

Negotiations

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Bargaining is a part of life. It is popular because it is a simple, well-known and almost intuitive process that, from time to time, delivers.

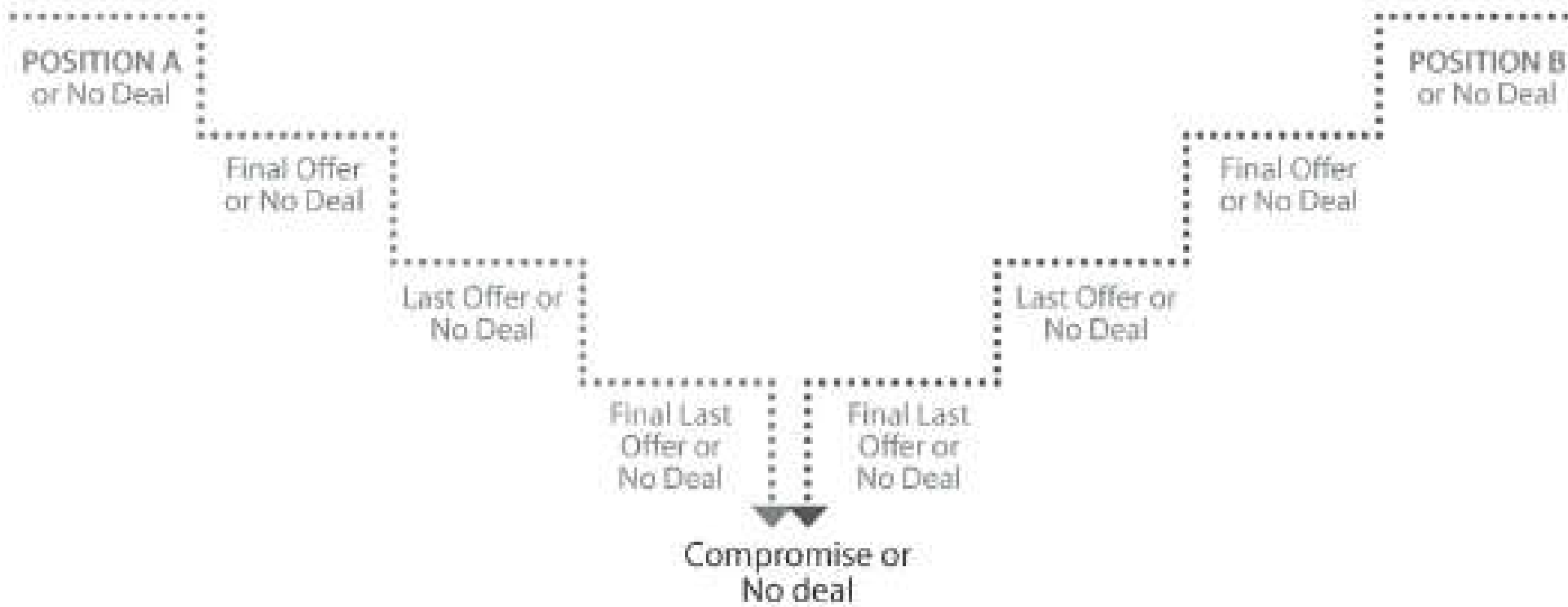


Figure 5.1. Positional bargaining process

...bargaining is an unsophisticated and simplistic process. It limits itself to only two of the seven negotiation elements: commitments and alternatives.

...Hard negotiators focus on the material value of the deal above all else. Power is constantly used to intimidate and dominate to secure a better deal for them. Hard negotiators don't say much more than their positions.

...Soft negotiators also want value but focus on the relationship of the deal above all else. The relationship is constantly mentioned as the source for long-term value.

...Both hard and soft negotiators commit similar mistakes when they force their style into all negotiations. By treating every negotiation equally, they ignore its particularities, lose touch with reality and risk making worse negotiation decisions.

How Do We Define Win-Win Negotiations?

- Interest-based: Emphasizes rejecting positions for the benefit of focusing the negotiation on interests.
 - Risk: May only discuss one or two unilateral options
- Mutual gain: Emphasizes parties creative efforts to generate options that will benefit everyone
 - May over complicate the process creating too many options
- Principled: Emphasize seeking win-win choices and principles
 - May be overwhelmed by number of win-win decisions
- Value negotiations: Focus on value creation that benefit both sides
 - Value can push parties into win-lose focus especially when focusing on issues like price

How Do We Define Win-Win Negotiations?

- Substance negotiation: parties pursue substance value
- Relationship negotiation: parties pursue relationship value include but not limited to interdependence and trust
- Communication negotiation: parties attempt to create the most efficient process to negotiate

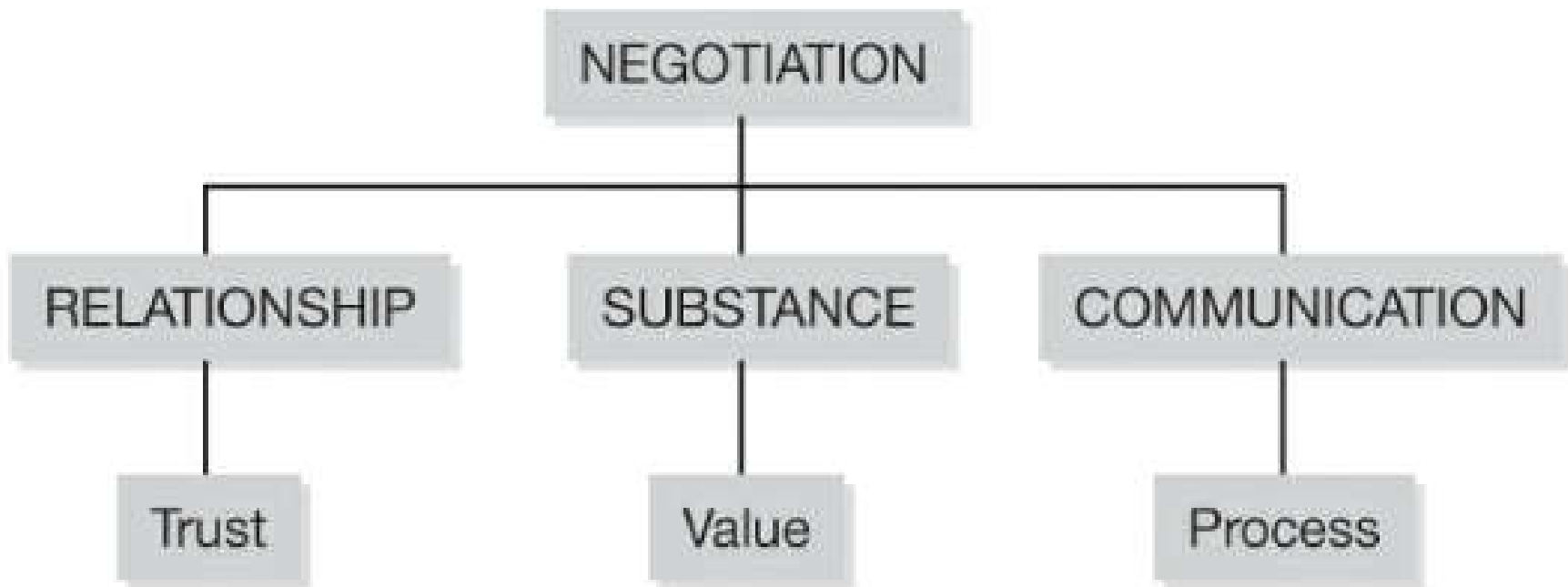


Figure 5.3. Value negotiation definitions in the three negotiations

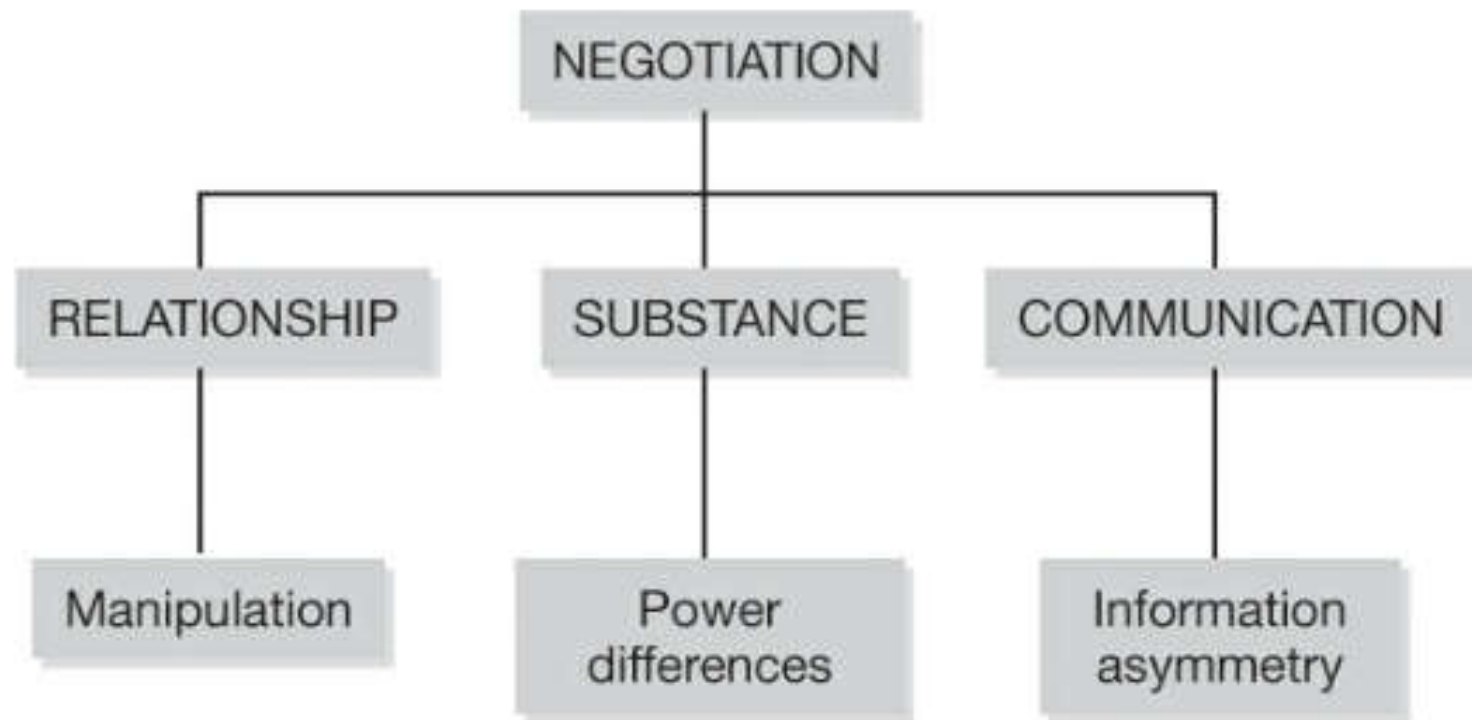


Figure 5.4. Win-lose strategies in the three negotiations

...A well-implemented dialogue pattern reduces or eliminates unilateral moves. When we reciprocate value-focused moves, we reward good behavior and inspire similar moves in the future.

...Critical moments are moments when the negotiation process is in a state of flux before it enters a new stage. Critical moments are not necessarily more difficult, but they do raise the stakes in terms of risks and rewards. Thus, how we handle critical moments can shape the new stage or even the rest of the negotiation process.

...A *well-prepared* negotiator can go through them without even noticing the extra pressure they carry. Performing skillfully at these times is just a matter of *being ready* for a few extra risks and rewards. Unfortunately, it is impossible to predict all the critical moments a negotiation can have....However, it is *possible* to know the ones *common* to almost all negotiation processes.

Table 6.1. Elements, goals and strategic advice in critical moments

Critical Moment	Element	Goal at Hand	Strategic Advice
1. Initiating the interaction	Relationship	Improve the working relationship	Negotiate independently from trust, while promoting interdependency
2. Defining the process	Communication	Achieve efficient two-way communication	Transparently lead the communication process
3. Talking about value	Interests	Satisfy interests	Consider all parties' interests
4. Coming up with solutions	Options	Finding the best of many possible options	Initiate with mutual-gains options
5. Making the opening offer/counteroffer	Legitimacy	Argue based on legitimacy	Seek and use objective, external and neutral criteria
6. Accepting/rejecting an offer	Commitment	Close a well-crafted commitment	Commit late to substance, but early to process
7. Deciding to walk away	Alternative	Close a deal that is better than our BATNA	Use our BATNA as a strategy of last resort

...Hard bargainers – Inherently distrust people and believe that trust doesn't matter. They are ready to sacrifice trust for value.... Soft bargainers – Revere trust and sacrifice all under its altar. Consequently, many forget to prepare a substance negotiation strategy.

...Interdependency means that negotiators need or are better off dealing with each other to get what they want. Being more objective and concrete than trust, it is easier to convey the advantages of working well together.

...Many negotiators ignore the goal of efficient two-way communication and mistakenly use communication to control the other...Negotiators will either give unilateral commands to impose control (hard), or accept how things evolve to avoid conflict (soft).... To manage the critical moment of defining the process, transparently lead the communication process towards a value-maximizing outcome.

...Transparent process leadership not only reduces suspicion but it also encourages working together and a shared sense of control.

...most negotiators are not even aware of the concept of interests. At the critical moment of talking about value, most negotiators believe they know what they or the other side wants...Hard bargainers – Ignore what the other party wants and demand a position that unilaterally maximizes their value...Soft bargainers – Create positions to please the other party but are ignorant of their true interests.

...we initiate the options conversation with mutual-gains options. Mutual-gains options satisfy common interests of all parties, even if not to the same extent. Initiating with mutual-gains options sends a consistent message of working together and sets the right value-creation tone.

...we seek and use *objective, external* and *neutral* criteria. Our effort helps to legitimize the different offers on their fairness and appropriateness. These criteria encourage offers that can be fair for all, and have a better chance of being accepted. By promoting data-driven decision-making, rational persuasion reduces coercion or manipulation of the relationship for price advantages.

...we commit on the substance only at the end of the process. Commitments, like a mathematical equation, are the natural evolution of a process. We do not start with an equation, from the end, but rather get to it by working through the steps. We do not have to say “yes” or “no,” but rather “let me learn more”.

...before the critical moment of deciding to walk away, negotiators should discuss all possible options for comparison's sake. However, most negotiators treat BATNA as an all-or-nothing power source instead of an element of the decision to walk away.