

Solution Manual for Mind and Heart of the Negotiator 6th Edition Thompson

0133571777 9780133571776

Full link download:

Solution Manual:

<https://testbankpack.com/p/solution-manual-for-mind-and-heart-of-the-negotiator-6th-edition-thompson-0133571777-9780133571776/>

Test Bank:

<https://testbankpack.com/p/test-bank-for-mind-and-heart-of-the-negotiator-6th-edition-thompson-0133571777-9780133571776/>

Chapter 2: Preparation: What to Do Before Negotiation

OVERVIEW

This chapter is best discussed after students have prepared for and completed their first negotiation of the course. (I suggest a simple, distributive negotiation in a multi-week course.) Much class/lecture time should be spent on the concepts of the BATNA and reservation price. If the instructor is using a group or team-based approach, student groups can engage in a 15-minute discussion of the factors that were critical for preparation. The instructor can compile a master list of each group's ideas. This list can be compared with Exhibit 2-4 at the end of the chapter. As several biases are identified in this chapter, the instructor can point to instances of these biases occurring in the actual negotiations that students completed. For a homework assignment, students can be asked to use the preparation tips for a real, out-of-class negotiation.

LECTURE OUTLINE

I. THE FIXED-PIE PERCEPTION

A. Most negotiators view negotiation as a fixed-pie (fixed-sum).

B. People who have fixed-pie perceptions usually adopt one of three mindsets when preparing for negotiation:

1. Resign themselves to capitulating to the counterparty (*soft bargaining*)
2. Prepare for attack (*hard bargaining*)
3. *Compromise* in an attempt to reach midpoint between opposing desires (often regarded to be a win-win negotiation when, in fact, it is not)

C. Common assumption is that concessions are necessary by one or both parties to reach agreement

D. The fixed-pie perception is almost *always* wrong and often leads to an ineffective approach to negotiation

II. THE MIXED-MOTIVE DECISION-MAKING ENTERPRISE

A. Effective preparation for a negotiation encompasses three general abilities:

1. Self-assessment
2. Other-assessment
3. Situation-assessment

III. SELF-ASSESSMENT

A. What do I want? Target/aspiration identification problems:

1. Underaspiring negotiator (winner's curse)
2. Overaspiring or positional negotiator
3. Grass-is-greener negotiator (reactive devaluation)

B. What is my alternative to reaching agreement in this situation?

1. **Best Alternative To a Negotiated Agreement (BATNA)**
2. BATNAs and reality
3. Your BATNA is time-sensitive.
4. Do not let the counterparty manipulate your BATNA.

C. Determine your reservation point (Exhibit 2-1).

1. Brainstorm your alternatives.
2. Evaluate each alternative.
3. Attempt to improve your BATNA.
4. Determine your reservation price.

D. Be aware of focal points.

E. Beware of sunk costs.

F. Do not confuse your target point with your reservation point.

G. Identify the issues in the negotiation.

H. Identify the alternatives for each issue.

I. Identify equivalent multi-issue proposals.

1. Packages should all be of equivalent value or attractiveness. (Appendix 1)
2. Avoid premature concessions.
3. Identifying packages of offers does not make you appear to be a positional negotiator.

J. Assess your risk propensity.

1. Risk aversion
2. Reference points define what people consider gains or losses.
3. Three sources of risk in negotiation:
 - a) Strategic risk

- b) BATNA risk
- c) Contractual risk

K. Endowment effects

- 1. Reference points

L. Am I going to regret this?

- 1. Counterfactual thinking

M. Violations of the Sure Thing Principle

- 1. The Sure Thing Principle

N. Do I have an appropriate level of confidence?

- 1. Overconfidence effect

IV. OTHER ASSESSMENT

A. Who are the other parties?

- 1. Hidden table

B. Are the parties monolithic?

C. Counterparties' interests and position

D. Counterparties' BATNAs

V. SITUATION ASSESSMENT

A. Is the negotiation one-shot, long-term, or repetitive?

B. Do the negotiations involve scarce resources, ideologies, or both?

- 1. Consensus conflict
- 2. Scarce resource competition

C. Is the negotiation one of necessity or opportunity?

D. Is the negotiation a transaction or dispute situation?

E. Are linkage effects present?

F. Is agreement required?

G. Is it legal to negotiate? (Exhibit 2-2)

H. Is ratification required?

I. Are there time constraints or other time-related costs involved?

- 1. Time pressure and deadlines (Exhibit 2-3)
- 2. Time-related costs
- 3. Time horizon

J. Are contracts official or unofficial?

K. Where do the negotiations take place?

L. Are negotiations public or private?

M. Is third-party intervention a possibility?

- N. What conventions guide the process of negotiation (such as who makes the first offer)?**
- O. Do negotiations involve more than one offer?**
- P. Do negotiators communicate explicitly or tacitly?**
- Q. Is a power differential a factor between parties?**
- R. Is precedent important?**

VI. CONCLUSION

- A. Effective preparation is a strategic advantage at the bargaining table.**
- B. The three general areas of preparation are self, the other party, and context.**
- C. Summary preparation form should be used before negotiation. (Exhibit 2-4)**

KEY TERMS

BATNA	Acronym for a negotiator's B est A lternative T o a N egotiated A greement
consensus conflict	Conflict that occurs when one person's opinions, ideas, or beliefs are incompatible with those of another, and the two seek to reach an agreement of opinion
contractual risk	The risk associated with the willingness of the other party to honor its side of an agreement
counterfactual thinking	The act of thinking about how things might have turned out differently
dispute	A negotiation takes place because a claim has been made by one party and has been rejected by the other party.
final deadline	A fixed point in time that ends the negotiations
fixed-pie perception	The belief that the counterparty's interests are directly and completely opposed to one's own
focal point	Salient number, figure, or value in a negotiation that appears to be valid but is actually arbitrary and/or has no basis in fact
hidden table	The negotiations that take place behind the scene between a principal and his or her constituents
linkage effects	A phenomenon that refers to the fact that some negotiations will affect other negotiations (i.e., resolutions in one situation will have implications for a future situation)
monolithic party	A member of a group that acts as a single unit (i.e., there is no divergence within the group)
mixed-motive enterprise	A negotiation involving both cooperation and competition

one-shot negotiation	A transaction between parties that only occurs once and no future ramifications accrue to either party
overconfidence effect	Refers to unwarranted levels of confidence in people's judgment of their abilities, the likelihood of positive events, and underestimates of the likelihood of negative events
party	A participant in negotiation; parties can be individuals, groups, organizations, communities, or nations
positional negotiator	A person who determines a set of terms desired in a negotiation, presents those terms, and refuses to budge on any dimension of any issue
ratification	Approval of a contract by a body or group not necessarily present at the negotiation table
reactive devaluation	The tendency for people to devalue an option previously considered to be more attractive, merely as a consequence of it being offered by the counterparty (also known as the grass-is-greener effect)
reference point	What a person considers to be a gain or loss
repetitive negotiations	Situations in which negotiators must renegotiate terms on some regular basis
reservation point	The point at which a negotiator is indifferent between reaching a settlement and walking away from the bargaining table
risk aversion	Preference for a sure thing rather than a gamble that has an equal or greater expected value
scarce resource competition	Conflict or competition that exists when people perceive one another as desiring the same limited resources
strategic risk	The relative risk levels of the tactics that negotiators use at the bargaining table
sunk costs	Money invested that cannot be recovered
sure thing principle	A principle that states that if alternative x is preferred to y , in the condition that some event, a , occurs, and if x is also preferred to y in the condition that some event, a , does not occur, then x should be preferred to y , even when it is not known whether a will occur
target or target point	The ideal or upper limit of what a negotiator expects to get out of a negotiation, also called the aspiration or aspiration point
transactional negotiations	Occur when parties come together to exchange resources
time horizon	The amount of time between the negotiation and the consequences, or realization, of negotiated agreements
underaspiring negotiation	A negotiator that sets their target point too low
winner's curse	A situation in which a negotiator makes an offer or requests something that is immediately accepted by the opponent

SUGGESTED EXERCISES AND OTHER MATERIALS

1. EXERCISE: The Biopharm-Seltek Negotiation

by Leonard Greenhalgh

Biopharm-Seltek is a distributive negotiation over the sale of a manufacturing facility that produces genetically-engineered compounds. Negotiators are given information about the costs of their alternatives, but have to determine aspirations, reservation prices, and opening offers themselves. There are no teaching notes; however, the teaching notes associated with Coffee Contract (see suggested cases for Chapter 3) can easily be adapted for this exercise. **Preparation:** 10 min. **Negotiation:** 20 min. Available from Creative Consensus, Inc., P.O. Box 5054, Hanover, NH 03755. Phone/fax: (603) 643-0331.

2. EXERCISE: Coffee Contract

by Tony Simons and Thomas Tripp

Coffee Contract is a distributive exercise. It concerns the contract for coffee at the Cornell Hotel School. The exercise provides a good context for teaching fundamental negotiation concepts like bargaining zone, reservation prices, and BATNAs, as well as distributive negotiation tactics, openings, concession making, and threats. Creative students may build in some integrative elements, and even if the students fail to find these creative ideas, the instructor can use them to introduce integrative negotiations. **Preparation:** 15 min. **Negotiation:** 30 min. Available from the Dispute Resolution Research Center (DRRC) at the Kellogg School of Management, Northwestern University, 2001 Sheridan Road, Evanston, IL 60208; www.negotiationexercises.com.

3. EXERCISE: Commodities Brokers

by Leigh Thompson and Leaf Van Boven

This is a set of three negotiations between two brokers. It is a multiple-time-period, two-party integrative negotiation between two brokers trading four commodities, in which there is risk involved. Participants are randomly assigned to the role of Broker Jones or Broker Smith in the trading of various quantities and grades of wheat, rice, copper, and crude oil. This is an excellent negotiation exercise for illustrating the impact of risk and uncertainty on behavior and performance over time. **Preparation:** 15 min. **Negotiation:** 30 min. Available from the DRRC at the Kellogg School of Management, Northwestern University, 2001 Sheridan Road, Evanston, IL 60208; www.negotiationexercises.com.

4. EXERCISE: Energetics meets Genorex

by W. Trexler Proffitt, Jr.

This is a two-party distributive negotiation based on a real California wind energy farm transaction. It is good for illustrating biases including anchoring and availability. There is the option to provide an outside offer during the negotiation that illustrates the power of BATNA. **Preparation:** 10 min. **Negotiation:** 30 min. Available from the DRRC at the Kellogg School of Management, Northwestern University, 2001 Sheridan Road, Evanston, IL 60208; www.negotiationexercises.com.

5. EXERCISE: Les Florets

by Stephen B. Goldberg

A simplified version of *Texoil* (see Exercise 8 below) set in France. **Preparation:** 30 min. **Negotiation:** 45-60 min. Available from the DRRC at the Kellogg School of Management, Northwestern University, 2001 Sheridan Road, Evanston, IL 60208; www.negotiationexercises.com.

6. **EXERCISE: OmniChart**
by Leigh Thompson

OmniChart is a two-party, eight-issue deal-making negotiation exercise. It can be used to introduce concepts of bargaining zones, BATNAs, and integrative bargaining. It is quantified with points, similar to DRRC's *New Recruit* exercise. However, unlike *New Recruit*, in *OmniChart*, the buyer and seller roles are designed to have equal power, unless the instructor wishes to manipulate BATNAs. This exercise can be run one-on-one or team-on-team. **Preparation:** 20-30 minutes for team. **Negotiation:** 30-50 min. Available from the DRRC at the Kellogg School of Management, Northwestern University, 2001 Sheridan Road, Evanston, IL 60208; www.negotiationexercises.com.

7. **EXERCISE: Sugar Bowl - Integrative**
by Gaylen D. Paulson

Sugar Bowl is a fun and compact introductory exercise originally designed for use in short negotiation seminars or workshops. The exercise presents a very approachable negotiating context, and one that students are likely to feel is relevant to their own experiences. The key to the exercise is a relatively generous positive bargaining zone that often leaves both sides initially feeling successful, but later realizing they might have gotten a better distributive outcome (and thereby making them more receptive to course material). In a very short space of time, issues are raised related to aspirations, reservation prices, alternatives, bargaining zones, and tactics for effective value claiming. **Preparation:** 5 min. **Negotiation:** 5-10 min. Available from the DRRC at the Kellogg School of Management, Northwestern University, 2001 Sheridan Road, Evanston, IL 60208; www.negotiationexercises.com.

8. **EXERCISE: Texoil**
by Stephen B. Goldberg

This is a qualitative negotiation over the sale of some property. The case has no overlapping bargaining zone unless the parties uncover some of each other's interests. It is a very good case for teaching about interests, what information should and should not be shared, and creativity in negotiations. **Preparation:** 30 min. **Negotiation:** 60 min. Available from the DRRC at the Kellogg School of Management, Northwestern University, 2001 Sheridan Road, Evanston, IL 60208; www.negotiationexercises.com.