Negotiations;
Introduction of Basic Concepts

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What do we negotiate?
Arm Wrestle Exercise

In Pairs

**Objective:** Get as many points as possible,
You get a point every time the “other person’s hand” touches the table

**Rules:**
- 20 seconds
- No speaking
- Close your eyes
What is the BEST way to divide an orange between two people?
Mixed-Motive Interdependence

- **Mixed-Motive:** The parties share a mixture of compatible interests that invite cooperation and incompatible interests that invite competition and conflict.
- **Interdependence:** What one party does affects the other and vice versa.
Negotiation

Definition:

• The process by which parties aim to define or redefine the terms of their interdependence.

• Through negotiations, the parties aim to maximize the advantages of joint pursuit of compatible interests and minimize the disadvantages resulting from incompatible interests.
Three Criteria of Effective Negotiations

• 1) **Claiming Value:** Seeing that your own needs and interests are met.
• 2) **Creating Value:** Discovering solutions that work to the benefit of all parties.
• 3) **Establishing & Maintaining Good On-Going Relationships**

• Tensions exist among each of these--It is difficult to do all three well
¿Why learn to negotiate?

• Negotiating is a basic human activity that most people engage in every day.

• Given that we all negotiate multiple issues in different situations, having and developing skills for effective negotiation is essential for achieving personal and organizational goals.
Problems with negotiations

**Diagnostic**

- Bad measurement of success
- Bad Preparation
- Bad process
- Bad skills

**Suggested approach**

- Measure success systematically
- Prepare, prepare and prepare
- Think about the substance & the process
- Practice, evaluate, reflect
Course Objectives

• Share concepts, tools and a systemic approach to negotiations

• Develop skills and attitudes

• Gain experience through role play
THE SEVEN ELEMENTS MODEL
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1. Interest
2. Options
3. Alternatives (MAAN)
4. Legitimacy
5. Communication
6. Relationship
7. Commitment
Whatever our demand or “position” may be, we and others involved in the negotiation would like an outcome that meets our underlying interests—the things we need or care about.

The more we have thought about our interests in advance, the more likely we are to meet them.
A good outcome should be among the best of all possible ways to deal with our differing interests.

By options we mean possible agreements or pieces of a possible agreement. The more options we are able to put on the table, the more likely we are to have one that will well reconcile our interests.
A good outcome should seem better than any alternative away from the table, better than things we might do by ourselves or with others.

Before we sign a –deal-or turn one down-we should have a good idea of what else we might do.
We do not want to be unfairly treated, nor do others.

It will help to find external standards that we can use as a sword to persuade others that they are being treated fairly and as a shield to protect us from being ripped off.
Other things being equal, an outcome is better if it is reached efficiently. That requires good two-way communication as each side seeks to influence the other.

We want to think in advance about what to listen for-and what to say.
A good outcome will leave our working relationship strengthened rather than damaged. Preparation can help us think about the human interaction-about the people at the table.

We should have some idea about how to build a relationship that facilitates, rather than hinders, agreement.
COMMITMENT

The quality of an outcome is also measured by the quality of the promises that are made.

Those commitments are likely to be better if we have thought in advance about the specific promises that we realistically can expect, or make, during or at the conclusion of a negotiation.
THE SEVEN ELEMENTS MODEL

COMMUNICATION

RELATIONSHIP

If "NO"

INTERESTS

OPCIONS

LEGITIMACY

If "Yes"

ALTERNATIVES

COMMITMENT
SOME SIMPLE RULES

1. ESTABLISH YOUR BATNA, CONSIDER THEIRS
2. BE HARD ON THE ISSUE AND SOFT ON THE PEOPLE
3. CLARIFY YOUR INTERESTS, NOT YOUR POSITIONS
4. GENERATE BETTER OPTIONS
5. MAXIMIZE YOUR LEGITIMACY
6. STRENGTHEN TWO WAY COMMUNICATION
7. COMMIT WITH CARE AFTER EVALUATING THE IMPLICATIONS
TELLTALE SIGNS OF WIN-WIN POTENTIAL

1) Does the Negotiation Contain More Than a Single Issue?
2) Can Other Issues be Brought in
3) Can Side Deals be made?
4) Do Parties have different Preferences Across Negotiation Issues?
STRATEGIES FOR CLAIMING VALUE

1) Know your BATNA
2) Research The Other Party’s BATNA
3) Set High Aspirations
4) Make the First Offer
5) Counteroffer Immediately
6) Avoid Stating Ranges
7) Make Bilateral (Not Unilateral) Concessions
8) Use an Objective-Appearing Rationale to Support your Offers
9) Appeal to norms of fairness
10) Do not fall for the “Even Split” Ploy
WIN-WIN STRATEGIES THAT WORK

1) Build Trust and Share Information
2) Ask Diagnostic Questions
3) Provide Information
4) Unbundle the Issues
5) Make Package Deals, not Single-Issue Offers
6) Make Multiple Offers Simultaneously
7) Structure Contingency Contracts by Capitalizing on Differences
8) Presettlement Settlements (PreSS)
9) Search for Postsettlement Settlements
THE SEVEN ELEMENTS MODEL

- COMMUNICATION
- RELATIONSHIP
- INTERESTS
- OPCIONS
- LEGITIMACY
- ALTERNATIVES
- COMMITMENT

If "NO"
- COMMUNICATION
- RELATIONSHIP
- INTERESTS
- OPCIONS
- LEGITIMACY
- ALTERNATIVES

If "Yes"
Remember what Grandma used to say...

“Don’t talk to strangers”
Remember what Grandpa used to say...

“He who looses his temper looses the game”
PREPARE, PREPARE AND PRERARE

• Before every meeting, prepare.
• After the meeting, evaluate your achievements and performance
• Adapt your strategies and prepare again

• The majority of negotiations are won or lost before getting to the table.
PREPARE, PREPARE AND PRERARES

If you cannot afford the luxury of preparing, for certain you cannot afford the luxury of **not** preparing
Thank You