

PROF. ELIZABETH UMPHRESS

Negotiations

- PhD 2003, Tulane University
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Successful Negotiations

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Today's Agenda



- Introduction to Negotiations



- How and Why to Team?



- Case: Teaming with Cyber-Run



- Debrief



- Summary

We are all negotiators



Negotiation - the process where two or more parties agree how to allocate scarce resources

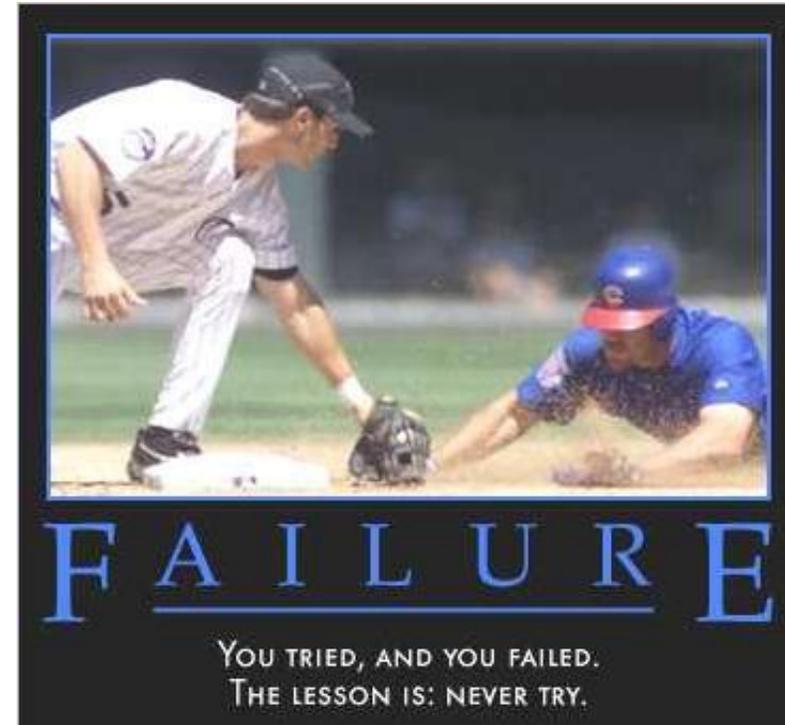
Negotiations....

- Is an essential leadership skill to have
- Most people are not good negotiators
 - Over 80% of top executives leave money on the table
 - Why? Lack of relevant and diagnostic feedback



Why Don't We Negotiate?

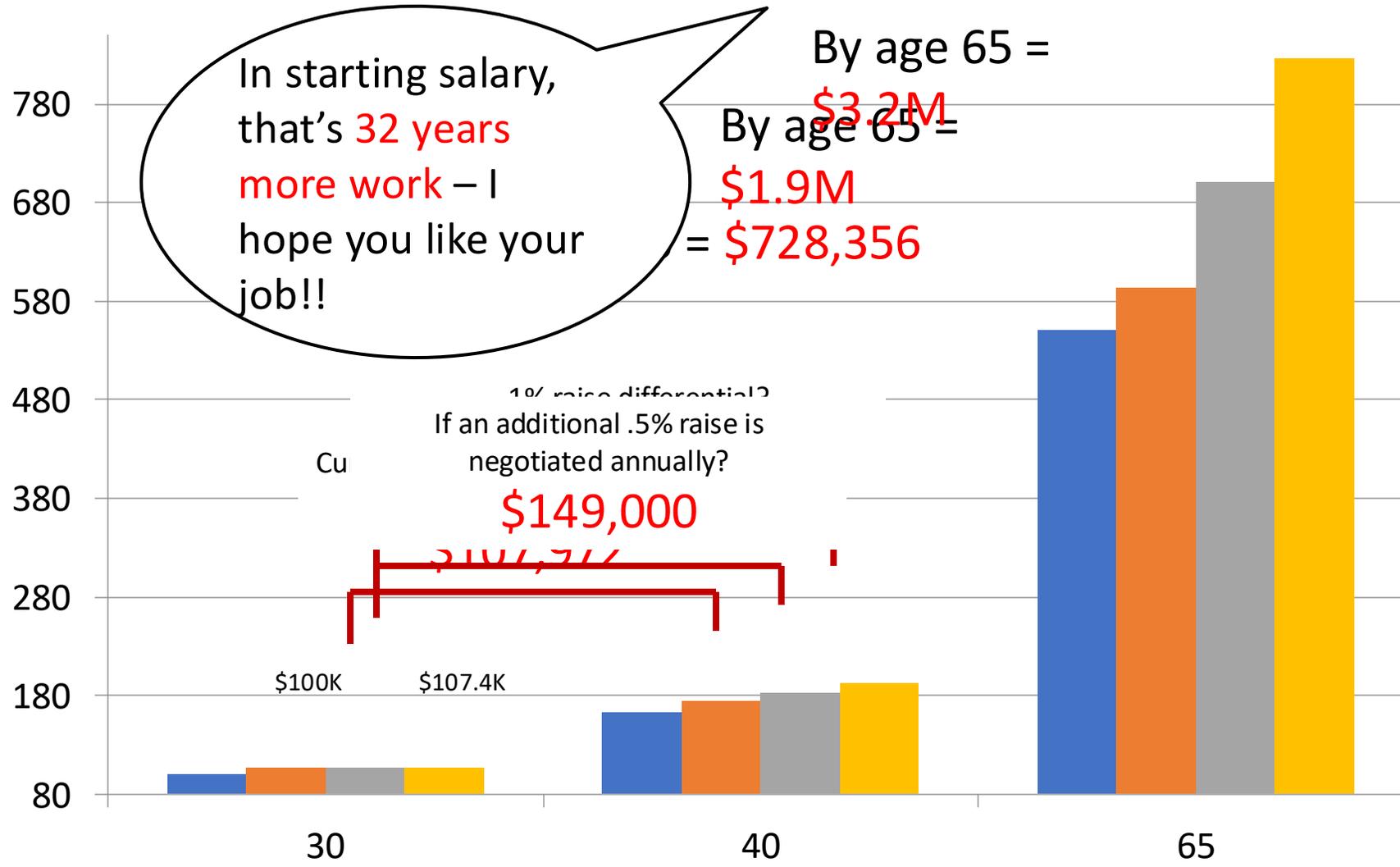
- Don't know it's an option
 - It's not part of our relationship
- Uncomfortable with negotiating
 - Reputational consequences
 - Fear of failure



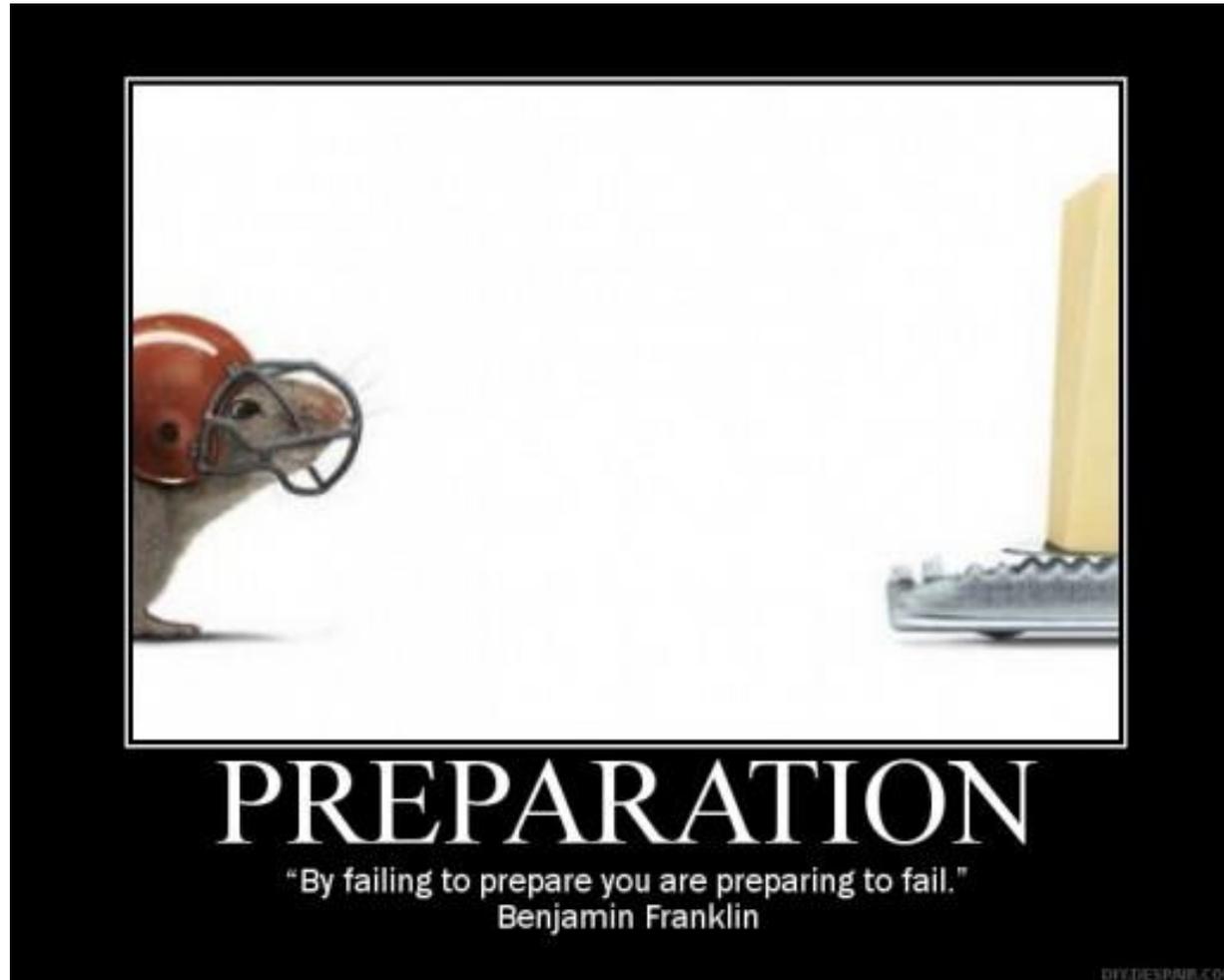
The Choice to Negotiate

Among top tier MBA graduates, starting salaries of those who negotiate are **7.4% higher** than those who do not.

The cost of not negotiating



Successful negotiations start with...



BATNA

Best **A**lternative **T**o **N**egotiated **A**greement

- What was your BATNA?

BATNA TIPS

Never reveal— signal.

Don't lie.

Constant improvement is key.



What are my alternatives?

Salary Negotiation

- My current salary
- Best offer from another company
- Retirement

Supplier Relationships

- Status quo deal
- Best deal from another supplier
- Change to manufacturing process

Alternatives determine Reservation Point

Salary Negotiation

- My current salary
- Best offer from another company
- Retirement

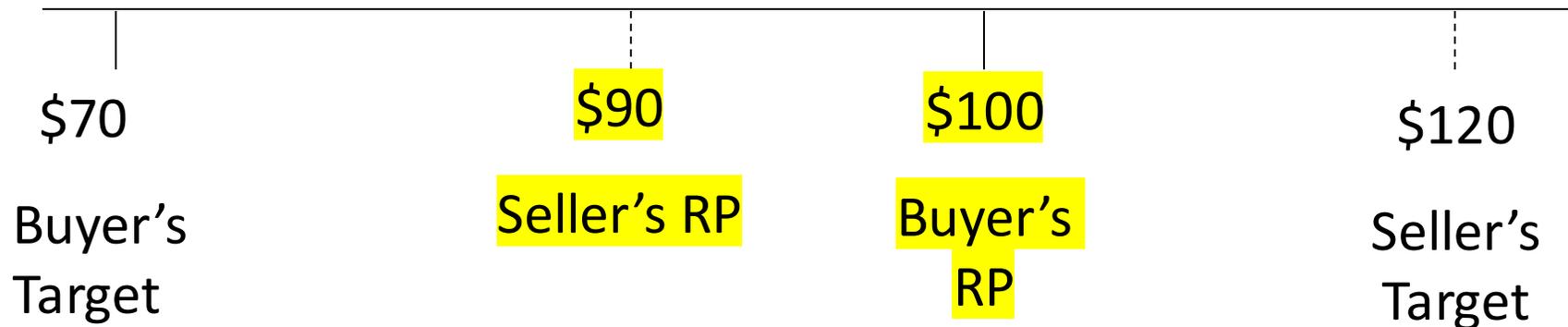
Supplier Relationships

- Status quo deal
- Best deal from another supplier
- Change to manufacturing process

Walk away if you can't beat this.

Reservation Point

- Value of BATNA, always ONE number
 - Supplier (seller) has another buyer for \$90
 - Buyer can purchase from another seller for \$100



What's your target?



“As high as you can go without embarrassing yourself in front of a respected third party”
-Fisher Ury and Patton

TARGET TIPS

- Do your research and refer to it.
- Set specific goals.
- Set aggressive goals, don't act aggressively.
- Don't negotiate with yourself!

Why Teaming?

- Increase capacity, obtaining larger contracts
- Add/augment current capabilities
- Create learning opportunities
- Build your reputation

How to Team?

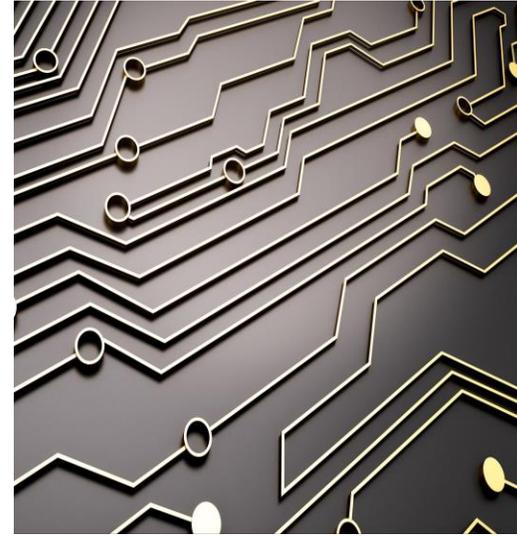
- Get to know the other company
 - Knowledge, skills, abilities
 - Reputation - ask trusted others
 - Reliable and honest?
 - Best practices to work with this company
 - Company culture
 - Values
 - Employee treatment
 - Talk to them! (3 conversations)
- Hire your own attorney

Teaming With Cyber-Run



Software company

Vs.



Cyber-Run

- You have 20 minutes to negotiate
- Will there be a teaming contract?
- Record results when you are done

Software Company	Cyber-Run
Andrene M Taylor	Orlando Marchan
Tino McFarland	Kenroy Edwards
Jamie DelCane	Tamara McFarland
Jeremy Elmas	Patrick Parker
Ram Jeyaraman	James Morrow
Michael Barrett	Jahari A. Soward
Mary Thomas	Devanand Anthony
Anita Ragothaman	Joshua Lenk
LISA KIMBLE	Priya Chandrashekhar
Dominic Herrera	Kimberly Bardell

Lisa Kimble	Aleisha Martinez
Odysseus Lanier	Rachelle Moschetti
Keyan Li	David Ward
Patience Brown	Richard Olson
Petria McKelvey	Chris Finch
Joe Wilson	Jaydan Philogene
Kendra Alexander	Aaron Andrews

Preparation

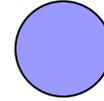
- BATNA
 - Software Company = Different Cybersecurity Firm
 - Cyber Run = Different Software Company
- Reservation Point (Walk away)
 - 400
- Target
 - 1440

Types of Negotiation Issues

- **Compatible**

- Both parties want the same thing

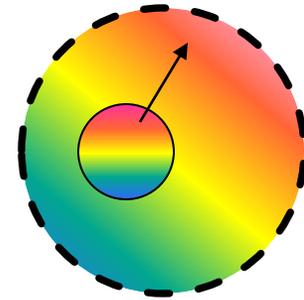
(Payment Terms, Expiration of contract)



- **Integrative**

- Cooperative
- Expand the pie for mutual gain

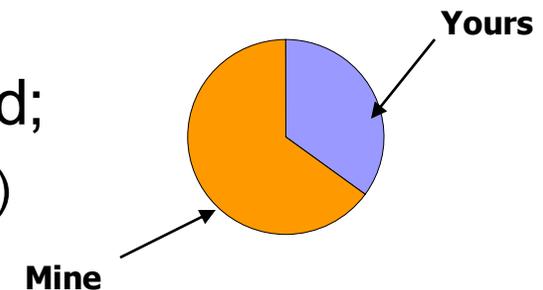
(Security Engineer pricing, Cyber Project Manager Assist)



- **Distributive**

- Competitive
- Zero-sum: parties' interests are directly opposed;

(Percentage of contract)



Compatible Issues: Strategies and Considerations

- Break the myth of the 'fixed pie'
- Seek Feedback
- Ask Questions
 - Don't ask a question that you wouldn't also feel comfortable answering
- Focus on Information Sharing
- **Strategy = AGREE!!**



Compatible Issues: Payment Terms

- **Software Company**

- 0 pts. for Upon receipt
- 120 pts. for 15 days
- 90 pts. for 30 days
- 60 pts. for 45 days
- 0 pts. For 60 days

- **Cyber-Run**

- 120 pts. for Upon receipt
- 120 pts. for 15 days
- 60 pts. for 30 days
- 0 pts. for 45 days
- 0 pts. For 60 days

Compatible Issues: Expiration of Agreement

- **Software Company**

- 60 pts. for 14 months
 - 240 pts. for 12 months
 - 180 pts. for 10 months
 - 60 pts. for 8 months
 - 0 pts. for 6 months

- **Cyber-Run**

- 60 pts. for 14 months
 - 240 pts. for 12 months
 - 180 pts. for 10 months
 - 60 pts. for 8 months
 - 0 pts. for 6 months

Integrative Issues

- Parties place different value on different issues
- Requires multiple issues
- **Strategy = Tradeoff/Logrolling**
 - Pair with other integrative
 - Security Engineer pricing paired with Security Architect pricing
- Can lead to “win-win” agreements



Integrative Issues: Security Engineer pricing

- **Software Company**

- 0 pts. for \$240 per hour
 - 20 pts. for \$220 per hour
 - 40 pts. for \$200 per hour
 - 60 pts. for \$180 per hour
 - 80 pts. for \$160 per hour

- **Cyber-Run**

- 400 pts. for \$240 per hour
 - 300 pts. for \$220 per hour
 - 200 pts. for \$200 per hour
 - 100 pts. for \$180 per hour
 - 0 pts. for \$160 per hour

More valued by Cyber-Run (4x)

Integrative Issues: Cyber Project Management Assistant

- **Software Company**

400 pts. for 0%

300 pts. for 5%

200 pts. for 10%

100 pts. for 15%

0 pts. for 20%

- **Cyber-Run**

0 pts. for 0%

20 pts. For 5%

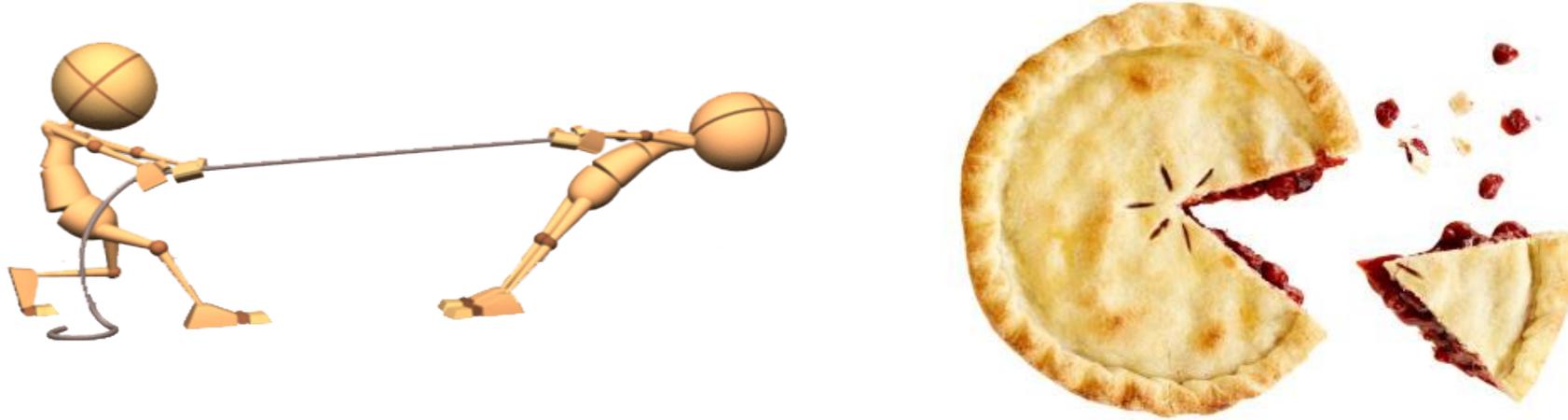
40 pts. for 10%

60 pts. for 15%

80 pts. for 20%

**More valued by Software Company
(4x)**

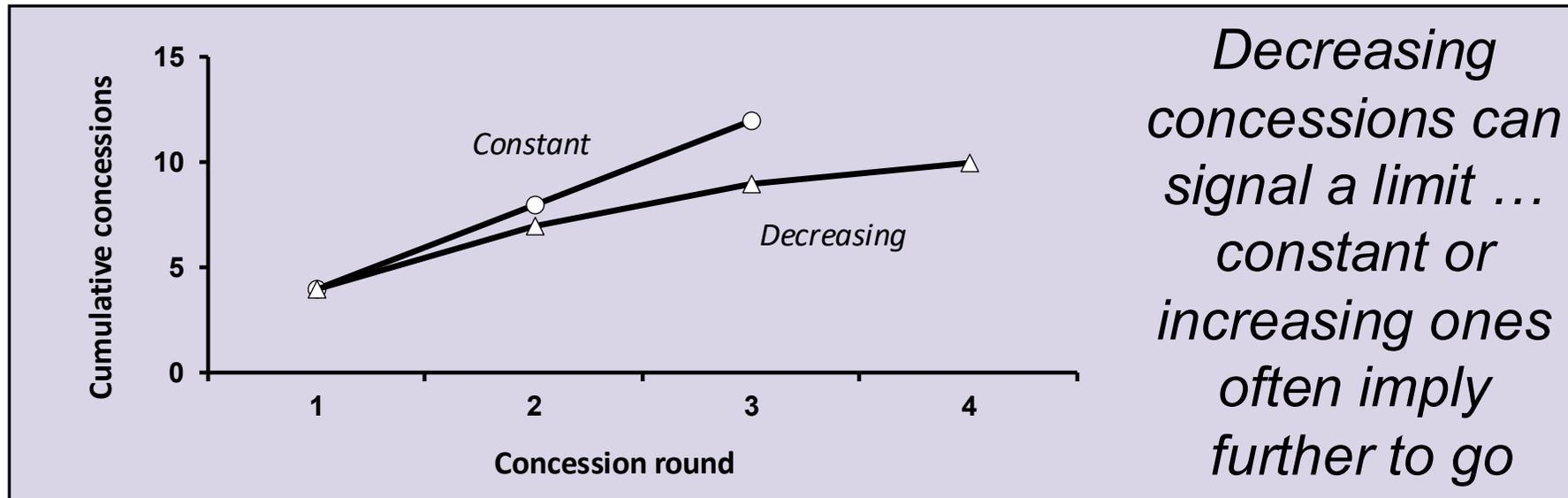
Distributive Issues



- Toughest issues
- Fixed Sum (my gain is your loss)
- **Strategies =**
 - 1) **Record concessions**
 - 2) **Reciprocal Concessions**
 - 3) **Smaller and smaller 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



Distributive Issue: Percentage of Contract

- **Software company**

0 pts. for 51%/49%

150 pts. for 60%/40%

300 pts. for 70%/30%

450 pts. for 80%/20%

600 pts. for 90%/10%

- **Cyber-Run**

600 pts. for 51%/49%

450 pts. for 60%/40%

300 pts. for 70%/30%

150 pts. for 80%/20%

0 pts. for 90%/10%

Sharing Preferences/Priorities

Software Company		Cyber-Run	
Priorities	Preferences	Priorities	Preferences
1) Percent of Contract	90%/10%	1) Percent of Contract	51%/49%
2) Cyber Project Manager Assist	0%	2) Security Engineer pricing	\$240 per hour
3) Expiration of Agreement	12 months	3) Expiration of Agreement	12 months
4) Payment Terms	15 days	4) Payment Terms	15 days
5) Security Engineer pricing	\$160 per hour	5) Cyber Project Manager Assist	20%

Team total = 2120

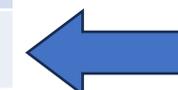
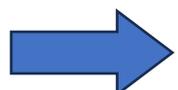
1) Compatible

Software Company

Priorities	Preferences
1) Percent of Contract	90%/10%
2) Cyber Project Manager Assist	0%
3) Expiration of Agreement	12 months
4) Payment Terms	15 days
5) Security Engineer pricing	\$160 per hour

Cyber-Run

Priorities	Preferences
1) Percent of Contract	51%/49%
2) Security Engineer pricing	\$240 per hour
3) Expiration of Agreement	12 months
4) Payment Terms	15 days
5) Cyber Project Manager Assist	20%



Compatible Issues = Agree

2) Integrative

Software Company

Priorities	Preferences
1) Percent of Contract	90%/10%
2) Cyber Project Manager Assist	0%
3) Expiration of Agreement	12 months
4) Payment Terms	15 days
5) Security Engineer pricing	\$160 per hour

Cyber-Run

Priorities	Preferences
1) Percent of Contract	51%/49%
2) Security Engineer pricing	\$240 per hour
3) Expiration of Agreement	12 months
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5) Cyber Project Manager Assist	20%



Integrative Issues = Tradeoff (Logrolling)

3) Distributive

Software Company



Priorities	Preferences
1) Percent of Contract	90%/10%
2) Cyber Project Manager Assist	0%
3) Expiration of Agreement	12 months
4) Payment Terms	15 days
5) Security Engineer pricing	\$160 per hour

Cyber-Run



Priorities	Preferences
1) Percent of Contract	51%/49%
2) Security Engineer pricing	\$240 per hour
3) Expiration of Agreement	12 months
4) Payment Terms	15 days
5) Cyber Project Manager Assist	20%

Distributive = Track, Reciprocal, & Smaller Concessions

Summary

How to Team?

- Knowledge, skills, abilities
- Reputation
- Culture
- Attorney

Preparing

- BATNA
- Reservation Point (Walk Away)
- Target

Negotiating

- Compatible = Agree
- Integrative = Tradeoff
- Distributive = Record Concessions, Reciprocal Concessions, smaller and smaller concessions

Some Useful References

1. The Mind and Heart of the Negotiator
(2021) by Leigh Thompson
2. Getting To Yes
(2011) by Fisher, Ury and Patton
3. Negotiating Globally
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4. Negotiation Genius
(2015) by Deepak Malhotra and Max Bazerman
5. The Truth about Negotiations
(2013) by Leigh Thompson

Any questions?
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Thank you!

