

Negotiations

- Objectives
- Positional Bargaining Negotiations
- Interest Based Negotiations
- Stages of Negotiation
- Transitioning from Positional Bargaining negotiations to Interest Based negotiations
- Prisoners Dilemma Exercise
- Summary

objectives

- build common vocabulary
- better understand conflict dynamics, analysis and negotiation techniques
- apply learning in a variety of negotiation simulations

Positional bargaining negotiations

- What is positional bargaining?
- negotiation strategy in which a series of positions - alternative solutions that meet particular interests or needs - are selected by negotiator, ordered sequentially according to preferred outcomes and presented to other party in effort to reach agreement

Positional bargaining cont.

- When is positional bargaining used?
 - When resource being negotiated is limited
 - when want to maximize share in fixed sum payoff
 - when interests of parties not interdependent, are contradictory or are mutually exclusive
 - when current or future relations have lower priority than immediate substantive gains

Positional bargaining cont.

- Attitudes of positional bargainers
 - resource is limited
 - other party is my opponent
 - win for me is loss for you
 - goal is win as much as you can
 - concessions are sign of weakness
 - my solution is the right solution
 - on the offensive at all times

Positional bargaining cont.

- Characteristic behavior of positional bargainers
 - initial large demand
 - low level of disclosure
 - bluffing
 - threats
 - incremental concessions
 - hard on people and problem

Costs and benefits of positional bargaining

- Costs
 - may damage relationships
 - polarizing
 - cuts off option exploration
 - often prevents tailor made solutions
 - obscures focus on interests
 - at best produces compromises (where better solutions may have been available)

Costs and benefits of positional bargaining

- Benefits
 - may prevent premature concessions
 - may be useful in dividing fixed sum resources
 - does not require trust to work
 - does not require full disclosure of privileged information

Interest based bargaining negotiations

- What is interest based bargaining?
- A negotiation strategy that focuses on satisfying as many interests or needs as possible for all negotiators and a problem solving process used to reach an integrative solution rather than distributing rewards in a win / lose manner

Interest based bargaining cont.

- When is interest based bargaining used?
 - When interests negotiators interdependent
 - not clear if issue being negotiated is fixed sum
 - future relationships are high priority
 - negotiators want to establish cooperative problem solving rather than competitive procedures
 - negotiators want to tailor solution to specific needs
 - compromise of principles is unacceptable

Interest based bargaining cont.

- Attitudes of interest based bargainers
 - resource is not seen as strictly limited
 - all interests of all parties must be addressed to reach agreement
 - focus on interests not positions
 - parties look for objective standards
 - belief in multiple satisfactory solutions
 - focus on co-operative problem solving
 - people and issues are separate
 - focus on win / win solutions

How to do interest based bargaining

- Acknowledge three types of negotiator interests:
 - substantive
 - procedural
 - relationship or psychological interests
- Identify the interests / needs you expect to satisfy
- speculate on the interests needs that might be impt. to other negotiators

Doing interest based bargaining cont.

- Begin negotiations by educating each other regarding interests / needs
- frame the problem in a way that is solvable by win / win solution
- generate multiple options for settlement
- separate option generating process from evaluation process
- work towards agreement

Costs and benefits of interest based bargaining

- Costs
 - requires some trust
 - requires negotiators to disclose information and interests
 - may uncover extremely divergent values or interests

Costs and benefits of interest based bargaining

- Benefits
 - produces solutions that meet specific interests
 - builds relationships
 - promotes trust
 - models cooperative behaviour that may be valuable in future

Stages of Negotiation

- Evaluate and select strategy to guide problem solving
- make contact
- collect and analyze background information
- design a plan for detailed negotiation
- build trust and cooperation
- begin the negotiating session

Stages of Negotiation cont.

- Define issues and set agenda
- uncover any hidden interests
- generate options for settlement
- assess options for settlement
- final bargaining
- achieving formal settlement

Transitioning from Positional Bargaining negotiations to Interest Based Negotiations

- Ignore positions and focus on interests
- do not ask for specific solutions too early in process
- do not respond to positions with counter positions
- ask whether problem has to be solved in win / lose manner
- constantly ask why position is important to get at underlying interests

Transitioning from Positional Bargaining negotiations to Interest Based Negotiations continued

- Conduct trial and error hypothesis testing to indirectly identify interests
- verbalize and make interests explicit
- separate substantive, procedural and psychological interests
- look for general principles behind positions to which all parties can agree
- reframe problem as a search for means to satisfy interests

Transitioning from Positional Bargaining negotiations to Interest Based Negotiations continued

- Reframe problem to emphasize commonality of interests or possibilities of joint gain
- separate problem from the people involved
- ask for principles by which to evaluate positions offered
- review counter positions to see how they meet parties interests
- do not negotiate use of interest based

introduction to Prisoners Dilemma Exercise

- What is it?
- How does it work?

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