What is Negotiation?

A definition: Any communication between two or more persons with an intention to influence or to persuade.
Negotiations are pervasive...

- In everyday life with family and friends
- In hospitals & the healthcare industry
- In business, real estate, & finance
- In politics, communities, & government
- In law, labor relations, & international trade
- In academia!
- Within *all* organizations – between continents and across all cultures
The Problem:

- Negotiations often fail
- Deals are not made
- Disputes are protracted
- Relationships are damaged
- Money and time are wasted
Possible Causes:

- View negotiation as primarily zero-sum in nature.
- Lack a systematic framework for preparing for, conducting, and analyzing our negotiations.
- Unaware of impact of our behavior on others.
- Limited by institutional and cultural norms.
- Trapped by the three “E”s: Ego, Emotions, & Escalation.
Possible Solutions:

- Recognize possibilities for mutual gain.
- Learn a simple, systematic way to prepare for negotiations.
- Review with a partner to learn about the impact of your behavior.
- Do what you can to make systemic changes within MGH and its culture to increase the capacity for resolving conflicts efficiently and negotiating for mutual-gain.
- Increase your self-awareness and diagnostic capability as a negotiator.
How we define our success drives our outcome …

Assumptions, Mindset → Behaviors or Actions → Outcome

Refframe → Modify/Change
A New Model: Seven Critical Elements of Negotiation Success:

- Alternatives
- Interests
- Options
- Criteria
- Communication
- Relationship
- Commitment

Useful For:

- Defining Success
- Preparation
- Understanding different process choices
- Diagnosing and handling difficult tactics
- Organizing insights, tools, and lessons
Alternatives

► Definition
  ▪ The walk-away possibilities that each party has if no agreement is reached

► Measure of Success
  ▪ Better than your “Best Alternative to a Negotiated Agreement” (BATNA)

► Advice
  ▪ Determine your BATNA; consider what their alternatives might be
  ▪ Try to improve your alternative before beginning the negotiation
**Interests**

► **Definition**
  - The needs, concerns, goals, desires, and fears that motivate us to negotiate

► **Measure of Success**
  - Satisfies parties’ interests
    - Yours well, theirs acceptably, and others not directly in the negotiation tolerably enough to be durable

► **Advice**
  - Clarify yours; estimate the other side’s
  - Probe for interests. Ask “Why?” or “Why not?”
  - Consider both intangible as well as tangible interests
Options

► Definition
  ▪ All of the possibilities on which the parties might agree

► Measure of Success
  ▪ An option that maximizes joint gains, is efficient, and expands the pie

► Advice
  ▪ Option generation should follow discussion of interests and be based upon them.
  ▪ Follow brainstorming rules
  ▪ Separate option generation from option evaluation and commitment
Criteria

► Definition
  ▪ External standards of legitimacy against which to measure possible agreements
    ▪ E.g. laws, regulations, industry standards, standard of care, market price, expert or third party opinion

► Measure of Success
  ▪ Using criteria so no one feels taken

► Advice
  ▪ Use criteria as a “sword” – “Let me show you why this is fair.”
  ▪ Use criteria as a “shield” – “Why is that a fair number?”
Communication

Definition
- The exchange of thoughts, messages, or information by speech, writing, physical cues, or other actions

Measure of Success
- Message sent = message received

Advice
- Tailor your words & tone to the needs of your intended audience.
- Combine advocacy with plenty of inquiry.
Relationship

► Definition
  ▪ The connection between the parties in the negotiation, especially their ability to manage differences effectively

► Measure of Success
  ▪ As a result of the negotiation, the relationship improves or, at minimum, is not harmed

► Advice
  ▪ Be unconditionally constructive on the relationship
  ▪ Separate the people from the problem.
  ▪ Speak for yourself, not for them.
Commitment

Definition

- Agreements about what a party will or will not do

Measure of Success

- Specific, firm, implementable

Advice

- Avoid committing too early
- Use *process* commitments at the beginning to move the negotiation forward
- Make commitments of *substance* at the end, not piecemeal
A successful negotiation is one in which any agreement we may reach:

- Is better than our **BATNA**
- Meets our **Interests** well, theirs acceptably, and others tolerably enough to be durable
- Is the best of many **Options**
- Is legitimate, supported by objective **Criteria**
- Improves, or at least does not damage the **Relationship**
- Is based on clear **Communication**
- Identifies **Commitments** that are specific, firm, and implementable
Circle of Value:

- Communication
- Relationship
- Interests
- Options
- Criteria
- BATNA
- Commitment
A Key Choice

Assumptions
• Pie is fixed
• Only job of negotiator is to claim value

Assumptions
• Pie can be expanded
• Negotiators should look to create value before dividing it up

Traditional Bargaining: A Commonly Assumed Model

Circle of Value:

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Effective Negotiation Skills: The Key Components of Doing Well
The Value of the 7 Elements:

- Provides a systematic way to measure success in a negotiation
- Serves as a simple, thorough way to prepare for a negotiation
- More robust than simplistic unidimensional definitions of negotiation success
- Useful in all types of negotiations