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- Not reciprocating a concession may damage the esteem of the concession maker
- When you make a concession, you are telling them you are doing something, giving away something value from you, expecting them to give away something valuable from them. If this is not reciprocated may damage the esteem of the other person (i make concession but you don't. I start to feel bad, lose confidence, lose trust, you aren't making concessions, so i think about relationships again.
- Link concessions by packaging them: If you will move on A and B, I will move on C and D
 - If you make concession on A and B I will make concession on C and D
 - Don't go item on item, I reduce A you reduce B. Combine thing (e.g I increase A reduce B, in return I want you to increase A reduce B (increasing number of alternatives to things you are looking at and may help with concession)

Tactics for Closing the Deal

- Provide alternatives (2 or 3 packages to choose from)
 - People like choices, other party will feel better
- Assume the close - act as if the decision has already been made
 - Even through the other party didn't say they agree with the deal, "ok lets fill out the form, get your detail"
 - Assuming you made the deal, pressure you, try to manipulate you
- Split the difference - give a brief summary of the negotiation and suggest splitting the difference
 - Summarising negotiation.
 - We both made concession, lets split the deal and this price
 - You are acting like both parties started as a fair amount and did fair negotiation, and assuming no one did high ball/low ball. So might be trying to trick the other party by saying you are splitting the deal. Maybe not doing so much concession but acting like you are doing a lot of concession as the other party.
- Exploding offers - extremely tight deadline to pressure the other party to agree quickly instead of considering alternatives
 - Pressuring people. Tell an offer. Only 24 hours to make a decision. Time pressure (making them make a quick decision, limiting time to find their alternatives to your offer)
- Sweeteners - save a special concession for the close
 - Put a sweet special concession at the end
 - Give you one final thing if you agree to make a deal
 - Make them feel good about the deal and come back and making the agreement.

Hardball Tactics

- Might hurt relationship
 - Use if do not care about other party, dont trust them, don't have long term relationship. Cuz it hurts your relationship if other party find out.
- Not recommended as they can do more harm than good

- Harm reputation, lost deals, negative publicity, incite revenge
- Understand so you can recognize in a negotiation and know how to deal with them:
 - Indicate to the other party that you know what they are doing and suggest a shift to a less aggressive method of negotiating
 - Ignore it, change the subject
 - Use hardball tactics back - useful if the other party is testing your resolve
 - Befriend them before negotiations begin (when you want to have long term relationship, win-win relationship)

Typical Hardball Tactics

Good Cop/Bad Cop	Alternating between negotiators who use tough and more lenient negotiation approaches
Lowball/Highball	Using extreme offers to change the anchor of potential negotiation settlements
Bogey	Pretending a low priority item is important in order to trade it for a concession on another item
Nibble	Asking for a proportionally small concession on a new item to close the deal
Chicken	Using a large bluff plus a threat to force the other party concede
Intimidation	Using emotional ploys such as anger and fear to force concessions
Aggressive Behavior	Relentless requests for more concessions and better deals with an aggressive tone
Snow Job	Overwhelming the other party with so much information they cannot make sense of it

- **Good Cop/Bad Cop**
 - 2 people you are negotiating with they are on the same side
 - One party keeping you on the table (good cop), telling you nice things, developing sense of trust with that party, you want to stay on negotiation table
 - Bad cop - using win-lose strategy, so you are in conflict (want to negotiate with them, but think they are trying to get more from you. They are trying to trick you together).
- **Lowball/ Highball**
 - Highballing/Lowballing = Testing the water
 - Maybe you didn't do homework and you accept offer
 - Anchor the negotiation

- Giving you an exaggerated offer (you can call it, “i know you are doing high ball” lets do a fair price. Or you can do low ball. So there is a wide range. And negotiate towards a price in the middle
- **Bogey -**
 - Realise something really important for other party is not important for you. Make it seem like you are doing a big concession for them but actually it is not important for you.
 - Big concession for you. Force them to make a big concession
- **Nibble -**
 - Asking for something small at the end of the negotiation
 - Asking something that hasn't been discussed before (you are bargaining to buy a suit, but at the last minute, I will buy it if you give me a tie for free)
 - If they don't, they feel like they are losing the deal (tricking them)
- **Chicken -**
 - Using large bluff but also threat
 - If you do not make a deal with me, you will bankrupt
 - If they chicken out they loose a lot of things
- **Intimidation -**
 - Emotional ploys, anger and fear
 - Showing lots of anger emotions so that you can put pressure on party to convince them
 - Tell them to calm down, negotiate later on
- **Aggressive Behaviour -**
 - Very aggressive tone with another person
- **Snow Job -**
 - How you can manipulate other parties' impression, you can stay quiet or sharing a lot of information
 - Telling so much information (irrelevant), so other party cannot figure out what is important to you and what information is relevant.

Used Car Notes

- There is only a single **distributive issue** to be negotiated, the price. But there may be other **bargaining points** that could be used to influence that issue such as the dent and exhaust
- Distributive negotiation where the main aim of both parties is to maximise their share of the value from a fixed value pool
- Start the negotiation by inviting the seller to make the first offer in the hope that they will start with a reasonable target value. Then make a lowball offer and the combination of these two values should anchor the bargaining zone closer to my end of the value spectrum. Claim value by subtracting “reasonable value” deductions from the seller’s price to compensate for the dent and the exhaust. After the initial shock approach and anchoring the bargaining zone, soften my stance slightly by offering concessions such as giving up the “compensation” for the dent.
- BATNA is \$8100 for the Jeep. Seller’s BATNA could be higher. The seller will be asking around \$10,500 based on carsales.com.au data. Based on this information, a fair price is going to be significantly higher than my BATNA, cease negotiations at my walk away point \$8100

Topic 3: Integrative Negotiation

Distributive negotiation

- You don’t trust the other party, you don’t share a lot of information, you are trying to trick/manipulate the other party because you don’t care whether they lose, you are trying to get as much as possible. Other party will lose as you win more. Not expecting long-term relationship

Integrative negotiation

- Win-win negotiation
- Trying to solve the problem together, both parties will be happy, maximising joint gain together.
- Process of identifying a solution that maximises joint gain
- Process in which both parties trying to maximise joint gain
- One party is gaining it is not at the expense of the other party
- Trying to find a solution where both parties win

- If the problem with vacation is money, borrow from other people (trying to find a way to get those resources, so both party are happy)
- **Find a bridge solution** - Neither party gets its original demands, but they are able to come up with a new option that satisfies their needs
 - You are not doing exactly what you want. But coming up with a way to satisfy needs of both party.
 - One party want to go beach, one party want to go to mountain. Find location that have both. E.g. choosing hawaii, both people are happy because satisfy needs of both party.
- **Nonspecific compensation** - One party gets what she/he wants by repaying the other party with something **unrelated** to the original source of conflict. Buying off
 - Including something not related to negotiation to negotiation agreement so other party is happy. "I will go to the mountain with you only if you agree to wash dishes for next 6 month." - including something external to negotiation. Still thinking about needs/happiness of other person.
- **Cost-cutting** - one party wins, but costs to the other party are eliminated or reduced
 - Trying to reduce cost of doing that action for the other party
 - Asking why question. What can I do so that going to where I want is not as painful as it would be for the other party. Ask the other person why you want to go to the mountains and maybe partner will tell me "if i go to beach you will be swimming all day long I will be bored, but mountain going with friends". We invite your friend to beach, partner is not getting exactly what he wants but you are somehow cutting the cost.
 - You need to know the other person more. Otherwise that person might not really share what the cost is. You know more about the other party in this scenario
- **Superordination** - Differences in interests are replaced by other interests
 - When one of the party lose interest.
 - E.g. now interested in going to the beach.
- **Compromise** - maintain status quo
 - Don't go anywhere and stay at home in vacation time.
 - Nobody is happy at the end.
- Involves claiming value: involves distributive bargaining processes which may detail the focus on creating value and may even harm the relationship unless it is introduced effectively. (can be more distributive)
 - 4. Evaluate and select alternatives
 - Can hurt relationship with other party, might break trust at this stage
 - Claiming value stage. Risk of moving to distributive bargaining.
 - Thinking about other person;s interest and needs to have a integrative mindset
 - Narrow the range of solutions options
 - Evaluate solutions on the basis of quality, objective standards, and acceptability

- Remain objective
- Agree to evaluate criteria in advance
 - Setting standards
 - What will we use to select best alternative so both party remain objective
- Be willing to justify personal preferences
 - Try to have an explanation why that is important to you. Still staying integrative
- Use subgroups if many people are involved.
 - Instead of everyone negotiating at the same time. Have sub groups, so they negotiate with each other first then the groups negotiate with each other
- Keep decision tentative and conditional until a final proposal is complete
 - Integrative situation: trying to be as flexible, be open to new alternatives, new options
- Minimize formality, record keeping until final agreements are closed
 - Formality and record keeping is suitable for distributive negotiation. Sharing information, more informal, more flexible.
- Intangibles can be part of the equation
 - Negotiation does not only necessarily include tangibles.

What are the tangibles at stake? (things you are negotiating on)

- Rate
- Price
- Terms
- Working of Agreements
- Specific Solutions or Settlements
- While you are negotiating, both parties have tangibles in mind, but might not be brought to the table during the negotiation

What are the intangibles at stake?

Intangibles are the underlying psychological motivations

- They need to win
 - Might make the person more distributive
- They need to look competent, tough, good at the end of the negotiation
- Beating the other person (more distributive mindset, can be intangible in negotiation)
- Preserving reputation (want to stay fair)
- The need to maintain a good relationship with the other party
- The need to appear fair or honorable
- While sharing information, it is okay to bring these up as well. This relationship is important for me i want ot maintain this. Being fiar it the most important thing for me. By calling these things, bring these to table, by making intangibles tangible. So you start

- Emotion control, thinking of the topic in previous class, they relate a lot; Negotiation style (knowing their number, being prepared, introducing intangibles (sharks especially), when entrepreneurs weren't sure about how much they are willing to take. The sharks talked about what they are bringing to the table, their experience, their background (intangibles brought to the table). Both parties were being integrative and maintained a good relationship .

Live8 Notes

- Know my **goals**, how much I need to sell the website for to **claim value**. Since otherwise I need to borrow money to expand the chain.
- Ask **manageable questions** - "Why do you want live8.org?" to know their motives
- Communicating persuasively by **avoiding fallacies**
 - Try to incorporate **emotions** in the email
- Don't reply immediately to show I don't have **time-constraint**. Make them feel frustrated, so they'll lower their **resistance point**.
- **Be specific**, use **selective presentation** to support my argument/**counteroffer**
 - "lots of money spent designing the website"
- Negotiation takes longer since there's **time lapse**
- Lacks **schmoozing** - no strong relationship is developed, harder to build **trust**.
 - Unlikely to reach an **integrative outcome**, we become more competitive, less collaborative.
- **Flaming** is likely to occur as they cannot see my reaction
 - They could use **bluffing** and **hardball tactics** and convey an unfriendly tone.
 - Inducing conflict as **positive emotions** are harder to convey through email
- Be aware of making unwise commitments since there's a **written record** that could be used against me.
- There could be **multiple meanings** in my message, causing them to misinterpret it due **cultural differences**
- Hard to interpret the other party's **emotions**. They may neglect to consider my perspective.
- They could be lying.
- Avoid surrendering important information near the close of the negotiation since they may second guess.