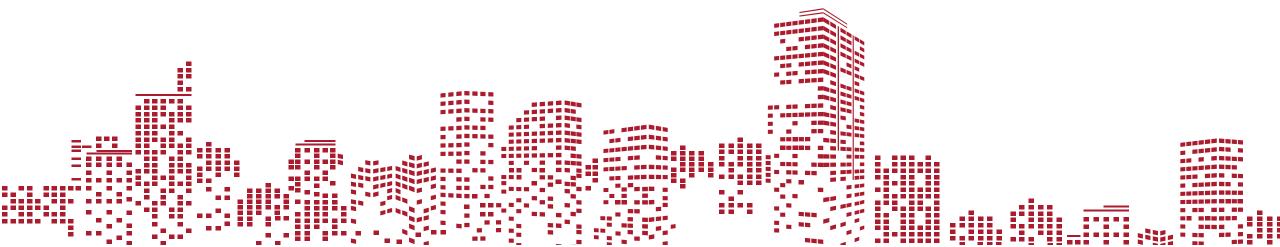


AGENDA

- Negotiation concepts
- Case overview
- Case analysis
- Epilogue
- Key takeaways





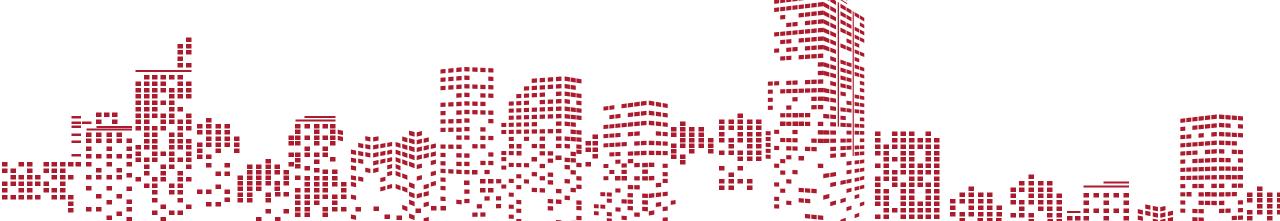
NEGOTIATION CONCEPTS

- Target point: aspirational goal for the negotiation's outcome
- Reservation point: point of indifference between deal and next-best alternative
- Anchor: initial offer in a negotiation
- Alternative: agreement that does not require the other party's agreement
- BATNA: Best Alternative To a Negotiated Agreement
- Zone of possible agreement (ZOPA): bargaining space between negotiator's reservation points

EXAMPLE

We're at a market and we see a vendor selling strawberries. They are marked at \$7/box. You want strawberries, but only have a \$5 bill with you. Moreover, you saw another vendor down the street selling what appear to be the same strawberries for \$4/box. Ideally, you really would like to pay only \$3 for the box, though you know that is ambitious and perhaps unrealistic.

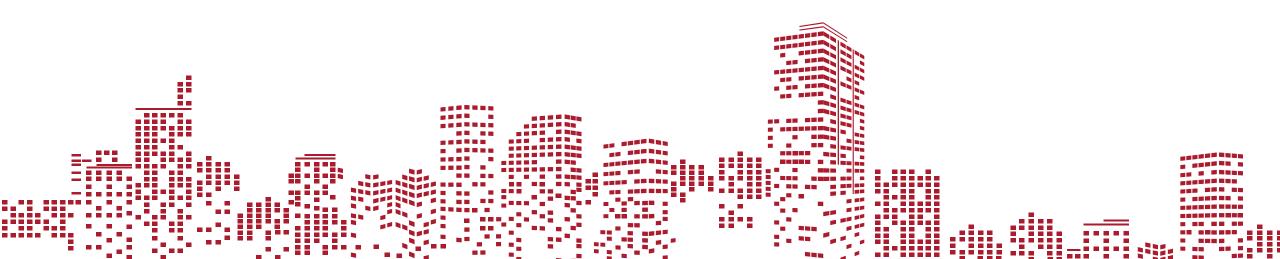
What is your target point and reservation point in negotiating a price for the strawberries? How would you anchor? What do you expect the ZOPA will be? What is your BATNA?



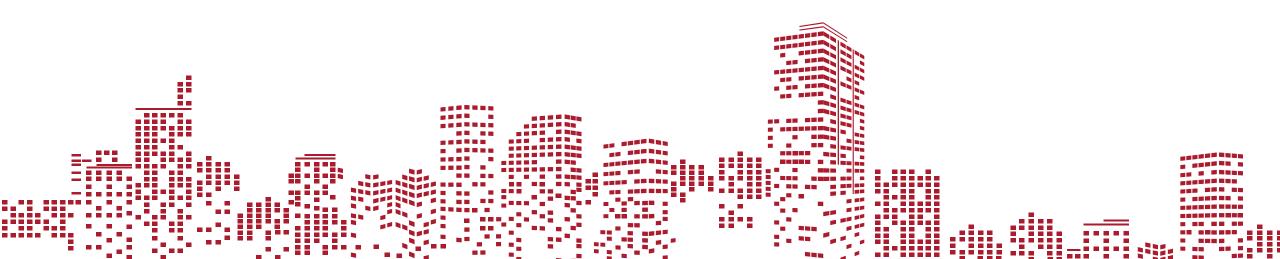


CASE OVERVIEW

• What is the story in this case?



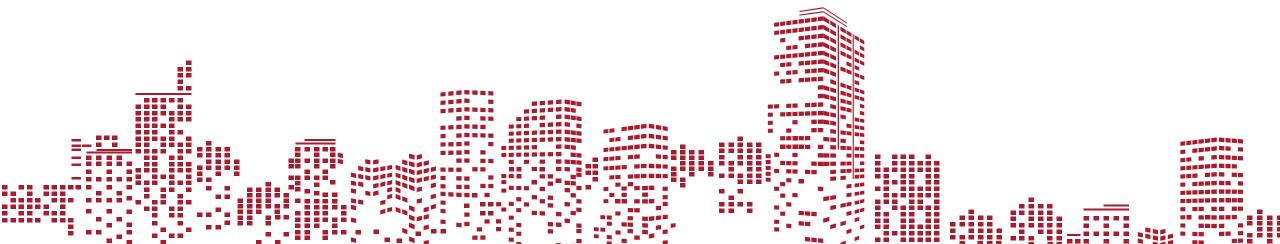
CASE OVERVIEW



CASE ANALYSIS

 Why did a distributive, or price-focused, model not work in this contract?

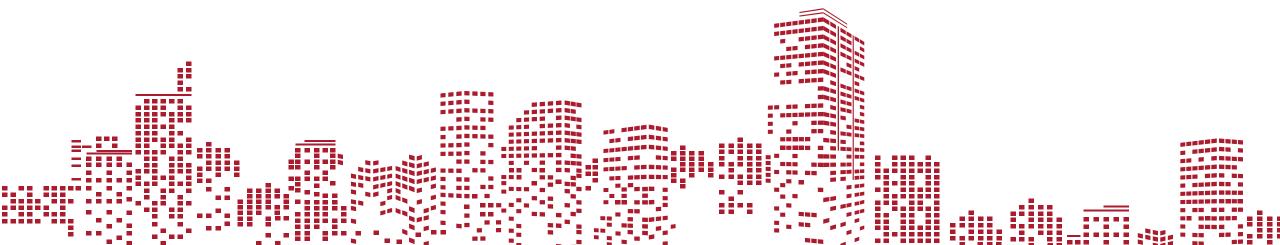
 What could Wilson have done to anticipate the bids he received for this contract? How?



CASE ANALYSIS

• Under what circumstances does a distributive, or price-focused negotiation model in government or other situations work?

• Can you think of a time when you've been forced to use a distributive model where it was not appropriate?





Takeaways

- 1. Strong negotiators format their goals explicitly through specific "target points" or aspirational goals that represent the outcome they hope for in a negotiation. Stockton did not do this.
- 2. Never assume that your counterpart formulates a negotiation challenge the same way you do. Just because cities expect distributive negotiations to go one way does not mean the vendors have the same expectations.
- 3. When an agreement falls outside the ZOPA for one or multiple parties in a negotiation, it is wise to broadly examine your alternatives, which might include doing nothing or going back to the drawing board.
- 4. Be wary of solutions that are short and technical when the scope of a problem is large and structural. Negotiations inevitably exist within a larger system and set of assumptions; creatively finding better alternatives to the status quo increases negotiating leverage.