Applying a Mutual Gains Negotiation Approach

(in the Vietnamese context!)

Consensus Building Institute

VEF Fellows and Visiting Scholars Workshop

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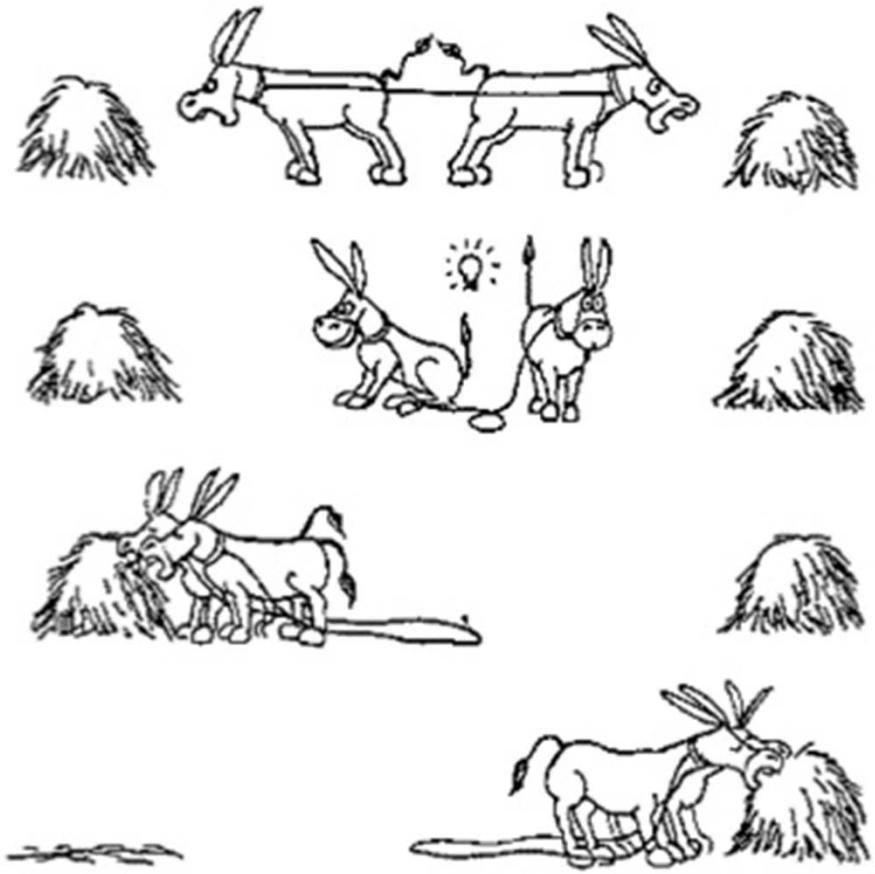
What is a negotiation?

Negotiation: The process by which

- two or more parties
- with conflicting and compatible interests
- seek a mutually acceptable exchange
- to reach a voluntary agreement
- on a decision or transaction

Reflections on past negotiations – Your experiences?



Conventional wisdom on negotiations?

Tactics

- Haggle for gains based on exaggerated starting points
- Don't tell them what you *really* want
- Wear a mask; show no empathy
- Seek to undermine the legitimacy of their claims
- Use dirty tricks to gain psychological advantage

Assumptions

- Their gain is my loss
- Negotiation is a test of wills
- Giving them information will put you at a disadvantage
- The toughest, sneakiest person wins

Thumb War!

- Lock hands and prepare to thumb wrestle.
- Close your eyes.
- When I say: “GO,” try to pin your partner’s thumb under your own.
- No other fingers can be used in any way.

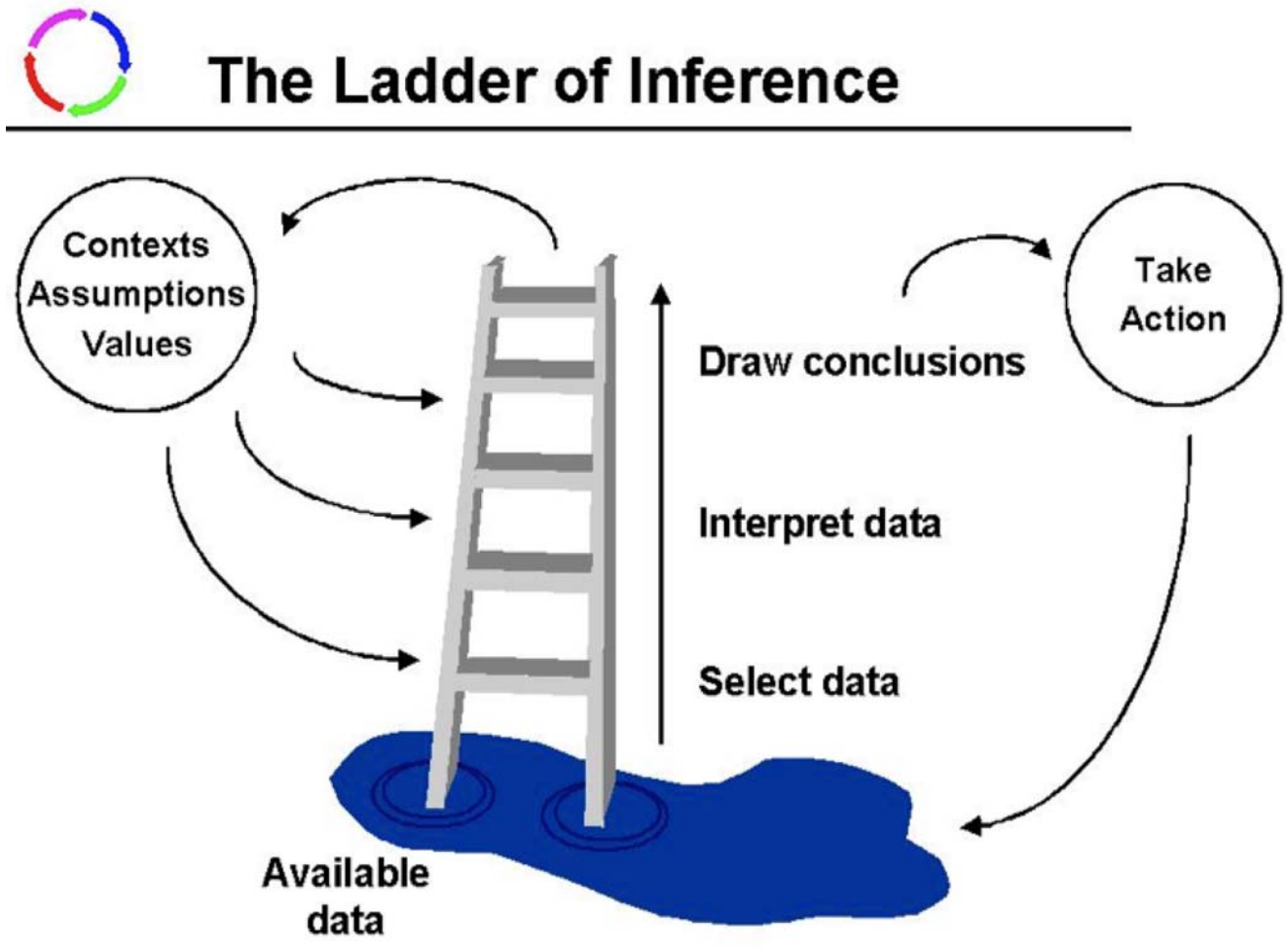
- **Goal:** pin your counterpart’s thumb as many times as you can in 60 seconds

The Essence of Negotiation

Managing the Tension between:

COOPERATING	COMPETING
…with counterparts to create value	*…with counterparts to claim value*

Fast and Slow Thinking



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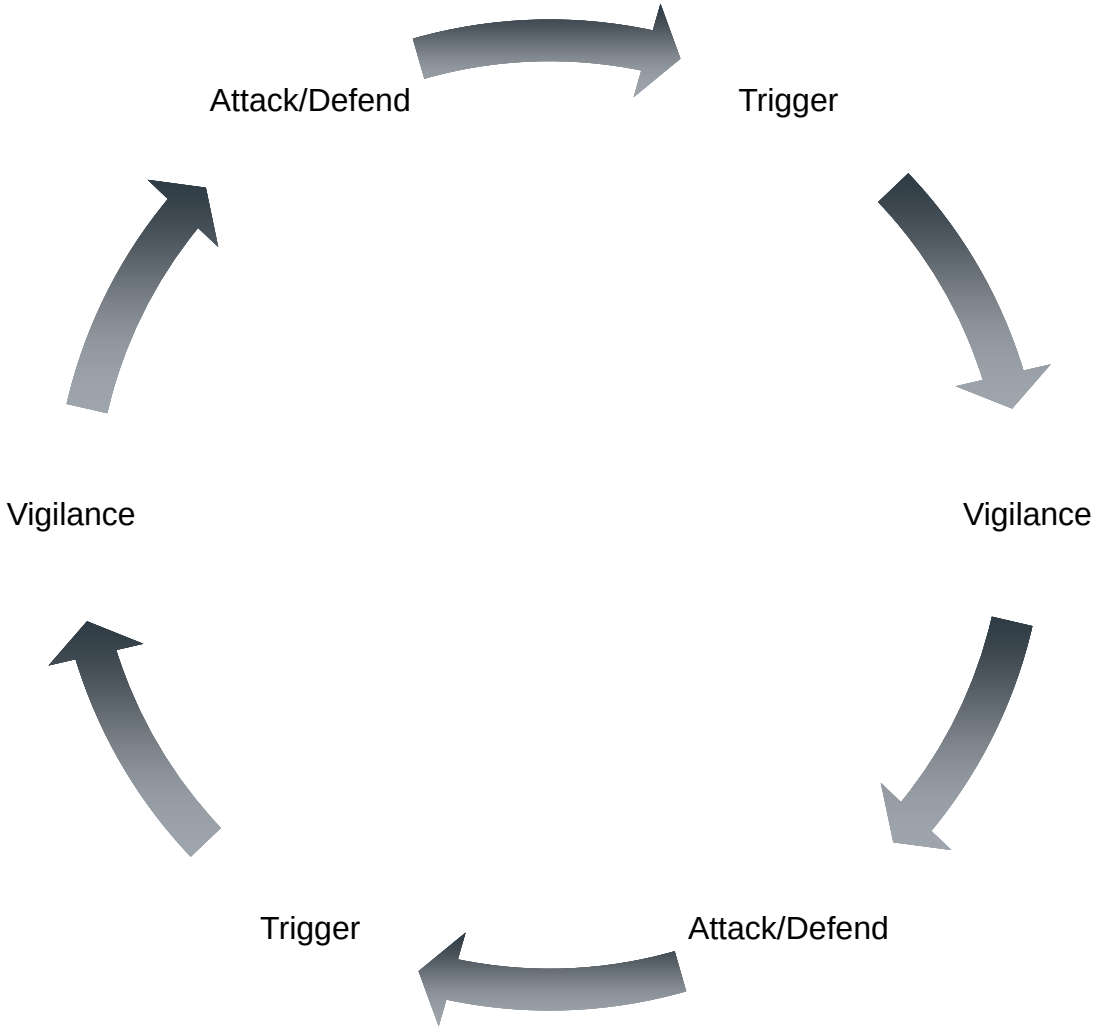
The Vicious Cycle of Defensive Response



Negotiation: Core Concepts

<u>Aspiration</u>: What you *hope* you can get (your ideal, your target, your best case)

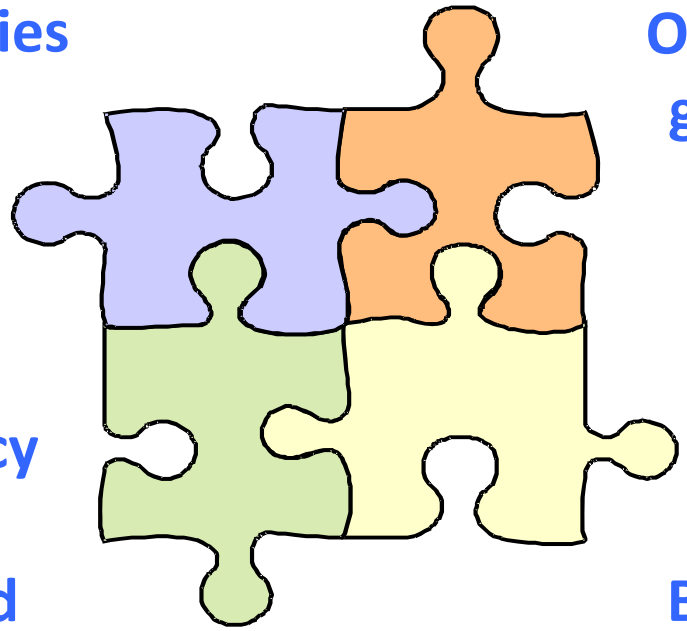
<u>Bottom line</u>: the value, maximum or minimum, at which you would walk away, *based on your Best Alternative to a Negotiated Agreement (away from the table)*

<u>ZOPA</u>: Zone Of Possible Agreement – the range, if one exists, between the parties' bottom lines (a.k.a. the "bargaining range")

What is successful negotiation?

Satisfy the parties (stakeholders)

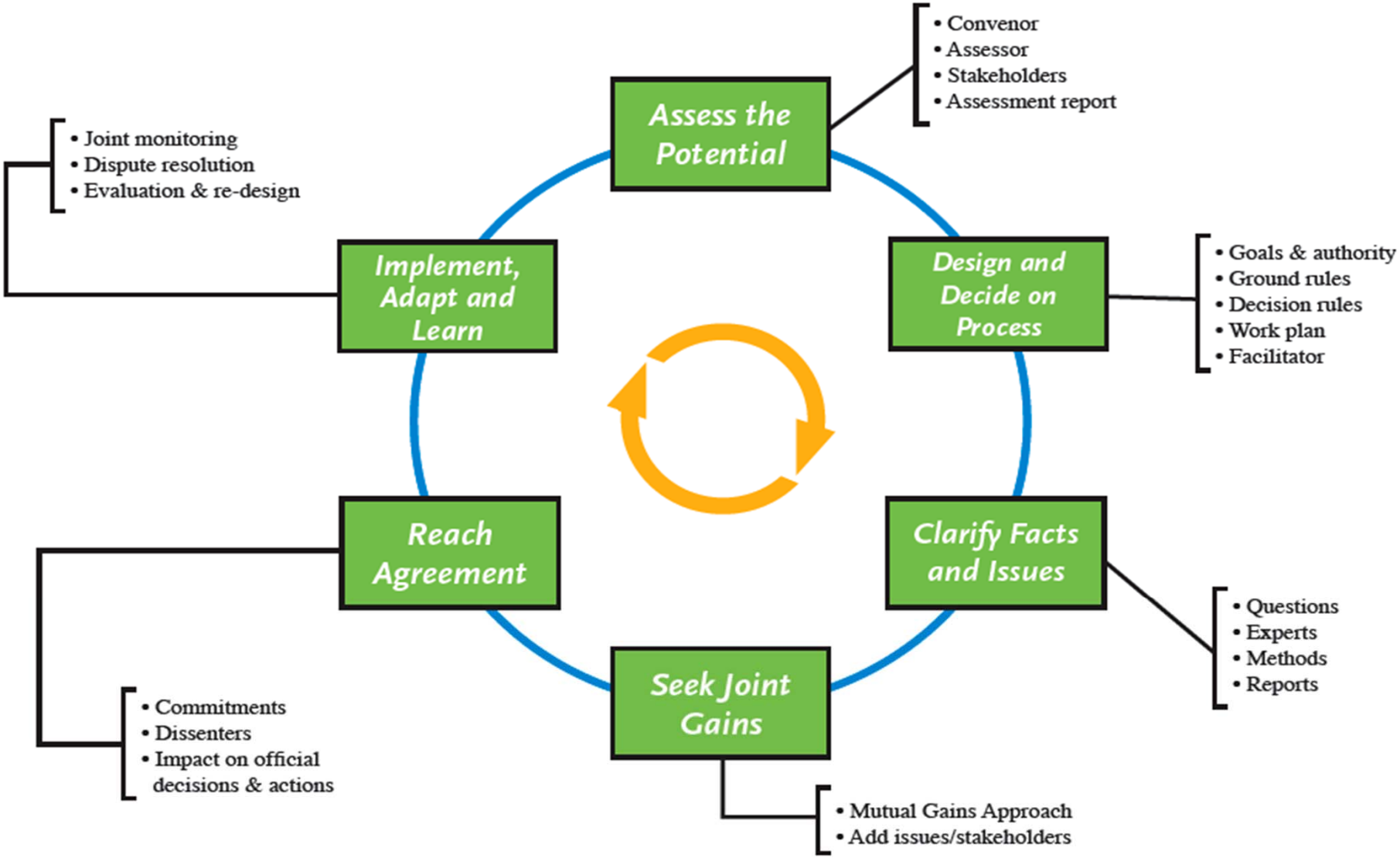
Outcome that meets goals and principles



Realize efficiency with respect to time, effort, and mutual gains

Build relationships and institutions

The Consensus Building Approach



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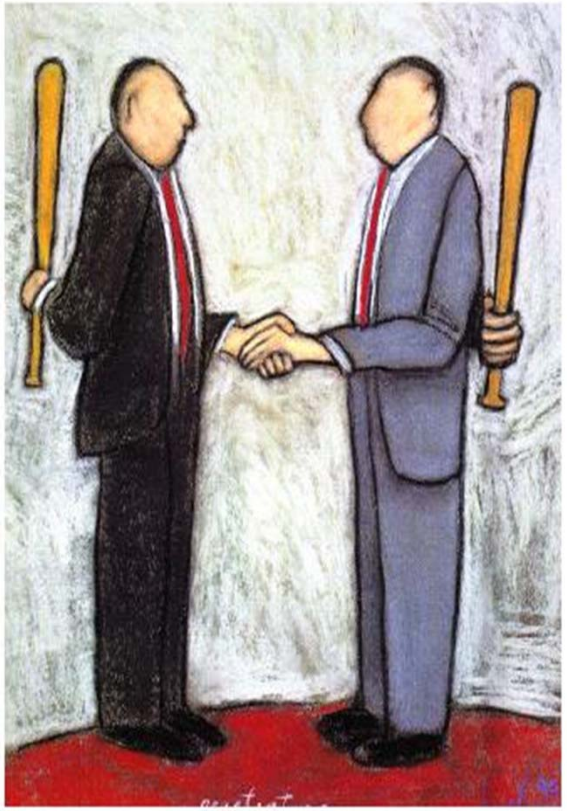
Mutual Gains Negotiation means…



PREPARING EFFECTIVELY

CREATING VALUE

DISTRIBUTING VALUE

FOLLOWING THROUGH

The BIG picture (with too much detail):

MUTUAL GAINS APPROACH TO NEGOTIATION

PREPARE

Clarify your mandate and define your team

Estimate your Best Alternative to Negotiated Agreement (BATNA) and theirs

Improve your BATNA (if possible)

Know your interests

Think about their interests

Prepare to suggest mutually beneficial options

CREATE VALUE

Explore interests on both sides

Suspend criticism

Invent without committing

Generate options and packages that "make the pie larger"

Use neutrals to improve communication

DISTRIBUTE VALUE

Behave in ways that build trust

Discuss standards or criteria for "dividing" the pie

Use neutrals to suggest possible distributions

Design nearly self-enforcing agreements

FOLLOW THROUGH

Agree on monitoring arrangements

Make it easy to live up to commitments

Align organizational incentives and controls

Keep working to improve relationships

Agree to use neutrals to resolve disagreements

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The BIG picture:
Mutual Gains Key Questions

- **Why?**
  - *Uncovering Interests: Why is that important to you?*
- **What If…?**
  - *Creating Value: Inventing without Committing*
- **What Makes That Fair?**
  - *Distributing Value: The Power of a Rationale*
- **What Might Go Wrong?**
  - *Implementation: Anticipating Predictable Surprises*

Effective Preparation

- **Interests**
  - Know your interests
  - Think about their interests
- **Alternatives**
  - Estimate Your Best Alternative
  - Improve Your Alternative (if possible)
  - Analyze their Alternative
- **Options**
  - Prepare to suggest mutually beneficial options

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BIG picture: Cross-cutting principles:

- Stronger outcomes are created through collaborative decision making
- Focus on creating shared understanding of needs and priorities
- Design and manage well-structured processes for shared benefit and credibility
- Build relationships while maintaining internal alignment

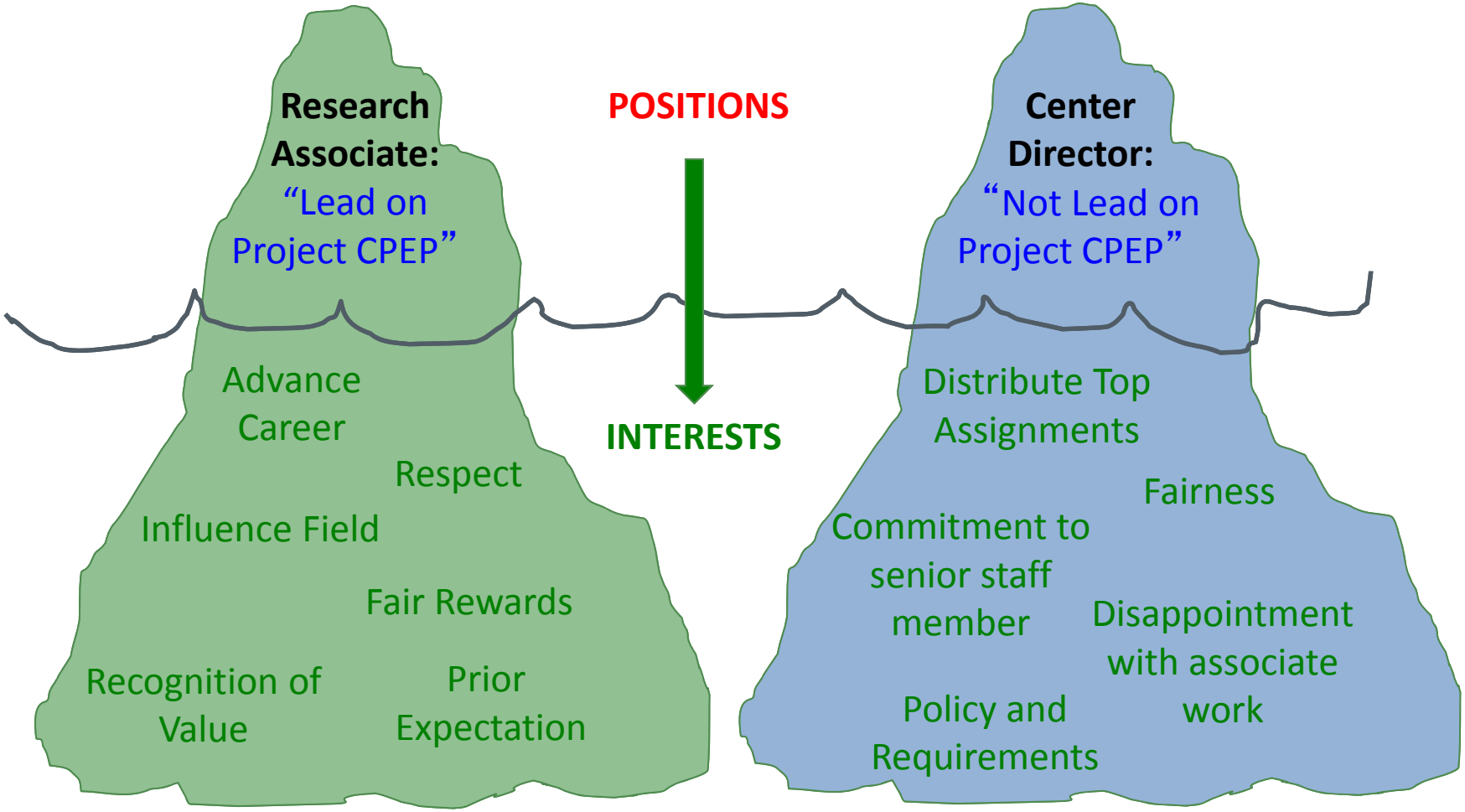
Big Idea #1: The Implications of Alternatives (i.e. BATNAs)

"I sure hope the negotiations go well."

Big Idea #2: Moving from Positions to Interests

Interests: Represent our underlying needs…
Positions: Represent one way to achieve those needs…

Big Idea #2: Moving from Positions to Interests



Big Idea #2: Moving from Positions to Interests

- Boy's position: *"I didn't have any cake for dessert at lunch. I should get the cake…"*
- Girl's Position: *"It is my birthday cake. The last piece of cake is mine…"*

To move from Positions to Interests, ask more questions:

- Why is that important to you?
- Tell me more about what you're experiencing.
- Of all the things we discussed, which is <u>most</u> important to you?"

- Boy's Interest: *"Icing is my favorite part of any cake. "*
- Girl's Interest: *"The cake part of Angel Food Cake is the best part."*

SO WHAT'S EFFECTIVE PREPARATION?

1. **My Interests**
   - *What is most important to my team, and why?*

3. **Their Interests**
   - *What is most important to them, and why?*

2. **My Alternative**
   - *What is our 'Plan B'? What will we do if negotiations fail?*

4. **Their Alternative**
   - *What is their Plan B? What will they do if negotiations fail?*

5. **Options**
   - *What are some options my team could propose that BOTH parties might find acceptable, which would help meet my team's interests really well?*

Moving from Positions to Interests

- **Interests: Represent Our Underlying Needs**
- **Positions: Represent One Way to Achieve Them**

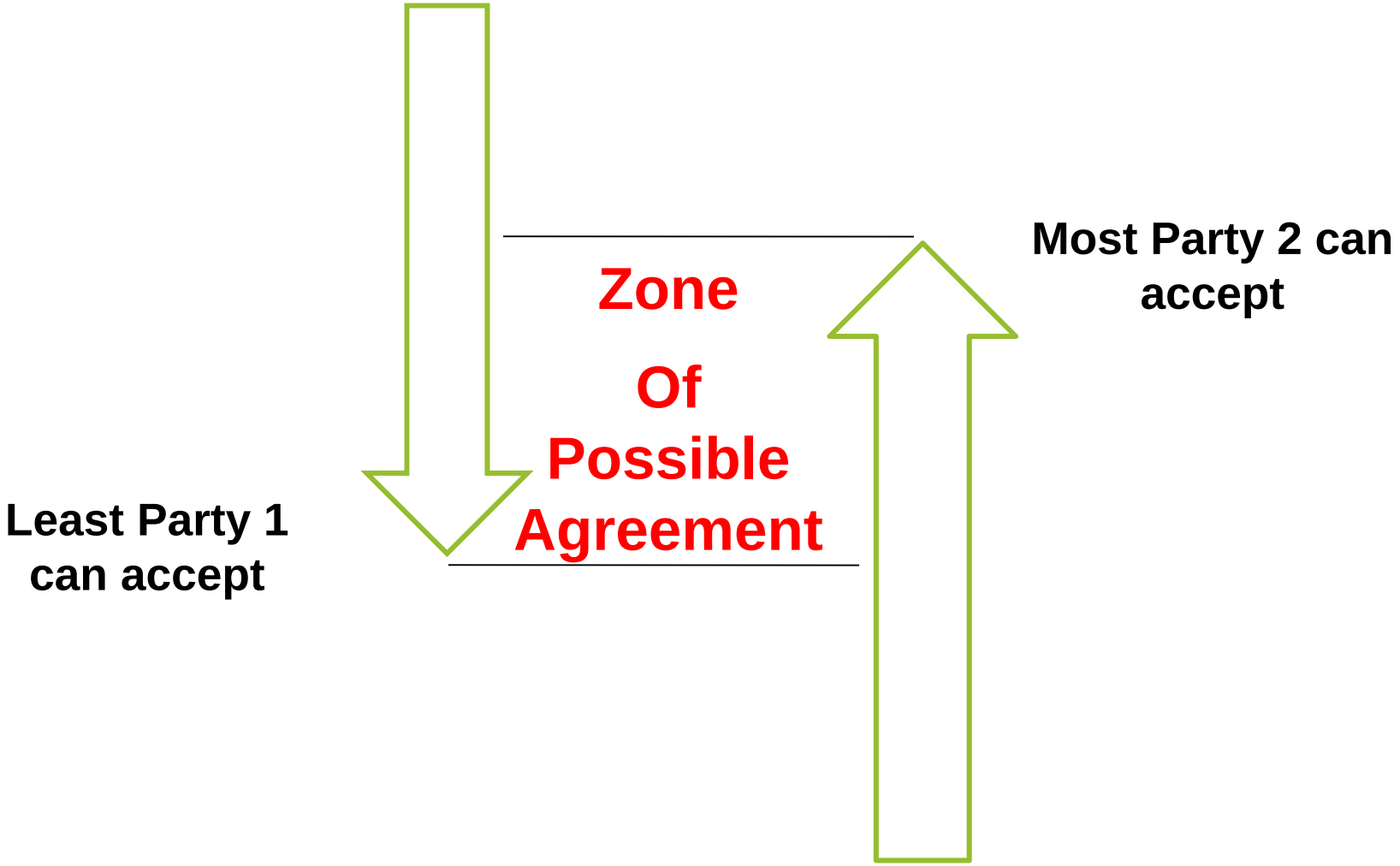
Key Questions:

- ***'Why is that important to you?'***
- ***'Of all the things we have discussed, which is <u>most</u> important to you?'***

Big Idea #3: Exploring what's possible

- Once we understand each other's interests, we can **brainstorm** to see what's possible…
- **Key Question: What if…?**
  - *What if we tried it this way…? How would that work for you?*
- ***Negotiation Tip:***
  - Explore interests BEFORE you start proposing options. So that you can…
  - Propose creative solutions that more effectively meet the key interests of all parties.

ZOPA: Created by Bottom Lines



Increasing value among stakeholders by…

- ✓ Finding Joint Gains
- ✓ Inventing New Options
- ✓ Leverage difference in preferences

Big Idea #4: Shared Criteria as a Source of Power & Means for Decision-Making

When relationships matter:

- Offer rationales for why we should 'divide the pie' this way or that…

  - *Don't tell me that it's fair…*
  - *Tell me **why** and **how** it's fair.*
  - Jointly develop the criteria we will use…
- This helps each side "sell" the agreement back to their people

How do you develop criteria to legitimize a decision?

Fairness is Relative!!

- How did you arrive at that?
- What is the theory behind this?
- What makes that fair?
- How are others handling this problem?

- ✓ Greatest Need?
- ✓ Equal treatment?
- ✓ Efficiency?
- ✓ Reciprocity?
- ✓ Prior commitment?

Big Idea #5: Prepare for Predictable Surprises

If we want sustainable agreements…

Ask "What might go wrong?"

- **How can you minimize those chances?**
  - Incentivize compliance and commitment
  - Identify organizational / resource gaps
  - And seek to build this into your agreement…
- **And discuss what will happen if it does go wrong…**
  - How will you monitor implementation?
  - What do you agree to do about it if it does happen

MGA strategic questions

What's plan B?
(BATNA)

Why is that important to you?
(interests)

Ask "What if…"?
(options)

What might go wrong?
(predictable surprises)

What makes that fair?
(criteria)

Break

"Sometimes I think the collaborative process would work better without you."

Barking Dog Role Play

Instructions here

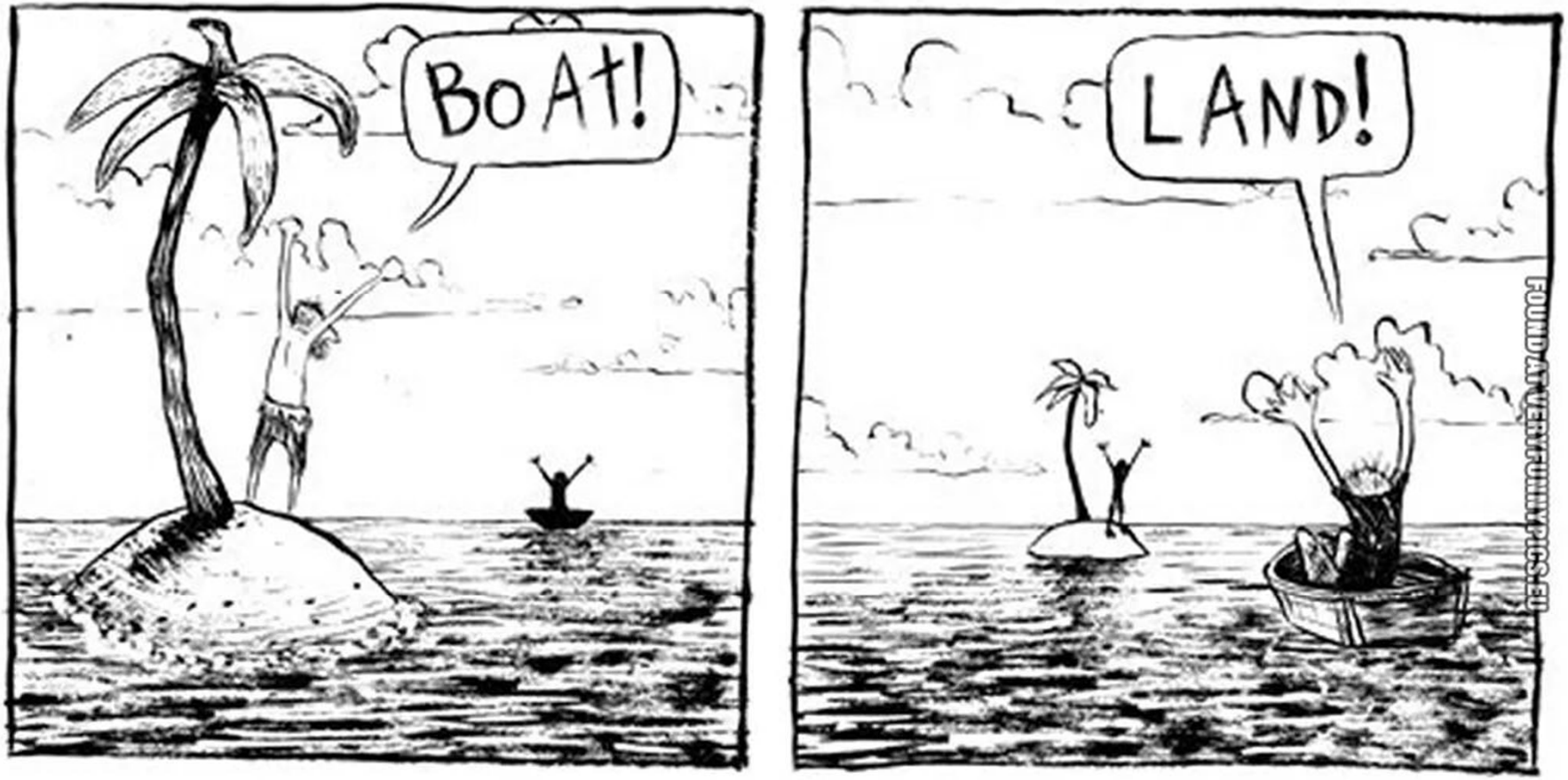
Applying MGA in Vietnam context

What resonates?

Key opportunities?

Culture challenges?

Role Play Debrief



Perspective…

Effective Communication

Watterson, Bill. "Calvin and Hobbes." GoComics. N.p., 9 October 1990. <http://www.gocomics.com/calvinandhobbes/1990/10/09>.

Using Contingent Commitments to manage uncertainty

If perceptions of the future are different, don't argue about uncertainties

- ✓ Use 'If-then' formulations to account for multiple potential outcomes
- ✓ Allow time needed to implement change well
- ✓ Develop monitoring arrangements and clear assessment strategies
- ✓ Set follow-up plan: come back together to assess results

If you get stuck….

- Be comfortable with silence
- Model curiosity and good habits
- Explore BATNAs
- Reality test
- Ask for help/understanding
- Review progress so far
- Shift perspective (time, space, and people)

Group	Salary	Other Provisions
1		
2		
3		
4		
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6		
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9		
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11		
12		
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14		

Cảm ơn và chúc may mắn!

NEGOTIATION RESOURCES

- Getting to Yes – Fisher and Ury
- Difficult Conversations – Stone, Patton, and Heen
- Built to Win - Susskind
- www.beyondintractability.org
- The Public Disputes Program - http://web.mit.edu/publicdisputes/
- Rock, D. SCARF: A brain-based model for collaborating with and influencing others. NeuroLeadership Journal, Issue One, 2008.
- Folger, J. and Bush, R., Eds., Designing mediation: Approaches to training and practice within a transformative framework. NY: Institute for the Study of Conflict Transformation, 2001.