

15.665

Power and Negotiation

Professor Williams



Agenda

- Distributive Tactics
- Your Style
- Negotiation Exercise
- Discussion
- Wrap up and Next week's pre-exercise assignment



Focus

Strategy

Distributive (fixed-pie)

Integrative (expanding the pie)

Mixed-motive

Style Feedback (giving-in)

Competitive, Cooperative, Avoiding,

Process and Power

Power of Preparation—”prepare, prepare, prepare”



Distributive Bargaining

Distributive Bargaining occurs when the goals of one party are in fundamental and direct conflict with the goals of the other party.

- a conflict situation



Distributive Strategy

Maximize the value obtained in a single deal and when the relationship is not important.



Distributive Tactics

Extreme Offers (highball/lowball)

Small concessions

Commitment to a position

Threats/Intimidation

Good cop/ bad cop

Bogey

The Nibble

Chicken

Snow Job



Advantage /Disadvantage

Show strength / damage relationships and elicit revenge



Combating Hardball Tactics

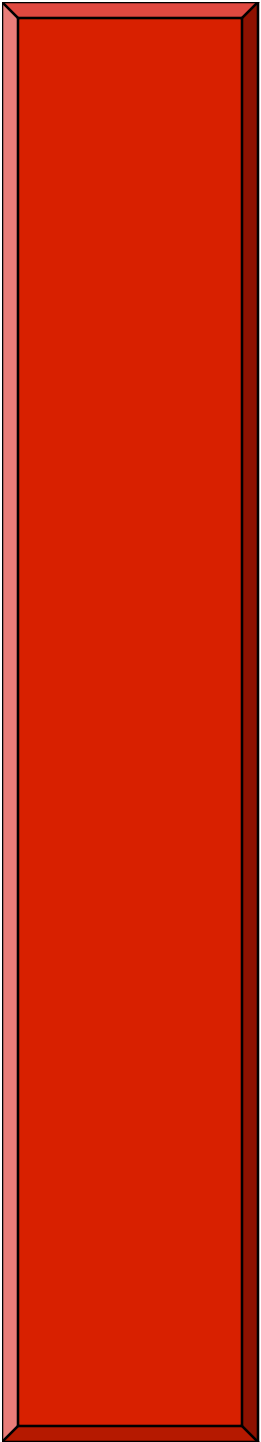
Prepare identify bluffing, important issues, use of boogey

Ask diagnostic questions- suggest alternative packages

Discuss the negotiation process– set ground rules, name the tactic

Go to the balcony- take a break

Use humor



Lack of Preparation is perhaps our most serious handicap

-Roger Fisher and Danny Ertel

At Conflict Management, Inc., and Conflict Management Group, we have consistently found that one of the most *powerful things* we can do to help negotiators get good results is to help them **prepare more effectively.**



BATNA is Power

Best Alternative to a Negotiated Agreement

Know your BATNA

Improve your BATNA

Estimate their BATNA



Preparation ABCs ₁

Do you know your

- BATNA ?
- Your Target/Aspirations?
- Reservation/Resistance Point?
- Initial Offer?
- Non-tangibles (need for status, power, affiliation)
- Areas to create value
 - what are you and your partner likely to value differently?



Preparation ABCs ₂

Have you thought about your counterpart's

- BATNA ?
- Target/Aspirations?
- Reservation/Resistance Point?
- Constraints?
- Non-tangibles need (for status, control, affiliation)?



Value Claiming From Last Week

Role A:

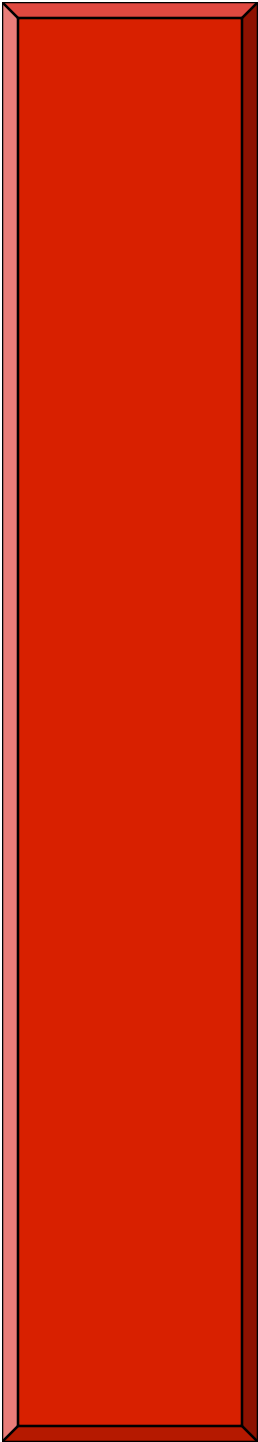
Range

BATNA

Role B:

Range

BATNA



Self-rated Negotiation Style: Mean

<i>Style</i>	<i>Mean (st.dev.)</i>
Cooperative	5.86 (0.80)
Competitive	4.00 (1.58)
Compromising	4.12 (1.63)
Accomodating	4.80 (1.07)
Avoiding	3.73 (1.33)

N=33, scale 1-7

Self-rated Style: Corr. ₅

Style	Mean (st.dev.)			
	1	2	3	<u>4</u>
1. Cooperative				
2. Competitive	.47*			
	<u>-.37*</u>			
3. Compromising	.38*			
4. Accommodating	<u>.33†</u>	<u>-.39*</u>		
5. Avoiding				

N=33, scale 1-7



Style and Value claiming

Avoidant style $-.29^{\dagger}$ with relationship scale

Avoidant style $-.40^*$ value claimed (points)



Computron Negotiation I

Do not show your case material to your counterpart.
You may share any information that you wish verbally.



Negotiation Exercise

Find partner and group number (see role sheet)

Begin negotiation

Post-negotiation:

Fill out negotiation agreement

Fill out Feedback form

Debrief with Partner

Turn in Feedback form to TA by deadline

Break

Prepare for class discussion



Discussion

Bargaining Range?

Did you set a Target? Aspiration?

Did you set a Reservation/Resistance point?

Who made the Opening Offer?

Zone of Possible Agreement



Negotiation Strategy

Distributive/
(fixed pie, value claiming)

Integrative (value creating, pie expanding)

Mixed-motive
value creating
value claiming



Creating Value I

More is better!

- unbundle and add issues

Difference is great!

- Leverage differences in
 - valuation
 - risk attitudes
 - time preferences
 - expectations



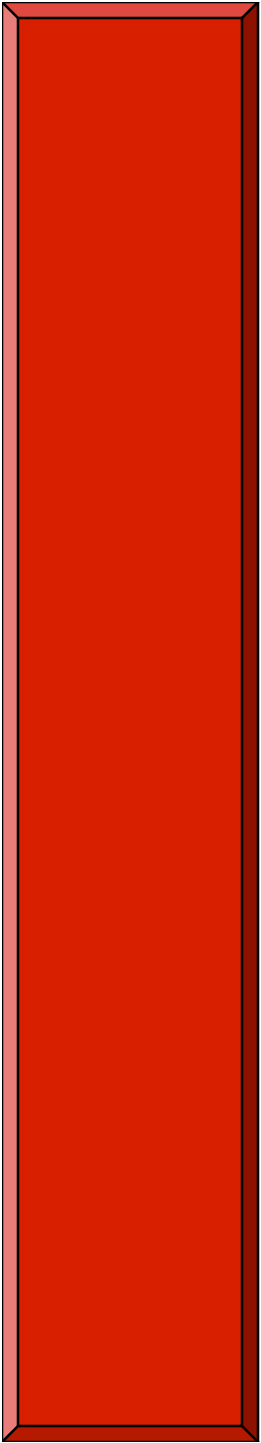
Creating Value II

You have to share!

- sharing information is critical for making tradeoffs

To thy own self be true!

- Know your own preferences (BATANA, etc.)



Integrative Win-Win Strategies

Strategies that Work

- **Build trust and share information**
- **Ask diagnostic questions**
- **Make multiple offers simultaneously**
- **Invent options for mutual gain**
- **Capitalize on differences (valuation, expectations, etc.)**



Claiming Value

How much value have you created?

How should it be split?

Feeling good and act smart!

(Thompson, Valley and Kramer, 1995)



Take Aways

Preparation is a source of power

Differences can lead to Value Creation

Logrolling

Contingent contracts

Balance Value Creating and Value Claiming



What's Next I

Counterpart Feedback: (handed out)

Negotiation Exercise: (pick up and return folder)

Assignment : Pre-exercise Diagnosis



Pre-exercise: Be Prepared

1. Know your own aspirations and goals
2. Consider your counterpart's aspirations and goals
3. Understand the situation (power, time constraints, etc.)
4. Plan your strategy



Pre-exercise: Today's integrative tactics

Thompson (2001)

- **Add and unbundle issues**
 - **Create new issues**
 - **Look for differences in**
 - **valuation (logroll)**
 - expectations,
 - **risk attitudes**
 - time preferences
- (contingency contracts)



What's Next II

Reading:

Fisher “Getting to yes” (pp.1-148)

Ury, W. “Prepare, prepare, prepare”

Recommended

Bring questions about Journal Assignment A

Maister “How to give advice” (1st day packet)



Negotiation Terms

BATNA

Target or Aspiration

Resistance or Reservation Point

Bargaining Zone