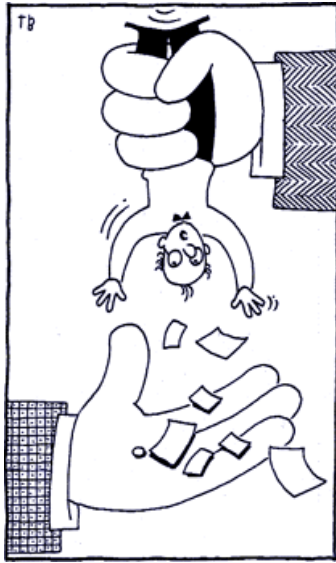




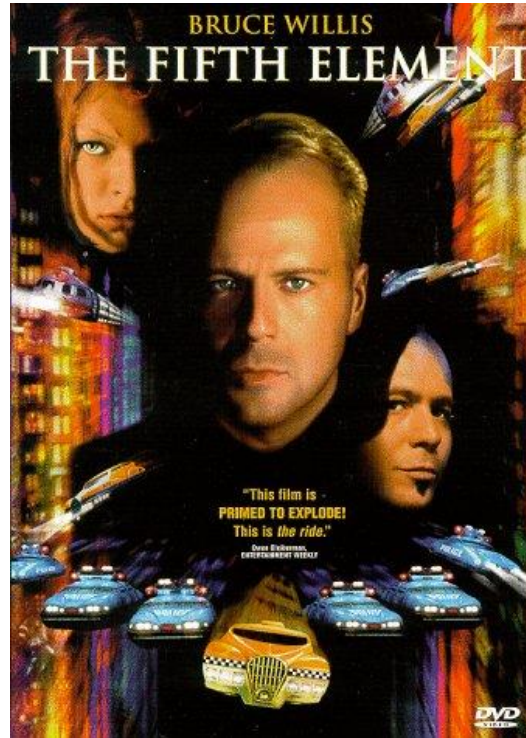
# Negotiation

**Rami Zwick**

Senior Associate Dean  
Professor of Marketing  
School of Business Administration  
University of California, Riverside

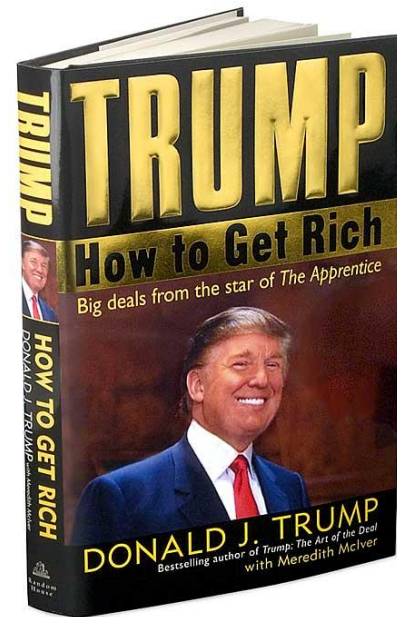


# The Fifth Element (1997)



<http://youtu.be/3oKwg6W05MU>

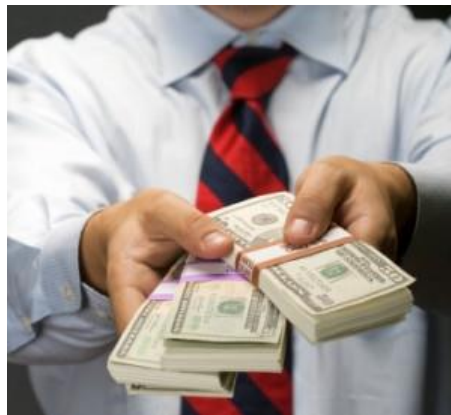
- “If you have them by the balls, their hearts and minds will follow”
  - Trump: How to Get Rich (2004)



# 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



## Academic Hiring Toolkit 2016 – 2017 AY

- 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](http://academicpersonnel.ucr.edu/policies_and_procedures/Academic%20Hiring%20Toolkit.pdf)

# Academic Compensation Package

- Rank and Step
- Salary (off scale?)
- Summer support
- Startup funds (Equipment & Research Support, Post-doc, RAs)
- Research funding (ongoing)
- Teaching load (short and long term)

- Other duties
- Office and lab space (+ hardware and software)
- Conferences - budget
- Removal/Relocation
- Paid visit to look at houses
- Spousal position

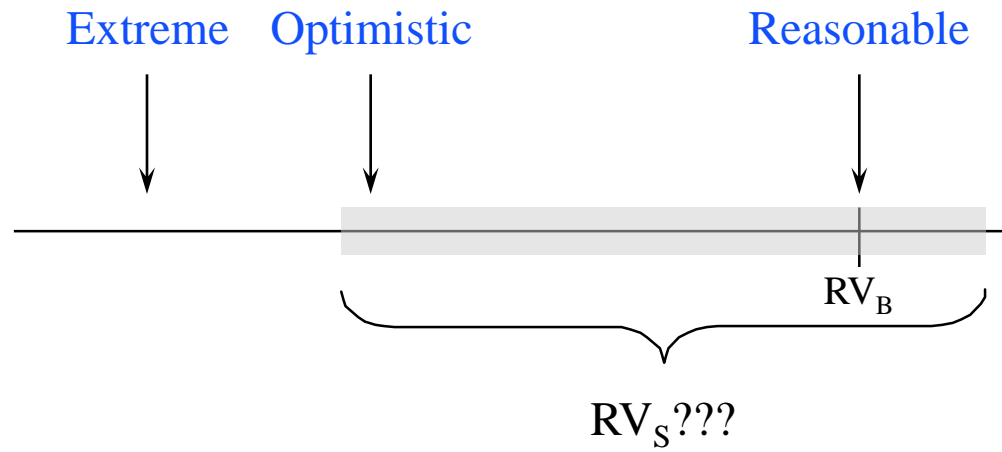
# What Drive Agreements?

- 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



# 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