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# Negotiating with CEOs and Terrorists: Is there a Difference?

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# It's Hard to Get Better at Negotiation

- Negotiation is a performance skill
  - Knowing more  $\neq$  doing better
- You are already very good
  - (or you wouldn't be here)
- Skilled performance is mostly unconscious
- Most people have narrow repertoires

# Our Purposes Today

- Observe yourself negotiating
  - Identify strengths and areas for improvement
- Learn a common vocabulary for analysis: 7 simple points
- Get some prescriptive ideas

# Rules for Golden Nugget Game

- No talking
- Maximize return for yourself
- No grabbing until the round begins
- If any are left in the bowl at the end of a round they will double, but:
- The bowl can't hold more than the initial amount
- No punching, eye gouging, etc.

# Golden Nuggets: More than a chocolate bribe?

- Two tasks: value creation and distribution
  - We systematically neglect value creation
  - There's a tension between creation and distribution
    - **Cooperative behavior can be exploited**
    - **Aggressive behavior can spiral downward**
- Be purposive, not reactive
  - Negotiation = teaching
  - Explicit discussion helps
  - Model the behavior you want to see

# Build a Solid Working Relationship

- Separate relationship from substance
- Don't try to buy the relationship
- Unconditionally offer a good relationship
  - **Be easy to work with**
  - **Be trustworthy (not trusting)**
  - **Be respectful, polite, kind**

## Sales exercise: secret instructions

Buyer: Count the number of statements and number of questions the Seller uses. E.g.:

| <u>Statements</u> | <u>Questions</u> |
|-------------------|------------------|
| IIII              | II               |

# Communication: Investigate with ALS

- First goal: learn more
- Balance advocacy and inquiry
  - For most of us, that means more inquiry
  - It's easiest to get them to listen by listening
- Demonstrate empathy



# Active Listening Skills

- Silence
- Minimal Encouragers
- Mirroring
- Paraphrasing
- Emotion Labeling
- Summary
- Open Questions
- “I” statements

# Focus on Interests, Not Positions

- Find out their interests
  - Ask them
  - Watch what they talk about, and for how long
  - Suggest options, ask for criticism
  - Tell them what you *think* their interests are
- Tell them your interests
  - Gives them a role in problem-solving
  - Knowing interests typically helps the relationship

# Generate options

- Invent creative ideas for each issue
  - **Invent in prep, and in the negotiation**
  - **Explicitly disavow commitment**
  - **Encourage stupid ideas**
- Rearrange packages to add value
- Present them with choices
  - **“Would it be better for you to do it this way or that way?”**

# The Ultimatum Game

- Find a partner. There are two roles. Pick A or R.
- You have the chance to split \$100.
- Allocator writes down an Ultimatum:
  - **1 for you, 99 for me**
  - **50 for you, 50 for me**
- Recipient writes minimum demand
- If the offer is equal or greater than the minimum, recipient gets the offer
- If the minimum is bigger than the offer, both get nothing

# Review of Ultimatum Game

- What number should Recipient accept?
  - **A rational value maximizer takes 1 or more**
  - **Reasons to reject 1?**
- Best strategy for Allocator?
- Big lesson: most people are NOT rational maximizers
  - **They hate being treated unfairly**
  - **Some people don't want to treat others unfairly**
  - **But what is "fair"?**
- Sub-rational or supra-rational?

# Raiffa's Boy-Girl Game

- > Girl likes Boy, Boy likes Girl
- > Both are too shy to talk to each other
- > Girl want to go to the game. Boy wants to go to the beach. Each also wants to go where the other is going this weekend.
- > Write in secret where you go

| (Boy, Girl) | Beach | Game |
|-------------|-------|------|
| Beach       | 2, 1  | 0,0  |
| Game        | 0,0   | 1,2  |

# Insist on Fair Criteria

- Criteria = independent standards that suggest what the outcome *should* be
  - **Criteria can be used as a sword...**
    - “Here’s why this is fair.”
  - **.... Or a shield**
    - “How can I explain to my boss why that’s right?”
- They will only be open to persuasion if they see that you are
- The same agreement is worth more if it comes with a story of why we won

# Build a Working Relationship

- Keep relationship and substance separate
  - **Give substance only for substance**
  - **Don't try to buy a relationship**
- Be unilaterally constructive
  - **Model the relationship you want to have**
  - **Don't reward bad behavior**



# Know the Alternatives

- Try to improve your BATNA before negotiations
- Consider sharing your alternative,
  - *If* it's better than they think it is
- Explore their alternatives, *gently*
- At the end of the negotiation, compare your BATNA to the offer on the table

# Defining Success in Negotiation

- Improves the working **Relationship**
- Efficient **Communication** helps us learn more
- Meets our **Interests** (and theirs)
- Best of many **Options**
- Supported by objective **Criteria**
- Better than our BATNA (Best **Alternative** to Negotiated Agreement)
- Culminates in durable **Commitment**

# Preparation

- Time preparing is strongly correlated with success in negotiation
- The Seven Elements
  - Simple, easy to remember
  - Good coverage of the terrain
  - Flexible

# Developing Helpful Habits

- Prepare, prepare, prepare
  - especially when you are short of time
- Review every negotiation
  - Notice what works, and where you got stuck
  - Always watch for good techniques to copy
- Have a skill goal for each negotiation
  - Change it up when you make progress
- Work on improving with a partner