

Negotiations

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Objectives

- Understand the basics of principled, interest-based negotiation and how to apply it

Note that that “principled negotiation” was developed by the Harvard Negotiation Project and is presented in the best-selling book *Getting to Yes: Negotiating Agreement Without Giving In* by Roger Fisher, William Ury & Bruce Patton

Agenda

- Introduction
- Fundamentals of Principled Negotiation
- Application
 - *The Great Orange Negotiation*
 - Situations you face
- Negotiation Jiu-Jitsu
- Questions and Discussion

Introduction

- *The Curio Shop*
 - Avoid traditional positional bargaining and meeting in the middle (“compromise”)
 - Weak BATNA (**B**est **A**lternative to a **N**egotiated **A**greement) [Weak BATNA](#)
- Situations you face
 - Negotiating with customer, e.g. to provide guarantee
 - Negotiating between credit and sales
 - Others?
- Window negotiation [Window Negotiation](#)

Fundamentals of Principled Negotiation

1. Establish BATNA
2. Gather information
 1. *Seek to understand*: identify interests
 2. Obtain objective, third-party data
3. Brainstorm alternatives for optimal solution
4. Select and implement solution

Application

1. *The Great Orange Negotiation* [Great Orange Negotiation](#)
2. Situations you face
 - Negotiating with customer, e.g. to provide guarantee
 - Negotiating between credit and sales
 - Others?

Negotiation Jiu-jitsu

- Name the tactic and negate it

Questions and Discussion

Weak BATNA

	Shop Owner	Collector
Less than \$50	Lose	Win
\$50	Win	Win
\$50 to \$300	Win	Win
Greater than \$300	Win	Lose

[Introduction](#)

Window Negotiation

	Over-heating co-worker	Co-worker with allergies
Window open	Win	Lose
Window closed	Lose	Win
Window half-open	Lose	Lose
Window closed, air-conditioning on	Win	Win

[Introduction](#)

Great Orange Negotiation

Slovathian Delegation

You are a delegate of the Slovathian government. You have been dispatched to the island-nation of Pampasia to purchase their entire crop of Fantasia oranges. This year the crop is 5,000 tonnes.

Fantasia oranges are grown only in Pampasia. Your government is desperate to obtain the entire crop to avoid annihilation of your country's population. A plague has begun that can be cured only by a serum made from the rind of a fresh Fantasia orange. If you do not immediately obtain the entire crop, ship it home, and process the rinds into serum, your countrymen will all die a painful death.

Slovathia is a small, poor nation. It has placed all of its foreign currency at your disposal. You have available \$5 million with which to purchase the Fantasia orange crop. Your directions are to purchase the desperately-needed commodity for the lowest price possible, but you are authorised to spend the entire amount if necessary.

Great Orange Negotiation

Bothemian Delegation

You are a delegate of the Bothemian government. You have been dispatched to the island-nation of Pampasia to purchase their entire crop of Fantasia oranges. This year the crop is 5,000 tonnes.

Fantasia oranges are grown only in Pampasia. Your government is desperate to obtain the entire crop to take advantage of a commercial opportunity. One of your countrymen has discovered that an active ingredient found only in the pulp of Fantasia oranges will cure baldness. Should you be able to obtain the crop, you will be first into the market and reap a huge economic benefit for your small nation.

Bothemia is a small but commercially successful nation. The Department of Commerce has calculated that the maximum it makes sense to pay for the crop is \$6 million. Success in purchasing the crop will bring you esteem and honour at home. The lower the price, the greater your triumph on your return to Bothemia.

Great Orange Negotiation

Pampasian Citrus Marketing Board

You are a delegate of the Pampasian Citrus Marketing Board. Your job is to sell this year's crop of 5,000 tonnes of Fantasia oranges for the highest possible price.

Fantasia oranges are grown only in Pampasia. Usually you sell them through a commodity broker in Chicago, but this year you are meeting with the delegations of two countries, Slovathia and Bohemia, who wish to buy the entire crop directly.

Your broker has offered you \$250 per tonne for the entire crop (\$1.25 million total). If you sell it directly to either the Slovathians or Bohemians, you will save the broker's commission of 10 percent.

The higher the selling price, the greater will be your performance bonus pay this year.

[Application](#)

Great Orange Negotiation

	Bothemia	Slovathia	Pampasia
Bothemia buys all	Win	Lose	Win
Slovathia buys all	Lose	Win	Win
Bohemia and Slovathia buy and share	Win	Win	Win

[Application](#)