

Negotiate with Confidence

October 27, 2022



Today's Agenda

WHAT negotiation is – and is not

WHY we should negotiate

HOW we should negotiate

Key takeaways

Q&A



NEGOTIATION



Most of us view negotiation as adversarial

- Opposing interests, win-lose, rigidity prevails

With this perspective, we fail to:

- Recognize opportunities to negotiate
- Find optimal (win-win) solutions
- Engage in negotiations at all





Negotiation is a **collaborative problem-solving process** in which two or more parties come to mutually agree on a course of action that satisfies their individual & collective interests

Women are less likely
to negotiate...

...& when they do,
they ask for less

Women are stereotyped as communal
(*nice, generous, concerned for others*)

→ Face potential backlash when negotiating

Let the stereotypes work *for* you, rather than against you
– empathy & collaboration go a long way in negotiations!



The cost of NOT negotiating

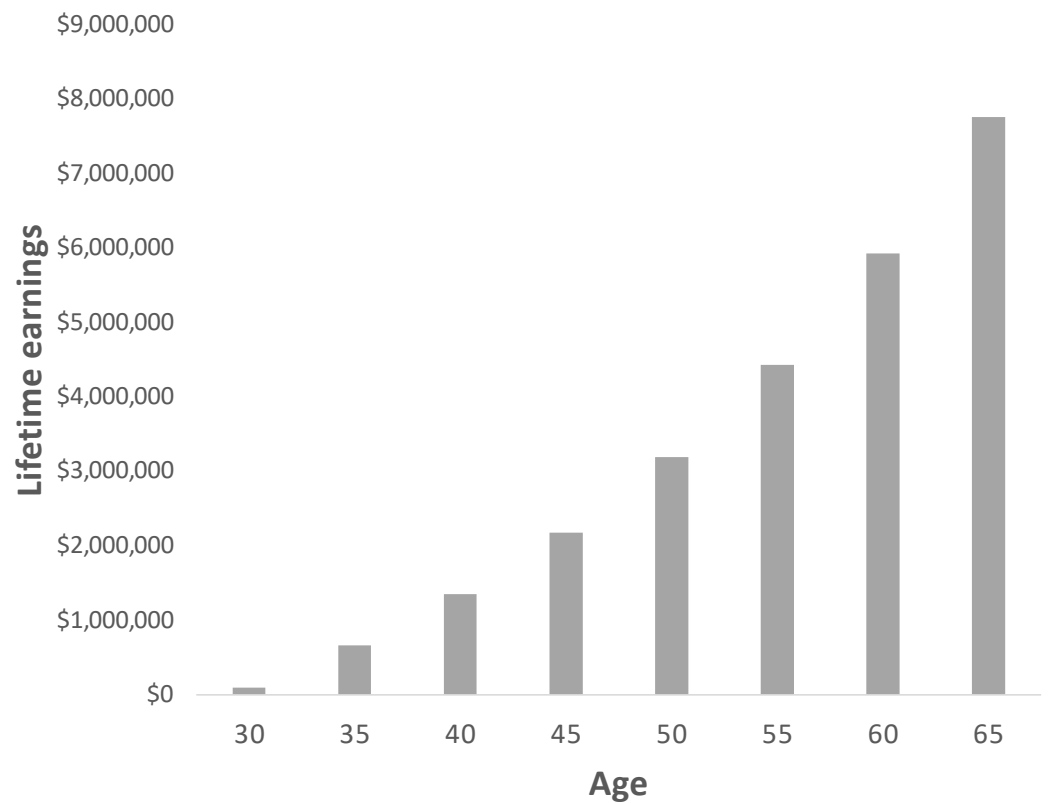


Alex



Jane

- Both receive salary offer of \$100k
- Both receive annual raises of 4%



The cost of NOT negotiating

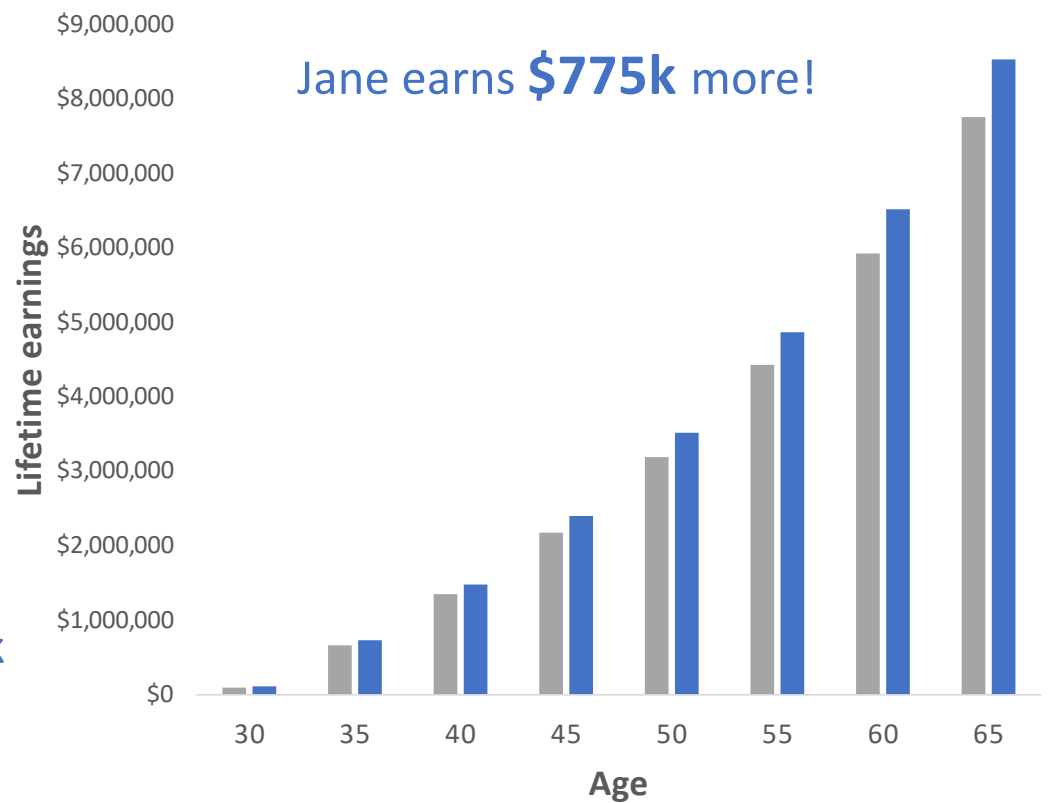


Alex



Jane

- Both receive salary offer of \$100k
- Both receive annual raises of 4%
- **Jane negotiates her offer to \$110k**



The cost of NOT negotiating

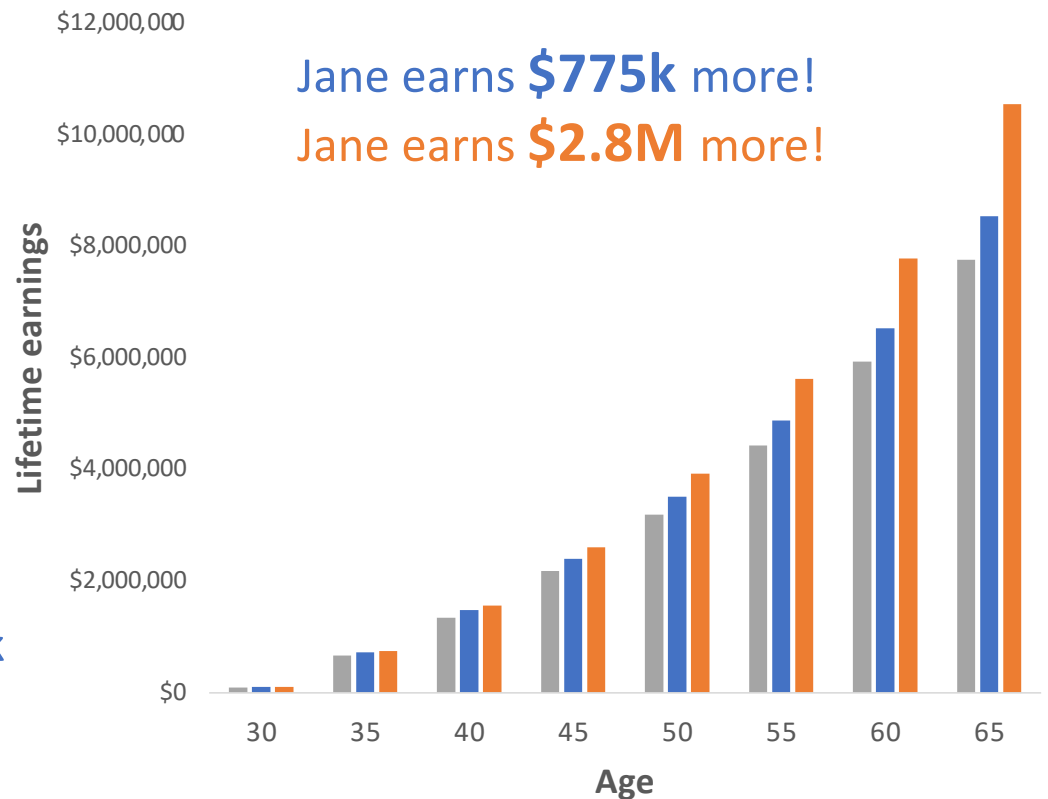


Alex



Jane

- Both receive salary offer of \$100k
- Both receive annual raises of 4%
- **Jane negotiates her offer to \$110k**
- **Jane negotiates her raises to 5%**



The cost of NOT negotiating

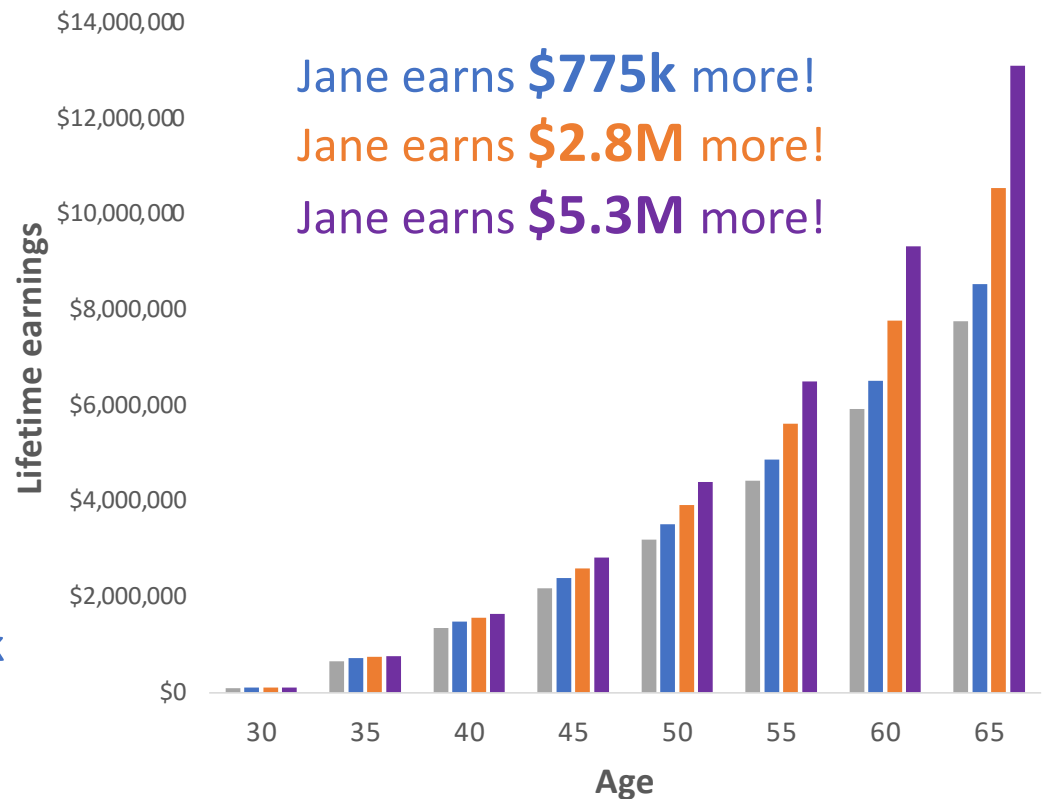



Alex



Jane

- Both receive salary offer of \$100k
- Both receive annual raises of 4%
- **Jane negotiates her offer to \$110k**
- **Jane negotiates her raises to 5%**
- **Jane negotiates her raises to 6%**



A close-up photograph of two people in business attire shaking hands. The person on the left is wearing a light-colored shirt, and the person on the right is wearing a dark suit jacket. The background is blurred, showing other people in a professional setting.

The goal of negotiating
is not to get a deal...

...it's to get a
GOOD deal!

Agreement bias:
*accepting an offer that
leaves you worse off
than you were before
negotiating*

How to distinguish a good deal?

- What are your *alternatives*?
- What is your *bottom line*?
- What is your *aspiration*?

What will you do if you don't make a deal?



Best Alternative To a Negotiated Agreement

Greatest source of power in a negotiation!



\$10,000
over ask

A **strong** BATNA
gives you **leverage**

**SIGNAL IT'S STRENGTH
STRATEGICALLY**



\$50,000
under ask

A **weak** BATNA leaves
you **vulnerable**

**DON'T REVEAL,
DEFLECT & REDIRECT**

When possible,
improve your
BATNA beforehand
(get another offer!)

When will you walk away?

Reservation point (RP) –

your bottom line, minimum you need to make you better off

- Based on BATNA, but not necessarily the same (+/– preferences)
- Consider whether/how much you prefer the current option over your BATNA

- Determine RP **before** negotiating
 - Should not change during the negotiation unless new value is introduced (e.g., new issues are added)
- Do **NOT** accept any offer below your RP!
- **NEVER** reveal RP in a negotiation!
 - Can bluff, but risk getting called on it & potential reputational damage

What do you hope to achieve?


- Optimistic assessment of what we can get
- Set an ambitious, yet reasonable, target

You'll never get what you don't ask for!

- How to determine a good target?
 - Research as much as you can (sites like Glassdoor; ask your network)
 - Try to determine/estimate the other party's BATNA or bottom line

Women set lower targets compared to men, but differences are reduced with more information





Should you make the first
offer in a negotiation?

anchoring bias:

our tendency to fixate on initial information & fail to adequately adjust away from it

- Slightly above your target (not bottom line), but still reasonable
 - Gives room to make concessions, you appear flexible
 - If too outrageous, can drive the other party away or bring about reputational & relational damage
- Provide rationale or reference points to support your offer (e.g., past sale price, salary data, recent trends)
- Use precise (vs. rounded) numbers

RESULT → First offers have a strong influence on final outcomes

Only times you don't want to make the first offer:

- Social norms dictate you shouldn't (e.g., job offer)
- You have no idea what's reasonable & you care about the long-term relationship

Getting to Win-Win



- Uncover underlying interests (needs, wants, concerns)
- Build trust & take the perspective of your counterpart
- Ask open-ended questions
- Share your interests
- Look for common ground & differing priorities
- Convey positive emotions & willingness to work together
- Frame your proposals as solutions to their problems
- Negotiate in packages, not issue-by-issue

Tradeoffs maximize value in negotiations!

Suppose you're negotiating a new job offer...

You value:	Employer values:
1. Salary	1. Start date
2. Flexibility	2. Performance
3. Promotion	3. Salary (cost)

- If you make concessions on a single issue, you lose your leverage for other issues
- Package issues together (“if..., then...”)
- Be firm on your interests, but flexible on how you achieve them



Key Takeaways

01

Reframe your
perspective

02

Prepare, prepare,
prepare

03

Seek win-win
solutions

How much are you willing to pay to avoid the discomfort of negotiating?

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