

## NEGOTIATION DYNAMICS ESSENTIALS



The objective of this document is to help remember the key aspects of negotiation dynamics to ensure deals are optimally explored.

- Be persistent, this might be your lucky day
  - Optimism pays off (self-fulfilling prophecy)
    - Outcome assumption affects your behaviour and theirs
  - Staying implies you are negotiating even if you don't talk
    - Manifest your firmness by staying
    - Non verbally you can communicate a lot by being quiet
  - Avoid email negotiations because it facilitates walking away
  - Your objective is to generate an alternative to your BATNA
  - There are many types of no's and they all serve to gather information, don't take them for an answer without asking why
    - Counterpart will have conflictive goals (eg. CFO vs CTO in software acquisition)
- Challenge is to keep quiet rather than to make the other talk
  - Best way to get them interested is to get interested in them
  - Control your need to explain your situation
    - But beware that when you do not want to talk about something you think about it (and it is known)
  - Let the other give information you can use
  - Keeping quiet is effective because people think negotiation is about talking and keeping quiet doesn't work (paradox)
  - People are happy to talk about themselves
    - People feel they spend less time with you if they talk more
    - People talk more than they are aware of (Time is a matter of perception)
  - The worst enemy is your own ego, not your counterpart
  - Being silent conveys impression you have the time
    - He who controls the timing controls the negotiation
- First listen, then ask questions
  - Questions imply framing
  - When preparing questions do yours first, anchoring on your assumptions before framing questions on them (if you think about them first, when you think about yours you are restrained by your views on possibilities)
  - Open questions are better than closed questions because they give you information and a no is less likely
  - Understanding vs. agreeing
  - If you don't ask you will never know
  - Your counterparts questions say a lot about their interests (US vs USSR double agent war games)
  - When you assess your counterparts BATNA remember you are using assumptions you will have to check during your negotiation
  - Rephrasing increases understanding and efficiency of communication
  - Position (what) vs. interest (why)

- Less likelihood to disclose information / make concessions in public → address people privately
- There is a difference between lying and not disclosing information
- Identify issues on which you agree without concessions, those that serve to enlarge the pie and those that are truly competitive
  - Integrative – Allows for value creation (combine/meet in the middle). Trade concessions / bargaining chips for issues that are more important for you
  - Convergent – Interests perfectly aligned, tendency to converge even unintentionally. Punishing/confusion can lead to non convergence
  - Distributive / Competitive - Whatever you gain is something the other loses
- Trust but verify
  - Entertain multiple, plausibly rival, hypothesis about the other's motives
  - Suspiciousness increases information flow
  - Suspicious vs. competitive
  - Don't question the others benevolence
- Avoid first offers
  - Offers and concessions without knowing about the others will be used to take advantage of you
  - Reactive devaluation (Stanford experiment on Israeli/Palestinian peace settlements)
  - Make offers seem to come from the discussion
  - Reaching out right away might not be a good idea, but it is very powerful
- Be firm on the issue, soft on the person (persistence vs. aggressiveness)
  - "The iron hand in the velvet glove"
  - Don't underestimate smiling and humour
  - Respond to hostility by asking questions
  - Anger generates toughness (high powered situation), sadness generates empathy (low powered situation)
    - Sadness works all the time, anger only at the end
  - Help them want to make concessions
    - Asking for advice/flattery/low profile is more useful than proving the other wrong
- Multi-counterpart negotiations offer more opportunities for value generation
  - Make sure your counterpart agrees to your bringing people into the negotiation (sell it as helping them)
  - Adding counterparts may enable transitive concessions
  - In multi-counterpart negotiations one way to meet people individually is to offer publicly for the other parties to talk between themselves
- Set your objectives by writing them beforehand (in blood)
  - Clarity for complex data
  - Write down key issues and broaden possibilities of understanding
  - Commitment (anchoring yourself)
  - Rank priorities; build payoff table
  - Anticipate scenarios
  - Identify deal breakers
  - Attention to detail: Franklin's horse
  - Know your client's client (eg. Xerox machines)
- There is room for value creating before value claiming
  - Not everything is a zero sum game
  - Assumption everything gain / lose stops you from generating value

- If you start dividing the pie directly you will not identify congruent issues (clear example of first offer risk)
- Pies are 3-Dimensional
  - Deepening – WHY – Interests vs. positions
  - Lateral issues – WHAT SHOULD YOU WANT? - Expanding the pie
  - Dealing with different counterparts
- No concession without compensation
  - Add issues, not bringing it up is a free concession
    - Counterpart more likely to make concession after having rejected several
  - Small, frequent and unpredictable concessions best in eliciting concessions
    - Break up what you are giving away into little presents
    - Brain more sensitive to movement than size
  - Layers better than deepening (anchoring): Move around issues
- Agreements
  - Use conditional as much as you can
  - Don't say yes or no, say you are interested
  - Use "what ifs"/conditional to explore possibilities – even there is no agreement it serves to set the framework
  - First talk, if you have 5 minutes use 4 to talk and 1 to reach an agreement
  - Build from the ground
  - Better if he phrases it
  - Agree on several issues at once
    - Open all doors simultaneously / link issues to generate value
  - Contingent agreements serve to bridge gap between different opinions; decide what will happen the scenario each party expects
  - Difficult issues at end
    - Trust builds up during the negotiation
    - Increases emotional investment and sunk cost of breaking negotiations (other party less likely to walk away)
    - "End effect" makes other party more likely to make concessions at end
    - Leaving big issues out of the deal makes the agreement less useful (why would I make concessions if the important stuff has not been discussed?)
- Post-settlement settlement
  - Some negotiations start after they have ended
  - Who says you can't renegotiate after having an agreement as BATNA?
- It doesn't serve you to talk to someone who is angry
  - Wait for the storm to pass
  - After he has vented, acknowledge indisputable principles upon you can base yourself
  - Build offer from his demand (frame his perceptions to avoid bias)
  - Do a false concession
- Threats
  - Communicate ability to carry threat
  - If you don't comply I will do it (determination)
  - I do not want to (forced on me)
  - Frame threats as promises -"Do this and we will not bomb your country", " I would love to continue working here"
  - Scalable threat vs. total annihilation – keep alternatives, don't make the other party lose everything

- The worst enemy is the one who has nothing to lose
- If the man fears the sting of the bee more than the bee fears death, the bee is more powerful
- Expressing threat less harmful than expressing anger
- Walking away
  - Before you walk away from the negotiation look at the door, it might be enough to communicate the threat
- People are not rational
  - If you act irrationally others might think you are being rational
  - Reusing their words has impact (words linked to perceptions)
  - Power is matter of perception
- Don't dance at the end
  - Don't talk when they are about to sign

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