Conflict and Negotiation (Summer 2002) Prof. Freeman

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Two keys to negotiation: Credibility and Preparation

Strategy: Be hard on the problem, soft on the person (Integrative bargaining)

Strategy: Focus on interests, not positions.

<table>
<thead>
<tr>
<th>Distributive (Win / Lose) Strategy</th>
<th>Integrative (Win / Win) Strategy</th>
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</thead>
<tbody>
<tr>
<td>Rights, Power based</td>
<td>Interest based</td>
</tr>
<tr>
<td>Goal: Individual gain</td>
<td>Goal: mutual + individual gain</td>
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<tr>
<td>Focus is on single issue</td>
<td>Multiple issues on table</td>
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<tr>
<td>No future relationship</td>
<td>Apt for maintaining long-term</td>
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<td></td>
<td>relationship</td>
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Do not try to win it all, always—leave money on the table. This will give some satisfaction to the opponent.

Fight the fear of looking dumb. Ask simple questions. Listen actively—helps you understand.

Options: Something one negotiator can offer the other; these are things both parties need to agree to.

Alternatives: Something one negotiator can do on his own if he cannot agree with the other negotiator.

Deals often contain Time Bombs. So watch out. Time bomb is anything in an agreement that will cause a problem later on.

How can you spot time bombs and defuse them in proposed deals?

- Win LoSE Mnemonic
- What If – ask 3 reasonable What If questions (What if sales stink, What if projections are off, etc.)
- Numbers – ask the numbers specific questions (What is cash flow is not as predicted)
- Lawyer proposed – ask a lawyer or someone else who is detached, to review your deal.
- Other Side’s expectations – review the proposed deal with the other side’s expectations in mind.

The hallmark of a good deal is not just “getting to yes,” but demonstrably getting to a “wise yes” or a “wise no”.

- Does this deal satisfy my interests (and the other person’s)?
- Does it satisfy my interests better than my BATNA does?
- Is the deal free of Time Bombs?

Preparation tool: I FORESAW IT

- Interests: List yours, other party’s, and common interests. Common interests are the key.
- Factual research: Read the contracts, technical specs, culture of country, background on other party, etc.
- Options: Things that you might include in the deal; For each topic, list at least 6 options that will satisfy your respective interests
- Reactions / Responses: (Do this after you finish the rest of the plan): List other party’s reactions to your proposal & your responses as well. “If we agree to my proposal, these are the plusses.” “If we disagree to my proposal, these are minuses.”
- Empathy / Ethics: Put yourself in OP’s shoes and speak up. Empathizing lets you see the other party’s view point. Also list any ethical dilemmas inherent in the negotiation.
- Alternatives to agreement: Include yours and the OP’s BATNA, and WATNA; List 5 alternatives for you and OP.
- Who: List all those who can influence the negotiations. Who besides the negotiator across the table am I dealing with? Who hold(s) the strings?
- Independent Criteria: List information that can serve as a fair standard. Objective measures that both parties can agree upon.
- T T T : Topics, Targets, and Tradeoffs. Topics are what topics you will discuss in the negotiation. Targets are what you realistically hope to achieve for a given topic. List second best target number / outcome, and so on till the least acceptable outcome for each topic. Tradeoffs identify which topics are dearest to you vs. which are less important. This allows you arrive at creative options. What can you give up to get what, etc.

Distributive Bargaining Elements

- Decide at what point you will walk away. If you do not have this in mind, you will say “yes” at a point orthogonal to your interests. Decide your walkaway price = BATNA (Best Alternative to a Negotiated Agreement). The whole point of negotiating is to get something better than your walkaway or BATNA.
- Determine your Louis number: your most ambitious yet realistic target.
- Opening offer: add a cushion to your Louis number and quote that. Say your Louis number is $21K (price for a new car). First offer can be 95% of $21K.
- In a distributive negotiation, the other party needs to feel that they are getting some concessions; otherwise there is serious resentment. So leave some money on the table.

Warning Sandwich

- This is the last resort to persuade someone to change before a conflict escalates. It helps you convey a warning convincingly while reducing the odds that the other party will become defensive.
- Start by saying something positive, truthful, and constructive.
- Then you say something truthful and negative.
- Then finish by saying something positive, truthful, and constructive. (expressing hope for the future, confidence in OP, etc.)

How to create / build a consensus

- Prepare: do a I FORESAW IT plan; set up the space.
- Start the meeting with ground rules.
  - Purpose: Establish a clear purpose (here is what we here to do…);
  - Decision Rules: Specify a decision rule (Here is how we will decide);
  - Process Rules: Establish process rules (Here is how we will proceed. No interruptions. I’ll take notes, etc.);
  - Self disclosure: here is my role in this process, here are my interests, this is the extent to which I am familiar with this issue.
- Listen to each participant in turn and encourage everyone else to listen to each other.
  - Ask simple questions of each person in turn.
  - Remain impartial (avoid smiling, nodding)
- Prevent interruption (encourage listening)
- Take notes, summarize, post views on board.

### Focus on Problem solving
- Highlight the common ground. Also highlight the cost of impasse. (Use “We all want…”; We focuses on the commonality of the problems being faced by everyone).
- Announce first topics to discuss and invite constructive discussion. (Any suggestions, any creative ideas?)
- Suggest ideas if necessary (Trades, face-saving gestures, hidden agreements, etc.)
- If there is a serious impasse, change issue, or caucus (Take a break and say that you’d like to talk one-on-one. Say that we can all meet later again as a group).

### Caucus if impasses persist
- Talk to people individually and see what’s going on.
- Try to get people to see where they are wrong.
- Suggest trades, proposals; Say that to save face, you can propose an idea/trade, if it makes the other person look bad.

### Press for a workable agreement
- Test proposals with “what if…” problems.
- Invite others to play devil’s advocate (or you yourself should dawn that role). Are we missing something?
- Look for Time Bombs.
- Write down the agreement and restate it loudly so that there are no ambiguities and everyone agrees.

### Group Negotiations
- In group negotiations between two organizations, say, there is an internal negotiation to bring consensus to our approach and then there is an external negotiation with the other party.
- “Destabilizers,” and “Hawks” are players within the organization who don’t want to deal with the other side.
- “Doves” and “Stabilizers” are players within the organization who want to deal with the other side.
- Too little internal conflict is also not good for the negotiation. This leads to “group think”. Issues are not examined critically in such cases. There is a hastiness to reach consensus in the group.
- A “Quasi mediator” is someone who definitely has a viewpoint (hawk or dove), but nevertheless has the ability to transcend groups, and has the ability to mediate. They encourage constructive discussions. They mitigate ruinous internal conflict.
- There is a “going native” problem in group negotiations. If you are too close to the other side, your organization perceives you as though you betrayed them and have gone native to the other side.
- To deal well with other organization, unify your group / organization first.
- Use consensus building approaches.
- Avoid “going native” problem and stay in constant touch with your group people.

### Coalition Dynamics
- Is there a swing vote?
- Ways to hold coalition together
- Whom should I talk to first? (the weakest party or the strongest party?). You can start with the easiest and most helpful conversation first and then progressively go towards the hardest conversations.

### Multi-Issue Negotiation Tools
- Use a single negotiating text document to keep track of all issues easily: a term sheet for instance. This will also avoid a ‘nibbling’ tactic. People keep introducing new issues and you will not have an idea of how much you are giving up. Having all the topics under discussion on one page makes things clear as to what is being discussed.
- Agree upon a basic principle: Nothing is agreed until everything is agreed.
- Use a Topics, Targets, and Tradeoffs grid.