

The Art and Science of Leading Through Negotiations

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H A R V A R D | B U S I N E S S | S C H O O L

Why is Negotiation Essential to Leadership in Universities?

Universities are flat, networked organizations

Deans' responsibilities exceed authority

Universities are matrix organizations

Deans don't control traditional levers of motivation

Conflicts have multiple sources

Interdependence in programs is at odds with independence in research and teaching

Change requires buy-in across schools, departments, levels

Deans need to accommodate multiple goals & agendas

University membership is diverse

Deans deal with varying styles, values, ways of thinking, etc.

Foundations of Knowledge about Negotiations

Thomas Schelling (1960). *The Strategy of Conflict*.

Richard Walton & Robert McKersie (1965). *A Behavioral Theory of Labor Negotiations: An Analysis of a Social Interaction System*.

Howard Raiffa (1982). *The Art & Science of Negotiation*.

Robert Axelrod (1984). *The Evolution of Cooperation*.

Win As Much As You Can: Objective

Win as much as YOU can

- Not comparative winnings
- Not group winnings
- Maximize your own earnings

Win as much as you can: Payoffs

Payoffs determined both by your choice and others' choices

4Xs → each X loses 1 point

3Xs → each X wins 1 point
1Y each Y loses 3 points

2Xs → each X wins 2 points
2Ys each Y loses 2 points

1X → each X wins 3 points
3Ys each Y loses 1 point

4Ys → each Y wins 1 point

Win as much as you can: How to play

Silence from this point on, except during communication periods

Preparation

- Mark one Card X, the other Y
- Form groups of four players

You'll play 10 rounds. For each round:

- Hold Cards so others can't see prior to play
- On “One, two, three...play” put down your X or Y Card face down in center...at the same time as others play
- On “Turn over your cards” turn them over simultaneously
- Record your own scores: for the round and cumulative score for the game

2 minute communication before rounds 5, 8 & 10

Win-As-Much-As-You-Can: Bonus Rounds

- **Bonus factors**
 - Round Five (3x)
 - Round Eight (5x)
 - Round Ten (10x)
- **Gain (or loss) for that round is multiplied by the bonus factor and added to (or subtracted from) your cumulative score**
- **Communication** permitted for two minutes before bonus rounds 5, 8 & 10

Record your cumulative payoffs each round

WIN-AS-MUCH-AS-YOU-CAN Instructions

1. This exercise seeks to determine strategies that lead to the highest total individual point payoff over 10 rounds of play.
2. Mark two index cards: one with an "X" and one with a "Y."
3. You will be joined with three other people to make a group of four.
4. How much you win (or lose) personally will depend on whether you choose to play and X or a Y – and on what others in the group choose. The possible payoffs are as follows:

Group Choices	Individual Payoff
4 Xs -----	Each player loses 1 point
3 Xs -----	Each X player wins 1 point
1 Y -----	Each Y player loses 3 points
2 Xs -----	Each X player wins 2 points
2 Ys -----	Each Y players loses 2 points
1 X -----	Each X player wins 3 points
3 Ys -----	Each Y player loses 1 point
4 Ys -----	Each player wins 1 point

5. The game has ten rounds. There are three bonus rounds: whatever you win or lose in the *fifth* round is multiplied by *three*; on the *eighth* round, the multiple is *five*; and on the *tenth* (and final round), the multiple is *ten*.
6. No talking is allowed, except during a brief period for discussion before each of the three bonus rounds.
7. The name of the game is "Win-as-much-as-you-can"—to get the highest individual score among all those who are playing. Your goal is to amass for yourself as many points as possible, regardless of how well (or poorly) others in the group of four do. Your goal is **NOT** to maximize your GROUP total, nor to win-more-than-those-in-your group, but rather to win-as-much-as-YOU-can, individually, without regard to others' scores.

SCORE CARD

Round	Bonus	Your Choice	Group Choices	Your Payoff (This Round)	Balance (Cumulative Total)
1	No	X Y	Xs Ys		
2	No	X Y	Xs Ys		
3	No	X Y	Xs Ys		
4	No	X Y	Xs Ys		
5	* 3	X Y	Xs Ys		
6	No	X Y	Xs Ys		
7	No	X Y	Xs Ys		
8	*5	X Y	Xs Ys		
9	No	X Y	Xs Ys		
10	* 10	X Y	Xs Ys		10 Rounds Total

How much did you win?

Single Round Logic: Any Round

If they play:	And I play:	I score:	So I should play:
3X 0Y	X Y		
2X 1Y	X Y		
1X 2Y	X Y		
0X 3Y	X Y		

Building Collaboration

How did you build collaboration and trust?

The Evolution of Cooperation, Set-up

Prisoner's Dilemma

	Cooperate	Defect
Cooperate	3, 3	0, 5
Defect	5, 0	1, 1

Repeated for 200 moves

The Evolution of Cooperation, data

- Entries from 14 game theorists
- Round Robin tournament
- Winner: *Tit-for-Tat*
 - Cooperate on the first round
 - Do whatever the other player did on all subsequent rounds
- Overall, “nice” strategies did best

Axelrod's findings: Building Reciprocal Cooperation

Be nice

Cooperate up front
Never be the first to defect.

Practice reciprocity

Return cooperation for cooperation, defection
for defection.

Don't be envious

Aim to do as well as you can, not better than
the other side.

Be clear

Don't try to be tricky.

Lessons from WAMAYC: You Play a Role in Their Choices

You want them to trust you and others

Act trustworthy and build a cooperative environment

You want them to see benefits of sustained cooperation

Act cooperatively; avoid needless provocation

Encourage beliefs about negative consequences

You want them to work together to create shared value

Involve others in developing and selling vision

Model valuing others' gains as well as your own

You want them to reject other choices & agree to “play Y”

Seek explicit agreement and avoid ambiguity

Develop compliance mechanisms

Lessons from WAMYC: Effective Negotiators Manage Perceptions

Early moves establish “logic of appropriateness”

- Assumptions about what’s appropriate may be difficult to modify later

What you do is not what they see

- Choices (play “X”) designed to protect ourselves may be seen as acts of aggression
- Cooperative moves meant to signal intentions (play “Y”) may be read as invitations for exploitation

Attributions

Us

- Strategic
- Long-term perspective
- See the big picture
- Act in organization's best interests
- Flexible
- Collaborative

Them

- Opportunistic
- Slow
- Can't see the details
- Out for themselves
- Inconsistent
- Manipulative

Count your team's passes

Lessons from WAMYC: Effective Negotiators Foster Relationships

Trust, accountability & reciprocity all rely on acknowledged interdependence.

Others need to believe that working with you better fits their interests than working independently or against you.

Fostering Relationships: Differentiate between Issues, Positions & Interests

The **issue** is stipends

A **position** is a demand.

I want an 8% raise in stipends

Interests are the reasons behind the demand

We're losing our preferred students to other schools

Our students are taking outside jobs and losing focus

It's fair to pay a reasonable wage for hours worked

Work with others to **learn about their interests** and to **communicate yours**

Ask Questions to Reveal Interests

Ask about reasons

Why is this important to you?

Ask about priorities

What are the key things you need?

How important is this issue to you? Relative to others?

Ask about time

Does the value of this issue change over time?

For how long has this been an issue?

Ask about possibilities

What if we did it this way?

Help me understand why this will or won't work...

Use “If... , then...?” questions, “Yes..., and...” responses

If I agree on A, will you be willing to move on B?

Yes, I'll work on this, and while I'm doing this, you can...

“It were not best that we all think alike, for it is the difference in opinions that makes horses race.”

Mark Twain

Fostering Relationships: Create Connections

Who needs to be part of the negotiation?

How can I appreciate their situation?

How can I make them feel legitimate and understood?

Look at their story

- provide opportunities to talk about concerns
- ask questions about their concerns

Appreciate their ideas

- leave space for multiple possibilities
- link their ideas to yours

Appreciate their “face”

- show respect for their position
- help them exit gracefully

Lessons from WAMYC: Effective Negotiators Manage the Process

The challenge is to design a process that drives value creation

Promote collaboration and trust by building in moves that motivate and reward reciprocity

Unilateral collaboration does not generally provide incentives for others to collaborate

Managing the Process: Get all parties into Good Starting Positions

Encourage everyone to consider what they want and what they're bringing to the table

What is your value and how do you make it relevant?

What are you hoping to achieve by working together?

Learn as much as you can outside the negotiation

What benchmarks can you use?

What do you know about others' perspectives and interests? How can you learn more?

Develop alternatives

What happens if no deal – To you? To them?

How can you introduce these choices into the negotiations?

Managing the Process: Choose a Value-creation Approach

Assumptions underlying Value-creating negotiations

- Others are both adversaries & partners
- It's possible to make agreements that satisfy multiple parties' interests
- Creating value rests on working together

Managing the Process: Creating Value through Process Choices

- Be flexible on process
 - Share information about interests, priorities, and preferences
 - Ask questions
 - About interests
 - About priorities across issues
 - About preferences within issues
- } & listen to their answers
- Insist on reciprocity – don't give information or value away without getting something in return
 - Circle back as new issues, interests and options arise
 - Give it time – Be careful not to end discussions too quickly

Lessons from WAMAYC: Effective Negotiators Manage Resistance

People resist for good reasons

- Technical – *it won't work*
- Cost/Benefit – *costs too high relative to benefits*
- Intellectual – *disagree*
- Political – *will lose alliances*
- Process – *uncertainties*
- Personal costs – *loss of control, power, expertise, benefits; more work*

Find out why people are resisting and deal with the source of resistance

Managing Resistance: Keeping Going when Negotiations get Stuck

- Step away to reset perspective
- Name what is happening
- Explore assumptions more deeply
- Consider small steps you can
- Explore consequences of no agreement

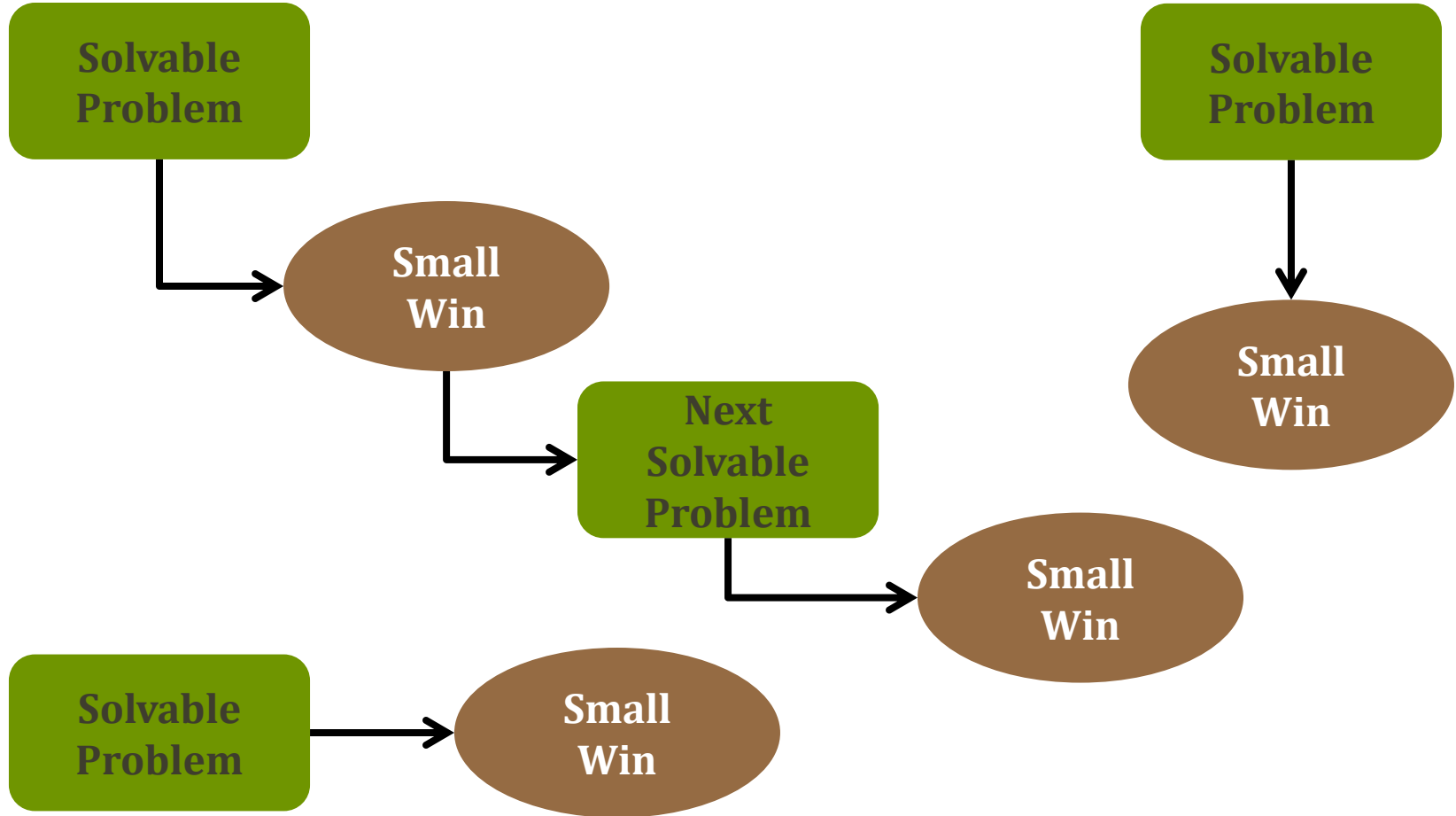
Managing Resistance: During Stalls, Focus on Small Wins

Small wins are:

- Concrete, complete, implemented outcomes of moderate importance
- Controllable opportunities that produce visible results
- Changes in unimportant variables or relatively unimportant changes in important variables

A series of small wins may attract allies, deter opponents, and/or lower resistance to subsequent proposals

Small Wins



Deborah Kolb, *The Shadow Negotiation*

Leading by Negotiating

Listen Together

Transforms Understanding

Learn Together

Transforms Relationships

Make Agreements Together

Transforms Outcomes

Leading through Negotiations: Outcomes that Matter

- Ethical process
- Ease and effectiveness of agreement implementation
- Relationships
- Long-term reputations
- Value created for your universities and society