Negotiation

Rami Zwick
Senior Associate Dean
Professor of Marketing
School of Business Administration
University of California, Riverside
The Fifth Element (1997)

http://youtu.be/3oKwg6W05MU
• “If you have them by the balls, their hearts and minds will follow”
Getting Past Yes

- **Deal maker mentality**
  - squeezing your counterpart

- **Implementation mind set**
  - sets the stage for a healthy working relationship

  — Harvard Business Review, Nov 1, 2004
Ultimatum Game
Distributive Bargaining

- One issue (e.g., price)
- Alternatives to negotiated agreement and information about them are critical
- Hidden cooperation
Integrative Bargaining

- Multiple issues
- Information and trust are critical
- Efficiency
  - dividing oranges
- Value creation and division
• Before initiating negotiations, the proposed rank and step for appointment must be agreed upon by the Dean and the Department Chair as well as a preliminary compensation package…

  • http://academicpersonnel.ucr.edu/policies_and_procedures/Academic%20Hiring%20Toolkit.pdf
# Academic Compensation Package

<table>
<thead>
<tr>
<th>Rank and Step</th>
<th>Other duties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary (off scale?)</td>
<td>Office and lab space (+ hardware and software)</td>
</tr>
<tr>
<td>Summer support</td>
<td>Conferences - budget</td>
</tr>
<tr>
<td>Startup funds (Equipment &amp; Research Support, Post-doc, RAs)</td>
<td>Removal/Relocation</td>
</tr>
<tr>
<td>Research funding (ongoing)</td>
<td>Paid visit to look at houses</td>
</tr>
<tr>
<td>Teaching load (short and long term)</td>
<td>Spousal position</td>
</tr>
</tbody>
</table>
What Drive Agreements?

- Market
- Information
- Beliefs about the other party
- Ability to commit to a position
Preparation

- Know the **market**
- **Probe** the other side RV
- Manage the other party’s beliefs about your own RV (**signaling**)
- Find ways to **commit** to your offers and make it easy for the other side to concede
First Offer

- Extreme
- Optimistic
- Reasonable

\( RV_B \)

\( RV_S??? \)
Optimistic First Offer

- The lowest offer for which there is a supporting standard
- A highly favorable interpretation of some standard or reference point
- Can be made “with a straight face”
Optimistic First Offer

- Optimistic first offer take advantage of two psychological tendencies
  - Contrast principle
  - Norm of reciprocity
- Sets the other party up to feel both relief and satisfaction when the realistic settlement range comes into view
Dan and Dan
"The Negotiator“
**Contrast** principle

http://www.youtube.com/watch?v=DVjN3IvBMLI
Concession Patterns

• Handle issues simultaneously (negotiate on package deals)
• Do not make more than one concession at a time
• Label your concessions
  – make it clear that your concession is costly to you
• Make contingent concessions
  • “I’ll do A for you if you do B for me”
  • “O.K., if…”
• Try to avoid saying “no” to the other side. “Yes, if” is better
• Move in increasingly smaller steps
• Take longer and longer to concede
• Close the deal