

M Nava

Reading Response

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“Negotiation Analysis: An Introduction” by Michael Wheeler, talks about what to look for while negotiating. He covers Best Alternative To a Negotiated Agreement (BATNA), Parties, Interests, Value, Barriers, Power, and Ethics. He also talks about the Zone of Possible Agreement (ZOPA) when considering BATNAs.

BATNAs must be considered when a deal does not go as planned, he talks about the case of Frank Park, owner of ParkNet, decided to sell his company. Gulf Cable offered him \$10,000,000 in cash but negotiated with C-Com, a national giant. Trying to perceive the BATNAs can be difficult, especially when each side believes that they will win the negotiation.

The bargaining range is referred to as the “zone of possible agreement” (ZOPA). It is the goal of the negotiation to land on a figure that is in the ZOPA. The parties generate a gain by coming to an agreement. Whatever price they settle on will leave them both better off than accepting impasse. It is difficult to know exactly what the ZOPA is because the information from the other party will almost always be incomplete and subject to interpretation. “Indeed, one of the early tasks in negotiation, once the process has begun, is to understand better how the other party views its alternatives—as well as how it perceives your own. This can be a time-consuming and frustrating process if each party is guarded about revealing information about its own situation,” (Wheeler).

Identifying the parties that are influential to the negotiation can refine the entire pursuit. In the case of Frank park, he pursued the acquisition of other small bale systems. He would use these new systems to spread advertising and operations, which gave him greater purchasing power. This would add significant value to the sale that Park was presented to the larger companies.

Interests are important at every age of the negotiation, and it is important to know one's own interests first. It is also important to stay open to the idea that your interest may change any time during the negotiation as well.

Value comes from finding differences while negotiating. These can come up in forms of valuation, expectations, discount rates, or attitudes toward risk, and if not exploited, then you will risk losing an opportunity that could benefit both parties involved in the negotiation.

Barriers such as strategic behavior, psychological or interpersonal, and institutional barriers are the three most commonly found in negotiations. It's important to recognize these barriers and navigate them accordingly in order to achieve the ZOPA.

Power comes in the form of bargaining power, and scholars disagree about what it really means. It is a manifestation of complex situational factors and perception. Having an attractive BATNA could give you an advantage unless the other party is convinced you'll walk away. Conversely, there is power in convincing the other party that you will wait forever for the terms you want. Having knowledge and skill helps create bringing power too.

Ethics come in to play at the bargaining table, and your principles must be carefully considered before the negotiation has commenced. Moral issues that may come up include candor, fairness, force, impact on bystanders, and principle-agent conflicts.

The ability to listen, have patience, have humor, and persuade is highly valuable in a negotiation. Your negotiation's success is also contingent on the other party's attitudes and creative ability. So, you should encourage constructive behavior from people you deal with.