

Agenda

- Introduction
- *Texoil Exercise*
- Principled Approach
- *Zalada Crisis Exercise*
- Conclusion

Negotiation

- Negotiation is a part of our daily lives
 - Professional, informal, familial settings
- While we may have some intuitive strategies, there are useful frameworks to consider when negotiating
- Negotiation experience is part of the learning process, and you will enact role-simulations to understand better the negotiation process

Texoil Exercise

- Two-party negotiation
- 20 minutes to prepare for your role
- 25 minutes to negotiate with your partner
- Also, you cannot show your role to your partner – keep confidential. Also, while these hypothetical negotiations are obviously hypothetical, they do safely accommodate more learning and errors than do real negotiations.

Principled Negotiation

- Separate *People* from the problem
- Focus on *Interests*, not positions
- Invent *Options* for mutual gain
- Insist on using objective *Criteria*

1. Separate the People from the Problem

- Negotiators are people first
 - Not abstract “opponents,” but people with feelings
- Separate the relationship from the substance
 - Don’t entangle the relationship with the problem
 - Acknowledge the relationship is separate
 - Focus on the issue at hand
- Perception
 - Put yourself in the shoes of the opponent
 - Don’t deduce their intentions from your fears
 - Don’t blame them for your problem

Separate the People from the Problem

- Discuss each other's perceptions
- Emotion
 - Recognize and understand emotions, yours and theirs
 - Why am I angry?
 - Why are they angry?
 - Make emotions explicit and acknowledge as legitimate
- Communication
 - Listen actively and comprehend what is said
 - Speak to be understood
 - Speak for a purpose

2. Focus on Interests, Not Positions

- Interests, not positions, define the problem
 - 1978 Egyptian-Israeli Peace Treaty
 - Positions: Both sides wanted Sinai Peninsula
 - Interests: Egypt – Sovereignty / Israel - Security
- Behind opposing position are shared and compatible interests, as well as conflicting ones
 - Shared interests: Peace

Focus on Interests, Not Positions

- How do you identify interests?
 - *Ask why* a particular position taken? (Both that of yours and your opponent)
 - i.e., Why is there an increase in rent?
 - *Ask why* not a particular position is unacceptable?
 - i.e., U.S. and Iran 1980 Hostage Situation
 - *Make a list* of your interests and those of your opponent
 - *Build an Outcome Matrix*
 - Systematically list pro's and con's
 - If A, then B...

3. Invent Options for Mutual Gain

- Create and invent options without judging them
- Brainstorm with friends and colleagues
 - Note promising ideas
 - Improve promising ideas
- Brainstorm with opponents
 - Differentiate between “stronger” and “weaker” agreements
 - Unconditional versus Conditional
 - Binding versus Nonbinding
 - Comprehensive versus Partial

Invent Options for Mutual Gain

- Look for mutual gain
 - Identify shared interests
 - Don't believe in a fix-pie
 - “Enlarge” the pie
 - Dovetail differing interests
 - i.e., two children quarrel over an orange

4. Insist on Using Objective Criteria

- Negotiating with objective criteria
 - Frame each issue as a *joint* search for objective criteria
 - i.e., What objective standards most relevant?
- Develop objective criteria
 - Fair Standards
 - Market value
 - Cost
 - Moral standards
 - Fair Procedures
 - “one cuts, the other chooses”
 - Taking turns
 - Flipping a coin
 - Third party arbitration

“BATNA”

- Know your BATNA
 - *Best Alternative to a Negotiated Agreement*
- Insecurity of an unknown BATNA
 - Over-pay
 - Under-offer
- Know your opponent’s BATNA
 - Helps you understand the feasibility of an agreement
 - Gives you a sense of power dynamics

Negotiation Exercise

- Zalada Crisis
 - Roles
 - First Secretary of Colonial Embassy in Zalada
 - Zalada Deputy Minister of Justice for Security Affairs
 - 10 minutes to prepare
 - 35 minutes to negotiate with other side

Zalada Discussion

- Zalada specifics
 - What was at issue?
 - What did each side want?
 - What were some outcomes?
- How are the factors guiding negotiation different in *inter*-national negotiations from *intra*-national ones?
- What about negotiating financial transactions versus conflict resolution?

Limitations of Principled Approach

- Failure to perceive a situation as having integrative potential, or common interests
- A belief that issue can only be resolved distributively – “either-or” / “black-white” thinking
- “Mixed-motive” nature of most bargaining situations – some aspects are integrative but others or distributive (i.e., joint ventures)

What if...

- The other side is not using the Principle Approach?
- There is no overlap between my BATNA and theirs?
- The other side wants to play hardball?

Conclusion

- Overview of Principled Approach
- Hands-on experience into some some negotiation issues
- Applications and limitations
- Other frameworks...

Appendix: Preparing for Negotiation

- Understand the nature of the conflict
 - Size and seriousness of the conflict
 - Obvious and non-obvious aspect
- Specify goals and objectives
 - Stating all the necessary goals
 - Determining priority of the goals
 - Identifying possible trade-offs

Preparation

- Understand the opponent
 - The history of the opponent's bargaining behavior
 - The opponent's current resources and needs
 - I.e., financial condition, pressing issues, time cons

Organizing Questions

- Is this game repetitive?
 - Short-term versus long-term: best strategy?
- Are there linkage effects?
 - What relationships are at stake?
 - What other parties might be affected?
- Are there time constraints or time-related costs?
 - Parties under time pressure are disadvantaged