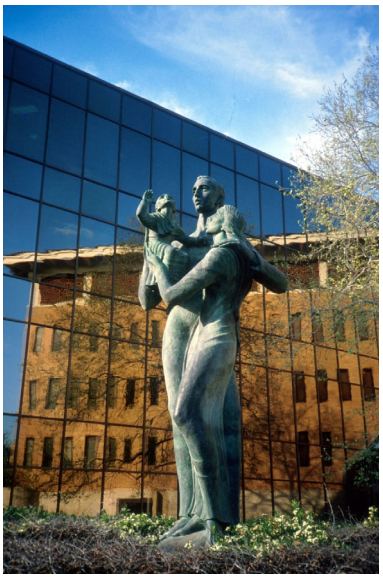
Working Effectively In Negotiations



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May 2025
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Do Communication Skills Matter?

YES!

…or maybe NO!

***When* do these skills truly matter?**

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Negotiation Foundations…

- **Negotiation**: (Latin: nec - otium)

  The process by which people interact in order to reach an agreement that (at least partially) satisfies their conflicting goals

  - Negotiation CONTEXTS:
    - Acquisitions and Purchasing
    - Sales and Marketing
    - Management
    - Conflict

  - COMPETING GOALS: CREATE and CLAIM value

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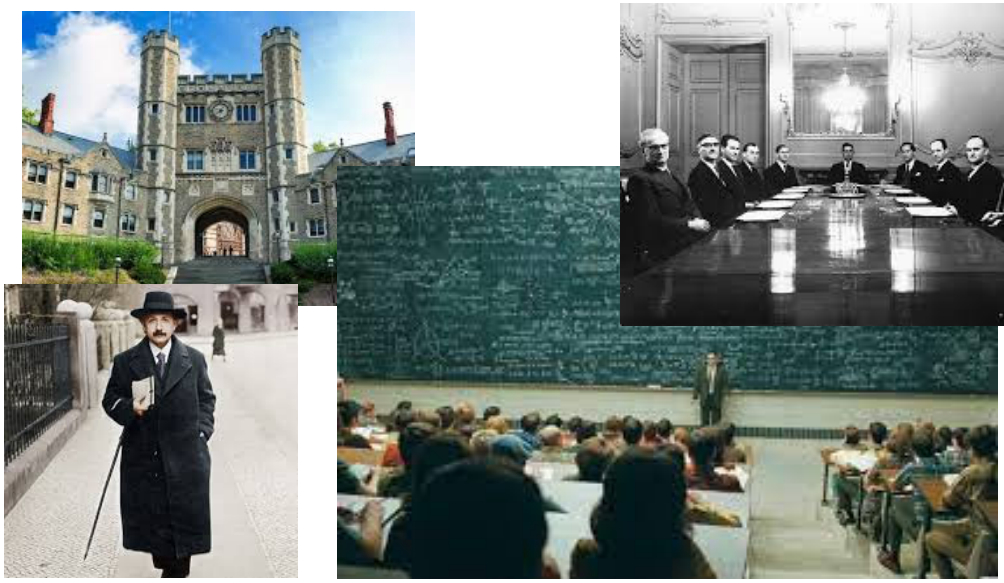
Princeton Recruits a Professor…



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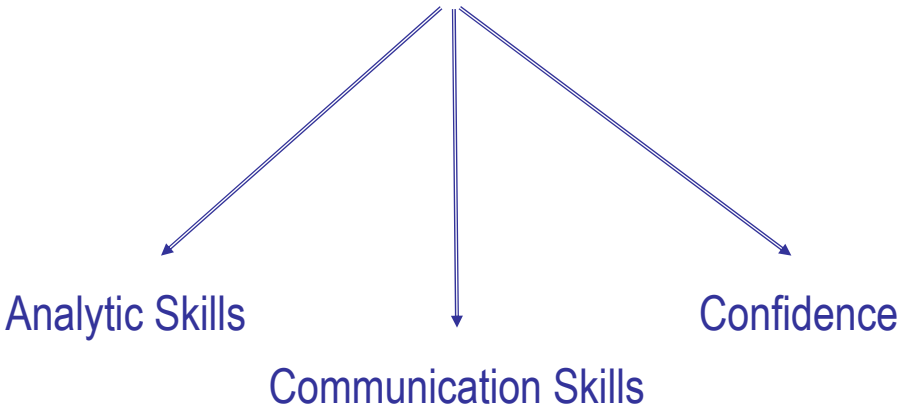
Improving negotiating proficiency



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Simulation: "Sugar Bowl"

- **Preparation: 5 minutes**
- **Negotiation: 10 minutes**

- **Simulation Ground Rules**
  - Play your role, first-person
  - Work with the info you have been given, embellish lightly without changing the theme/scope of the case
  - You may lie, but… be prepared to explain
  - Complete your contract, then NO discussion of the case with your partner, or with others!

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Sugar Bowl… Debrief

Seller	Buyer

Hopes:

Limits:

Alt:

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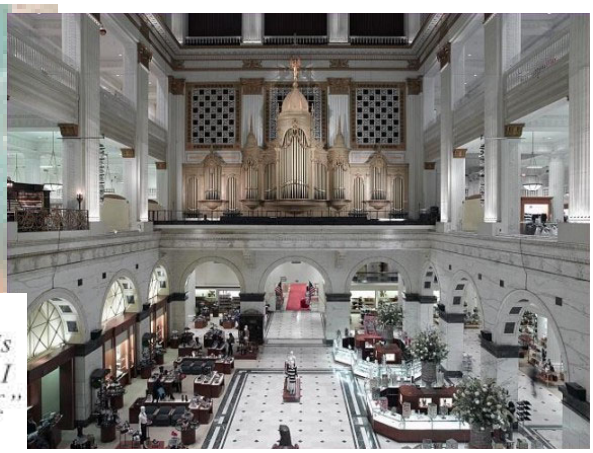
Can I Negotiate?

"Half the money I spend on advertising is wasted; the trouble is I don't know which half."

- John Wanamaker,

father of modern advertising and a "pioneer in marketing."



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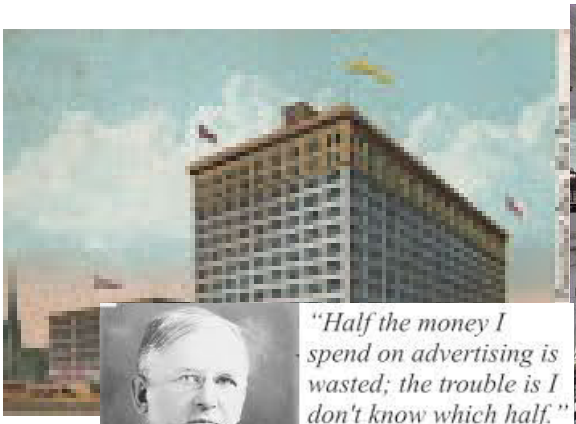

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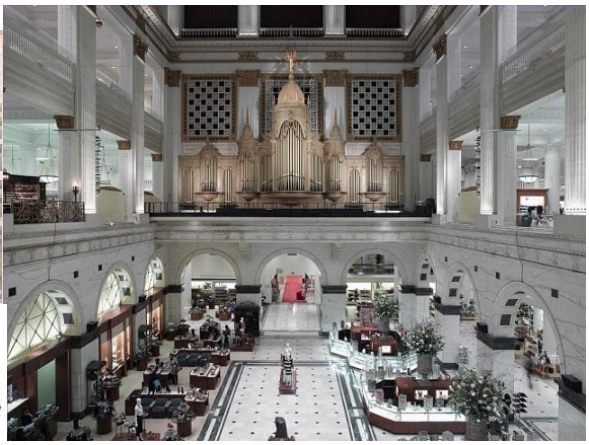

NORDSTROM

BEST BUY

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Make yourself unique!

model adopted from Dr. Nido Qubein

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Strategy #1: Big Picture Preparation

- ***What range of outcomes are we seeking?***
  - Aspirations (Hopes): Optimistic & Justifiable
  - Reservation (Limits): Specific, & "Back of the Mind"

  - BATNA: **B**est **A**lternative **T**o a **N**egotiated **A**greement
    - If I don't reach a deal here, what next?
    - Explore & Develop… Your opponent may try to prevent this!
    - *How does this relate to your reservation?*
  - Interests: WHY do you want what you want?!
    - What underlies the stated request?
    - We don't always ask for what we want, we ask for what we think will get us there!
- ***Key*: Consider these aspects for all parties!**

Problem: Campaign Photo

- ***You screwed up… how much is this gonna cost you?!***

Norm: Permission typically costs $.01-.03/use

Facts:
- **You have 3,000,000 in print**
- **Unauthorized use: $1/copy**
- **You must use, no time!**

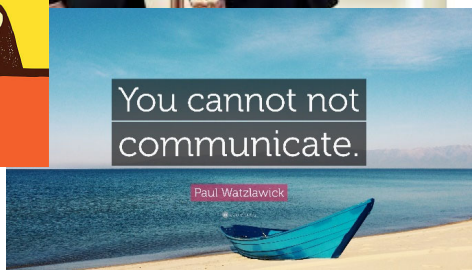
- ***What's your offer?***

Strategy #2: Learn Their Objectives

- **General Rule: If you stay focused on your needs and objectives… you'll take home less**
- **Typical Barriers:**
  - Myopia, Self-centered thinking
  - Result: Greater resistance, more difficulty reaching agreements
- ***KEY*: Remember your 80/20's…**
- **Tactics:**
  - Gathering Information regarding THEIR PAIN
  - Ask more questions… dig deeply
  - Diagnostics: Why? Why? Why? Why NOW?!
  - Address *their* needs in *your* message

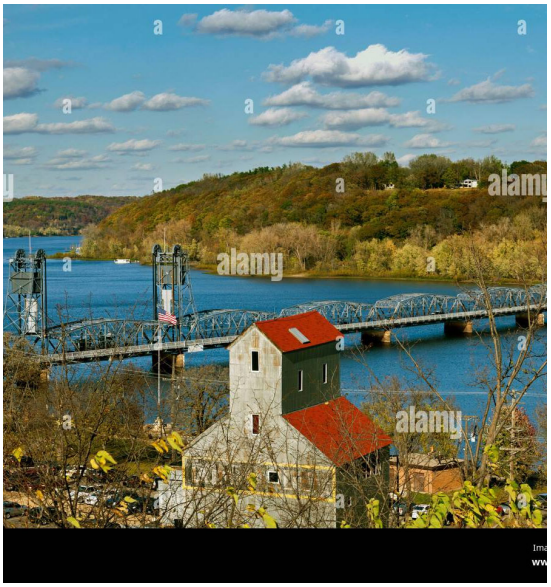
Strategy #3: Capturing Value

- ***Best Practices*:**
  - Pre-Negotiation positioning
    - Enthusiasm vs. Desperation
  - Opening Offers:
    - Advantages
    - Disadvantages
  - Concession Processes
    - With a Rationale
    - Pieces or Chunks!
  - Solidifying a Position
    - Verbal
    - Non-Verbal
  - Post-negotiation discussion



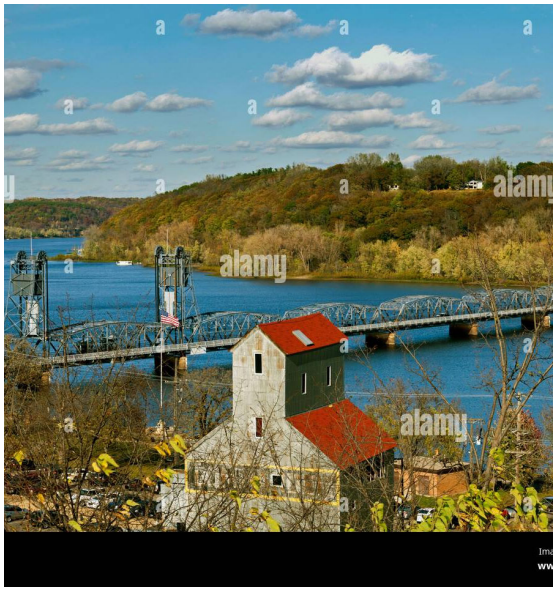
Simulation: "Copper River"

- **Prep: 5-10 minutes**
- **Negotiate: 20-25 minutes**
- **Ground Rules:**
  - Represent your community well!
  - You're authorized to agree, be prepared to explain/defend your allocation



Debrief: "Copper River"

- ***What is the "right" way to allocate these resources?***
- ***What's "Fair"?!***
- ***Are there ways to make our allocations better, more creative?***



Working "Fairly" to Distribute Resources

- **SEVERAL DIFFERENT RULES:**
  - EQUALITY – Divided evenly amongst people
  - EQUITY – Divided unevenly, but according to some metric
  - NEEDS – Divided unevenly, allow all to meet some basic level

- **PROBLEM!... Fairness is very slippery**

  - Which rule to deploy?!
  - Rules compete, leading to subjective judgments that *feel* objective
  - Egocentric Biases: "What's fair??... What benefits ME!"
  - Unfairness makes us emotional (negatively)

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Problem: By The Slice

- ***Who should get the last slice?***
- ***How do we decide? What do we do?***

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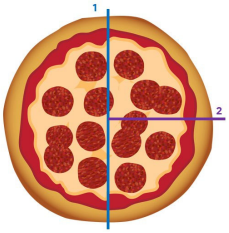
Strategy #4: Create *and* Claim

To succeed in negotiation, you must…

We have a salad bar for some reason

1. **CLAIM GAINS**
   - Influencing the distribution of resources
   - Me & Mine

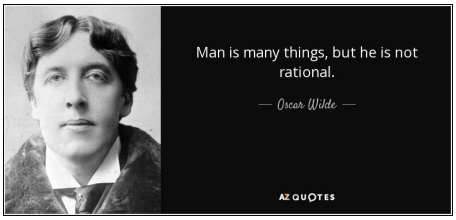
2. **CREATE GAINS**
   - Searching for optimal solutions
   - Improving "joint gains"
   - Assessed at the collective level



***Key*: These require different skill sets… To succeed, you must pursue both areas!**

Is fairness RATIONAL??

- **Fairness can MESS UP MARKETS**
- **May ACCEPT LESS, rather than accepting an "unfair" distribution**
- **EGOCENTRIC interpretations of fairness**
- **COMPETING RULES, sometimes APPLIED ARBITRARILY**



Beyond Outcomes: What About Fair Treatment?

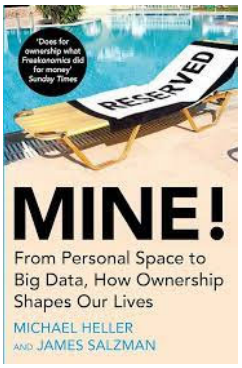
- **Scarce resources, differing priorities, limitations**
- **You can't satisfy everyone, all the time!**
- **So… what else matters?!**

- **"INTERACTIONAL JUSTICE"**
  - We care about FAIR TREATMENT
  - Bad outcome? What process!?
- **Where do we do well, or go wrong?**
  - VOICE… people want to be heard, listened to
  - INTERPERSONAL… respect, honesty, decency
  - EXPLANATION… help me understand why/how
  - CONSISTENCY… over time, across people

"Mine!" and Ownership Rules

6 Maxims for Ownership

1. **First Come – First Served**
2. **Possession 9/10ths**
3. **You Reap What You Sow**
4. **My Home is My Castle**
5. **Our Bodies, Our Selves**
6. **Meek Shall Inherit the Earth**



BUT… rules aren't clear, commonly conflict, and have distorted applications

"Litigants are often deviants. Life is short. Work it out."
(Heller & Salzman, 2021)

“I have an idea...”

IDEAS = …

Welcome to the Meeting

Strategy #5: Discuss & Explore

Opportunities:

- Building Liking, Trust and Rapport
  - Similarities
  - Questions
  - Deterrence, Relationships
- Agenda Setting
  - List, Withhold?
  - Who holds the pen?
- Sharing Information
  - What to share, what *NOT* to share?
- Seeking Information… Questions
  - Average People vs. Experts
  - Openers
  - Seeking Criticism, Seeking Solutions
  - Listening & Follow Up Questions
- Arguments
- Solution Generation
  - Stimulating creativity

ROADBLOCKS: Irrationality

- **Problematic Perspectives:**
  - The Competitive Mentality
    - "Dog-eat-Dog" world view
    - Self-fulfilling prophecy?
    - Types of Competiveness…
  - Gain vs. Loss Frames
    - Are we seeking extra gains, or avoiding losses?
    - Gain-seekers avoid risk, loss-avoiders seek risk!
    - Put your opponent in a GAIN-SEEKING mentality!
  - Fixed Pie Mentality
    - Any gain for you is an equivalent loss for me
    - Almost all negotiations have a mixture of issues!

ROADBLOCKS: Irrationality

- **Anchoring & Adjustment**
  - Fixating on initial numbers
  - Failing to adjust from an anchor
- **Overconfidence**
  - We generally believe we're more prepared, more skilled, & more rational than those around us!
- **Egocentrism**
  - What's fair is what benefits me!
- ***Aids*: Awareness, Monitoring, Perspective Taking**

Gaylen's Top 5 Pithy Tips…

1. **Spend 80% of your time focused on their world, and what drives them**
2. **Develop your BATNA wherever possible, and highlight commitment to your chosen path**
3. **Simplicity may be seductive, but fails to fully deliver for complex problems**
4. **Ask & Listen MORE, Talk LESS**
5. **Compete well for your outcomes, seeking ways to deliver value cheaply!**