NEGOTIATION

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Negotiation Defined

- Working towards agreement
- An interactive process when one person wants something from another and seeks their cooperation in obtaining it
- A skill
- Haggling or bargaining over limited resources
- A useful way to resolve a problem or conflict
Mastery Involves Negotiating Three Elements

Transaction

Relationship

Process
Adversarial Orientation

- Focus on maximizing own gain
- Stay at position/demand level
- View other as “opponent”
- Attack people rather than “the problem”
- Fixed pie, zero sum

- Guard/Withhold information
- Discount relationship or willing to sacrifice it in competition
- More likely to use negative leverage
- Short term transactional view
Collaborative Orientation

• Focus on mutual gain
• Seek underlying needs/interests
• Joint problem solvers - team
• Separate the people from “the problem”
• Share information and listen
• Build relationship
• Invent multiple options – expand pie
• Use objective criteria and principled approach
• Long term view
Collaborative Orientation

Research suggests negotiators get more optimal results more consistently when using a collaborative approach.
But: Master Negotiators Develop Flexibility and Adaptability of Style and Know When One is More Appropriate

Variables that may shift you in different directions:

• Who is counterpart negotiator? Style?
• How high or low are the stakes?
• One time deal or anticipate ongoing relationship?
• How strong or weak is your alternative to a negotiated agreement?
• What are the applicable cultural or social norms in the context?
• Are there any time pressures or urgency?
• What are your natural stylistic strengths?
Core Theory Central to Collaborative Negotiation

Positions vs. Interests

POSITION

• A Demand

• A Strategy to Get Needs Met

• A “Want”
Core Theory Central to Collaborative Negotiation

Positions vs. Interests

INTERESTS

• Lies Beneath the Position

• The Human Need

• The Driver or Motivator
Creating Value

Integrative Bargaining:

- Seek interests
- Create value
- “Expand the pie”
- Look for joint gains
Claiming Value

Distributive Bargaining:

• Establish starting positions

• Make gradual concessions

• “Cut the pie”
The Negotiator’s Dilemma

• Being sufficiently collaborative to maximize opportunity to create value (expand pie)

WHILE ALSO

• Being sufficiently competitive to claim a fair share of the pie

Note:
Collaborative moves expose you to competitive moves while competitive moves can shut down collaboration.

Awareness of the tension and timing of creating and claiming helps
Categories of Interests/Needs

**CONCRETE**

Examples:
- Food
- Shelter
- Clothing
- Health

**PSYCHOLOGICAL**

Examples:
- Respect
- Autonomy
- Enjoyment
- Love
- Understanding
- Growth/Challenge

**PROCEDURAL**

Examples:
- Participation
- Order
- Voice
- Fairness/Equality
Not All Interests Are the Same

- Shared: Parties’ needs that are in common
- Differing: Parties’ needs that are not the same but not at odds
- Conflicting: Parties’ needs that are opposed
Why Seek the Underlying Interests?

• Communication occurs at more meaningful, respectful and “human” level
• Promotes better understanding
• Improves negotiation atmosphere. Tends to decrease hostility and conflict
• Often discover more possible solutions or more different strategies to meet the underlying needs
• Solutions are more likely to solve the “real” problem and be more effective and durable

But NOTE: Revealing interests too quickly and without adequate trust and reciprocity may be unwise as it can leave you vulnerable to exploitation.
Leverage in Negotiation

What are your best strategies for gaining leverage/power in the negotiation that allow you to:

- Influence your counterpart negotiator to cooperate with you
- Obtain the results you want
- Remember: leverage can shift and is as much perception as reality
Positive Leverage – “The Carrot”

Something you can offer that the other person wants or needs

An interest you can satisfy

An incentive
Normative Leverage – “Objective Criteria” “Norms”

- Law
- Policy
- Precedent
- Social values
- Religious values
- Contractual agreements
- Industry practice
Negative Leverage – “The Stick”

A course of action, risk, cost or consequence that will occur

OR

Which you can cause to occur that is potentially detrimental to the other person in the absence of a negotiated agreement
Negative Leverage Psychology

Risk/Loss Aversion
We weigh risks more heavily than gains and will do more to avoid or minimize a risk than to achieve an equivalent gain. We are risk avoiding in the face of gains and risk seeking in the face of losses.

“A bird in the hand is worth more than two in the bush”

Exercise in Choice Between:
A sure $1000 pay off versus the toss of a coin, with a gain of $2000 for heads and no gain for tails. (most people choose the $1000 gain).

A sure loss of $1000 versus the toss of a coin, with a loss of $2000 for heads and NO loss for tails. (most people choose the toss of the coin).
Three Conversations in the Legal Context

• We tend to shift between these three conversations during a negotiation

• **Interests** – the needs of the parties, preferably expressed in positive form

• **Rights** – standards established by law, regulation, contracts etc.

• **Power** - threats and consequences in the absence of a negotiated agreement

NOTE:
The three conversations coincide with the three forms of leverage
The Three Conversations

- Instinctive response to any of the three conversations – reciprocity (tit for tat)
- Reciprocity in rights and power conversations often leads to a spiral of negative escalation

Good negotiators can break the cycle of reciprocity

Good negotiators direct talk towards the conversation they believe will be most productive
• Balance the tension between collaboration and competition, and adapt your style according to the situation

• Raise your awareness of the interests or motivators underlying the surface demands or positions

• Generate solutions that maximize value for all and promote better relationships

• Choose your influencing strategy consciously

• Weave between the different forms of leverage artfully