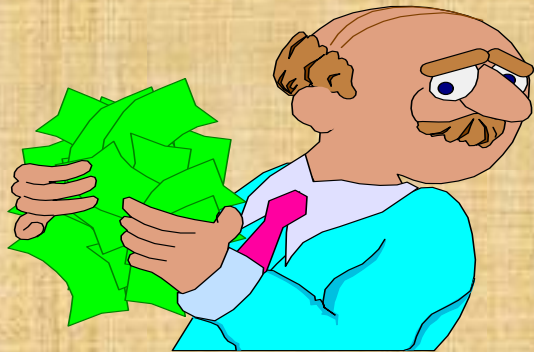
1. Make a **SOUND** **DIAGNOSIS** of the **CONFLICT**

- Identify **PEOPLE PROBLEM(s)** and **SUBSTANTIVE PROBLEM(s)**
- People problem refers to problems related to perceptions/beliefs, emotions & communications.
- Substantive problem refers to tangible issues which the parties want to resolve through negotiation.

Separate the People from the Problem

- **Don't make the person a problem!**
 - It's not about who wins, who's right or wrong, who's annoying, untrustworthy, too tall or short, too green or too blue, ...
- Soft on person, hard on problem

2. Work to understand REASONS behind PROPOSED SOLUTIONS or ACTIONS



- There can be **multiple reasons** behind one's proposed solutions.



Exercise: Identify reasons behind proposed solutions

We cannot ban commercial fishing in the municipal waters because they help us raise our municipal revenues

Vice-Mayor

You have to ban commercial fishing in the municipal waters because they affect our fish catch and destroy our coral reefs.

Small Fishers' Association

3. Invent Options for Mutual Gains



- Options are our alternative proposals if the proposed solutions are in conflict
- Options seek to address reasons or interests behind proposed solutions.
- Options aim to benefit both parties.
- Done in a brainstorming manner.
No outright rejection of proposals.

Options

- Inventing options for mutual gain
 - Options are different possible answers to the problems at the table.
 - Material for constructing a solution.
- Not just common interests, trade across differences
 - Negotiating Boyd's offer of employment

Zone of Possible Agreements (ZOPA)

- All those possible agreements that exist between the different BATNAs of the parties.
- Example: car sale.
 - A won't pay more than \$12,000
 - B won't sell for less than \$10,000
 - **ZOPA is \$10,000-\$12,000**

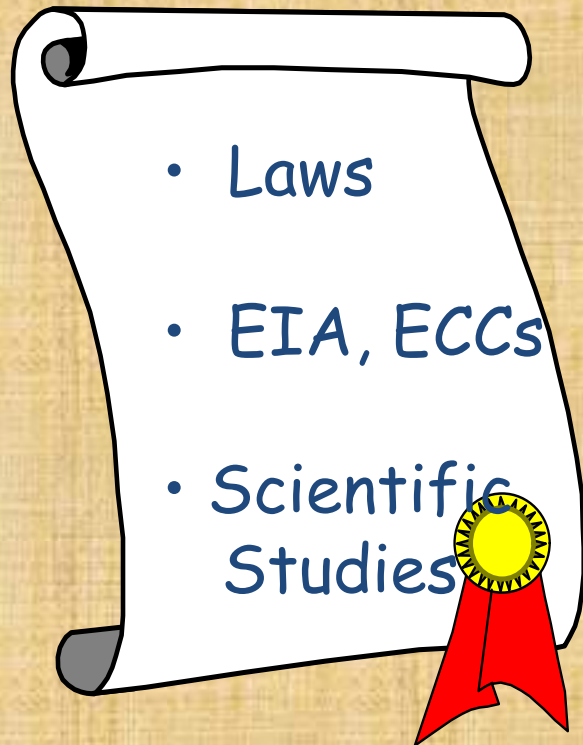
The Power of Questions

- Ask questions to find out what people really want!
 - What are the reasons for why you want X?
- Ask questions to explore possible options!
 - What if we did this...?
- Ask questions to identify good trades!
 - Of these different issues, which one matters the most to you?
- Ask questions to improve working relationships!
 - How are you today?

Creating and claiming value

- Claiming value (distributive negotiations, zero sum):
 - Trying to get more for yourself
- Creating value: “win-win,” “expanding the pie,” making the pie (integrative negotiations)
 - Common interests.
 - Meeting different interests at the same time.
 - Trades across competing but differently prioritized interests.

4. Seek for Use of Objective Criteria in the SELECTION OF BEST OPTION



- Objective criteria refers to the negotiators' standard of fairness.
- Possible basis: cost effectiveness, market, efficiency, experts' advise, tradition, etc.

Importance of the Use of Objective Criteria

- Leads the negotiators to make decisions based on merits and not on pressures.
- Nobody feels taken because the decision is based on a mutually acceptable standard of fairness.
- Gives the negotiators a common framework for evaluating the generated options.

5. Develop BATNA and Understand the BATNA of other Parties

- BATNA means Best Alternative to A Negotiated Agreement
- It refers to alternative course (s) of action if the negotiation fails.



The Values of BATNA

- Addresses power imbalance;
- Can change the rules of the game from hard negotiation to interest-based negotiation
- Brings the hard negotiators to their senses.
- Shows the consequences of a no agreement

You should not negotiate when...?

You're convinced

that you have

nothing to gain from

negotiating now.

Lewicki (2007)

- When you'd lose the farm.
- When you're sold out (independent).
- When the demands are unethical.
- When you don't care.
- When you don't have time.
- When they act in bad faith.
- When waiting would improve your position.
- When you're not prepared

When should I agree?

- BATNA: best alternative to a negotiated agreement
 - If it's better than my BATNA, then it's acceptable.
 - This doesn't mean I can't try for more.

Difficult Conversations

Difficult conversation?

- Any conversation you find difficult to have.
- Three levels of conversations
 - **What are the facts**: you did or did not do this, what really happened, who is to blame, what were the instructions?
 - **What are my/your/our feelings**: “how I and s/he feel about it all”—should we talk about feelings, what are my/his/her feelings, are my/their feelings valid, what can we do about them?
 - **What is the impact on my/your/our identity**: “who am I?”, self-image, self-esteem, our place within this relationship, the group, my profession, society, etc...

Awkward Feelings

Avoid talking about feelings because

- Irrational
- Awkward and messy
- Might be rejected by other, or hurt other

But these situations are often all about feelings!

- Respect/disrespect
- Relationships—harming, maintaining, improving
- Resentment and injury
- Identity and values

Common mistakes: “the facts”

Assuming that your truth is the truth.

Attributing intentions incorrectly.

Assigning blame.

Entering a difficult conversation

You are right, but only from your perspective.

- You need to learn more about what they saw, what they meant, what the problem is, and what can be done about it.

Your feelings matter, and so do theirs.

- Learn about what they feel, and tell them how you feel. Acknowledge feelings before moving to problem-solving.

Use AND's

Use “AND” in your thinking and talking to see the situation from both sides. For example:

*I'm upset AND
you're upset AND*

I'm firing you AND

I know you don't think it's fair AND

*I'm not sure myself but this is what my boss
told me to do AND ...*

Difficult conversations among groups?

Disputes seem more difficult when
emotional:

- Fundamental value differences on key issues.
- Conflict escalates with harsh rhetoric, violence, rituals and dramas.

Other contributing factors.

- The cost of resolution increases
- Parties are unorganized, loosely connected
- Lack of clear dispute resolution system

Maintaining and improving identity

- Identity often influences whether or not you engage in difficult conversations.
 - Examples:
- Difficult conversations can often impact on your identity, so be self-aware and prepare.
 - Engaging in difficult conversations poses risks to your self-identity
 - So does avoiding them.

The Seven Element Preparation

Strategic preparation for
Negotiations

The Seven Element Preparation

| | | | | | | |
|--------------|-----------|---------|------------------------|------------|---------------|--------------|
| Alternatives | Interests | Options | Standard of Legitimacy | Commitment | Communication | Relationship |
|--------------|-----------|---------|------------------------|------------|---------------|--------------|

Identify your own and your counterparts' BATNA, ways to improve your own BATNA, and weaken that of your counterpart.

The Seven Element Preparation

| | | | | | | |
|--------------|-----------|---------|------------------------|------------|---------------|--------------|
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|--------------|-----------|---------|------------------------|------------|---------------|--------------|

Identify your own and your counterparts' interests, your importance and priority; diagnose shared, different, and conflicting interests.

The Seven Element Preparation

| | | | | | | |
|--------------|-----------|---------|------------------------|------------|---------------|--------------|
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|--------------|-----------|---------|------------------------|------------|---------------|--------------|

Brainstorm potential creative options which might satisfy your own and your counterparts' interests.

The Seven Element Preparation

| | | | | | | |
|--------------|-----------|---------|------------------------|------------|---------------|--------------|
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|--------------|-----------|---------|------------------------|------------|---------------|--------------|

Identify precedents, design “fair” processes, and create credible outcomes.

The Seven Element Preparation

| | | | | | | |
|--------------|-----------|---------|------------------------|-------------------|---------------|--------------|
| Alternatives | Interests | Options | Standard of Legitimacy | Commitment | Communication | Relationship |
|--------------|-----------|---------|------------------------|-------------------|---------------|--------------|

Assess relative degrees of authority and commitment.

The Seven Element Preparation

| | | | | | | |
|--------------|-----------|---------|------------------------|------------|---------------|--------------|
| Alternatives | Interests | Options | Standard of Legitimacy | Commitment | Communication | Relationship |
|--------------|-----------|---------|------------------------|------------|---------------|--------------|

Navigate information sharing, plan effective communication, design process strategy, and anticipate surprises.

The Seven Element Preparation

| | | | | | | |
|--------------|-----------|---------|------------------------|------------|---------------|--------------|
| Alternatives | Interests | Options | Standard of Legitimacy | Commitment | Communication | Relationship |
|--------------|-----------|---------|------------------------|------------|---------------|--------------|

Plan, build, and assess,
effective relationships.

Thank you!