



**NEGOTIATING  
FUNDAMENTALS**

---

James A. Eckert, Ph.D.  
Western Michigan University

---

---

---


---

---

---

---

---



Negotiating in three easy concepts

- Life is Negotiation
- Negotiation is a Process
- That Process takes Resources

---

---

---

---

---

---

---

---



Definition of Negotiation

- **Negotiation is a process between parties intended to create a desired outcome.**
  - **PROCESS**
  - **BETWEEN PARTIES**
  - **DESIRED OUTCOMES**

---

---

---

---

---

---

---

---

## Negotiation Elements

- Win-Win vs. Win-Lose
- Strategic vs. Tactical
- On-Going vs. One-Time
- Key Issues vs. Minor Issues
- Implicit vs. Explicit

---

---

---

---

---

---

---

---

## Negotiating in Good Faith

- Negotiation is a process of give and take and thus this should be the expectation going into the negotiation.
  - EXPECT AND OFFER FLEXIBILITY
  - COMMITTED TO PROCESS (not outcome)
  - NOT OFFENDED BY THE PROCESS

---

---

---

---

---

---

---

---

## NEGOTIATING ETHICS

- **HONESTY**
  - Disguising your approach and your issues is part of the game, but blatant lies are not.
  - Short Term Loss
  - Long Term Loss
- **RESPECT**
  - This is not personal, it is functional.
  - Even adversaries deserve respect
  - Respect needs to be big picture and small picture

---

---

---

---

---

---

---

---

**Good Negotiators.....**

- Persistent
- Patient
- Perspective
- Persuasive
- Powerful
- Principled

**And most of all.... PREPARED**

---

---

---

---

---

---

---

---

**The Four Stage Model**

The Negotiation Process Happens with or without you

**Negotiation Potential**  
Understanding and considering the underlying relationship characteristics, as well as the possibilities and realities of the situation. This assessment creates the foundation of the negotiation process

**Negotiation Preparation**  
Devoting the necessary time to fully evaluate the relevant background information, establish relationship and issue goals, and develop strategy for the ensuing bargaining.

**Bargaining**  
The actual interactions between the parties designed to offer positions, discuss issues and reach agreement

**Negotiation Outcome**  
Devoting the necessary time to reach and solidify closure. This becomes part of the potential for the next negotiation episode.

---

---

---

---

---

---

---

---

**Negotiation Potential**

The Foundation of the Negotiation

---

---

---

---

---

---

---

---

### Defining Potential

- Understanding the underlying relationship characteristics, as well as the realities and possibilities of the negotiation situation.
  - Resources
  - Relationship History
  - Power-Dependence (reverse order from article)

---

---

---

---

---

---

---

---

### Resources

- Negotiation takes resources thus the availability of these resources must be considered.
  - Zeit - Time
  - Personal - Personnel
  - Information - Information
  - Geld - Money
- Don't forget to assess the availability of these to the other parties
  - Best evaluation may be comparative

How do scared and lazy factor in?

---

---

---

---

---

---

---

---

### Relationship History

- The past always influences the future
  - Transaction History
    - What, how many, at what price, etc.
  - Relationship History
    - Strong or weak, high conflict or low, etc.
- History Happens at many levels
  - Product, Firm, People
  - And this might create a mixed picture

---

---

---

---

---

---

---

---

## Negotiation Power

- The biggest influencer – but also not set in stone.
- What is Power?????
  - Giving decision authority to another
- Power-Dependence relationships are rarely simple, and often change.
  - Underlying Power
  - Situational Power
  - Informational Power

---

---

---

---

---

---

---

---

## Underlying Power

- Raven's Power Source Model (1959) works well here.
  - **Coercive**
  - **Reward**
  - **Legitimate**
  - **Expert**
  - **Referent**

---

---

---

---

---

---

---

---

## Coercive / Reward Power

- Often the opposite sides of the same coin.
  - Coercive Power is the most risky to use because it often creates a backlash.
    - Do what I want, or I will punish you
  - Reward Power is very strong, but remember the value of the reward is defined by the other party
    - Do what I want, and I will reward you

---

---

---


---

---

---

---

---



### Legitimate Power

- Power derived from a third party that has endorsed the power position of another
- Examples...
  - ISO 9000 Certificate
  - A College Degree
  - CPA in accounting
  - Hierarchical structure in a company

---

---

---


---

---

---

---

---



### Expert Power

- I defer to the other party because I perceive them to be an expert in the area being considered.
  - Easiest of the powers to develop
- Expertise can include...
  - **Informational**: Knows it better
    - Product Knowledge Expertise
  - **Behavioral**: Can do it better
    - Engineering Expertise

---

---

---


---

---

---

---

---



### Referent Power

- I defer to the other party because they are affiliated with someone else I defer to (for whatever reason).
  - Different the Legitimate power in that the network that creates the power need not be formal
  - Examples...
    - Tiger Woods endorsing a product
    - *Consumer Reports* picks its best cars
    - Customer testimonial letter

---

---

---

---

---

---

---

---

## Underlying Power

- Raven's Power Source Model (1959) works well here.
  - Coercive
  - Reward
  - Legitimate
  - Expert
  - Referent
- These can be influenced, but often not greatly in the short term

How can you improve your personal position on these before entering the job market?

---

---

---

---

---

---

---

---

## Situational Power

**Power that is immediate to the current situation**

- Necessity
  - Do I need this?
- Desire
  - Do I want this?
- Competition
  - Are there other options?
- Time
  - How soon must this get resolved?

---

---

---

---

---

---

---

---

## Informational Power

**Power that results from the amount, value, and balance of information that flows within and between the parties**

- Knowledge is Power!
  - Depth of Information
  - Breadth of Information
  - Value of Information
  - Balance of Information
  - Credibility of Information

This power often connects closely with the other sources of power

---

---

---


---

---

---

---

---



### Assessment Done – Now What?

- BATNA: Best Alternative to a Negotiated Agreement
  - This is the outcome that will occur if you do not negotiate with the current party.
    - It can be your best other alternative
      - Take supplier B's offer of price/terms
    - It can also be what happens if you just let the negotiation happen to you
      - Take the price/offer of supplier A with no real effort to change/improve that

---

---

---


---

---

---

---

---



### Assessment Done – Now What?

- Negotiation Preparation is next stage: what are your options?
  - Option 1: Work on this stage in anticipation of a full negotiation episode (attempt to beat BATNA\*)
  - Option 2: Let negotiation happen to you (hope for a result above BATNA)
  - Option 3: Terminate negotiation (Revert to BATNA)

\*BATNA: Best Alternative To a Negotiated Agreement

---

---

---


---

---

---

---

---



### Negotiation Preparation

Whoever Prepares Best Wins!

---

---

---

---

---

---

---

---

### The Goal of Preparation

- To enter the bargaining stage already understanding the issues, goals, strategies and tactics that will be relevant in that bargaining session.
- This work makes bargaining much easier and outcomes are often won or lost at this stage.

---

---

---

---

---

---

---

---

### The Basic Preparation Factors

- Issues
  - What will you negotiate over?
- Goals
  - What outcomes are you aiming for?
- People
  - Who will actually be doing the negotiation?
- Strategies
  - What approaches will you use?
- Tactics
  - What specifically will you do?

---

---

---

---

---

---

---

---

### Issues

- What are the issues most relevant to the parties?
  - Identify
  - Dissect
  - Prioritize
- This must be done for all parties involved
  - You are easy – they may be hard!

**What "Job Offer" Issues are most relevant to you?**

---

---

---

---

---

---

---

---

### Goals

---

- Issue Goals
  - For all issues, big and small, what are your outcome goals
  - What package deals might you accept?
- Relationship Goals
  - What is the overall relationship goal that you have. This can influence the specific issue goals and the strategies selected.

---

---

---

---

---

---

---

---

### Issue Worksheet

---

- Issue
- Sub-Issue
- Acceptable Range
- Walk Away Point
- Concession Approach / Trade-Offs
- Opening Position
- Defense of Position

---

---

---

---

---

---

---

---

### Acceptable Range

---

- Think in terms of a range divided into three sub-ranges

<p><b>ACCEPT</b></p> <p>This is not optimal, but you will likely still say yes. This end of the range is offered last.</p>	<p><b>HAPPY</b></p> <p>Ending in this range would be a good outcome. You general approach is aimed to put you here</p>	<p><b>THRILLED!</b></p> <p>This is the part of the range that would represent a big victory on this issue. Often open here or even above.</p>
--	--	---

Total Range broken into thirds

---

---

---

---

---

---

---

---

## Walk-Away Point

- One of the most important determinations you need to make in preparation.
  - Gives you power!
  - Often not a single point when trade-offs are considered.
  - These should be fully developed before any bargaining occurs!

---

---

---

---

---

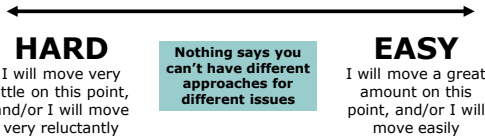
---

---

---

## Concession Strategy

- How easily will you move?



**What is Your "Natural" Approach?**

---

---

---

---

---

---

---

---

## Concession Strategy

- How easily will you move?
- Generally, having 2-4 movement points works well
- Avoid .....
  - Jumping immediately down to just above your walk-away point
  - Using many tiny movements

**Remember:  
Movement Generates Movement**

---

---

---

---

---

---

---

---

## Package Deals

- What issues might you package together in a trade-off package?
  - Best to think through packages you would find acceptable
  - AND try to anticipate the packages or trade-offs you think the other side might find acceptable

---

---

---

---

---

---

---

---

## Starting Point Approach

- General Rule: Moderation
  - A position that won't offend, won't encourage too much game playing, yet gives you room to move.
  - Exceptions: (either direction)
    - Power Imbalance
    - Reaction / Response to other party

Over-Reach ----- Under-Achieve  
**Somewhere between these is the best opening position**

---

---

---

---

---

---

---

---

## Defending your Position

- |  |  |
|--|--|
| <ul style="list-style-type: none"><li>○ <b>DATA</b><ul style="list-style-type: none"><li>● What credible information can you assemble that supports your case?</li></ul></li></ul> <p><b>Sales Job in Chicago</b><br/>Asking for a salary????<br/>Typical compensation in sales + cost of living in the city. You can get data on both of these.</p> | <ul style="list-style-type: none"><li>○ <b>LOGIC</b><ul style="list-style-type: none"><li>● What is the logical rationale for your request</li><li>● "I want more" is not enough!</li></ul></li></ul> <p><b>Sales Job in Chicago</b><br/>Asking for a salary????<br/>Given my sales education I will be above average, and Chicago just flat-out costs more, thus I need ...</p> |
|--|--|

---

---

---

---

---

---

---

---

## Issue Worksheet (revisited)

- After working through each of the issues and sub-issues, take a moment to see if the whole thing makes sense.
  - Sometimes we lose track of the big picture as we focus on each individual issue
  - This review often illuminates possible "package deals" that you can offer.

---

---

---

---

---

---

---

---

## People

- Who will be involved and how might that impact your choices of strategies and tactics
  - Personal Background
    - Work, school, community
  - Cultural Background
    - Big picture to small picture
  - Negotiation Background
    - History of negotiation behavior

**Don't forget your side of this equation!**

---

---

---

---

---

---

---

---

## Strategies

- Pre-Interaction Elements
  - Information Strategy
- Interaction Elements
  - Logistics
  - Issue Discussion
    - Order (issues and speaking approach)
    - Starting Points
    - Communication Approaches (written?)

---

---

---

---

---

---

---

---

**Information Strategy**

- What information will you share?
  - What information is "sharable" and what information should be kept "sacred"?
  - And does everyone know this?
- What information would you like to uncover?
  - What will your specific questions and approaches be?

---

---

---

---

---

---

---

---

**QUESTIONS!!!!!!**

<p>○ <b>ASK</b></p> <ul style="list-style-type: none"> <li>● What pieces of information do you wish to find out from the other party?</li> <li>● Pre-craft questions to find this information out</li> <li>● Generally these are closed-ended questions.</li> </ul>	<p>○ <b>ANSWER</b></p> <ul style="list-style-type: none"> <li>● Anticipate what questions the other party will ask.</li> <li>● How will you answer?           <ul style="list-style-type: none"> <li>○ Answer</li> <li>○ Bounce back</li> <li>○ Trade</li> <li>○ Avoid</li> <li>○ Refuse</li> </ul> </li> </ul>
---	---

---

---

---

---

---

---

---

---

**Discussion Order**

<p>○ <b>Major Issue</b></p> <ul style="list-style-type: none"> <li>● Power Advantage</li> <li>● Attention Span Concerns</li> </ul>	<p>○ <b>Minor Issue</b></p> <ul style="list-style-type: none"> <li>● Unknown Style</li> <li>● Stronger Stamina</li> <li>● First Offer</li> <li>● High Conflict</li> </ul>
--	---

---

---

---

---

---

---

---

---

### First Speaker Strategy

<ul style="list-style-type: none"><li>○ <b>THEM</b></li><li>• Limited Info</li><li>• Unknown other party</li> <li>• Generally, the default strategy is to try and get them to speak first</li></ul>	<ul style="list-style-type: none"><li>○ <b>YOU</b></li><li>• Define Acceptable Range</li><li>• Define Style Rules</li> <li>• This may be especially if you believe the other party will open with an unrealistic position.</li></ul>
---	--

---

---

---

---

---

---

---

---

### Tactics

**Specifically trying to anticipate and practice how the interaction will happen and selecting the tactics you will employ in order to execute your strategies and achieve your goals**

- Ploys (bargaining tactics)
- Questions (ask and answer)
- Time Management
- Mistake and Crisis Management

**Role-Playing can be very productive here**

---

---

---

---

---

---

---

---

### Bargaining

Finally we interact with the other party.

---

---

---

---

---

---

---

---

## Position the Meeting

- Logistics
  - Physical Space
  - Time Frame
- Introductions
  - Try to get everyone involved right away.
  - Exception can be as a power play
- Agenda
  - Have one, but don't be surprised if the meeting goes differently than planned
  - Generally it is best to have control over the agenda.
  - Agenda's themselves sometimes require negotiation

---

---

---

---

---

---

---

---

## Starting the Conversation

- It can seem difficult to start the conversation, but try this...
  - Express appreciation
  - Stress the importance of an outcome
  - Introduce relevant issues
  - Offer or request an offer
  - Use silence!
    - Make first statement/offer relatively brief and then push conversation to other party.

---

---

---

---

---

---

---

---

## Issue vs. Position

- We have issues, we ultimately care about issues, but we most often negotiate via positions.
  - **ISSUE**: An Essential Concern
  - **POSITION**: A Specific, and Current Stance on an Issue.

---

---

---

---

---

---

---

---

## The Give & Take of Bargaining

- In this stage we start to execute our prepared strategies.
- Keys to Success:
  - Commitment to preparation
  - Focus on ultimate goals
  - Calmness and patience
  - Quick thinking
  - Creativity

---

---

---

---

---

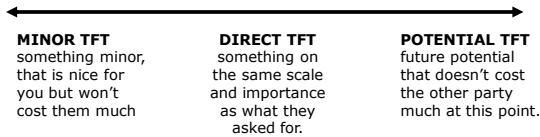
---

---

---

## Bargaining Tactics

- Tit for Tat (This for That)
  - Don't give a concession without asking for one in return
  - Should prepare possible "exchanges" for concessions on key issues



---

---

---

---

---

---

---

---

## Conditional Statements

- When executing an offer or a TFT word the offer as a "conditional statement"
  - If you agree to X, I will agree to Y
    - Used to try and finalize an issue
  - If you consider X, I will consider Y
    - This second one can determine if this party will move in the direction of an issue, but leaves space open for the issue

---

---

---

---

---

---

---

---

## Silence (shhhhhhhh)

- Make an offer and then keep quiet and wait for a response
- Goal is to never bargain against yourself (NAY = making 2 offers in a row).
  - If you must, be sure it is a highly conditional statement. (used to restart conversation)
- Temporary "walk aways" are a more extreme version of silence
- Sometimes it is best to give the other party a chance to talk or think without you around.

---

---

---

---

---

---

---

---

## Levels of Silence

- Say something and remain quiet
- Respond to something with silence
  - Non-verbal action, verbal non-action
  - RESPONSE: Don't NAY!
- Throw the conversation back without offering a position in return
  - "You will have to do better"
  - RESPONSE: "How much better" + silence or "That is my offer" + silence.

---

---

---

---

---

---

---

---

## Other Bargaining Tactics

- Higher Authority
- Outrageous Opening
- Never say yes
- Flinch
- 50/50
- Whoops
- Good Guy/Bad Guy
- Nibbling
- We don't negotiate

---

---

---


---

---

---

---

---



### Getting Past Impasses

- Sometimes creativity is needed
  - Refocus on Issues (not positions)
  - Restate the Problem
  - Brainstorm
  - Good/Bad Analyze
  - Reformulate Idea
  - Double Check

---

---

---

---

---

---

---

---