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Negotiate Your Way to Success

Dr. Roy Lewicki

April 28, 2011

Agenda

- Welcome to the Spring Series
- Introduction of MBB Webcast Series
 - Larry Goldman, MoreSteam.com
- Negotiate Your Way to Success
 - Roy Lewicki, The Ohio State University
- Open Discussion & Questions



MoreSteam.com – Company Background

- Founded 2000
- Over 300,000 Lean Six Sigma professionals trained
- Serving 45% of the Fortune 500
- First firm to offer the complete Black Belt curriculum online
- Courses reviewed and approved by ASQ
- Registered education provider of Project Management Institute (PMI)

Select Customers:



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- Offered in partnership with Fisher College of Business at The Ohio State University
- Employs a Blended Learning model with world-class instruction delivered in both the classroom and online
- Covers the MBB Body of Knowledge, topics ranging from advanced *DOE* to *Leading Change* to *Finance for MBBs*
- Go to <http://www.moresteam.com/master-black-belt.cfm> for more information about curriculum, prerequisites, and schedule



Today's Presenter

Dr. Roy Lewicki

Abramowitz Memorial Professorship; Professor of Management & Human Resources, Fisher College of Business, The Ohio State University

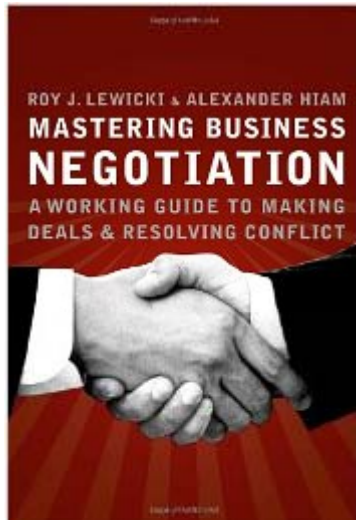


- Leading scholar in the study of trust development, negotiation and conflict management processes.
- Consults with top organizations on conflict management, negotiation skills and leadership development.
- Received the Fisher College Pace Setters Service Award in 2001, the Westerbeck Teaching Award in 2007 and 1998, and was designated the Distinguished Connelly Scholar by the Leavey Graduate School of Business at Georgetown University in 1996.
- At Fisher, he teaches courses in Negotiation, Advanced Negotiation and Leadership, Values and Decision Making.

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- Author or editor of over 32 books, including the leading academic textbooks on negotiation.
- His most recent book is *Mastering Business Negotiations* with Alex Hiam.
- Another recent book, *Making Sense of Intractable Environmental Conflicts*, won the Best Book Award from the International Association of Conflict Management.
- He was recently elected a Fellow of the Academy of Management.

Managing Strategic Negotiations

Presented by:

ROY J. LEWICKI

FISHER COLLEGE OF BUSINESS

THE OHIO STATE UNIVERSITY

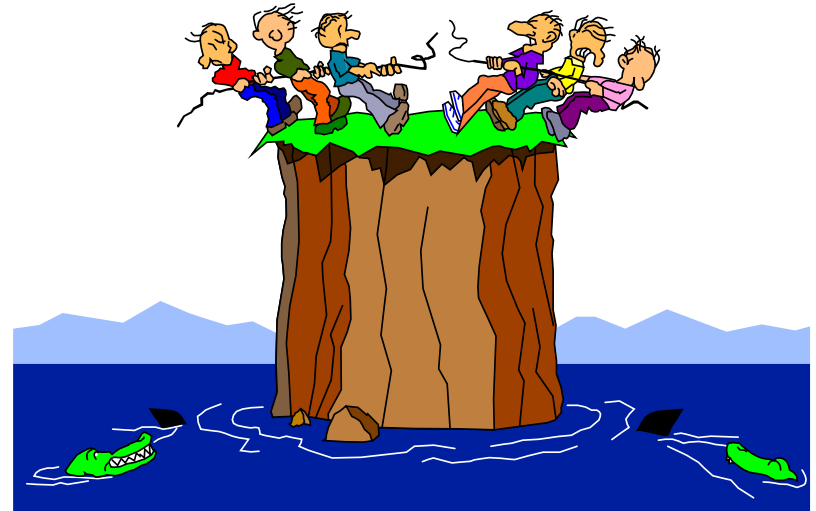
COLUMBUS, OHIO 43210

614-292-0258

Lewicki.1@osu.edu

When is Negotiation Desirable?

- When parties have to decide about interdependent goals or objectives
- When parties are committed or compelled to use peaceful means to resolve disputes
- When there is no clear or established procedure for decision making or dispute resolution



Elements Common to All Negotiations

- Two parties (or more)
- Conflict of interest or position (real or perceived)
- A voluntary relationship
- Tangible and intangible issues
- The expectation of “give and take”

Two “Pure” Models of Negotiation Strategy

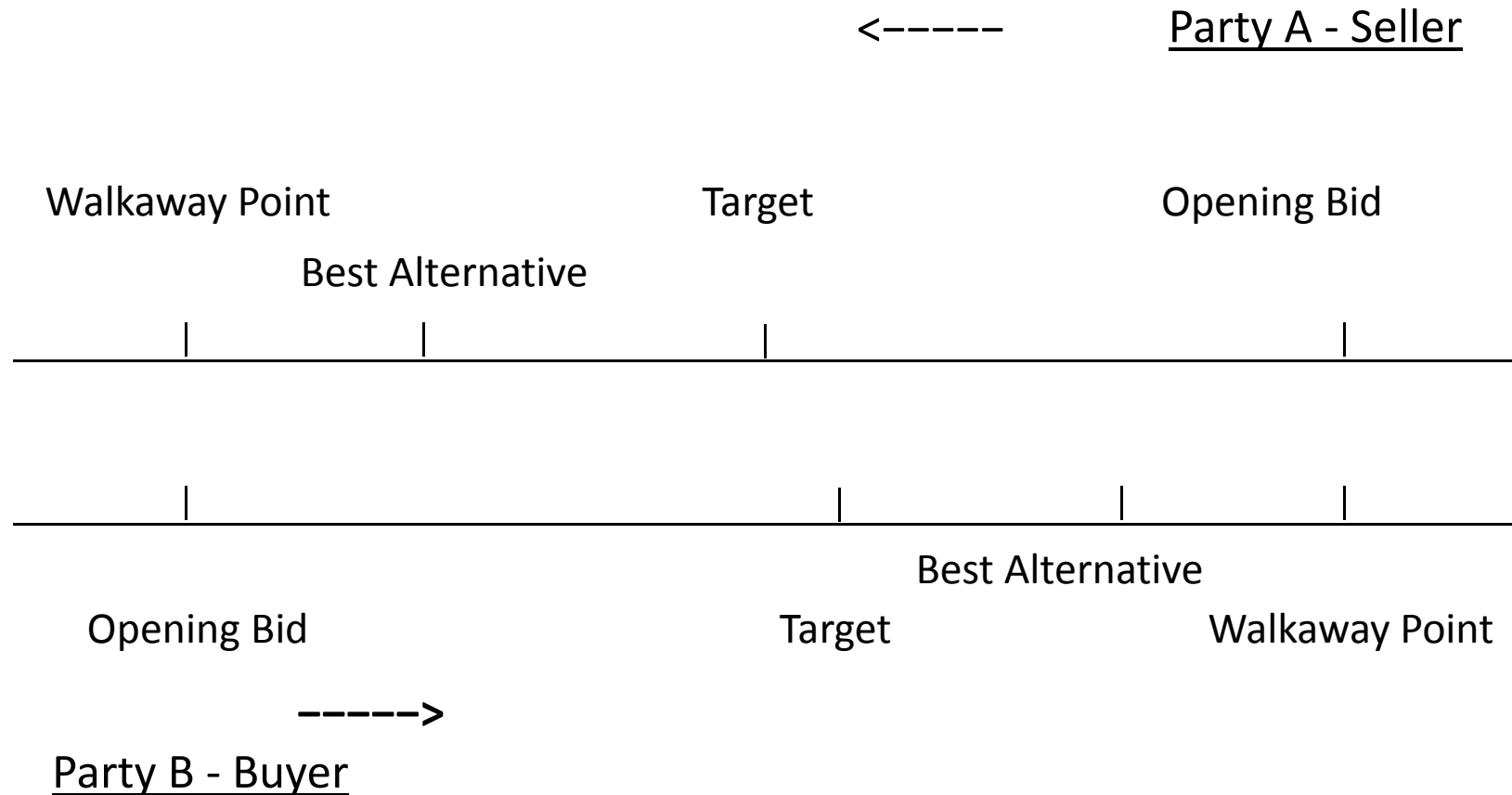
The “Win/Lose” Model

- Distributive
- Competitive
- Claiming Value

The “Win/Win” Model

- Integrative
- Collaborative
- Creating Value

The Claiming Value Playing Field

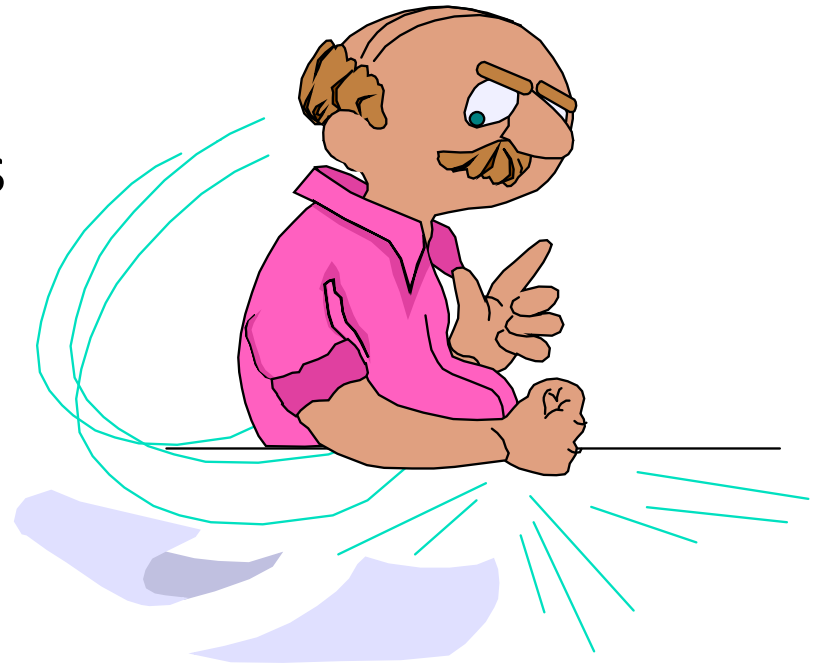


Strategy and Tactics of Claiming Value

- Do good preparation
- Set an Opening, Target, Walkaway and Best Alternative
- Get information about the other side
- Hide information about your side
- Make concessions reciprocally
- Use Claiming tactics(?)/be careful of their claiming tactics.

Consider Using Leverage (Power) Tactics

- Have better information
- Use your “constituency”
- Time pressures/ deadlines
- Legitimacy/”rules”
- Limited options
- Personal attributes



Typical Claiming Tactics

- Bluffs/threats
- Low ball/high ball
- Chicken
- Snow job
- Temper tantrum
- Nibble
- Limited authority
- Bogey/decoy
- Good guy/bad guy

Spectrum of Negotiations

Claiming Value

Extreme positions
and demands

Ignore relationship;
act expediently

Use emotional tactics

Don't make concessions
make little ones

No authority to agree

Ignore deadlines

Creating Value

Work to satisfy mutual
needs

Build trust and a working
relationship

Be rational, reasonable

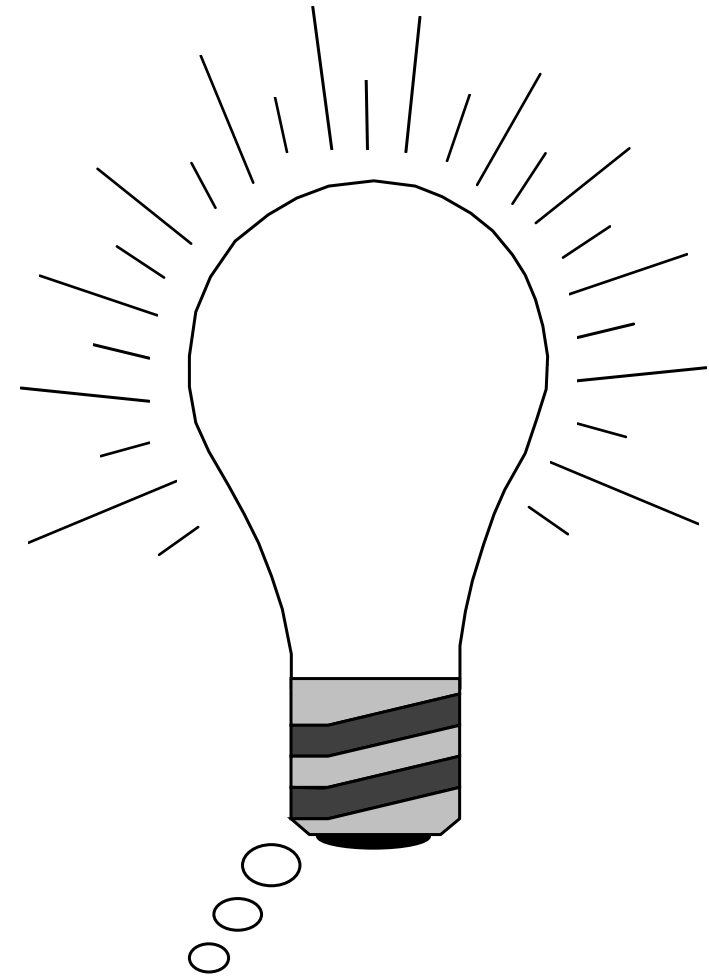
Make concessions; package
and trade off.

Controlled authority

Observe deadlines

Creating Value Negotiations: A Better Way!

- Identify & pursue a solution that *maximizes joint gain*.
- Negotiate on the *merits of the problem*



Key Elements of Creating Value

- Focus on commonalties rather than differences
- Address interests, not positions-yours and theirs!
- Define your Best Alternative
- Exchange information liberally (not your Walkaway)
- Search for differences on issues:
 - Less/more important issues
 - Different expectations of the future
 - Risk preferences
 - Time orientation
- Package differences/invents options for mutual gain
- Define the package based on what is “fair”

Why Creating Value May be Difficult

- Past history/ relationship between parties
- Distrust drives out trust
- Bias toward seeing things in claiming value terms
- “Rights” and “power” drive out “principles”
- W/L drives out W/W in mixed-motive situations



Comprehensive Planning for Negotiations

- What are the issues?
- What is my agenda?
- What are my interests?
- What are my limits (Walkaway and Best Alternative?)
- What are my goals?
- Where should I start?
- What are the other party's interests?
- What is their "style"?
- What are some options for resolution?

Typical Creating Value Tactics

1. Separate the people from the problem.
 - Clarify the problem
 - Try to set aside emotions
 - Communicate clearly about the problem as you see it
2. Build trust:
 - Be honest and accurate--create credibility
 - Create and meet expectations--do what you say you will do
 - Reward the other's trustworthy behavior
 - Act on their behalf, follow through, keep promises
 - Cultivate and build your reputation
3. Share information about own interests and priorities

Typical Creating Value Tactics

4. Ask open and reflective questions about their interests and priorities:
 - "Tell me about...",
 - "Why do you want...", "How will that help you....",
 - "So you believe that..."
 - Get behind positions to needs
5. Actively listen; check for understanding constantly.
6. Make proposals; ask for proposals; use "MESOs".
7. Use techniques for inventing options that get at needs.
8. Try for contingency agreements, opportunities to renegotiate.

Types of Interests

- Substantive interests (the issues)
- Process interests (how we settle the issues)
- Personal interest (relate to personal goals/needs)
- Organizational interests (goals, needs, values of organization)
- Relationship interests (goals of relationship between parties)

Approaches to Inventing Options

- Expand the pie
- Nonspecific compensation
- Logrolling
- Cost cutting for the “downside” party
- Invent “bridging” solutions that address all needs
- THESE REQUIRE CREATIVITY, “OUT OF THE BOX” THINKING!

How to Assure Collaborative Agreements

- Maintain firm flexibility
- Stick to your guns on what really matters
- Communicate and reveal what matters, but not your bottom line!
- Be creative
- Show concern for others' legitimate needs and points of view

Summary Points on Negotiation

- Know your own strengths & weaknesses
- Do your homework; be prepared
- Diagnose the context of the negotiation
- Study and get to know your opposition
- Negotiation is a “multi-act play”, a “dance”
- Rationality & reasonableness are relative
- Keep the intangibles in mind--particularly your reputation!

Bibliography

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Thank you for joining us



Resource Links and Contacts

Questions? Comments? We'd love to hear from you.

Roy Lewicki, Professor of Management & Human Resources –
The Ohio State University, Lewicki_1@fisher.osu.edu

Larry Goldman, Vice President Marketing - MoreSteam.com,
lgoldman@moresteam.com

Additional Resources

Next Webcast: "Driving Insight Through Process Modeling," Dr. Lars
Maaseidvaag, MoreSteam.com, Thur., May 12, 2011 @ 1 PM EDT
<http://www.moresteam.com/presentations/webcast-process-modeling.cfm>

Master Black Belt Program: <http://www.moresteam.com/master-black-belt.cfm>