Negotiating for All, and for All You’re Worth

Case Western Reserve
3 April 2017

Kathleen L. McGinn
Cahners-Rabb Professor of Business Administration
Harvard Business School
Why are you here?

On the 3 x 5 cards in front of you, write:

✧ **XX color**

   — one sentence describing a recent negotiation success

✧ **XX color**

   — one sentence describing a recent negotiation that didn’t result in your desired outcome
Why are you here?

On a sheet of paper you’ll keep with you:

✧ Write about an important, upcoming negotiation. What are the challenges and opportunities you expect to face in this negotiation?
Gender in negotiations

Differences in behavior and payoffs are small and contingent on context

✧ Men tend to be more consistently competitive than women.
✧ Women tend to be more consistently cooperative than men,

and

✧ Women tend to be more responsive to situational cues, e.g., expected payoffs, behavior of other, relational cues, social role expectations, etc.
When gender matters in negotiation…

- Ambiguity
  - ...and not here
  - Gender effects likely here

- Gender Triggers
Impact of ambiguity

MBA salaries in first job:

- **Industries with clear compensation standards**
  
  60% of sample: No significant gender effects

- **Industries with ambiguous compensation standards**
  
  40% of sample: $11,000 gap in starting salary

Bowles, Babcock & McGinn, 2005
Impact of gender triggers

Bowles, Babcock & McGinn, 2005
Impact of gender triggers

Negotiating for Self
Negotiating for Protégé

Male Negotiator
Female Negotiator

Bowles, Babcock & McGinn, 2005
Negotiating for career success

Many negotiations, such as those for salary, research funds and research opportunities are ambiguous and full of gender triggers, so:

✧ Reduce you own & others’ ambiguity
✧ Identify and be aware of your own & others’ potential reactions to gender triggers
✧ To do both, apply lessons from Akerlof’s Lessons in your negotiations
Win as much as you can

- 5 rounds in groups of 4
- Each round, each person plays X or Y
- Not comparative winnings
- Not group winnings
- Maximize your own earnings
Win as much as you can: Rules

✧ Silence, except during communication periods
✧ Mark one card X, the other Y
✧ 5 rounds
  ─ 2 minute communication period before rounds 3 & 5
  ─ Bonus in round 2 (x2) and round 5 (x3)
✧ For each round
  ─ Hold cards so others can’t see prior to play
  ─ On “1 – 2 – 3 ... play” put X or Y card face down in center
  ─ On “Turn over your cards” turn them over simultaneously
  ─ Record your own scores for round and cumulative
WAMAYC Payoffs

4X → each X loses $100
3X → each X wins $100
1Y → each Y loses $300
2X → each X wins $200
2Y → each Y loses $200
1X → each X wins $300
3Y → each Y loses $100
4Y → each Y wins $100
Prisoner’s Dilemma

- Round Robin Tournament among game theorists
- Repeated, 200 rounds
- Initially cooperative, reciprocal strategies – “tit for tat” – did best

The Evolution of Cooperation, Robert Axelrod
Lessons from Axelrod’s Prisoner’s Dilemma

**Start with cooperation (be nice)**
- Never be the first to defect

**and**

**Practice reciprocity**
- Return cooperation for cooperation, defection for defection

**Be forgiving, not envious**
- Help others move away from bad behavior
- Aim to do as well as you can, not better than the other side

**Be clear**
- Make sure your behavior helps the other side understand your goals and plans
Applying Axelrod’s lessons to negotiations

1. Consider your role in others’ choices
2. Manage others’ perceptions
3. Foster relationships
4. Look for and defuse resistance
5. Manage the process
1. Consider your role in their choices

<table>
<thead>
<tr>
<th>You want them to trust you and others</th>
<th>• Be trustworthy and build a cooperative environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>You want them to see benefits of sustained cooperation</td>
<td>• Act cooperatively; avoid needless provocation</td>
</tr>
<tr>
<td>• Encourage beliefs about negative consequences</td>
<td></td>
</tr>
<tr>
<td>You want them to work together to create shared value</td>
<td>• Involve others in developing and selling vision</td>
</tr>
<tr>
<td>• Model valuing others’ gains as well as your own</td>
<td></td>
</tr>
<tr>
<td>You want them to reject competitive, value destroying choices</td>
<td>• Seek explicit agreement and avoid ambiguity</td>
</tr>
<tr>
<td>• Develop compliance mechanisms</td>
<td></td>
</tr>
</tbody>
</table>
2. Manage others’ perceptions

<table>
<thead>
<tr>
<th>My actions</th>
<th>What they see</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic</td>
<td>Opportunistic</td>
</tr>
<tr>
<td>Long-term perspective</td>
<td>Slow</td>
</tr>
<tr>
<td>See the big picture</td>
<td>Can’t see the details</td>
</tr>
<tr>
<td>In school’s best interest</td>
<td>Out for herself</td>
</tr>
<tr>
<td>Flexible</td>
<td>Inconsistent</td>
</tr>
<tr>
<td>Collaborative</td>
<td>Manipulative</td>
</tr>
</tbody>
</table>

What I do is not what they see
3. Foster relationships

Trust, accountability & reciprocity rely on acknowledged interdependence

✦ Others need to believe that working with you better fits their interests than working independently or against you.
3.1 To Foster relationships, create connections

✧ **Who needs to be part of the negotiation?**
  - **Look for pockets of energy and valuable partners**
    - Negotiations rely on and shape your networks
    - Identify who has a stake in the outcome & link your ideas to theirs

✧ **How can I understand their situation?**
  - **Look at their story**
    - Provide opportunities to share perspectives
    - Ask questions about their concerns
    - Consider social comparisons

✧ **How can I make them feel legitimate and understood?**
  - **Appreciate their “face”**
    - Manage expectations *a priori*
    - Show respect for their position
3.2 To foster relationships, Differentiate between positions & interests

✧ **A position** is a demand.
  - I want a full time research associate to handle grants management.

✧ **Interests** are the reasons, motivations, needs behind the position
  - I can’t run my studies while simultaneously writing for grants and responding to funders.
  - I need to focus on publications.
  - I’m losing potential funding.
  - The Department wants faculty sharing limited resources.
  - The Chair wants to make maximum use of limited RA slots.
  - The School wants me to publish and get promoted.
3.3 To foster relationships, Ask questions about interests

✧ Ask about reasons
  • Why is this important to you?

✧ Ask about priorities
  • What are the key things you need?
  • How important is this issue to you? Relative to other issues?

✧ Ask about time
  • Does the relative or absolute value of this issue change over time?
  • For how long has this been an issue?

✧ Ask about possibilities
  • What if we did it this way?
  • Help me understand why this will or won’t work…

✧ Use “If.., then..?” questions, “Yes.., and..” responses
  • If I agree on A, will you be willing to move on B?
  • Yes, I’ll work on this, and while I’m doing this, you can…

Practice with a partner:
1. Describe your negotiation partner’s situation/context in the upcoming negotiation.
2. Role play asking questions about interests.
4. Look for and defuse resistance

People resist for good reasons

- Technical – *it won’t work*
- Cost/Benefit – *costs too high relative to benefits*
- Intellectual – *disagree*
- Political – *will lose alliances; conflicts w/ other agreements*
- Process – *uncertainties*
- Personal – *loss of control, power, benefits; more work*

Find out why people are resisting and deal with the source of resistance
4.1 Look for and defuse resistance when negotiations get stuck

✧ Step away to reset perspective
  ─ What seems to be happening? Why?

✧ Name what is happening
  ─ “This is not what any of us are hoping for; not sure how we got here.”

✧ Explore assumptions about others’ interests, possible agreements more deeply
  ─ What are we missing here? What don’t we know that we need to consider?

✧ Consider small steps you can take
  ─ Where is there agreement? Can some difficult issues be deferred?

✧ Explore consequences of no agreement
  ─ What happens to us/faculty/students/dept/school if we don’t come to an agreement?
4.2 Manage resistance: During stalls, focus on small wins

**Small wins are:**

- Concrete, complete, implemented outcomes of moderate importance
- Controllable opportunities that produce visible results
- Noticeable changes in relatively unimportant variables or relatively small changes in important variables

A series of small wins may attract allies, deter opponents, and/or lower resistance to subsequent proposals
“It were not best that we all think alike, for it is the difference in opinions that makes horses race.”

Mark Twain
5.1 Manage the process: Get all parties into good starting positions

✧ Encourage everyone to consider their own interests and what they’re bringing to the table for others
  • What is your value and how do you make it relevant?
  • What are you hoping to achieve by working together?

✧ Learn as much as you can before the negotiation begins
  • What benchmarks can you use?
  • What do you know about others’ perspectives and interests? How can you learn more?

✧ Develop alternatives
  • What happens if there’s no deal – To you? To them?
  • How can you introduce alternatives into the negotiations?
5.2 Manage the process:
Create value through process choices

✧ Be flexible on process
✧ **Share information** about interests, priorities, and preferences
✧ **Ask questions** about interests and priorities & listen to their answers
✧ **Circle back** as new issues, interests and options arise
✧ **Give it time** – Be careful not to end discussions too quickly
Back to why you’re here

✧ Consider your upcoming important negotiation.

✧ Write what you can do to improve your chances of success in your negotiation.
Negotiating for all, and for all you’re worth

*Listen*

Transform Understanding

*Learn Together*

Transform Relationships

*Create Shared Value Agreements*

Transform Your Own and Others’ Outcomes