

Negotiation & Collaboration

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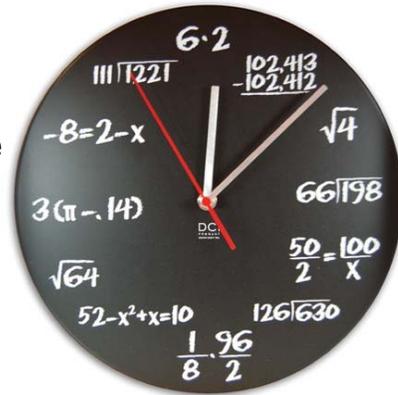
Objectives for This Session

- Learn and practice negotiation tactics as tools for facilitating collaborative agreements & relationships
- Step back from day-to-day roles and reflect on one's own strengths and development areas in fostering collaboration
- Discuss implications of these lessons for you and Army



Today's Agenda

- Ice-breaker exercise
- Negotiation as a tool for creating & claiming value
- Negotiation exercise: Harborco
- Lessons from Harborco



Negotiation is...

- ...the process through which two or more parties decide what each will give and take in the context of their relationship.
- ...a core leadership competency
- ...necessary for collaboration
- Most negotiators are not always as effective as they could be
 - Over 80% of corporate execs and CEOs leave value on the table
 - Even seasoned negotiators have skills that can be sharpened and bad habits that can be corrected



Ice Breaker Exercise: Carolina Blue Tree

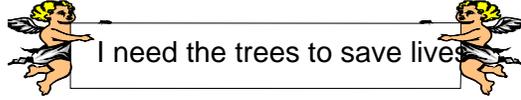


Ground Rules for Today's Exercises

- Do not show your materials to anyone
 - However, you may decide to share any and all information with your counterpart
- Do not make up facts that you believe are inconsistent with your role information
 - However, you may use your info creatively
- Stay in role
- Challenge yourself - use this time to try out styles you might not otherwise use

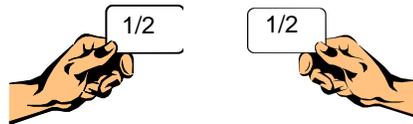
Carolina Blue Tree: What Doesn't Work

Moral appeals



Outbid the opponent

Compromise



The Solution

- Focusing on underlying interests, not stated positions
 - Position: what I want (75% of the trees)
 - Interest: why I want it (need the roots to cure cancer)
- Create value for both sides
 - Matthews takes roots, Richards takes leaves
 - Can leave 25% of the trees to grow for future use
 - Can use \$400,000 toward development of future trees



Two Negotiation Strategies

	Distributive (Competitive)	Integrative (Collaborative)
Goal	Claim Value Win/Lose	Create Value Win/Win
Focus	Individual Gain	Joint Gain
Style	Positional: Rights/Power Based	Principled: Interest Based
Complexity	Single-Issue	Multi-Issue
Relationship	Short-Term	Long-Term



Discussion

- How did you discover the different interests (leaves vs. roots) ?
- Need to ask why
 - Ask yourself
 - Ask your counterpart
- If your counterpart asked why, were you honest? Why or why not?
 - Importance of establishing trust and collaborative tone

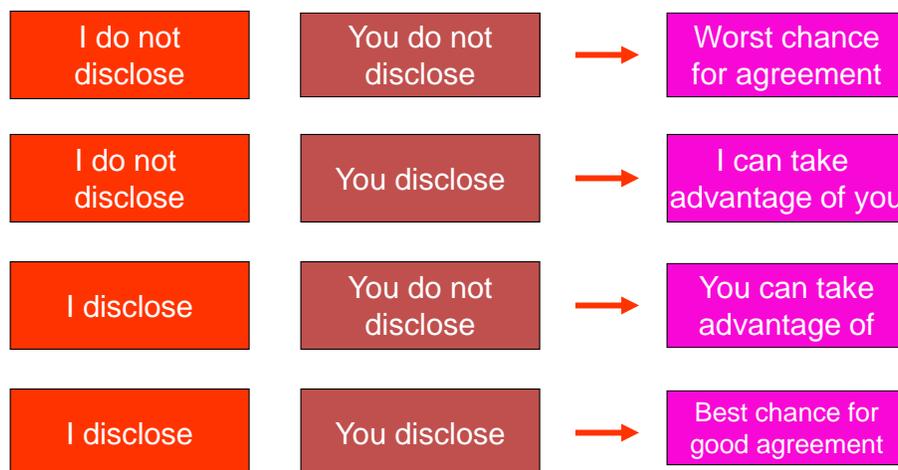


Barriers to Win-Win Negotiation

- Need to understand all parties' interests
- Revealing interests creates vulnerability
- When and how should you reveal your interests?
 - Trusting relationship
 - Require reciprocity in information exchange, just as in concessions



Information Disclosure: The Negotiator's Dilemma



Know Your ABCs

- Acquire information
 - interests vs. positions (the key that unlocks many closed doors!)
 - Trust, tone, & reciprocity
- Find the Biggest pool of resources to share
 - “creating” value
- Claim your share of that pool
 - the goal of negotiation is to satisfy your interests! (“claiming” value)



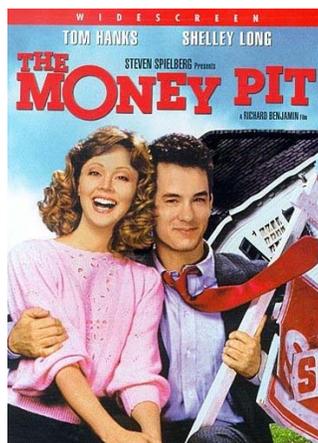
Creating Value

- Share information about preferences and priorities (interests vs. positions)
 - I want 75% of the trees (position)
 - The trees’ roots will help me cure cancer (interest)
- Ask diagnostic questions of other party
 - Questions designed to uncover their interests
- Add or unbundle issues (e.g., roots and leaves)
 - More than one issue, potential for win-win
 - Greater # of issues, greater chance of agreement
 - So, think broadly in the planning process



Strategies for Creating Value

- Make package deals, not single-issue offers
- Make multiple offers of equivalent value (to you) simultaneously
 - Illusion of choice – signals willingness to compromise
 - Way to extract preferences from negotiators who won't share information
- Use post-settlement settlement



Claiming Value

- The person who makes the first offer generally “wins” in a distributive (i.e., single issue) negotiation
 - Recipients use the first offer as an anchor, and don't adjust enough
 - Start to negotiate with yourself before negotiating with your counterpart
 - First offers account for more than 50% of variance in final outcomes
 - Every \$1 increase in the first offer → approximately \$0.50 in the final agreement



Source: Galinsky & Mussweiler, 2001



Why First Offers Work

- Take advantage of anchoring
 - Put the first offer on the table, and make it advantageous to you
- Additional benefit of anchoring
 - High first offer allows you to make large concessions, appearing flexible (invoke norm of reciprocity)
- Risk of anchoring
 - If the offer is too “crazy”, counterpart may walk away
 - If the offer is too “sane”, you will leave \$ on the table
 - If don't know the size of the bargaining zone, you run the risk of missing the mark with a first offer that's too high or too low
 - Importance of obtaining good information



Use Precise Numbers in Anchoring

- Anchoring is more effective when first offer is precise rather than a round or whole number
 - Estimating value of plasma TVs
 - Guessed actual cost to be higher when listed at \$5,012 or \$4,988 than \$5,000
 - Actual real estate sales in Florida
 - Sellers who listed homes more precisely (\$494,500 vs. \$500,000) got closer to their asking prices
- Why?
 - Precise numbers prime us to think about nickels and dimes rather than dollars
 - Precise numbers may signal that the asker put more thought into the offer and is closer to his or her reservation price



Source: Janiszewski & Uy, 2008



Harborco



6 party negotiation concerning Harborco's application for license from FLA



Setting the Scene

- Multi-billion dollar project hangs in the balance
- Multi-party & multi-issue negotiation...
- ...Among parties from different organizations
- ...that don't necessarily like and trust each other
- ...but are likely to interact beyond this negotiation
- Tight deadline to resolve issues



Challenging Negotiation

- Create value
 - Need to find mutually-beneficial, win-win, agreement
 - Otherwise, no deal
- Claim value
 - Get a deal that satisfies interests of your constituency
- With some other challenges
 - Multiple parties, multiple agendas
 - Multiple issues
 - Multiple channels of communication (votes & discussion)



Negotiation Process

- Form planning groups by role: Harborco, Union, Other Ports, etc.
 - 20 min to discuss your strategy with likeminded negotiators
- 60 min for negotiation
 - No mandatory formal voting – manage the 60 minutes as you wish
 - If you run out of time, I will call for a vote
 - If not 5+ Yes votes by end of 60 minutes, no port will be built

