

# Traditional Negotiators Take Positions

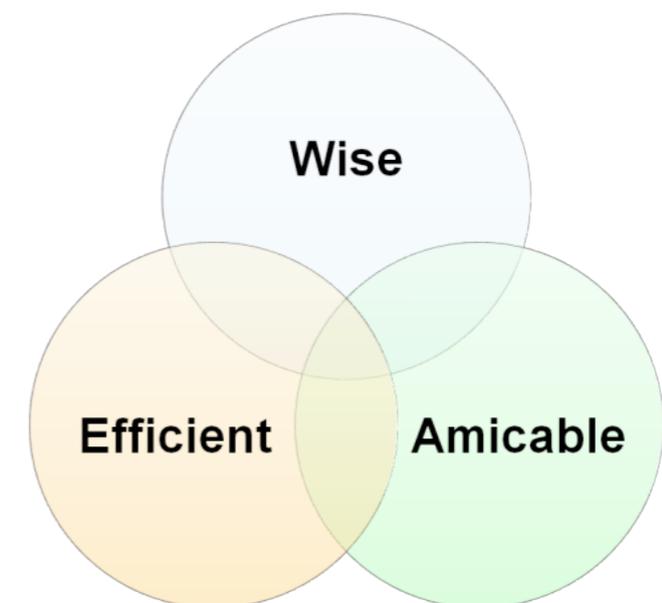
- **How does a market trader typically negotiate?** When you take a position, “I’m not paying more than...” what is the impact on relationship, the quality of the end result, the speed to get to a deal?

**Relationship:** deceive the other side of your true views, becomes a contest of will, legitimate concerns not addressed

**The ultimate agreement:** more attention is spent on positions than the underlying concerns of both parties -> compromise rather than potential win-win.

**The efficiency of reaching agreement:** initial starting points are more extreme so you can meet in the middle, takes more time.

There is another way, it’s called “**Principled Negotiating**” these next few slides explain how we should be looking to incorporate the best practices for people seeking the best results.



# Negotiation styles



Or... change the game

| Soft (Positional Negotiation)                          | Hard (Positional Negotiation)                         | Principled Negotiation   |
|--|---|--|
| Participants are friends                               | Participants are adversaries                          | Participants are problem-solvers                                   |
| The goal is <u>agreement</u>                           | The goal is <u>victory</u>                            | The goal is a wise outcome reached efficiently and <u>amicably</u> |
| Make concessions to cultivate the relationship         | Demand concessions as a condition of the relationship | Separate the people from the problem                               |
| Be soft on the people and the problem                  | Be hard on the problem and the people                 | Be soft on the people, hard on the problem                         |
| Trust others   | Distrust others                                       | Proceed independent of trust                                       |
| Change your position easily                            | Dig in to your position                               | Focus on interests, not positions                                  |
| Make offers  | Make threats  | Explore interests  |
| Disclose your bottom line                              | Mislead as to your bottom line                        | Avoid having a bottom line   |
| Accept one-sided losses to reach agreement             | Demand one-sided gains as the price of agreement      | Invent options for mutual gain                                     |
| Search for the single answer: the one they will accept | Search for the single answer: the one you will accept | Develop multiple options to choose from; decide later              |
| Insist on agreement                                    | Insist on your position                               | Insist on using objective criteria                                 |
| Try to avoid a contest of will                         | Try to win a contest of will                          | Try to reach a result based on standards independent of will       |
| Yield to pressure                                      | Apply pressure  | Reason and be open to reasons; yield to principle, not pressure    |

# Principled Negotiation

**1. Separate the PEOPLE from the Problem**

**2. Focus on INTERESTS, Not Positions**

**3. Invent OPTIONS for Mutual Gain**

**4. Insist on Using Objective CRITERIA**

# Negotiation Power

## Negotiation Power is not the same as Resources

- People think of negotiating power as being determined by resources like wealth, political connections, physical strength, friends, and military might
- In fact, the relative negotiating power of two parties depends primarily upon **how attractive to each is the option of not reaching agreement** (BATNA)

## Some things you can't buy

- The best negotiator in the world will not be able to buy the White House
- You should not expect success in negotiation unless you are able to make the other side an offer they find more attractive than their BATNA

## Enhance your negotiation power

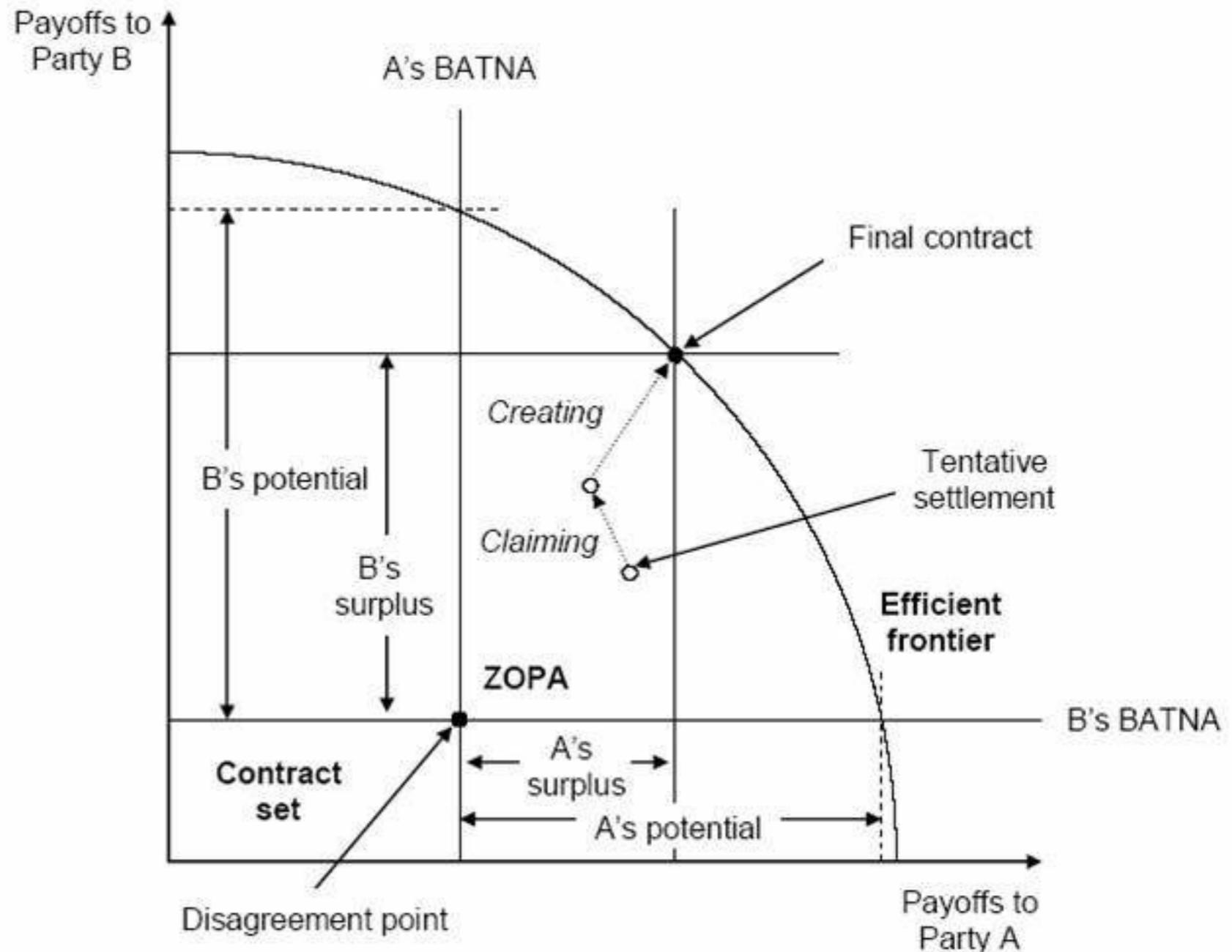
- Developing a good working relationship between the **people** negotiating
- Understanding **interests**
- Inventing an elegant **option**
- Using external **standards** of legitimacy
- Developing a good **BATNA** (& consider the other side's BATNA)
- Making a carefully crafted **commitment**



# BATNA - Best Alternative To a Negotiated Agreement

*e.g. Instead of selling a house at an agreed price, you may rent it*

- The reason you negotiate is to produce something better than the results you can obtain without negotiating
- The relative **negotiating power** of two parties depends primarily upon how attractive to each is the option of not reaching agreement
- **Negotiation power is not a zero-sum phenomenon**. You will often benefit from the other side's increasing ability to influence you
- The more clearly you understand the other side's concerns, the better able you will be to satisfy them at minimum cost to yourself
- Convincing the other side that you are asking for no more than is fair is one of the most powerful arguments you can make
- Micro-BATNA – if no agreement is reached at this meeting, what is the best outcome?
- Use each source of power in harmony with other sources
- **Believe what you say and say what you believe**



# Challenger selling

Follow up application.