CORE NEGOTIATION SKILLS - ENVIRONMENTAL INSTITUTE OF AUSTRALIA AND NEW ZEALAND

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Negotiation is a **process** where two or more people **resolve** their **differences** where there is an **ambiguity** as to the correct outcome.
Negotiation is every event in person, in writing or electronic where you are trying to influence someone's behaviour or they are trying to influence yours.
TWO WAYS OF NEGOTIATING

Distributive
(more for me means less for you)

Integrative
(collaborative integrating interest based bargaining)
PROBLEMS

1. Sheer volume to be processed
2. Availability cascade of information (and need to respond virtually by return)
3. Default system is Distributive (system 1) versus Integrative (system 2)
TWO PRIMARY VARIABLES IN EVERY NEGOTIATION WE EVER DO TO BE CONSIDERED

Outcomes

Relationships

(Are there ever any negotiations that are relationship free?)
Judgment and general intelligence is crucial in being a good negotiator and decision maker. It is highly likely that most people in business and government have the requisite general intelligence to be good negotiators, but the real issue is JUDGMENT.
Judgment is exercised in 2 ways according to Professor Daniel Kahneman, a winner of the Nobel Prize in economics. Kahneman suggests that there are 2 methods that the brain uses to reach conclusions:

» System 1 - intuitive
» System 2 - working things out

This is easily demonstrated by a number of examples.
THE WAY AHEAD

1. Learn how to negotiate as a stand alone skill (not just a supplement to our core workplace skills)
2. Differentiate between system 1 versus system 2
3. Question your judgement, bias (it is more deficient than we think)
4. Process of analysis and validation / critical
5. Go slow to go fast
6. Take a structured approach ("thinking trumps instinct" mostly)
THE PRINCIPAL TENSIONS THAT WE MANAGE IN NEGOTIATION

1. Tension between principal and agent
2. Tension between empathy and assertiveness
3. Tension of managing time
4. Tension of trying to achieve a win win outcome (definition of win win: a negotiator who creates value not just distributes value)
5. Tension of trying to achieve synchronicity of behaviour
6. Tension of asymmetry of information
TIME BASED RULES

- The negotiator who is least affected by the deadline has the greater power in negotiation
- Most deadlines are negotiable
- Go slow to go fast
- Good negotiations take time to mature
- Open ended negotiations rarely work
- Good negotiators take up all the allotted time for a negotiation
# RELATIONSHIPS

## FIVE CORE CONCERNS

<table>
<thead>
<tr>
<th>Core concerns</th>
<th>The concern is ignored when...</th>
<th>The concern is met when...</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Appreciation</strong></td>
<td>Your thoughts, feelings, or actions are devalued.</td>
<td>Your thoughts, feelings, and actions are acknowledged as having merit.</td>
</tr>
<tr>
<td><strong>Affiliation</strong></td>
<td>You are treated as an adversary and kept at a distance.</td>
<td>You are treated as a colleague.</td>
</tr>
<tr>
<td><strong>Autonomy</strong></td>
<td>Your freedom to make decisions is impinged upon.</td>
<td>Others respect your freedom to decide important matters.</td>
</tr>
<tr>
<td><strong>Status</strong></td>
<td>Your relative standing is treated as inferior to that of others.</td>
<td>Your standing where deserved is given full recognition.</td>
</tr>
<tr>
<td><strong>Role</strong></td>
<td>Your current role and its activities are not personally fulfilling.</td>
<td>You so define your role and its activities that you find them fulfilling.</td>
</tr>
</tbody>
</table>
The average negotiator reaches agreement at the midpoint between the first reasonable offer and the first reasonable counter offer.
SELECTING A STRATEGY

AVOIDING
Lose-lose

ACCOMMODATING
Lose to win

COMPETITIVE
Win at all cost
Win-lose

COLLABORATIVE
Win-win

COMPROMISE
Split the difference

Importance of OUTCOME
Low

Importance of RELATIONSHIP
Low

High

BORROW

ROB

CON

Lewicki, Hiam, Olander
34 CHARACTERISTICS OF AN EFFECTIVE NEGOTIATOR

1. Preparation and planning skill
2. Knowledge of the subject
3. Ability to think clearly and rapidly under pressure and uncertainty
4. Ability to express thoughts verbally
5. Listening skill
6. Judgement and general intelligence
7. Integrity
8. Ability to persuade others
9. Patience
10. Decisiveness
11. Ability to win respect and confidence of opponent
12. General problem-solving and analytical skills
13. Self-control, especially of emotions and their visibility
14. Insight into others’ feelings
15. Persistence and determination
16. Ability to perceive and exploit available power to achieve objective
34 CHARACTERISTICS OF AN EFFECTIVE NEGOTIATOR

17. Insight into hidden needs and reactions of own and opponent’s organization
18. Ability to lead and control members of own team or group
19. Previous negotiating experience
20. Personal sense of security
21. Open-mindedness (tolerance of other viewpoints)
22. Competitiveness (desire to compete and win)
23. Skill in communicating and co-ordinating various objectives within own organisation
34 CHARACTERISTICS OF AN EFFECTIVE NEGOTIATOR

24. Debating ability (skill in parrying questions and answers across the table)

25. Willingness to risk being disliked

26. Ability to act out skillfully a variety of negotiating roles or postures

27. Status or rank in organisation

28. Tolerance to ambiguity and uncertainty

29. Skill in communicating by signs, gestures and silence (non-verbal language)
34 CHARACTERISTICS OF AN EFFECTIVE NEGOTIATOR

30. Compromising temperament

31. Attractive personality and sense of humour (degree to which people enjoy being with the person)

32. Trusting temperament

33. Willingness to take somewhat above-average business or career risks

34. Willingness to employ force, threat or bluff
PREPARATION

- Poor preparation makes for poor performance (4 P’s)
PREPARATION

Colin Rose "Negotiate and Win"
<table>
<thead>
<tr>
<th>(1) Your BATNA (Best Alternative to a Negotiated Agreement) / WIIDS (What If I Don't Settle?) / NDO (No Deal Option):</th>
</tr>
</thead>
<tbody>
<tr>
<td>(2) Their BATNA / WIIDS / NDO:</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Interests</th>
<th>Interests in Conflict</th>
<th>Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>(3) Ours</td>
<td>(4) Theirs</td>
<td>(5) Interests in Common</td>
</tr>
<tr>
<td>Set out our interests in no particular order</td>
<td>Set out their interests in no particular order</td>
<td>Strip out the interests in common</td>
</tr>
<tr>
<td>(6) Overt</td>
<td>(7) Hidden</td>
<td>(8) Brainstorming</td>
</tr>
<tr>
<td>Areas of Overt Disagreement</td>
<td>What are they hiding from me?</td>
<td>Putting ideas forward uncritically selecting later</td>
</tr>
</tbody>
</table>

**Suggested Outcomes**

(9) MESOs
Multiple Equivalent Simultaneous Offers of Settlement

*Please find as a handout in your folder*
## 7 Elements of Negotiation (Scoresheet)

<table>
<thead>
<tr>
<th>Question</th>
<th>Score out of 5 (5 Best - 0 Worst)</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Relationship Value of having an ongoing relationship (Nil = 0 - Max = 5)</td>
<td></td>
<td></td>
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<tr>
<td>2. Communication Effectiveness of Communication? (Nil = 0 - Max = 5)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Interests Have I properly identified these? (both sides - pre or during negotiation) (Asymmetry = 0 - Symmetry = 5)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Options What, if any, are there within the negotiation itself? (Nil = 0 - Max = 5)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Legitimacy Is what I am doing legitimate? (Viz lawful / ethical) (Unlawful = 0 - Ethical / Lawful =5)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Commitments Easily identifiable and capable of being documented? (No = 0 - Yes = 5)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Alternatives Do I have alternatives other than to negotiate with the counterparty / counterparties? (Nil Alternative = 0 - Max = 5)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

35 Perfect Preparation  28+ Satisfactory  21+ Fine Tuning Required  21- Unsatisfactory

Professor Roger Fisher
Concessions are essential to negotiation:

- Always trade your concessions
- Never give them away for nothing except on one occasion
- What is that occasion?
DEADLINES

- The negotiator least affected by the deadline has greatest power in negotiation
- Most deadlines are negotiable
Be completely trustworthy but not completely trusting
The enemies of the negotiated outcome are the impasse and uncontrolled escalation.
For each and every action there is equal and opposite reaction **PLUS 20%**

- Mandela
- De-escalation
Focus on your starting point in the negotiation not your end point
Where you start is where you finish
Your starting point has more to do with the outcome of a negotiation THAN ANY OTHER SINGLE FACTOR
If they are still in the room they are still negotiating
Get three yes’s on the board

Agreeing with the other party is as much of a habit as disagreeing
THE SIX MOST COMMON MISTAKES OF NEGOTIATORS

1. Neglecting the other side's problem
2. Letting price bulldoze other interests
3. Letting positions drive out interests
4. Searching too hard for common ground
5. Neglecting BATNA'S
6. Failing to correct the skewed vision

"Harvard Business Review" J.K. Sebenius
Focus on those things that you agree on, not those that you disagree on.
Good negotiators think more about the other side’s position than their own.

They are usually interest-based collaborative integrative bargainers, not zero-sum positional or distributive bargainers.
Don’t listen to argue

Get rid of:
“Yes, but…”
“However…”
“I hear what you say…”

Then go to:
“If then…”
“Yes and…”
“What if…”
Choose your negotiation atmosphere wisely
THE ATMOSPHERE CONTINUUM

Friendly | Formal | Indifferent | Adversarial | Hostile

JPS
Joint Problem Solving

PB
Pure Bargaining
When in doubt go formal
Remember in every negotiation it takes at least two people to reach agreement

Good negotiators are conservative and build their houses brick by brick and are good risk managers and do not take undue risks
Negotiation is a game of opposites
Your position in negotiation is usually stronger than you think it is

Hard negotiators generally do better than soft negotiators
34 CHARACTERISTICS OF AN EFFECTIVE NEGOTIATOR

- The 34 characteristics is what makes an effective negotiator