PER 2298: Developing Leadership Effectiveness through Collaboration and Negotiation

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Learning Objectives

In this session, we will:

- Examine collaborative negotiation (aka “interest-based”) and how and why it is superior to traditional adversarial negotiation
- Consider how interest-based negotiation leads to improved relationships, team dynamics, and collaboration to achieve organizational goals
- Practice negotiation through a simulation and reflective exercises

The Nature of Negotiation

- Negotiation is:
  - A dialogue, discussion or written exchange aimed at resolving a dispute or completing a transaction
  - A process to agree on how to share or divide limited resources
  - A process to create something new that you can't do on your own
  - Communication for the purpose of persuasion

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Characteristics of Negotiation

Two or more parties:

- <u>Need each other</u> to achieve their objectives
- Negotiate <u>voluntarily</u> and believe a better deal is possible than by not negotiating
- <u>Prefer negotiation</u> to fighting, avoiding, accommodating, or having a 3^{rd} party decide
- <u>Expect give and take</u> (offers and demands)

Three Dimensions of Negotiation

- Tangible
  - substantive issues that are negotiated
- Intangible
  - psychological needs of parties
- Procedural
  - how the negotiation is conducted

Successful negotiation involves the management of all three dimensions

A "Successful" Negotiation

- With a colleague or two, share your perspective on what a “successful” negotiation involves
  - What’s happening?
  - What are the outcomes?

Distributive v. Integrative Negotiation

- Distributive Negotiation
  - a/k/a Adversarial, “Hard,” Positional, Win-Lose (Competitive) Bargaining

- Integrative Negotiation
  - a/k/a Interest-based, Principled, Win-Win (Collaborative) Bargaining.
  - *Getting to Yes, Harvard Negotiation Project*

Distributive Negotiation

- Goals of one party are in fundamental and direct conflict with the other party
- Resources are fixed and limited and both parties want to maximize their share
- When should distributive bargaining be used?
  - When you need to maximize value
  - When the relationship is not important
  - When you are claiming value for yourself

Principled (Interest-based) Negotiation

- Parties attempt to preserve their relationship and meet each sides' interests as best they can through a problem-solving approach based on objective standards

- Parties start the negotiation by educating each other about their needs and jointly creating solutions that best meet their interests

Negotiation and “Success”

- Let’s play a game

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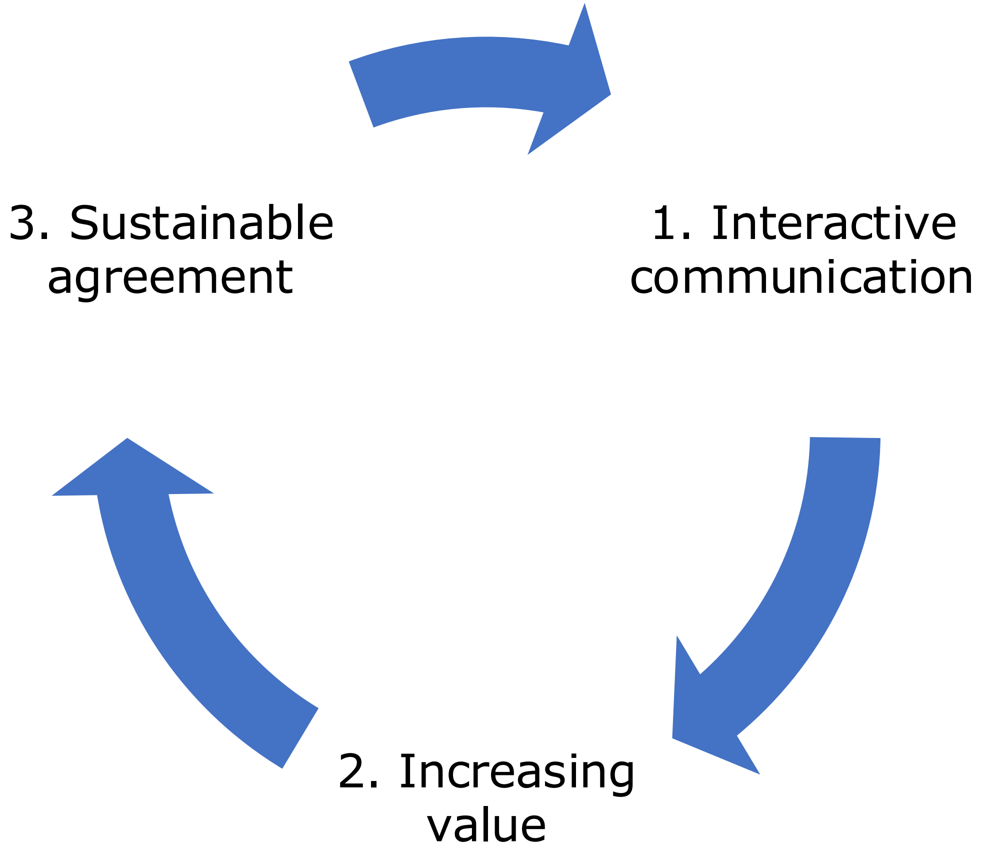
A Successful Negotiation Involves:



1. Interactive Communication Process

Two or more people	• Interdependent (they need each other) • Meet voluntarily
Exchanging information regarding:	• The substance (content) of the matter that concerns them; and • Their relationship (includes personal values, emotions, etc.)

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2. Increasing Value

What is your goal when you negotiate?

Do you want to:

- Increase or Create Value/Expand the Pie? (interest-based bargaining)
    - Viewpoint: There is an abundance

OR

- Claim or Distribute Value/Limit the Pie? (adversarial bargaining)
    - Viewpoint: Resources are scarce


Getting To Yes
NEGOTIATING AGREEMENT WITHOUT GIVING IN
BY ROGER FISHER & WILLIAM URY, WITH BRUCE PATTON

Adversarial Negotiation
(aka positional bargaining)

- The goal is to “win”
- If you win, the negotiation is judged a success
- The end justifies the means

Interest-based Negotiation
(aka principled negotiation)

- Should produce a wise agreement
  - meets legitimate interests of each party
  - resolves conflicting interests fairly
  - durable
  - takes community interests into account
- Should be efficient
- Should improve, or at least not damage, relationships

3. A <u>Sustainable Agreement</u> is one that is Interest-based and:

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Is better than our **BATNA** – **<u>B</u>**est **<u>A</u>**lternative **<u>T</u>**o a **<u>N</u>**egotiated **<u>A</u>**greement	**Substance** “What?”
Satisfies our mutual **Interests**	
Is among the best of many **Options**	
Is **Fair** – no one feels taken	
Includes **Commitments** that are well-planned, realistic, and operational	
Is reached efficiently as the result of effective **Communication**	**Process** “How?”
Helps build a good working **Relationship**	

1. Know Your BATNA

Best Alternative to a Negotiated Agreement – Your best option if you cannot agree and walk out of the negotiation.

Examples: go to court, file a grievance, do nothing ("lump it"), move away, buy a different car, take another job, go on strike, reduce effort, etc.

The better your BATNA, the greater your negotiating power

- You usually have more than one alternative to a negotiated agreement. After weighing the costs and benefits of each alternative, your BATNA is the best of those alternatives.
- BATNA is based on a specific analysis of what is realistic; but it is still an educated guess.
- Judge every offer against your BATNA before ending a negotiation.
- It protects you from unilateral action by the other side. It helps you know when to stop negotiating and walk away.

Knowing Your BATNA (and have a good guess about your opponent's BATNA) is an Essential Part of Negotiation Preparation ! ! !

2. Focus on Interests, Not Positions

A **Position** is the demand or solution taken by a disputant; it is the tangible outcome you are seeking.

An **Interest** is the underlying considerations (needs, fears, concerns) that motivate people to take a position.

Remember:

- Identify interests underlying a position by asking “why?” and “why not?”
- Identify both your interests and the other side’s interests
- Each party has:
  - multiple interests
  - interests in common with the other party
- For every interest, there is often more than one option that can satisfy it

Common Interests Underlying Positions

Love	Respect	Power	Safety
Security	Control	Friendship	Approval
Freedom	Appreciation	Competence	Fun
Relaxation	Self esteem	Comfort	Acceptance
Consideration	Privacy	Trust	Excitement
Order	Understanding	Financial needs	Physical needs

Generate Options For Mutual Gain

Obstacles to inventing options:

- Premature judgment
- Search for the single answer; narrow the gap
- Assumption of the "fixed pie" (limited resources)
- "Solving the problem is their problem"

How to overcome obstacles:

- Separate inventing options from judging them (brainstorm)
  - Generate all possible options first
  - Avoid pre-judgment
- Broaden the options on the table
  - "Both/and", not "either/or"
- Search for mutual gains
  - Expand the pie ("abundance mentality")
- Invent ways to make their decision easy; get them to say yes
  - Avoid viewing them as the problem

4. Insist on <u>Fair</u>, Objective Criteria

Objective criteria:

- An **independent standard** that <u>exists separate and apart</u> from a particular dispute.
- A reference for parties to make informed decisions based on relevant data.
  - Examples: law, court precedent, policies, market value, tradition, regulations, scientific research, costs, by-laws, etc.
- Help balance power and settle disputes based on principle instead of pressure
- Help parties make wise decisions based on merit

Parties should agree on what objective criteria is relevant and how to determine what is fair

5. Well-planned, Realistic, and Operational Commitments

- Who
- Will do What
- By When
- And How will we Follow-up?

- Negotiation doesn't end at reaching agreement
- Parties must make clear commitments and establish methods for monitoring, making mid-course corrections, and renegotiation

Addressing Process and Substance in Negotiation

- Substance Issues: What we are here to talk about – facts, data, interests, positions, BATNAs, options, alternatives, etc.
- Process Issues: How we talk about what we are here to talk about –
  - How we communicate (or not)
  - How we feel about one another
  - The depth of our relationship, etc.
- We must often step back to address process issues before we can return to discuss substance issues

6 & 7. Communication and Relationships

Separate the People from the Problem

1. Substantive issues get entangled with personal issues.
2. Conflict lies in each person's perception of reality.
3. People need to "save face." Moving away from a position can be experienced as a “loss of face.”
4. Emotions must be made explicit and acknowledged as legitimate. Disputants have difficulty thinking rationally when faced with strong emotion.
5. “Attack” the problem, not the people.

Responding to "Attacks"

Attacks

- Asserting their position forcefully
- Attacking your ideas
- Attacking you personally

Counteractions (jujitsu)

- Neither accept or reject; treat it as a possible option
- Don’t defend; ask for criticism
- Recast attack on you as attack on the problem

Responding to "Impasse" (Emotional and Perceptual Concerns)

- Impasse occurs when a party’s deepest interests are at stake, and they want to slow down negotiations until these interests are met
- Devote time and attention to exploring the party’s reservations
  - Why are they struggling?
  - What interests or needs have been ignored or threatened?
  - Are there relationship concerns to discuss (lack of trust or appreciation, difficulty communicating, etc.)?
- Help diagnose the reasons for impasse and attempt to address them in a way that bridges the gap between your interests
- Help them feel successful

Responding to "Resistance" (When They Won't Play)

- Create awareness of the value of negotiating by asking:
  - Are they:
    - Aware of your concerns?
    - Aware of the benefits of negotiation?
    - Concerned about your on-going relationship?
  - Do they have all the facts?
  - Is there a communication gap? Have you contributed to this gap?

- Then: “Use Power to Educate”
  - Respond to their refusal to negotiate based on your answers to these questions

6. Effective Communication

Explore:

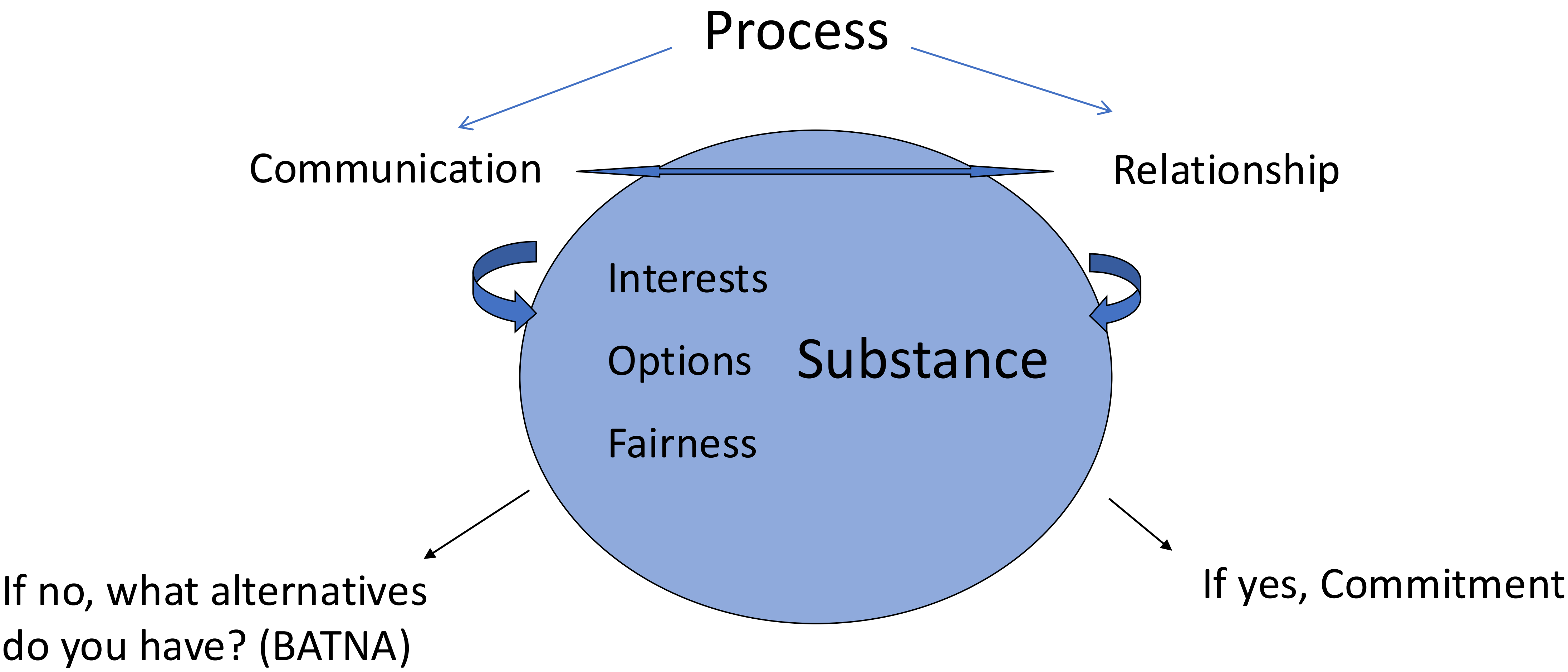
- Do I understand you to be saying …?
- What do you hear me saying?
- Could you help me understand more about how you arrived at that conclusion?
- Could you walk me through your thinking step-by-step?

7. Building a Good Working Relationship

Explore:

- Does the process we are using make sense?
- Have I done anything offensive or insulting?
- How do you feel about this right now?
- How do you feel about our relationship right now?
- Who else needs to be involved in this discussion?
- How will others be impacted by this?
- Are we communicating well?

The Circle of Value



Adapted from: Patten, B., “Negotiation.” In *The Handbook of Dispute Resolution*, Moffitt, M.L and Bordone, R.C, Eds., San Francisco: Jossey-Bass (2005).

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Let’s Practice!

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Role-Play: Budget Negotiation

- Sam: VP of Finance and Administration
- Jordan: VP of Human Resources
- Issue: 5% cross-the-board increase. HR wants 8%
  - Sam is resistant
  - Jordan must persuade Sam to honor request. How will Jordan do this?

Role-Play: Budget Negotiation Percentage Increases

- 5% = $100,000
- 5.5% = $110,000
- 6% = $120,000
- 6.5% = $130,000
- 7% = $140,000
- 7.5% = $150,000
- 8% = $160,000

Successful Negotiation = Successful Preparation

- Prepare for negotiations in advance
- Clarify goals and measures of success
- Diagnose the “problems”
- Identify barriers to agreements
- Develop creative options
- Know when/how to share information
- Learn about your needs and the needs of others
- Build in ways to resolve future conflicts

Thank You!

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