

Negotiations

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Christopher Balding

Introduction

- This is a short course so hopefully we do not have to spend much time on the perfunctory administrative issues and can jump right in
- It is expected that you will fully participate in class and come prepared having completed the reading and any required work.
- Negotiations is absolutely not a lecture class but an active participation skill building class that requires your involvement
- Be prepared to discuss, argue, debate, and talk about how do you as an individual, company, or team go about obtaining desired outcomes?
- We hope to blend skill building, academic work, and experience into a valuable course and experience

What do we mean by “negotiation”?

Negotiation is a process that happens whenever at least one person is trying to get another to do or not do something for him or her

What do we mean by “negotiation”?

- We want to take a more holistic view of negotiation
- Negotiations do not just happen when you sit across the table from a counterparty but includes everything that leads up to that point framing the issues under discussion
- Negotiation needs to be thought of as methods or techniques that help us reach a desired range of outcomes or conclusions
- Being a good negotiator requires a range of skills: strategy, psychological insight, people skills, and leadership.

Intro Questions

What are some of the skills needed to be a good negotiator?

How are we going to teach negotiations?

- Negotiation is a skill that will only improve with practice
- You will benefit as a negotiator and leader from being challenged, negotiating, and learning from your classmates
- Take the reading and assigned work seriously. There are techniques and strategies you will read, that when implemented will help you become a better negotiator
- Don't be afraid to make mistakes. Try new things. You are not going to get better by just reading a book and it is better to make mistakes here than in the real world.
- Help out your classmates

Intro Questions

Will you negotiate differently with a woman/man?
Will you negotiate differently with someone from a different country? With someone from your own company? A superior or a subordinate?

Intro Questions

Is there a time to yell at someone to obtain a desired outcome? Is there a time to strategically lose to obtain a desired outcome?

Intro Questions

Is it acceptable to lie in a negotiation?

How Do We Negotiate and What is Negotiation?

The Case of the Broken Coffee Maker

My first month in China, being a strong coffee drinker and *not* a tea drinker, I purchased a nice (somewhat expensive) coffee maker for my home. It worked wonderfully for 3 months and then broke. I returned it to the store and they fixed it and returned it one week later.

The Case of the Broken Coffee Maker cont.

However, three months later, the coffee maker broke again. The store said they would fix it in a week. One week later they said it wasn't ready and that I should come back in a week. One week later they said it wasn't ready and that I should come back in a week. One week later they said it wasn't ready and that I should come back in a week. This went on for two months.

The Coffee Maker Negotiation

- What are my negotiating objectives or desired outcomes?
- Given the circular state of negotiations over the broken coffee maker, how should I proceed to try and obtain my stated outcomes or objectives?

How do I proceed to negotiate
with the store over the coffee
maker?

The Outcome

- On the advice of a colleague from the HSBC Business School, I walked into the store at the busiest time of day on a Saturday.
- I asked for my repaired coffee machine.
- When they told me to come back in one week, I immediately began yelling as loudly as possible at the sales clerk.
- They gave me a full refund in 2 minutes.

Why did that “negotiating”
strategy work?

Value Negotiation: How to Finally Get the Win-win Right

...negotiation is wrongly seen by many as a way to *beat* an opponent; instead, it is a process to pursue value which involves other people

What are the basic assumptions?

- Negotiation is everywhere
- Negotiation is a skill
- We can try to negotiate everything
- Negotiation is not a magic pill
- There is no single, universal best way to negotiate
- Strategy to implementation

Factors of a Negotiation

- Analyze every element of a negotiation: risk and rewards
- Assess each parties risk appetite
- There are no necessarily right or wrong answers
- Accept the trade-offs with accompanying risks and benefits of strategies and action
- Different people will react to different strategies differently

Case Study:

City of Somerville—Using Activity Based
Budgeting to Improve Performance in the
Somerville Traffic Unit

What is the big picture problem facing city administration and the police department?