

**Carnegie Mellon University**  
**Dietrich College**  
Information Systems

# Negotiation Techniques

September 16, 2019

## **Today's Agenda:**

- Review
- Negotiation activity (card trading)
- Negotiation techniques summary
- Negotiation activity (kitchen purchase)
- Next class

# Mythtreating the Unmyths

(Armour)

1. The Accuracy Unmyth: We can have an “accurate estimate.”
  - Estimates don’t have to be accurate – just good enough
2. The End-Date Unmyth: The job of estimating is to come up with a date for completion.
  - Use a *range of possibilities*
3. The Commitment Unmyth: The estimate and the commitment are the same.
  - Establish processes with discrete estimate and commitment stages
4. The Size Unmyth: A project estimate is dependent on the size of the final system.
  - Keep track of size but more about knowledge assessment
5. The History Unmyth: Historical data is an accurate indicator of productivity.
6. The Productivity Unmyth: Productivity is an accurate indicator of project duration.
7. The LOC Unmyth: A Line of Code (LOC) count is a good way to size a system.
8. The Function Point Unmyth: Function Points are a good way to size a system.
  - Use history, productivity, LOC and function points as indicators, rather than explicit predictors
9. The More People Unmyth: We can get the system faster, by assigning more resources.
  - Focus on what people know – not how many you have
10. The Defect-Free Unmyth: Given enough time, we can create a defect-free system.
  - Good enough is good enough

Joanna Wolfe

# GCC Team Communication Workshop

- Task schedules and layered workflow
- Team charter
- Project manager role
- Meeting minutes and agenda

# Deliverables

## **Icebreaker**

- Due Sunday, September 22<sup>nd</sup> at 6:00 AM GMT
- Brief team activity and submitted written report

## **Global Web Design Analysis, Prototypes and Report**

- Due Wednesday, October 9<sup>th</sup> at 6:00 AM GMT
- Web design analysis (4 types of evaluation, SWOT analysis with interviews, and recommendations)
- Web design prototype (2 rounds with user reviews)
- Team reflection
- Submitted as a report (including supporting materials)

## **Peer Rating of Team Members**

- Due Thursday, October 19<sup>th</sup> at 6:00 AM GMT
- One page review of team members (used for grade adjustments)

# Negotiation

**Negotiation** is a dialogue between two or more people or parties intended to reach a mutually beneficial outcome, resolve points of difference, to gain advantage for an individual or collective, or to craft outcomes to satisfy various interests.

# Directions

The goal is to accumulate the most points from completed cards by trading with other teams

Points are calculated from completed cards:

- Aces = 11 points
- Face cards (king, queen, jack) = 10 points
- Number cards (2 → 10) = number value

Timeline:

- 5 minutes to organize and plan
- 10 minutes to trade



# Discussion

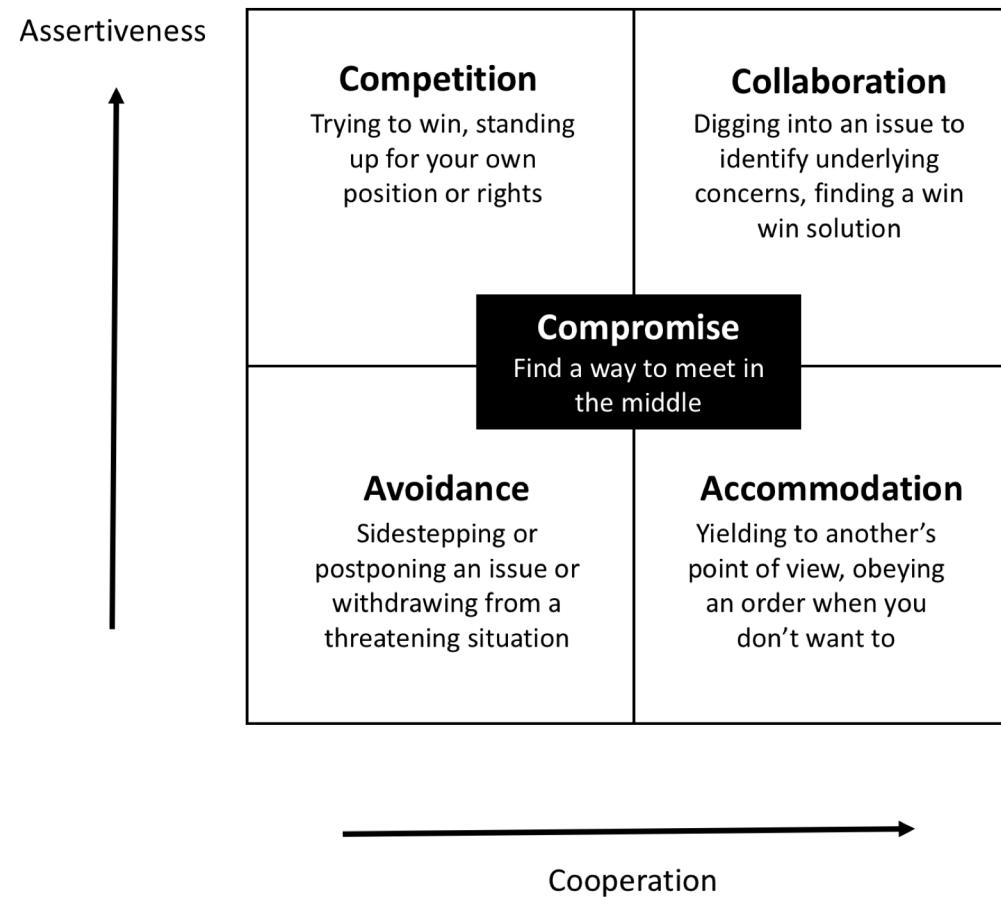
- How willing were others to trade with you?
- What negotiation tactics were most successful?
- What other skills did you draw on?
- Did your strategy change during play? Why?
- What implications does this exercise have for your global project?
- As professionals in our field how might we find ourselves negotiating for time, information or other resources?

# Successful negotiation depends on preparation and soft skills!

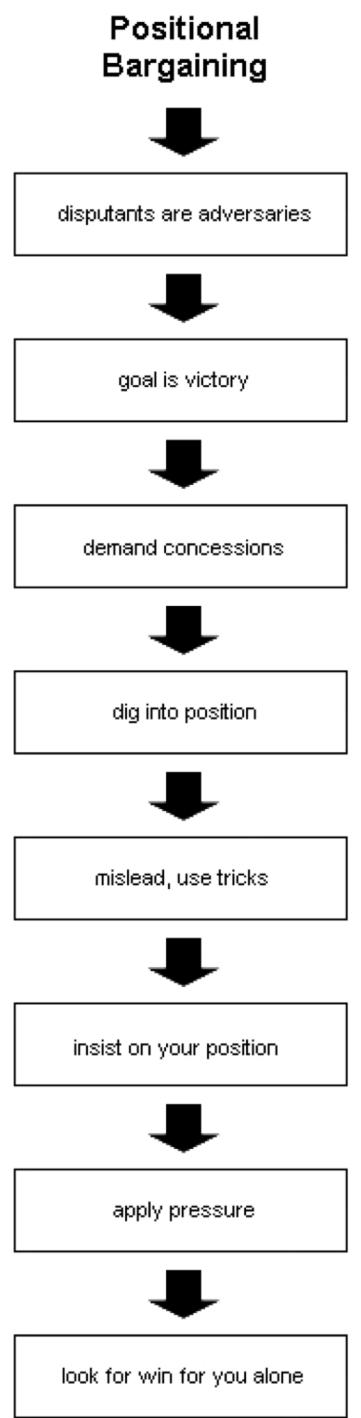
- **Knowing, trusting, listening, and respecting** each other is a fundamental of teamwork
- You **shouldn't focus too much on own needs** in an environment that requires others
- You must **see others' perspectives** before you can effectively communicate and persuade
- You must be able to **adapt** in a situation where resources are limited and problems are complex or ill-defined

# Thomas-Kilmann Conflict Modes

Thomas and Kilmann (1970s)



Compromising (Give / Get)  
Accommodating (Lose/Win)  
Competing (Win/Lose)



NEGOTIATIONS

# Assessment: What Kind of Negotiator Are You?

by Michael Wheeler

FEBRUARY 05, 2016

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# Getting to Yes!

(by Fisher, Ury and Patton, 1991)

*"A basic fact about negotiation... is that you are dealing not with abstract representatives of the other side, but with human beings."*  
-Fisher, Ury and Patton



**Soft.** These people see negotiation as too close to competition, so they choose a gentle style of bargaining. The offers they make are not in their best interests, they yield to others' demands, avoid confrontation, and they maintain good relations with fellow negotiators. Their perception of others is one of friendship, and their goal is agreement. They avoid contests of wills and will insist on agreement, offering solutions and easily trusting others and changing their opinions.

**Hard.** These people use contentious strategies to influence, utilizing phrases such as "this is my final offer" and "take it or leave it." They make threats, are distrustful of others, insist on their position, and apply pressure to negotiate. They see others as adversaries and their ultimate goal is victory. Additionally, they will search for one single answer, and insist you agree on it.

<https://www.youtube.com/watch?v=zTH2zEvDxRc>

# Getting to Yes!

(Fisher, Ury and Patton, 1981)

Principled negotiation instead of soft versus hard

Separate the people from the problem

Focus on interests, not positions

Invent options for mutual gain

Insist on using objective criteria

# The Kitchen Purchase

# Preparing negotiations (>5 minutes)

- Find a classmate who read the same case as you:
  - Stulle family (buyer) - *Last Names: Ahn --> Lohmeier*
  - Hase family (seller) - *Last Names: Mack --> Yukevich*
- Refer back to your reading...
- Discuss what you would like to get out of the situation (e.g., how do you want to deal with the fitted kitchen)?
  - What are you willing to accept (best case and worst case outcomes)?
  - What will be the cost (money, time, etc.) if you can't reach an agreement?
  - You may use the *Interwebs* for research

# Conducting negotiations (10 minutes)

- Partner with a complementary team (i.e., if you are buyers then pair with sellers)
  - Stulle family (buyer) - *Last Names: Ahn --> Lohmeier*
  - Hase family (seller) - *Last Names: Mack --> Yukevich*
- Negotiate the apartment rental and the fitted kitchen
- Reach a decision on:
  1. The move-in date
  2. The price for the fitted kitchen
  3. Additional agreements / terms

# Range of Outcomes (by Team)

Team	Move in date	Price of fitted kitchen	Further agreements
1	Nov. 15	1,450	Include awning
2			
3			
4			
5			
6			
6			
8			
9			

# Reflection (10 minutes)

- What roles did you play during the negotiation?
- How did you agree on a course of action (e.g., how were concessions made)? What was acceptable? What wasn't?
- What approaches were effective?
- What approaches weren't effective?
- Did your plan go as you intended?
- Did you realize a win-win?

# Negotiation strategies – determining value

Value of the fitted kitchen  
(only the Hase family knows the age and price of the kitchen)

- What depreciation method could be used?
- Value of replaced cooker?
- Replacement price?

Depreciation mechanism	Value ago	3 years	Value ago	2 years	Value ago	1 year	Value today
Linear, 10 years	€3,300		€2,970		€2,640		€2,310
Linear, 5 years	€3,300		€2,640		€1,980		€1,320
Linear, 3 years	€3,300		€2,200		€1,100		€0
Declining, 25%	€3,300		€2,475		€1,856.25		€1,392.19

Note: Excluding the replaced cooker, see observations on point 2.

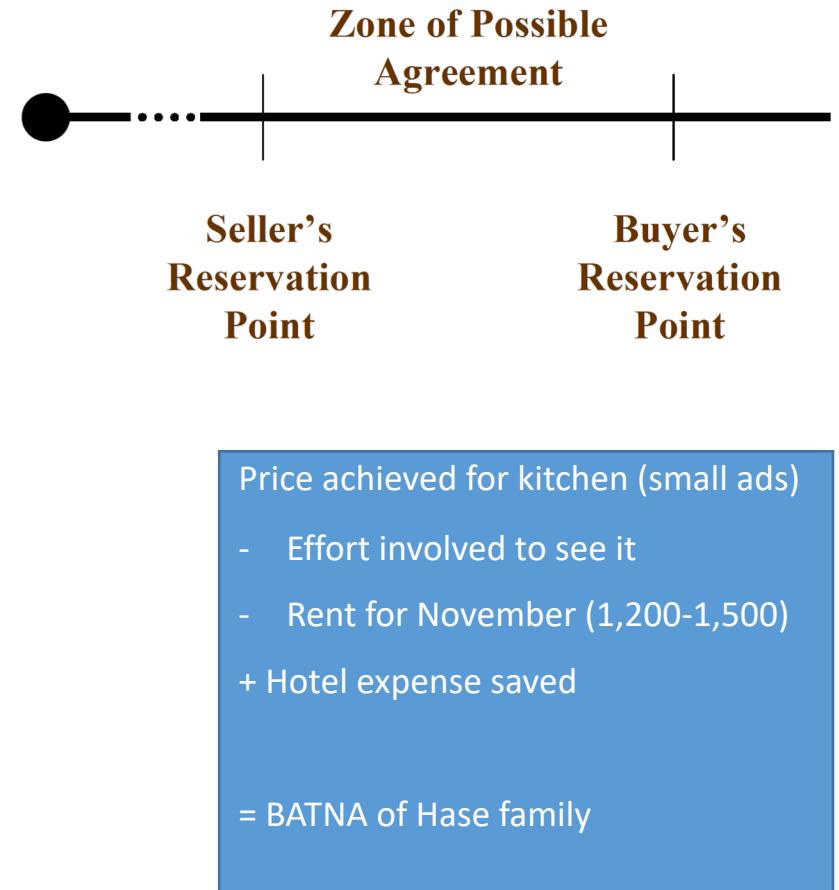
The **replaced cooker** must be included in the calculations. Here, the current value of the newly purchased cooker must be determined:

Depreciation mechanism	Value ago	3 years	Value ago	2 years	Value ago	1 year	Value today
Linear, 10 years	–		–		€700		€630
Linear, 5 years	–		–		€700		€560
Linear, 3 years	–		–		€700		€466.67
Declining, 25%	–		–		€700		€525

# Best Alternative to a Negotiated Agreement (BATNA) strategies

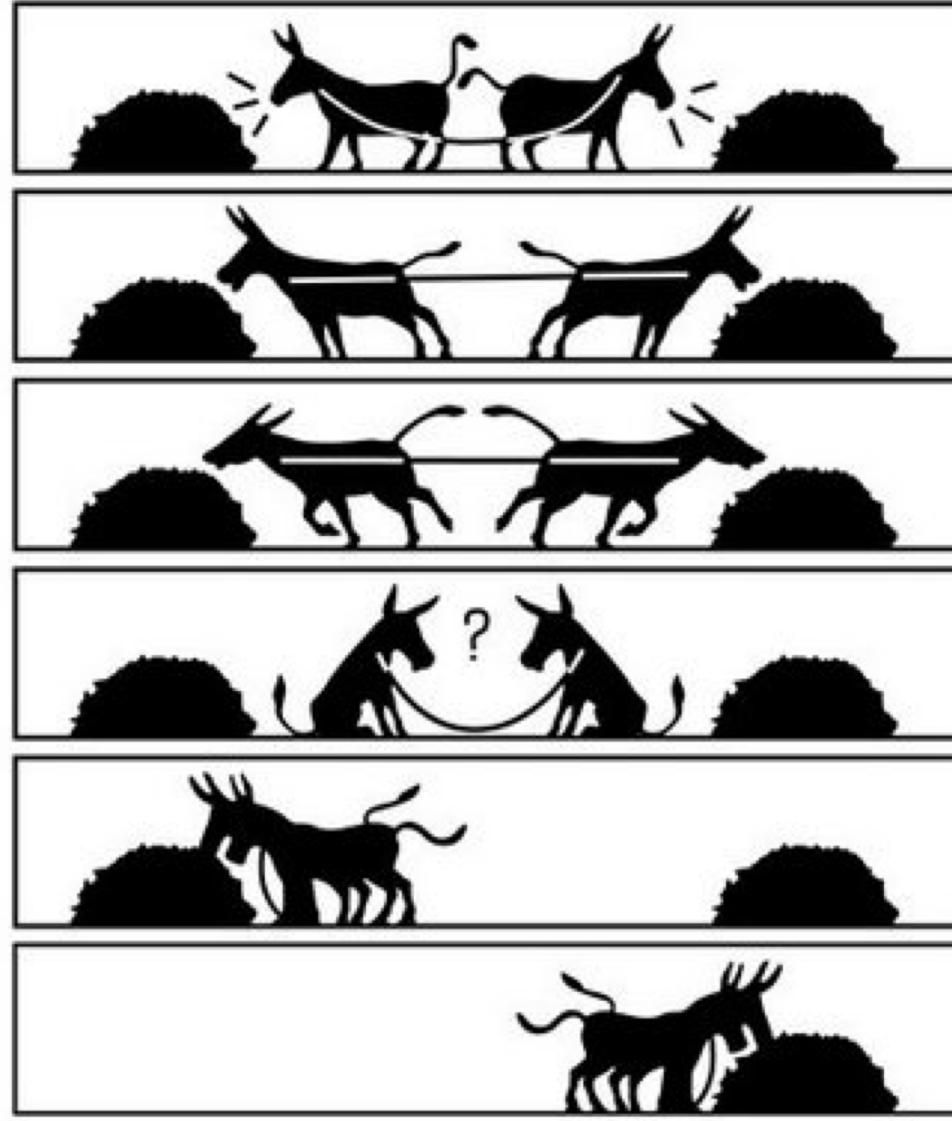
(coined by Fisher and Ury)

- What price can the Hase family get in small ads market?
- Is this price really the Hase family's BATNA? (What about time and expense to sell it?)
- Will the Stulle family manage to find a used kitchen for this price?
- Is the price that would otherwise have to be paid really the BATNA for the Stulle family? (What about time to buy and install)?
- Are these prices worth it for them?



# Other items...

Hase Family	Stulle Family
Can offer the Stulle family a kitchen table, benches, fitted shelves, and an awning	Can offer to take over the Hase's apartment as early as October 15
Can offer the Stulle family the chance to use the apartment immediately after they move out on October 10	Can offer the Hase family a guest room for their appointments in November



Next class – Wednesday, September 18th

## **Topic: SDLC Approaches I**

Read before class:

- Agile Project Management (IESE Case Study) – expect a quiz

Reminder: Global Project 1 Ice Breaker Due

Sunday, 22nd September at 6:00 AM GMT