

LINKAGE LAB 2016: NEGOTIATIONS, PART 2

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The New Recruit Negotiation

- 5-10 minutes to prepare
- 30 minutes to negotiate
- Recruiters find a candidate and vice versa
 - Negotiate with someone new
- Fill out the outcome form on the back of the recruiter's role once you've come to an agreement and report your outcomes here:
 - <http://tinyurl.com/NewRecruit16>
- Debrief starts 40 minutes from now





Three Types of Issues

1. Congruent Issues
2. Distributive Issues
3. Integrative Issues

Congruent Issues

- Parties have identical preferences
- “My gain is your gain”
- *Job Assignment & Location*



RECRUITER

CANDIDATE

SIGNING BONUS

• 10%	0	4,000
• 08%	400	3,000
• 06%	800	2,000
• 04%	1,200	1,000
• 02%	1,600	0

JOB ASSIGNMENT

• Division A	0	0
• Division B	- 600	- 600
• Division C	-1,200	-1,200
• Division D	-1,800	-1,800
• Division E	-2,400	-2,400

VACATION DAYS

• 25 days	0	1,600
• 20 days	1,000	1,200
• 15 days	2,000	800
• 10 days	3,000	400
• 5 days	4,000	0

STARTING DATE

• June 1	0	2,400
• June 15	600	1,800
• July 1	1,200	1,200
• July 15	1,800	600
• August 1	2,400	0

RECRUITER

CANDIDATE

MOVING EXPENSES REIMBURSEMENT

• 100%	0	3,200
• 90%	200	2,400
• 80%	400	1,600
• 70%	600	800
• 60%	800	0

INSURANCE COVERAGE

• Plan A	0	800
• Plan B	800	600
• Plan C	1,600	400
• Plan D	2,400	200
• Plan E	3,200	0

SALARY

• \$90,000	-6,000	0
• \$88,000	-4,500	-1,500
• \$86,000	-3,000	-3,000
• \$84,000	-1,500	-4,500
• \$82,000	0	-6,000

LOCATION

• San Francisco	1200	1200
• Atlanta	900	900
• Chicago	600	600
• Boston	300	300
• New York	0	0

Overlooking Congruencies

- **Myth of the ‘fixed pie’** (Bazerman & Neale, 1983)
 - Most untrained negotiators have fixed-pie understanding of negotiation
- **Making uninformed first offers:**
 1. Making a concession when it's not needed
 2. Other party treats concession as reflecting true preference
 3. Agree to a sub-optimal terms

Distributive Issues

- Parties have opposite preferences
- “My gain is your loss” (zero sum)
- Can be adversarial
- *Salary & Start Date*



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• 02%	1,600	0

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• 70%	600	800
• 60%	800	0

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• Plan B	800	600
• Plan C	1,600	400
• Plan D	2,400	200
• Plan E	3,200	0

SALARY

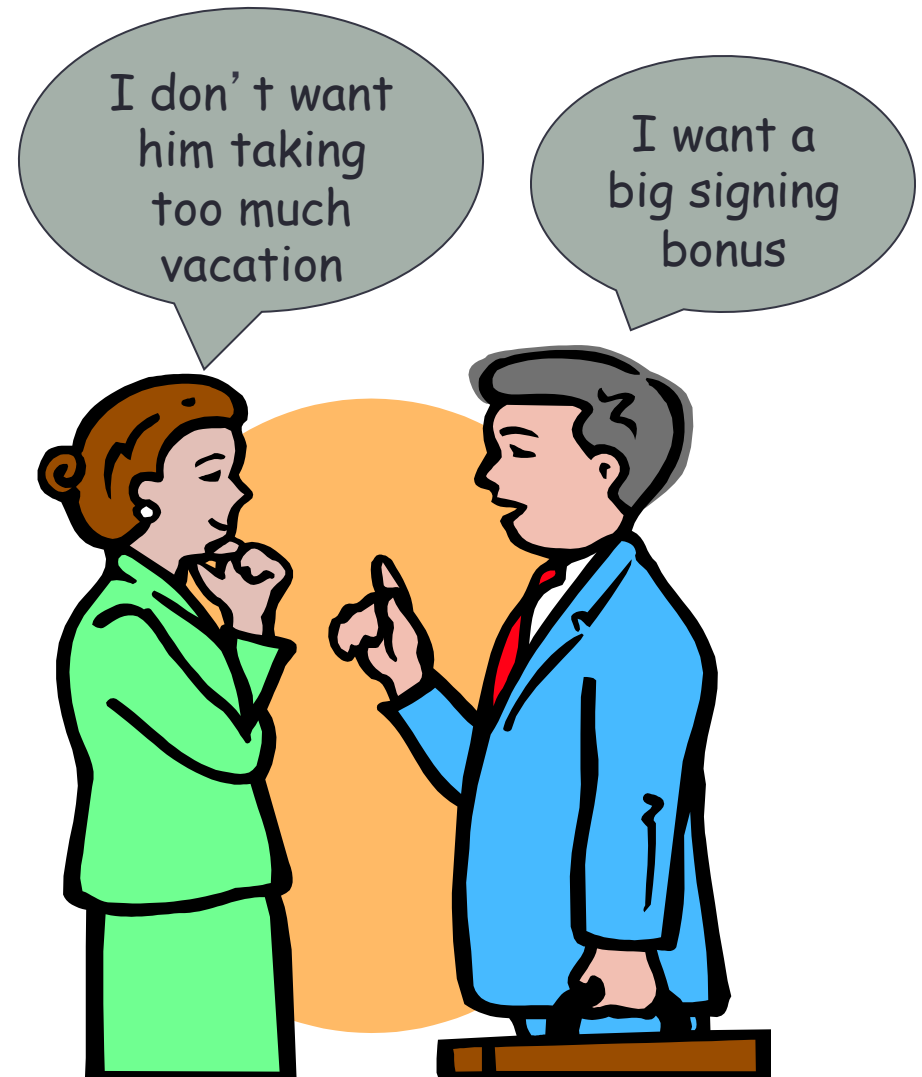
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• New York	0	0

Integrative Issues

- Parties place different value on different issues
- Potential to make value maximizing tradeoffs (“expanding the pie”)
- Requires multiple issues
- *Vacation & Bonus*
- *Insurance & Moving*



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• 02%	1,600	0

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INSURANCE COVERAGE

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• Plan D	2,400	200
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Getting to Win-Win: Creating Value

- Reframe negotiation as a joint problem solving task
- Share information about preferences & priorities
 - Make sure other side knows what you want and why you want it
- Seek creative alternatives to satisfy demands
- Make package offers, not single-issue offers
 - Single-issue offers become a series of distributive negotiations
 - By making multiple, equally-preferable offers simultaneously allows you to uncover other side's preferences
- Never reveal your reservation point

Win-Win IS NOT...

- Feeling good about the outcome
 - *Happy-Happy*
- Building a relationship
 - *Nice-Nice*
- Steamrolling the other party
 - *Win-Lose (13,200 vs. -4800)*
 - Worth 8,400 total points
- Even split on all issues
 - *Lose-Lose (2400 vs. 2400)*
 - Worth 4,800 total points

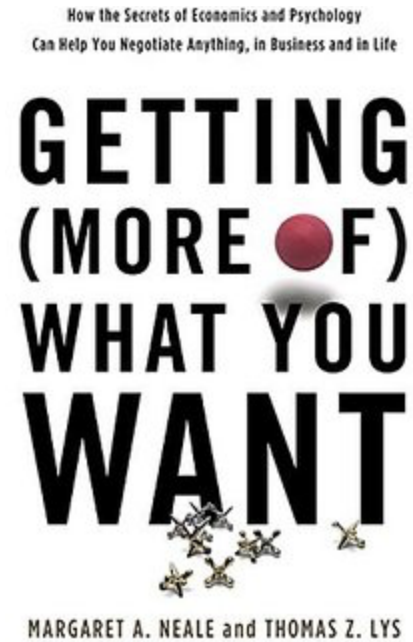
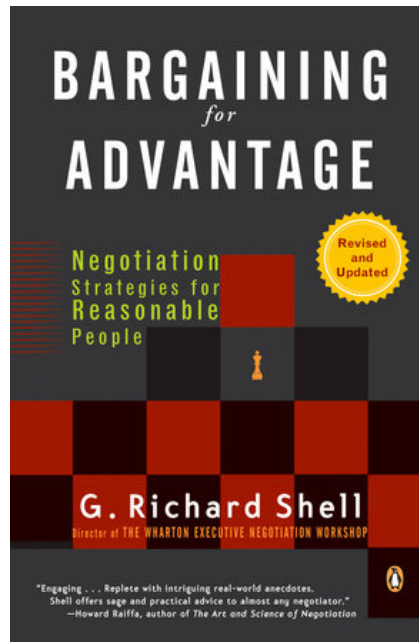
Don't Forget to Claim Value

- Estimate & cultivate your BATNA
 - The quality of your alternatives dramatically influences your willingness to walk away - a great source of power in a negotiation
- Beliefs:
 - Raise your *target point* (your dream offer)
 - Set your *reservation point* (RP) - but keep it to yourself
- Behaviors:
 - Appeal to objective-sounding principles
 - Fairness, industry norms, cost-of-living, etc.
 - Make an opening offer as close to their RP as possible

Lessons from New Recruit

- Before negotiation
 - Identify & prioritize your interests
 - Set target and reservation points
 - Get the best alternative you can (BATNA)
 - Try to identify the others' BATNA
- During negotiation
 - Don't assume all issues are distributive
 - Ask questions to uncover priorities
 - Make offers that include multiple issues
 - Make the opening offer, especially if you have information about their reservation point

For More on Negotiations



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