

# Effective Negotiating

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# What is Negotiation?

A discussion between two or more people with a goal of reaching agreement on the issues separating them when neither side has the power--or the desire to use its power--to get his or her own way.



# Competitive Culture Hampers Effective Negotiation

- American's love to win
- Negotiation takes place in this culture which says if there is to be a **Winner** there must be a **Loser**.
- Doesn't have to be this way
- Goal of negotiation should be a mutually satisfactory agreement--a **Win/Win**



# Effective Negotiation Strategies

“Getting To Yes”

Roger Fisher and William Ury

- Focus on *Interests* not Positions
- Separate the *People* from the problem
- Invent options for *Mutual Gain*--win/win
- Insist on using *Objective* criteria
- Identify your *BATNA*--best alternative to a negotiated agreement (reality check)



# Negotiation Theory

## Two Types of Negotiating

- Positional Bargaining--based on **what** you want.
- Interest Based Bargaining--based on **why** you need it. Leads to mutually satisfactory agreements.



# Positional Negotiation

## Positions

- Prejudged and pre-selected outcomes that have not been through a negotiation process.
- Specific demands or solutions that a party adopts to meet his or her needs.

## Positional Negotiation

- Starts with a solution
- Parties propose solutions and make offers and counteroffers until they hit a solution that is acceptable to both of them or until they reach impasse.
- Often the solutions reached are less than satisfactory.



# Positional Negotiation

## Attitudes of Positional Negotiators

- Pie is limited; my goal is to get the biggest piece.
- A win for you must be a loss for me.
- We are opponents.
- There is only one solution...Mine!
- Concession is a sign of weakness.
- A deal today will not materially affect choices available tomorrow.



# Positional Negotiation

## Risks of Positional Bargaining

- Confrontation leads to rigidity.
- Limited analysis of merits and limited development of alternatives.
- Hard to predict outcome or to control process.
- Blind to joint gains.
- Future relations threatened!



# Interest Based Negotiating

Interests are needs that a party wishes to have satisfied:

- Substantive: objective, tangible needs that a party wishes to have satisfied or exchanged as a result of the negotiation.
- Procedural: a party's needs regarding the process of resolving a dispute and the process of implementing settlement. e.g., opportunity to be heard.
- Psychological: a party's emotional needs that are to be met by interaction with another party. e.g., I want to be respected.



# Interest Based Negotiating

- Starts with Identifying underlying needs and interests.
- Parties educate each other about their needs, and then jointly problem solve on how to meet those needs.



# Interest Based Negotiating

## Attitudes of Interest Based Negotiators

- Focus on sharing information.
- Goal is to create “win-win” outcomes.
- Interests and needs of all parties must be addressed to reach agreement.
- There are probably several good solutions.
- We are cooperative problem solvers and the relationship is as important as the outcome.
- Some common interests exist between the parties.
- Parties will benefit from a full discussion of each of their perspectives and interests.
- Problems can best be solved by applying our best intelligence and creativity.



# Behaviors of Successful Negotiators

## During Pre-negotiation Planning

- Consider more outcome options for the issues being discussed.
- Spend more time looking for areas of common ground.
- Think more about the long term consequences of different issues.
- Prepare goals around ranges rather than fixed points.
- Do not form their plans into strict sequential order, dealing with easier issues first can create a climate for agreement on tougher issues.



# Behaviors of Successful Negotiators

## During Face-to-Face Negotiating

- Make fewer immediate counterproposals.
- Less likely to describe their offers in glowingly positive terms.
- Avoid defend-attack cycles.
- Ask more questions, especially to test understanding.
- Summarize concisely the progress made in the negotiation.
- Do not dilute their arguments by including weak reasons when they are trying to persuade the other party.



# Why Negotiations Fail

## Reasons for Impasse

- Process Obstacles
- Merit Barriers
- Psychological Barriers



# Why Negotiations Fail

## Breakdowns

- Communications break down over positional bargaining early in the process.
- Concept of “winning” dooms to failure.
- The process does not contain an opportunity for basic fact finding.
- Not enough information to evaluate the issues objectively.
- Party has a hidden agenda or ego problem.
- Party takes an overly aggressive approach.
- Parties do not see themselves as sharing a problem or as joint problem solvers.
- Party is afraid of appearing weak.
- Party is afraid to divulge facts.



# Decision Making Biases

- Irrationally escalating your commitment to an initial course of action, even when it is no longer the best choice.
- Zero sum thinking-assuming your gain must come at the expense of others, missing opportunities for trade off and mutually beneficial solutions.
- Anchoring your judgments on irrelevant information such as an initial offer.
- Overly affected by the way information is presented to you.
- Relying too much on readily available information, while ignoring more relevant data; not working hard enough.
- Failing to consider what can be learned by focusing on the needs and the perspectives of the other side; not empathetic.
- Overconfident



# Dealing with Impasse

- Engage in additional reality testing--BATNA.
- Suggest a neutral expert to give an opinion
- Summarize areas of agreement and commend parties for movement already made.
- Emphasize common interests.
- Establish a deadline.
- If problem is lack of info, get an agreement on how to obtain missing info.
- If there are multiple issues, switch to a different one.
- Help parties save face by developing reasons to justify changing positions.
- Take a break to allow parties to process, contemplate and rest.
- Open a door for a graceful retreat.
- Identify and suggest relevant resources.



# Problem Solving

Negotiation is Problem Solving. Effective problem solving can be viewed as a six-step process

- Problem: ID and clarify issues. Acknowledge there is a problem.
- Analysis: Clarify and define the problem. Diagnose and observe.
- Brainstorm: Identify and create alternative solutions.
- Consequences: Explore the implications of the solutions.
- Weigh: Weigh the consequences of alternatives.
- Action: Choose the preferred solutions or set out the agreement.



Questions or Comments?

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