Negotiation Final Exam Study Notes

Topic 1 Questions
What is negotiation and why do we do it?

- Negotiating is what people do to get what they want and need from other people. It is a process involving a series of behaviors between (typically) two parties to reach an agreement to meet needs and wants, in that order respectively. It is a form of decision making in which two or more parties talk with one another in an effort to resolve their opposing interests.
- Negotiations occur to agree on how to share or divide limited resources,
- To new that neither party could do on his or her own, or
- To or dispute between the parties.

What do interdependence, mutual adjustment and value claiming and creation have to do with negotiation?

- Interdependence: when parties need each other to accomplish their objectives, or they choose to work together because the possible outcome is better than they can achieve by working on their own.
- Mutual adjustment: when parties can influence each other’s outcomes and decisions, and their own outcomes and decisions can be influenced by the other by exchanging information.
  - Dilemma of trust – how much do I share and how soon?
  - Dilemma of honesty – can I believe you | veracity
- Claim value: to do whatever is necessary to claim the reward, gain the lion’s share, or gain the largest piece possible. One winner mind frame.
- Create value: exploiting common interests or differences.

Topic 2 Questions
What is a BATNA and why is it important to negotiators?

- Best alternative to a negotiated agreement.
- Important to have an alternative if you can’t reach an agreement, and the best alternative can influence the decision to close a deal or walk away.
- Provides the negotiator with more power in the current negotiation because the BATNA clarifies what he will do
- If an agreement cannot be reached.

Explain the process of distributive negotiation.

- A distributive negotiation type or process that normally entails a single issue to be negotiated. The single issue often involves price and frequently relates to the bargaining process. Also referred to as 'Win – Lose', or 'Fixed – Pie' negotiation because one party generally gains at the expense of another party. Goals of one party are in direct conflict with the goals of the other party.

What are hardball tactics and why do you need to know about them to be an effective negotiator?

- Tactics used to pressure the opposing party into doing things they wouldn't normally do to disguise a distributive bargaining approach. To be armed with ethical knowledge to identify the technique and know how to deal with it.
- **Good cop/bad cop** – first negotiator makes a tough opening position, threats, obnoxious behavior and intransigence – leaves the room. Second negotiator tries to reach agreement before first negotiator returns. Method is highly transparent and easily diffused.
- **Lowball/highball** – the risk to using this strategy is that the opposing party will think negotiating is a waste of time. Best way to counter this tactic is to ask for a more reasonable opening offer.
- **Bogey** – pretend that an issue has little to no importance, when it actually has high importance. For example, a seller may have a product in the warehouse ready. However, the seller may ask for
large concessions to process a large order. The seller can reduce the size of the concessions for the rush order in exchange for concessions on other issues – price or size of order.

- **The nibble** – ask for a proportionally small concession on an item that hasn’t been discussed previously in order to close the deal. For example, asking for a tie when buying a suit. To counter this tactic, respond with “what else do you want” or ask for your own nibble.

- **Chicken** – combining a large bluff with threatened action to force the other party to chicken out. For example, management tells the union that they will close the factory if they do not take the deal. To counter these ask probing questions on why the party wants a certain outcome.

- **Intimidation** – attempt to force the other party to agree by means of an emotional ploy, usually anger or fear. May deliberately use anger to indicate seriousness of a position. To counter this tactic you can negotiate with a team of people.

- **Aggressive behavior**
- **Snow job** – overwhelming the other party with so much information that they have trouble determining which facts are real or important and which are included merely as distractions. To counter this tactic ask questions until you receive an answer you understand. Agree to get technical experts together to discuss the issues. Listen carefully and identify consistent and inconsistent information.

**Topic 3 Questions**

**Compare the process of integrative negotiation as described in the text with the principles in getting to yes**

<table>
<thead>
<tr>
<th>GETTING TO YES</th>
<th>TEXTBOOK</th>
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<tbody>
<tr>
<td>Separate the people from the problem</td>
<td>Identify and define the problem</td>
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<tr>
<td>Focus on interests, not positions</td>
<td>Understand the problem fully (interests &amp; needs)</td>
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<tr>
<td>Generate a variety of options</td>
<td>Generate alternative solutions</td>
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<tr>
<td>Base your outcome on objective criteria</td>
<td>Evaluate (using objective criteria) &amp; select best alternative.</td>
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**Describe several techniques that can be used to create value in negotiations**

- **Compromise** – would not further the interests of either party
- **Logroll** – find more than one issue in conflict and to have different priorities for those issues. Parties trade off among these issues to one party achieves a preferred outcome on one issue, while the other party achieves a preferred outcome on the second issue.
- **Modifying the resource pie** – Modify resource pie by creating a second business location. Modifying the bargaining mix.
- **Expand the pie** – add resources or expand the pie so both parties can achieve their objectives
- **Find a bridge solution** – when both parties can invent new options that meet their respective needs. Start where they’re at - walking them to your position.
- **Cut the costs for compliance** – one party achieves her objectives and the other's costs are minimized if she agrees to go along.
- **Non-specific compensation** – allow one person to obtain their objectives and compensate the other person.
- **Leverage differences** – (priorities; views of future, risk or time)
- **Contingent agreement** – if, then clauses
- **Post settlement settlements** – agreement becomes new respective BATNA. Once agreement is made, parties work together to improve one or both parties result. If both parties aren’t satisfied with the new deal, that’s all good because you already have a deal.

**Identify the factors that may facilitate integration negotiation**

- The presence of a common goal
- Faith in one's own problem-solving ability
- A belief in the validity of the other party's position
- The motivation and commitment to work together
- Trust
- Clear and accurate communication, and
- Understand the dynamics of integrative negotiation.

**Topic 4 Questions**

**What are the main elements or considerations when preparing during a negotiation?**
- Defining the issues
- Assembling the issues and defining the bargaining mix
- Defining interests
- Defining resistance points
- Defining alternatives
- Defining one’s own objectives (targets) and opening bids
- Assessing constituents and the social context in which negotiation will occur
- Analyzing the party
- Planning the issue presentation and defense
- Defining protocol

**What are the various stages that can occur during a negotiation? What do various process models of negotiation tell us (and not tell us) about the dynamics of negotiations?**
- Preparation
- Relationship building
- Information gathering
- Information using – starting to assemble your case. Maximizing own needs.
- Closing the deal – build commitment to the agreement achieved in the previous phase.
- Implementing the agreement

**Why is goal setting important to negotiation preparation?**
A goal provides you with a focus to help set your strategies and tactics.
- Effective goals must be concrete, specific and measurable.
- The less concrete they are, the harder it is to communicate to the other party what we want, understand what the other party wants and determine whether an offer on the table satisfies our goals.

Three types of goals
- Substantive – money or specific outcome
- Intangible – winning or beating the other party
- Procedural goals – shaping the agenda or simply having a voice at the table

**What does it mean to be an ‘investigative’ negotiator?**
- Learning as much as possible about the situation and the people involved.
  - Find out why they want it
  - Seek to understand the other side
  - Interpret demands as opportunities
  - Create common ground
  - Continue to investigate even after it appears to be lost

**Topic 5 Questions**