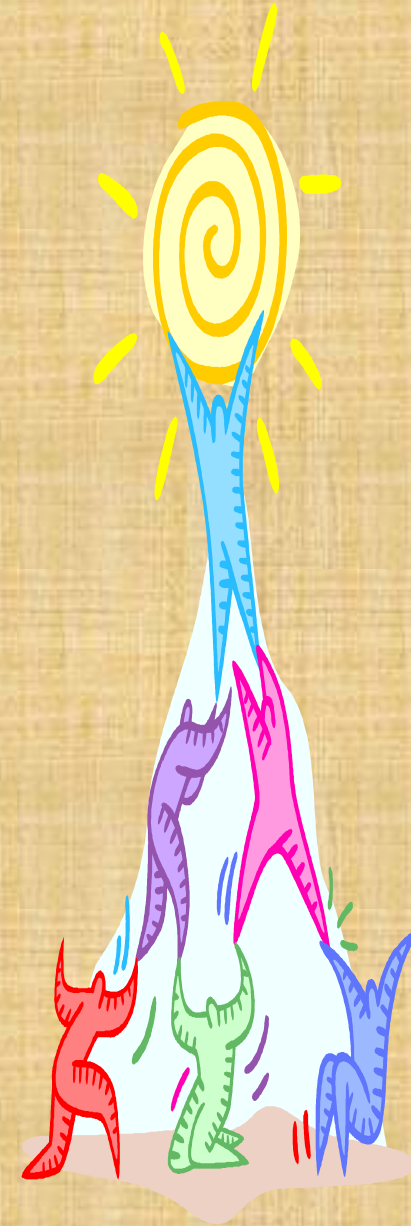


# STRATEGIC NEGOTIATION

# 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

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

# Hard Negotiators

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

# 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.

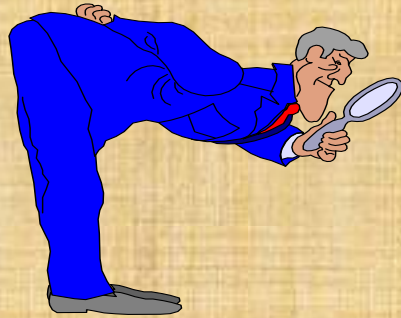
Husband

**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

<b>How the Other Side is Regarded</b>	<ul style="list-style-type: none"><li>• A co-stakeholder</li><li>• A co-problem solver</li></ul>
<b>Goal</b>	<b>A wise outcome reached efficiently and amicably.</b>
<b>Negotiation Posture</b>	<ol style="list-style-type: none"><li>1. Make a sound diagnosis of the problem.</li><li>2. Work to understand the reasons behind positions.</li><li>3. Invent options for mutual gains.</li><li>4. Seek the use of objective criteria in the selection of the best option</li><li>5. Develop own BATNA and understand BATNA of other parties.</li></ol>



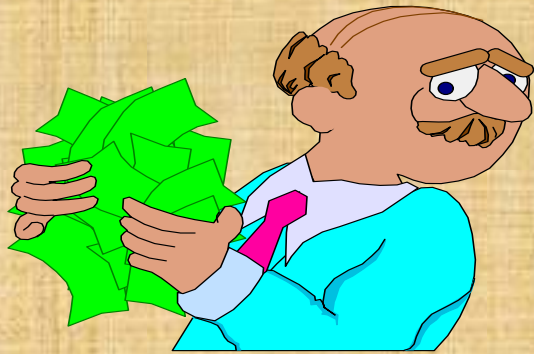
# 1. Make a **SOUND** **DIAGNOSIS** of the **CONFLICT**

- 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**

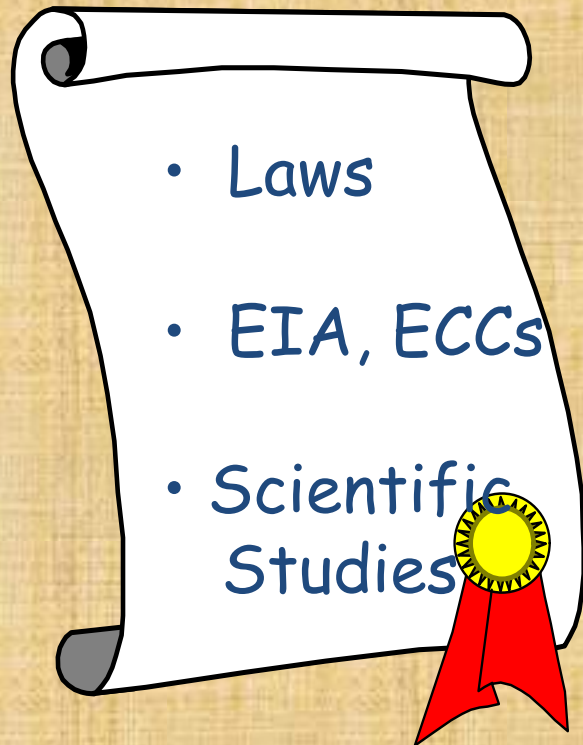
# The Power of Questions

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

# The Seven Element Preparation

Alternatives	Interests	Options	Standard of Legitimacy	Commitment	Communication	Relationship
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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

Alternatives	Interests	Options	Standard of Legitimacy	Commitment	Communication	Relationship
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Brainstorm potential creative options which might satisfy your own and your counterparts' interests.

# The Seven Element Preparation

Alternatives	Interests	Options	Standard of Legitimacy	Commitment	Communication	Relationship
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Identify precedents, design “fair” processes, and create credible outcomes.

# The Seven Element Preparation

Alternatives	Interests	Options	Standard of Legitimacy	<b>Commitment</b>	Communication	Relationship
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Assess relative degrees of authority and commitment.

# The Seven Element Preparation

Alternatives	Interests	Options	Standard of Legitimacy	Commitment	Communication	Relationship
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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
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Plan, build, and assess,  
effective relationships.

**Thank you!**