Negotiation Theory & Practice

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Negotiation (v.) To confer with another or others in order to come to terms or reach an agreement. (1.) To arrange or settle by discussion and mutual agreement: *negotiate a contract.* (2) To sell or discount (assets or securities, for example). (3a.) To succeed in going over or coping with: *negotiate a sharp curve.* (3b.) To succeed in accomplishing or managing: *negotiate a difficult musical passage.* [Latin *negotiari*, to transact business]
The Art of Negotiation

• Negotiation - “the art of letting them have your way.”

• Your Task - to understand and shape your counterpart’s perceived decisions, so that the counterpart chooses in its own interest something that you also want.

• “People think of negotiating power as being determined by resources like wealth, political connections, physical strength, friends, and military might. In fact, the relative power of two parties depends primarily upon how attractive to each is the option of not reaching agreement.”
  “Getting to Yes, Negotiating Agreement Without Giving In”
Negotiation Settings & Examples

Many places…
- Personal life
- Professional life
- Etc.

Throughout the day…
- Driving, walking, etc.
- Overcoming challenges
- Making decisions

Instances…
- employment negotiations, dining, buying a car, selecting travel itinerary, resource consumption, settling disputes, etc.
Interpersonal Dynamics & Forces at Play

- Assumptions – not explicit
- BATNA (Alternatives) – Always have options!
- Relationship (l-t vs. s-t) - getting the better of another??
- Options (creativity) – no one solution, needle in haystack
- Communication Key!! (95%) non-verbal, temporal, thoughtful, attentive listening
- Commitment (give-get)
- Legitimacy (objective standards)
- Interests
Frameworks & Tactics

• Positional Bargaining (mechanical meet in middle)
• Principled Negotiation (successful tenets)
  • Not personal, carry on in a way that will help future negotiations
  • soft on people, hard on principle
  • two approaching one task
  • gratitude for an offer, can indicate pleased NOT with terms but with FACT of offer
  • review terms
  • NOT based on will, rather based on rationale
• Win-Win
The Dual Concerns Model

Concern about other’s outcomes

Concern about own outcomes

Yielding

(Compromising)

Problem solving

Inaction

Contending

…within Research & University Environment

- RESOLVING CONFLICTS
  - PI/PD – getting what you came for and establishing terms
  - Faculty Advisor – Graduate Students – MD Advisors - PDs
  - Disputes within the laboratory
  - Disputes between or among employees/employers

- NEGOTIATION: KEY TO EFFECTIVE MANAGEMENT & LEADERSHIP

- PD TRAINING EXPERIENCE AFFORDS OPPORTUNITIES TO PREPARE FOR AND PRACTICE EFFECTIVE NEGOTIATION…

- … AWARENESS, UNDERSTANDING, GUIDANCE ARE CRITICAL

- SO WHAT NEXT??
Your Negotiation Style

• There is no “right” way to negotiate
• You must learn to be conscious of your own style
• Two basic types of negotiators (this is a simplification!)
  • Competitive
  • Cooperative
Competition and Cooperation

• Stereotypical competitor is the table-banging screamer

• Studies show, however, that cooperative behavior can lead to effective outcomes
  • “Cooperative” doesn’t mean “pushover”!
More on Negotiating Style

• A negotiator’s style is more nuanced than simply “cooperative” or “competitive”

• An illustration....
The $1000 Game

- Imagine you are one of ten people (all strangers) sitting around a table
- Someone comes in and says, “I will give a prize of $1000 to each of the first two people who can persuade the person sitting opposite to get up, come around the table, and stand behind his or her chair.”
What would you do?

- You have to move quickly
- What is your IMMEDIATE instinct?
The $1000 Game – Option #1

• Decide not to play
• This is the approach of the **Avoider**
  • Prefers not to get involved in the dispute at all
  • Dislike stress
  • Avoids situations with “winners” and “losers”
  • Can be (surprisingly) very difficult to negotiate against
The $1000 Game -- Option #2

• Run over and stand behind the chair of the person opposite you, trusting that she will give you a fair share of the $1000
• This is the approach of the Accommodator
  • Resolves conflict by solving the other party’s problem
  • If the counterpart is similar, he shares the wealth
  • If the counterpart is not similar, the Accommodator may end up with nothing
The $1000 Game - Option #3

- Yell to the person sitting across from you that he should run over and get behind your chair and that you’ll share the money with him if he does
- This is the approach of the **Competitor**
  - First instinct is to see “zero sum” allocations
  - Likes to “win”
  - May even lie if he’s asked to get up and move, claiming he has a sprained ankle
The $1000 Game - Option #4

• If the person across from you is offering you $500 to stand behind her chair, take the deal (even if you made the same offer to her)
• This is the approach of the Compromiser
  • Favors deals that give something to each party
  • Interested in maintaining relationships
  • Tends to “split the difference”
The $1000 Game – Option #5

• Suggest to the person opposite you that you BOTH get up and stand behind each other’s chair, so you BOTH get $1000

• This is the approach of the **Collaborator**
  • Tries to find a way for both parties to get the best outcome
  • Willing to be creative and brainstorm
  • May not be successful against a strong competitor
Negotiating Style

• MOST people use a combination of these styles

• Be aware of your “default” style
  • Just recognizing it allows you to move away from knee-jerk responses

• Be aware of your counterpart’s style

• Be deliberate about altering style as appropriate
Cooperator v. Competitor

• Cooperator may be too willing to share information, brainstorm and make “fair” opening offers
• Competitor might take advantage
• Cooperator may reach with anger
• Competitor may be confirmed in his belief that it’s all about competition!
From Style to Effectiveness

• Traits of an effective negotiator
  • A willingness to prepare
  • High (but not unreasonable) expectations
  • The patience to listen
  • Willingness to consider the other side’s interests
  • A commitment to personal integrity
The Negotiation Process

• Step One: Preparing your strategy
• Step Two: Exchanging information
• Step Three: Opening and making concessions
• Step Four: Closing and getting commitment
Step One: Preparing Your Strategy

- Assess the situation
- What is the perceived importance of the future relationship between the parties? (A)
- What is the perceived conflict over stakes? (B)

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<thead>
<tr>
<th>Balanced Concerns</th>
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<tbody>
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<td>Business partnership, joint venture, merger</td>
<td>Marriage, friendship, work team</td>
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<td>Four way intersection</td>
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Preparing Your Strategy

- Balanced Concerns (business partnership, joint venture or merger) -- Collaboration (problem solving) and compromise
- Relationships (work team, marriage) -- Accommodation, problem solving and compromise
- Transactions (divorce, house sale, market transaction) -- Competition, problem solving and compromise
- Tacit coordination (street intersection) -- Avoidance, accommodation and compromise
Preparing Your Strategy

- Your **GOAL**
- Your BATNA
- Your counterpart’s goal
- Your counterpart’s BATNA
- Standards and norms - - market information
- Items of higher and lower value to use for logrolling
Step Two: Exchanging Information

• Establish rapport
  • The importance of schmoozing cannot be underestimated
• Obtain info on the other side’s interests, issues and perceptions – ASK QUESTIONS!
• Look for interests behind positions
• Signal your own expectations and strengths (gently)
Step Two: Exchanging Information

- Common mistakes:
  - Assuming that the other side has the same style you do
  - Rushing through (or skipping) the information gathering component
  - Assuming you already know the other side’s goals, interests and concerns
  - Failing to signal your own interests and expectations
  - Forgetting to ask questions
Step Three: Opening and Making Concessions

• Issue: Should you make the opening offer?
• Many “experts” claim you should avoid making the opening offer
• However, in some cases that may not be correct
Step Three: Opening and Making Concessions

- Should the opening be “optimistic” (slightly aggressive but passes the red face test) or “fair and reasonable”?
- Context matters
  - In a Relationship negotiation, a fair or even accommodating opening can be the right one
  - In a Transactional negotiation, a more optimistic opening is more likely to lead to your best outcome
- Remember who’s on the other side – e.g., Competitors tend to start with optimistic openings
Step Three: Opening and Making Concessions

- Concessions are the language of cooperation
- Concessions patterns matter just as much as the opening
Step Four: Closing & Getting Commitment

- Agreement without commitment isn’t enough
- Classic endgame issues
  - Time pressure
  - Splitting the difference
  - Threats/walkouts
  - Nibbling (asking for little last minute concessions)
What to do from here?

- Observe how people behave during negotiations each day
- Be aware of what you’re doing in negotiations – being conscious is the first and most important step to being effective
- Read more about these issues

Suggested Readings
Bargaining for Advantage, by G. Richard Shell
Difficult Conversations: How to Discuss What Matters Most, by D. Stone, B. Patton, & Sheila Heen
Contact Information

School of Medicine Career Center
http://med.stanford.edu/careercenter

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