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Real-Life Negotiation Analysis

The point of a negotiation is to have a strategic talk with different parties in order to solve the issue(s) of the parties involved in a way that is acceptable to all members. A potential point of concern, could be how these types of talks can induce nervousness to the unprepared or uninformed. In order to counter things such as this, a negotiator must plan with details on how to have the conversation which could potentially make it enjoyable for him or herself. Research currently states that the majority of people would prefer to avoid conflict or hardships. They dislike negative emotions which can be a counterpart to these types of discussions. They (based on my experience as well) would much prefer to avoid the issues. I see that my old friend (who lacked a father and had many females in his family and no other males) was raised more by the females and so would run away at the first hint of a problem for instance.

INTRODUCTION

For my real-life negotiation, it was at the time when I decided to help out with the real estate business of my family. As a senior student who is graduating soon, it was a good idea to get some experience under my belt in a business-related field such as real estate. As someone who is lacking in paid work experience, I had to act in a position of authority in order to be taken seriously. I did not want to be aggressive or too tough when negotiating. I thought the best point of view would be from a medium height. So, I decided to choose a cooperative conflict management style. My priorities included the price, moving date, house aesthetic, and commission.

NEGOTIATION PLANNING DOCUMENT

PLANNING DOCUMENT – Real Life Role: Seller

1. What issues are most important to you? (List in order of importance)

1. Price

2. Moving date

3. House aesthetic

4. Commission

1. BATNA: As a seller I could get another buyer who agrees to more of my terms.

RP: $900,000

2. month from now

3. Blue and white

4. 5% commission

Target: $2,000,000

2. 5 months from now due to contract with tenants

3. black

4. 0% commission

1. What are your sources of power?

• I have the enviable house so I can do what I want with it and the deal to an extent.

• I allow them a certain amount of

flexibility.

• BATNA.

I could go to someone else potentially.

1. What issues are most important to your opponent? (List in order of importance)

1. Price

2. House aesthetic

3. Moving date

4. Commission

1. Opponent BATNA: They could find another seller.

2. They could get someone that has a better house or deal.

RP: $1,500,000

•5 months from now

•Black

•5% commission

target: $900,000

•Month from now

•Something more colorful

•0% commission from buyer

1. What are your opponent’s sources of power?

• they’re a potential buyer

• BATNA

• bargaining for better benefits and pay among other things

1. What is your opening move/first strategy?

• First approach in a professional and genuine way to talk about benefits.

•Make the first offer.

1. Other important information about the negotiation?

Focus on our sources of power, use relatively low reference points.

UNEXPECTED DEVELOPMENT or BATNA

Competitive offer

• If we know the actual offer, we’ll get it for something slightly better.

• In the worst case, I’d be better off getting another buyer that’ll buy for more.

NEGOTIATION ANALYSIS

Integrative Strategies and Trust

I was also using an integrative strategy in order for it not be a win-lose scenario. I did this by having positive results for both parties by satisfying the wants of both parties. For instance, we did not go down to the reservation price on the down payment but instead met somewhere between our target and reservation prices. I believed it would be best from the perspective of the other party to have the other party pay sooner rather than later as the house price would increase in value in the long run. We also had a sense of trust as my bosses knew the other party well enough to do business with them. There were also trade-offs that occurred with regards to issues such as me lowering the price but keeping the other party from asking any renovations or changes to the house. That resulted in a reasonable deal. Still, my priority was for them to meet me at $900,000 above my batna.

Conflict Management and Preparation

For conflict management, I attempted to be great at the interest-based approach through understanding that Los Angeles is an expensive county and so it should have lower-priced houses. Many people come to my business since we use reasonable prices and have lots of land. So, I would emphasize this when negotiating to make the other side realize how good of a deal they are getting. I shared market research with them to show how many houses in Santa Monica might cost $3 million or so while this house would cost less than that amount. I personally think long-term at times when making decisions so the down payment was somewhat negligible to me but I still got $100,000 in down payment. This is in contrast to the average of about $104,000 in the Los Angeles county. This suited the other party since it they are rather penny-pinching.

Part of my plan was to use package deals such as when the other party decided to lower the price that I had set. I then decided to ensure that I meet my target on the issue of moving date. I also decided to set the tone of the conversation by making the opening move. They seemed desperate to get the house while also maintaining composure for some time. They did end up using their batna not 5 minutes into the negotiation and asked me why they should go with what I have to offer and why in that neighborhood. So I defended my position by stating the quality of the neighbohood and the potential extra costs of changing the house during or after the deal through renovations. After some silence and thought, they came through and decided to take the package deal while I got to meet most of my targets.

Results and Relationship

While the negotiation started off with an individualist approach on the seller's end, whose only focus was to maximize their own profit, it later turned into a cooperative approach. We had a focus on the joint benefit and I tried to avoid using the power approach of asserting my position as I saw that as a last resort of sorts. This came to mind when I started the negotiation. Eventually we settled on a commission (3%) that was well above my reservation, did not change the house, got a down payment of $100,000, sold the house for $1.8 million. In addition, they were given three months to move in case of emergencies and we kept an overall mixed relationship. We did have an in-person meeting and we are similar in certain ways but there were certain changes that took place after the deal was closed without my knowledge or the knowledge of my bosses. This could potentially be improved on in the future using strategies such as showing some vulnerability or reciprocity.

CONCLUSION

Overall, from this negotiation experience, I learned why desperate people are looked down upon and it could be because they turned desperate for a reason that they can’t fix. This might mean future problems for other parties involved with them. It could always be worse though and finding similarity (for instance, in liking the same type of neighborhood or house) makes way for a smoother or more successful negotiation. I was able to use many concepts from conflict management, most of which are intertwined. I believe that I was rather great in certain areas of the negotiation. I will improve my negotiation skills and knowledge of people and their intentions. Life is a classroom and I have much that I would like to learn.