

Session 6

Power in Negotiation

Why Is Power Important to Negotiators?

Seeking power in negotiation arises from one of two perceptions:

1. The negotiator believes he or she currently has *less power* than the other party.
2. The negotiator believes he or she needs *more power* than the other party.

A Definition of Power

- “an actor...has power in a given situation (situational power) to the degree that he can satisfy the *purposes* (goals, desires, or wants) that he is attempting to fulfill in that situation”
- Two perspectives on power:
 - Power used to dominate and control the other– “power over”
 - Power used to work together with the other– “power with”

Sources of Power – How People Acquire Power

- Informational sources of power
- Personal sources of power
- Power based on position in an organization
- Relationship-based sources of power
- Contextual sources of power

Informational Sources of Power

- Information is the most common source of power
 - Derived from the negotiator's ability to assemble and organize data to support his or her position, arguments, or desired outcomes
 - A tool to challenge the other party's position or desired outcomes, or to undermine the effectiveness of the other's negotiating arguments

Power Based on Personality and Individual Differences

- Personal orientation
- Cognitive orientation
 - Ideologies about power
- Motivational orientation
 - Specific motives to use power
- Disposition and skills
 - Orientation to cooperation/competition
- Moral orientation
 - Philosophical orientation to power use

Power Based on Position in an Organization

Two major sources of power in an organization:

- Legitimate power which is grounded in the title, duties, and responsibilities of a job description and “level” within an organization hierarchy
- Power based on the control of resources associated with that position

Power Based on Resource Control

- People who control resources have the capacity to give them to someone who will do what they want, and withhold them (or take them away) from someone who doesn't do what they want.

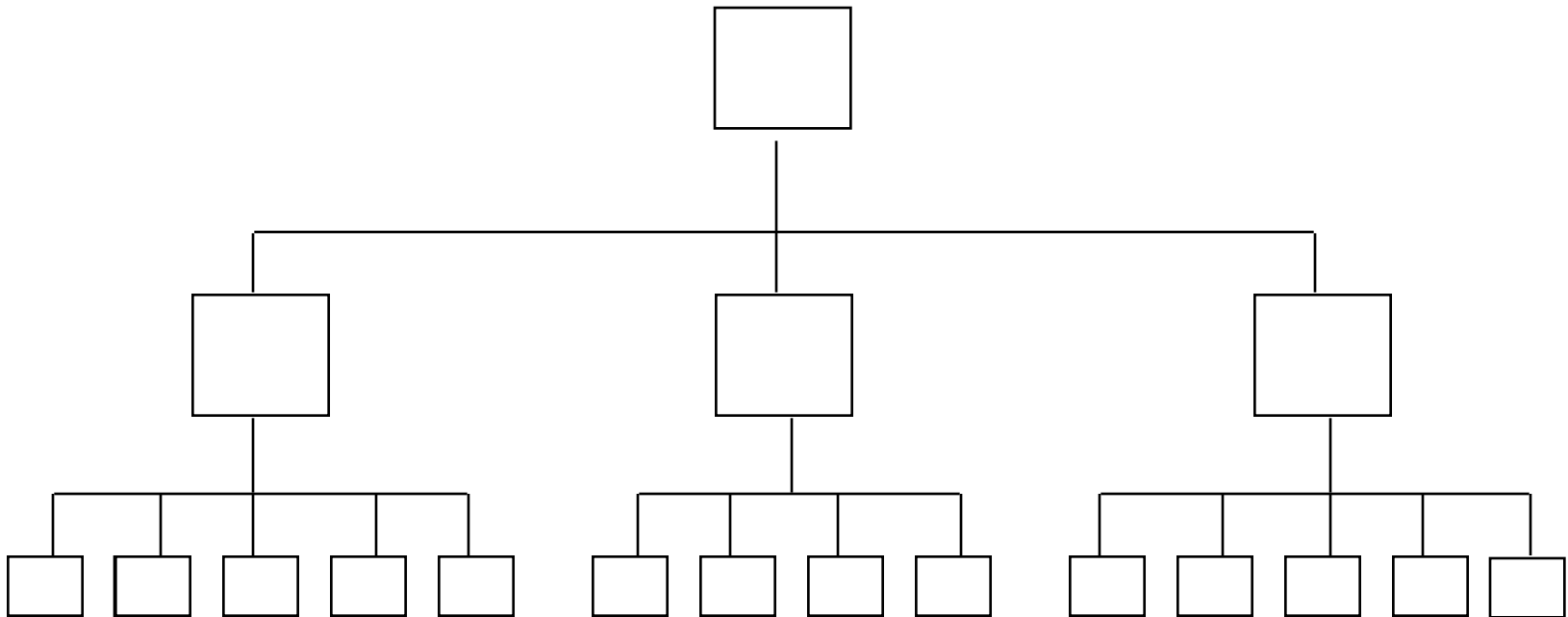
Power Based on Resource Control

- Some of the most important resources:
 - Money
 - Supplies
 - Human capital
 - Time
 - Equipment
 - Critical services
 - Interpersonal support

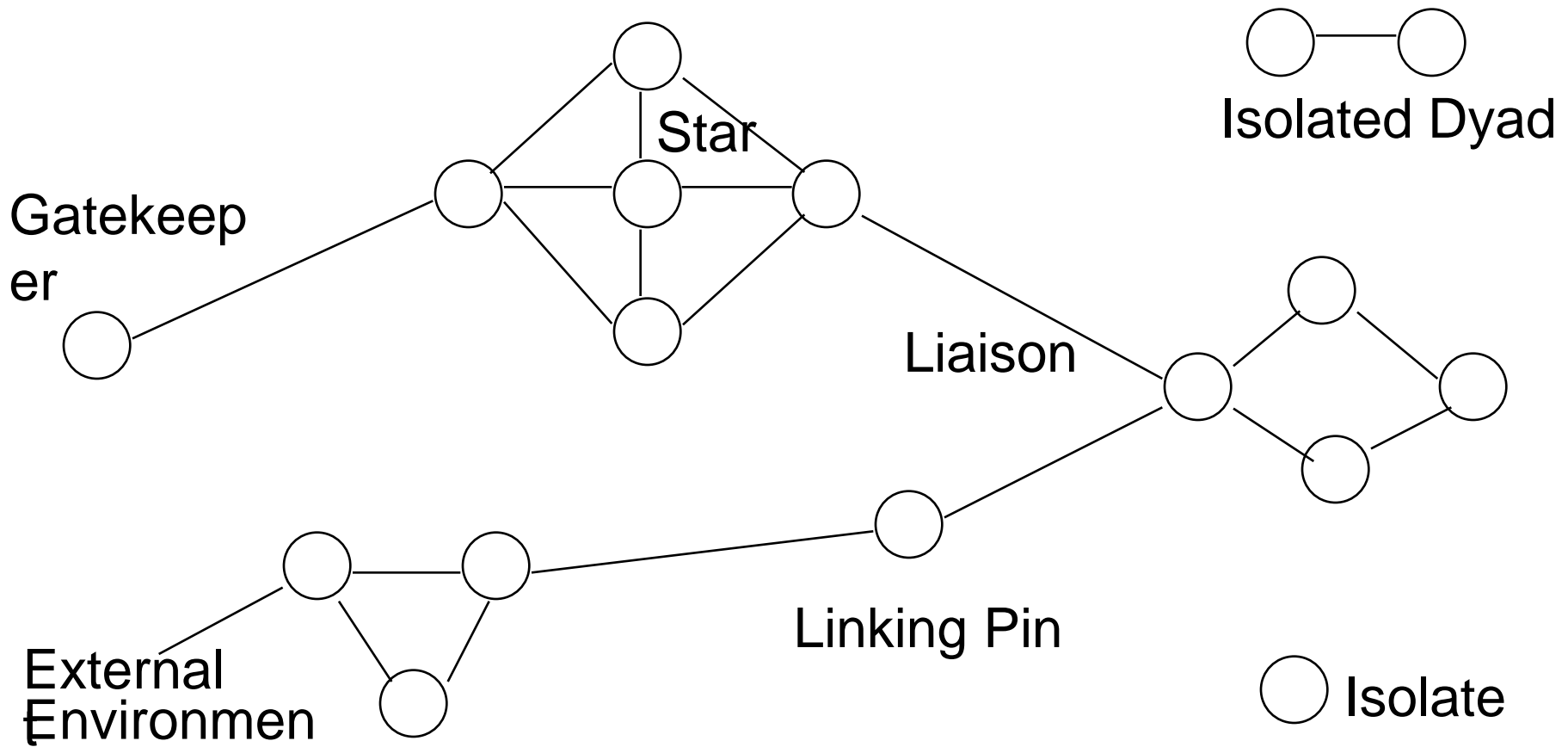
Power Based on Relationships

- Goal interdependence
 - How parties view their goals
- Referent power
 - Based on an appeal to common experiences, common past, common fate, or membership in the same groups.
- Networks
 - Power is derived from whatever flows through that particular location in the structure (usually information and resources)

An Organization Hierarchy



An Organizational Network



Power Based on Relationships

- Key aspects of networks:
 - Tie strength
 - An indication of the strength or quality of relationships with others
 - Tie content
 - The resource that passes along the tie with the other person
 - Network structure
 - The overall set of relationships within a social system

Power Based on Relationships

Aspects of network structure that determine power include:

- Centrality
- Criticality and relevance
- Flexibility
- Visibility
- Coalitions

Contextual Sources of Power

Power is based in the context, situation or environment in which negotiations take place.

- BATNAs
 - An alternative deal that a negotiator might pursue if she or he does not come to agreement with the current other party
- Culture
 - Often contains implicit “rules” about use of power
- Agents, constituencies and external audiences

Dealing with Others Who Have More Power

- Never do an all-or-nothing deal
- Make the other party smaller
- Make yourself bigger
- Build momentum through doing deals in sequence
- Use the power of competition to leverage power
- Constrain yourself
- Good information is always a source of power
- Do what you can to manage the process

Testing Your Power

- Power is of no value unless you take advantage of it.
- Remember, power is not bad--the abuse of it is bad.
- When negotiating, be willing to take a chance.
- Try out your ability to influence the other party and the outcome of the negotiation.
- You may find out you have more power than you think!



Intimidation

What can you do?

- Have confidence to remain unintimidated by tough negotiators or negotiators who pull rank
- Believe that negotiating is *normal* rather than something to feel uncomfortable about

Aggressive Strategies

What can you do?

- Ignore the aggressive strategy.
- Lead a change in the game by proposing objective criteria and principles that should be considered.
- Lead a change in the game by concentrating first on the interests of the Other and then your own interests.
- Name the aggressive strategy of the Other party and try to negotiate a change in the game by generating options and concentrating on objective criteria and interest of all parties.

The Best Offer

- *“Just give me your best price...I don’t want a sales pitch.” The sales rep is also told that manager has one of the sales rep’s competitors coming in this afternoon.*

What can you do?

- Try responding, “I’d like to give you my best price but until I’ve learned more about your requirements, I don’t know what my best price is.”
- Sidestepping the request and signaling that you need information is a good countermeasure because you have agreed that you want to give him what he wants. It is just that you cannot do it in the way he has suggested.

The Boss Ploy

- *You discover that the person to whom you are talking does not have the authority to agree.*
- *He or she leaves the room (contacts the boss) and returns saying that the boss will not agree unless another x percent is conceded. Then says delivery has to be in 2 rather than 4 weeks... The unseen boss always wants a bit more.*

What can you do?

- Authority Limit Tactics
 - You should always be concerned about the authority of the other party.
 - If this is not possible or you feel that it is tactically inappropriate, continue the negotiations with an acute awareness that the person you are dealing with either does not have, or says that he or she does not have, the final authority.
 - One way to deal with this may be to use the person on the other side of the table as messenger, getting points agreed to by the person with authority step by step.

Last Minute Wavering

Defense= “if”

- *Just when you think that negotiations are over and you have reached agreement, the other party begins wavering over some seemingly trivial point. He has realized that as your relief at reaching an agreement increases, your defenses decrease, and he squeezes one last concession from you. And he can waver several times, squeezing more and more...*

What can you do?

- Your defense is to remember that every time he raises another issue, points that have been previously agreed to can be brought back for discussion using the word *if*. As in, “*I can consider this new point but only if we reconsider...*” If the new point is genuine, he will not mind resurrecting a previously agreed to one; if the new point is not genuine, he will retract it.

An Early Concession

- *Some negotiators begin with an early concession and then wait for you to reciprocate and, being a lady or gentleman, you probably will.*

What can you do?

- Unless you realize that what they have done is the chess equivalent of sacrificing a pawn to take your queen.
- So thank them, remember the concession for later, and continue exploring.

Tips: What Can I Do?

- Don't Believe Everything You See and Hear
- Don't Offer Your Bottom Line Early in the Negotiation: How many times have you been asked to "give me your best price"?
- Get Something in Return for Your Added Value
- Trade concessions - don't give them away
- Keep the whole picture in your mind.
- Keep accurate notes
- Summarize and clarify the negotiation as you go