

CORE NEGOTIATION SKILLS - ENVIRONMENTAL INSTITUTE OF AUSTRALIA AND NEW ZEALAND

CLAYTON UTZ

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DEFINITION OF NEGOTIATION

- ▶ 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

- ▶ 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

- ▶ 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

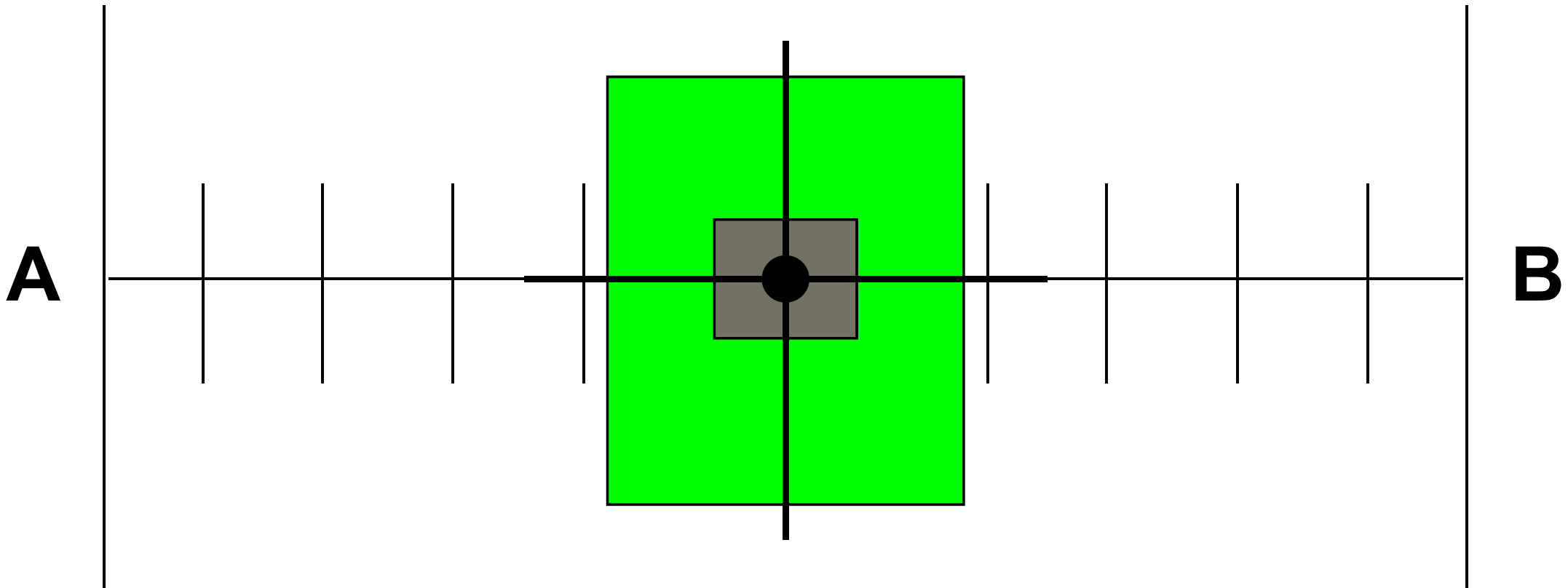
- ▶ The negotiator who is least affected by the deadline has the greater power in negotiation
- ▶ Most deadlines are negotiable
- ▶ Go slow to go fast
- ▶ Good negotiations take time to mature
- ▶ Open ended negotiations rarely work
- ▶ Good negotiators take up all the allotted time for a negotiation

RELATIONSHIPS

FIVE CORE CONCERNS

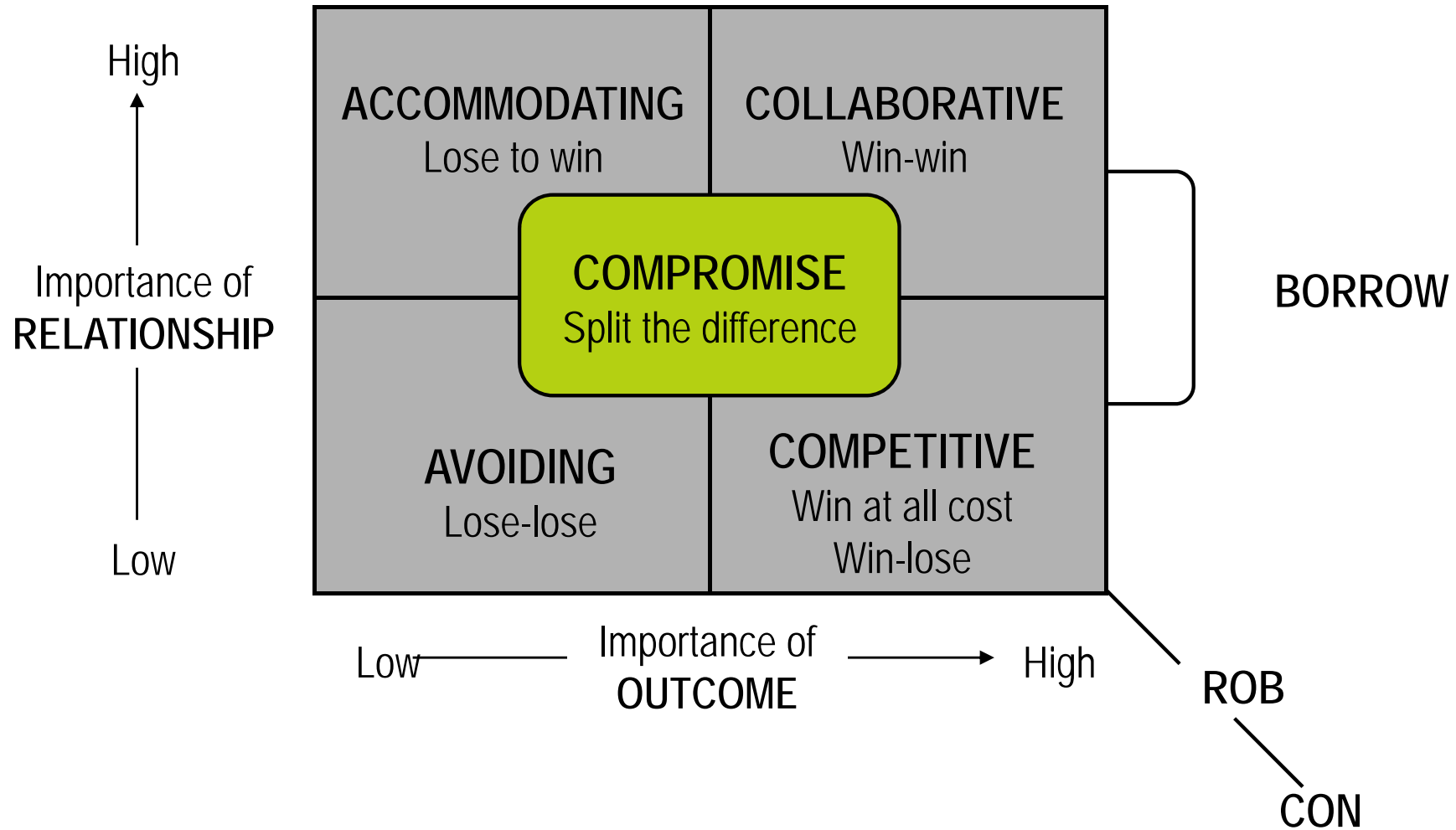
Core concerns	The concern is ignored when...	The concern is met when...
Appreciation	Your thoughts, feelings, or actions are devalued.	Your thoughts, feelings, and actions are acknowledged as having merit.
Affiliation	You are treated as an adversary and kept at a distance.	You are treated as a colleague.
Autonomy	Your freedom to make decisions is impinged upon.	Others respect your freedom to decide important matters.
Status	Your relative standing is treated as inferior to that of others.	Your standing where deserved is given full recognition.
Role	Your current role and its activities are not personally fulfilling.	You so define your role and its activities that you find them fulfilling.

ZOPA



The average negotiator reaches agreement at the midpoint between the first reasonable offer and the first reasonable counter offer

SELECTING A STRATEGY



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

34 CHARACTERISTICS OF AN EFFECTIVE NEGOTIATOR

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

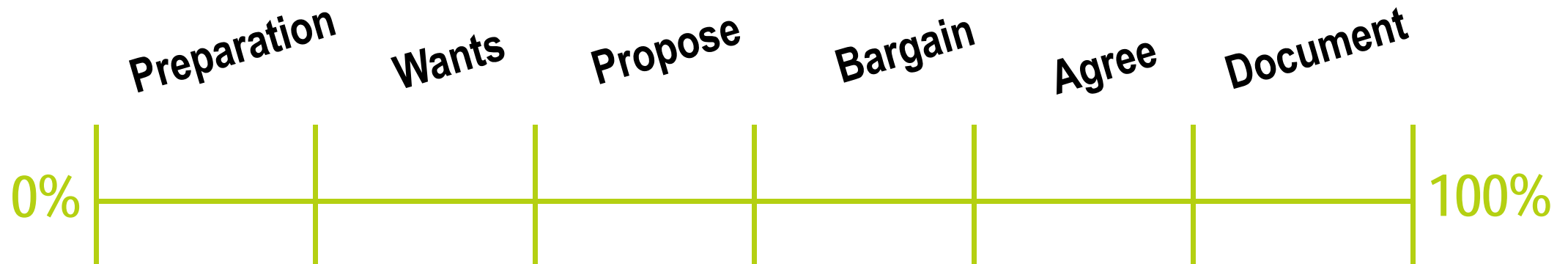
FURTHER READING

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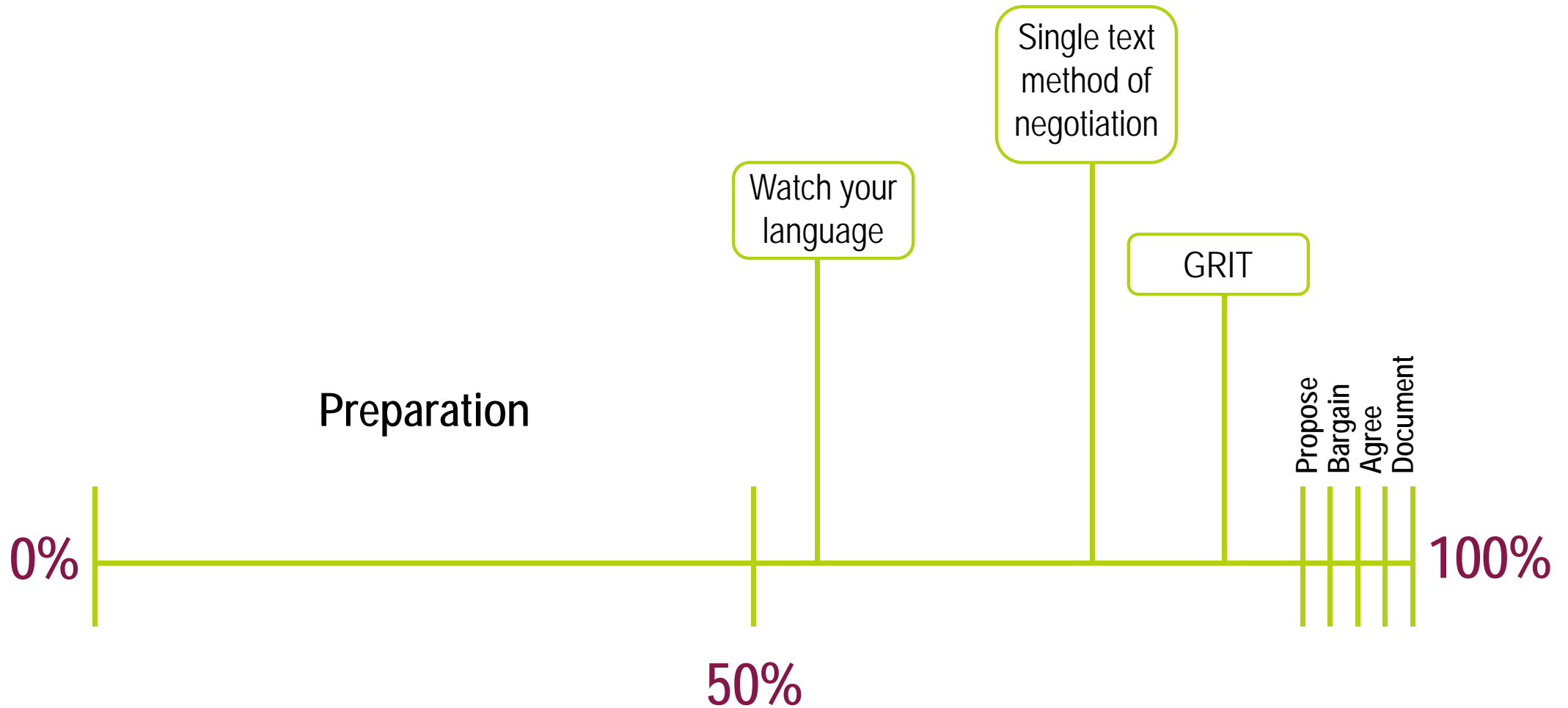
PREPARATION

- ▶ Poor preparation makes for poor performance
(4 P's)

PREPARATION



PREPARATION



Negotiation Worksheet (1)

(1) Your BATNA (Best Alternative to a Negotiated Agreement)/ WIIDS (What If I Don't Settle?) / NDO (No Deal Option):				(2) Their BATNA / WIIDS / NDO:			
Interests				Interests in Conflict		Options	
(3) Ours	(4) Theirs	(5) Interests in Common	(6) Overt	(7) Hidden	(8) Brainstorming		
Set out our interests in no particular order	Set out their interests in no particular order	Strip out the interests in common	Areas of Overt Disagreement	What are they hiding from me?	Putting ideas forward uncritically selecting later		
Suggested Outcomes							
(9) MESOs Multiple Equivalent Simultaneous Offers of Settlement							

Please find as a handout in your folder

7 Elements of Negotiation (Scoresheet)

Health Check Checklist (Part of Preparation Process)

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

35 Perfect Preparation

28+ Satisfactory

21+ Fine Tuning Required

21- Unsatisfactory

CONCESSIONS

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

TRUST

- ▶ Be completely trustworthy but not completely trusting

ESCALATION

- ▶ The enemies of the negotiated outcome are the impasse and uncontrolled escalation

ESCALATION (SECRET TO LIFE)

For each and every action there is equal and opposite reaction **PLUS 20%**

- Mandela
- De-escalation

STARTING POINTS

- ▶ 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**

STILL IN THE ROOM

- ▶ If they are still in the room they are still negotiating

THREE YES'S – GRIT

- ▶ 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

FOCUS

- ▶ Focus on those things that you agree on, not those that you disagree on

THE OTHER SIDE

- ▶ 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

TALKING

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..."

NEGOTIATION ATMOSPHERE

- ▶ Choose your negotiation atmosphere wisely

THE ATMOSPHERE CONTINUUM

Friendly

Formal

Indifferent

Adversarial

Hostile

JPS

Joint Problem Solving

PB

Pure Bargaining

NEGOTIATION ATMOSPHERE

- ▶ When in doubt go formal

THE VETO

- ▶ 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

GAME OF OPPOSITES

- ▶ Negotiation is a game of opposites

STRENGTH IN NEGOTIATION

- ▶ 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

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