SINGLE ISSUE NEGOTIATIONS

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(she/her)
AGENDA

Pre-Negotiation Planning Review
Generating a First Offer
Initiating a Negotiation
Strategies for Single Issue Negotiations
Session Framework

- Introduction to Negotiations
- Single Issue Negotiations
- Multiple Issues
- Influence
Before your Negotiation...

• **BATNA**
  - Best Alternative to a Negotiated Agreement – what you would do if the negotiation doesn’t work out

• **Reservation Point**
  - Numeric equivalent of your BATNA that tells you when to walk away

• **Target**
  - Your goal in the negotiation – should be specific and as difficult as possible
Setting Your First Offer

FIRST OFFER TIPS
- Use your target point to guide your first offer. (not RP)
- First offer should be better than TP.
- Do your research and refer to it.
- Talk about your offer to increase anchoring.
- Specific numbers increase anchoring and outcomes.
Advanced Tip: Bolstering Range Offer

Only for the first offer

Types of Range Offers (target = $100)

• **Bolstering** – lower point is target and then aggressive but plausible increase above
  • $100 to $120
• **Bracketing** – target is included in the two numbers
  • $90 to $110
• **Backdown** – top number is the target
  • $80 to $100
## Success of Bolstering Range Offers

<table>
<thead>
<tr>
<th></th>
<th>Assumed Reservation Point</th>
<th>Counteroffer</th>
<th>Anticipated Settlement</th>
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<tbody>
<tr>
<td><strong>Point offer ($100)</strong></td>
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<tr>
<td><strong>Bolstering range ($100-120)</strong></td>
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<td><strong>Bracketing range ($90-110)</strong></td>
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- Bar chart showing the success rates of different offer ranges.
Why do Bolstering Range Offers Work?

• Information
  • Other party assumes information about your reservation point based on the range offer

• Politeness
  • Range offer appears more conciliatory, and it would be rude to counteroffer with an extreme value
First offer tip: Avoid Round Numbers

First offers that are precise rather than round numbers yield smaller concessions and higher outcomes.

Precise first offers are perceived as more reasoned and informed than round numbers.
QUESTIONS?
Initiating a Negotiation

Contact the person/organization
“\text{I have some questions}”

Establish a time to discuss
“And also be ready”

Don’t use the word “negotiate”
Process of a Negotiation

1. Share offer

2. Say why it’s fair – refer to your research

3. Be silent and allow the other party to respond.  
   If no response, ask a question
Make the First Offer

The person who makes the first offer usually does better. WHY?

ANCHORING: First offers account for more than 50% of variance in final outcomes.

FOCUS: High anchors direct toward positive attributes. Low anchors direct attention toward negative attributes.

FLEXIBILITY: More room for concessions.
What if they beat you to it?

Never accept a first offer. Counteroffering...
  • Improves your outcome
  • Increases your counterpart’s satisfaction with outcome (they avoid winner’s curse)

Make a counteroffer that would have been your first offer if you had the opportunity to open
  • Must be based on your target price, not what you heard
  • Write down your offer before being exposed to the other side’s offer
Don’t make the first offer

If you don’t have a target and can’t delay the negotiation
QUESTIONS?
Distributive Negotiation

Single issue negotiation
Simplest type of negotiation
Mixed-Motive Nature

Motivated to cooperate to ensure settlement
  • If positive bargaining zone
Motivated to compete to claim as much of the bargaining pie as they can
Concessions Are Like Gold

**CONCESSION TIPS**
Make bilateral, not unilateral, concessions
- Develop reciprocity
- Develop a rationale for each of your concessions
- Don’t reward obstinate behavior with concessions.
- Call out unreciprocated concessions.
- Keep a real-time log of concessions
Making Concessions

Signal information in the size of your concessions
• Start with larger concessions, then smaller.
• Make your concessions smaller as you approach your goal

Decreasing concessions can signal a limit … constant or increasing ones often imply further to go
Strategies to Have More Pie

Use objective-appearing rationale

Appeal to norms of fairness
  Equity
  Equality
  Need
Do not fall for the “Even Split” ploy

The other party uses:
Extremely aggressive value
Small concessions
Do you care about the other side?

Your partner’s satisfaction:
- Decreases your transaction costs
- Helps your reputation
- Increases chances of concessions in later deals
QUESTIONS?
Some Useful References

1. The Mind and Heart of the Negotiator
   (2015) by Leigh Thompson
2. Getting To Yes
   (1991) by Fisher, Ury and Patton
3. Negotiating Globally
   (2007) by Jeanne Brett
4. Negotiation Genius
   (2007) by Deepak Malhotra and Max Bazerman
5. The Truth about Negotiations
   (2008) by Leigh Thompson
OFFICE HOURS ARE NEXT...
THANK YOU