Getting (More of) What You Want
Creating and Claiming Value
Debriefing New Recruit

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April, 2018
Structure of Negotiation

• Distributive
  – Win/lose
  – Maximize own gains
  – Adversarial
  – Short-term
  – Single issue

• Integrative
  – Win/win
  – Maximize joint gains
  – Convergent
  – Long-term
  – Multiple issues

• Congruent
Congruent Value: Strategies and Considerations

• Myth of the fixed pie.
  Select goal-maximizing strategies.
  Maximize monetary value
  Maximize relational value

• One cost of making the first offer: Losing the advantage of identifying congruent issues
Making the First Offer

So when you have the choice, do you prefer to receive the first offer or to make the first offer?
Some Folks Have Strong Opinions

- “She who speaks first is lost”
  (Chester Karass "In business, you don't get what you deserve; you get what you negotiate...” and my real estate agent)
How Do You Decide?

Two competing effects

1) Receiving: Information asymmetry
   - Counterpart may value the issue at a much different metric than you.
   - Counterpart may make a mistake

2) Making: Anchoring
   - The power of anchoring
   - Focusing the “other” on their reservation price

When You Make the First Offer, What Do You Want Your Counterpart to Do?

To get the most out of your first offer, you want your offer to be:

a. Accepted
b. Rejected
c. Countered

You Certainly Don’t Want it Rejected?

Where do you want your first offer to be?
  ▪ Just this side of crazy!

How do you know where crazy is?
  ▪ Preparation – from whose perspective?
  ▪ Justification – can you move the boundary?

And what if you misjudge the line?
  ▪ Negotiating against yourself

The Power and Value of a Justification

• May I use the copy machine?
• May I use the copy machine because I am in a rush?
• May I use the copy machine because I need to make copies?
Compliance in the Copy Line

The Power and Value of a Justification

• Their presence is sometimes more powerful than their quality.
• More powerful the more objective they appear when scrutinized
• Mitigate a counterpart’s resistance to unexpected behaviors – explaining why helps.
• Increase the anchoring power of an offer
Do You Want Your First Offer Accepted?

Getting your first offer accepted can be a problem:

- How do you feel when it happens?
- What do you think about your offer?

How Do You Make This Decision?

- Social roles often determine who makes the first offer.
- When you have the choice, figure out where your greatest comparative advantage lies
  - If you are well-prepared, you may choose to receive the first offer (small anchoring effect, large informational effect).

If you are both well-prepared, make the first offer: you may capture whatever uncertainty exists.
When You Are Not Prepared...

WHAT ARE YOU DOING NEGOTIATING AND NOT BEING PREPARED??

- In this situation when you receive the first offer, you are more strongly affected by the anchor.
- In this situation when you make the first offer, you are more likely to make an error that can benefit the other side.

But if you must . . .
- Make the first offer
- And make it extreme

Feeling good or getting more?

Reservation Prices

• Reservation price is a bright-line standard between agreement and impasse
  – Should you reveal your ‘bottom line’?
• When your counterpart tells you her bottom line, how do you believe her?
• Revealing your true reservation price increases the likelihood of impasse.
  – And it is the person to whom the reservation price is revealed who is more likely to walk away!

Claiming Value: Strategies and Considerations

• Know your alternative and your bottom line or reservation price (RP) – and honor them.
• Set aspiration levels that are significantly and optimistically better than your RP
• Use “objective” standards to justify your positions
  – Watch out for the “fair” strategy
• Don’t negotiate against yourself
Creating Value: Strategies and Considerations

• Claiming value is still in play
  – Analyze own & other’s RP
  – Know your own & other’s alternatives
• Set priorities on your interests (and other’s)
• Make proposals incorporating all issues
  – Avoid solving the easy issues first
• Use the negotiation itself to supplement and verify your knowledge of the other.
  – Ask questions
Creating Value: The Power of Packaging

• Negotiating each issue separately
  – Reinforces zero-sum thinking
  – Is perceived as easier – but is, in fact, more difficult
  – Emphasizes the “midpoint” as a focal solution
• For a split-the-difference strategy to be reasonable requires
  – Parties value the issues identically (and oppositely)
  – Parties’ offers are equally distant from their reservation prices
Creating Value:
The Power of Packaging

• Make proposals incorporating all issues
  – Avoid solving-the-easy-issues-first
  – Use if-then language to yoke concessions across issues
• If the issues were too complex or numerous, create multi-issue chunks.
  – Tentatively agree to each chunk
  – Revisit to make sure that chunks make sense in the aggregate.

Three Ways to Enhance Your Negotiating Fluency

• Set Expectations
• Provide Justifications
• Negotiate Packages
If you want to know more . . .


- Explore my website [gettingmoreofwhatyouwant.com](http://gettingmoreofwhatyouwant.com) for video clips, blog posts, and articles.

- More extensive negotiation training can be had at
  - Influence and Negotiation Strategies Program (residential executive program) [http://www.gsb.stanford.edu/exed/insp/](http://www.gsb.stanford.edu/exed/insp/)