



Negotiate Like a Pro: Expert Advice for Getting What You Want

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Seyfarth Shaw LLP

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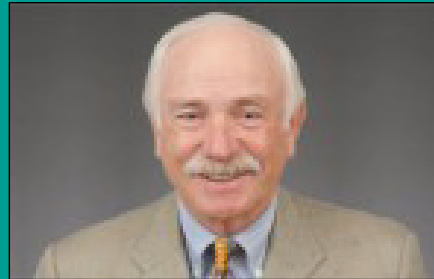
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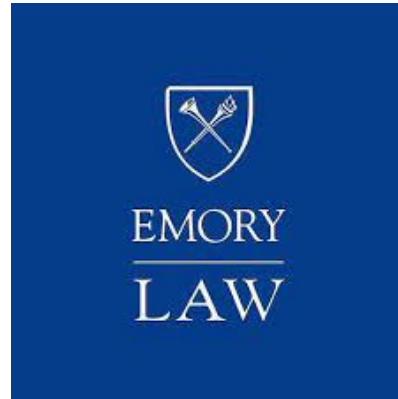
Agenda

- 01** Myths About Conflicts
- 02** Competitive Negotiations
- 03** Collaborative Negotiations
- 04** Advanced Strategies for Effective Negotiations
- 05** Decision Tree Analysis
- 06** Q&A

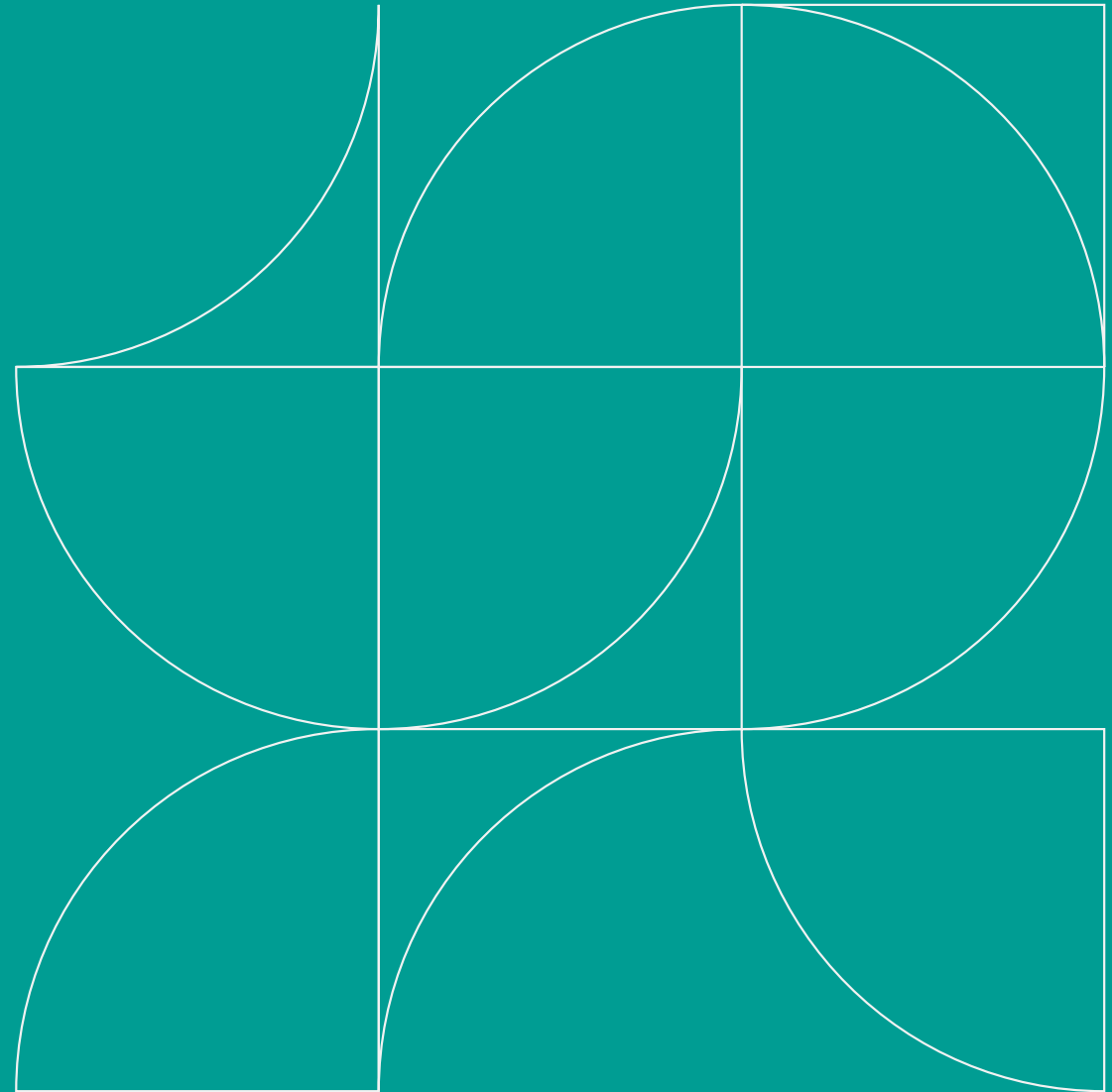
Brief Personal Intro – Michael Sacks



Brief Legal Background



CONFLICT



4 Myths about Conflict

1. Conflict can be avoided

Conflict is a reflection of the fact that people have diverse values & goals; conflict is unavoidable



2. Conflict is always unpleasant

Conflict can be productive, enhance learning, and even be enjoyable, though it is often unpleasant

4 Myths about Conflict



4. Conflict is a battle of wills

There are several effective conflict styles; the combatant style is only one of these and it isn't as effective as others

3. Conflict is counterproductive

Conflict is sometimes the best means to advance individual and mutual interests



Costs of NOT Engaging in Conflict

- Wasted Time
- Reduced decision quality
- Loss of skilled employees
- Lowered job motivation
- Lost work time
- Increased health care costs
- Damaged company reputation
- Failure to meet financial targets
- Missed opportunities

Benefits of Skilled Negotiating

For the Company:

- Better business deals
- Higher personal and/or business profit
- Enhanced long-term business relationships
- More potential opportunities
- Savings of money, time, and resources

For You:

- Respect from co-workers
- Value to your employer
- Interesting and challenging work
- Many opportunities for personal and professional development



Competitive Negotiations

Claiming Value

Competitive Negotiations

Why are car salesman so adamant that you buy a car that same day?



Key Terms:



BATNA: Best Alternative to a Negotiated Agreement



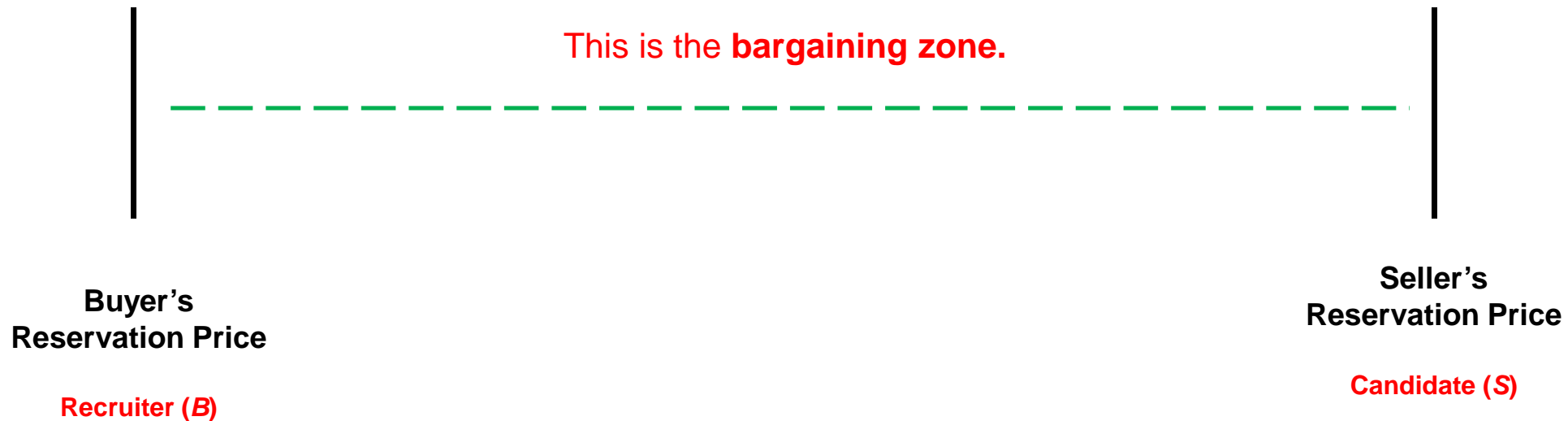
Reservation Price: the highest/lowest price before no deal



Anchoring: setting expectations for the terms of exchange

The Bargaining Zone

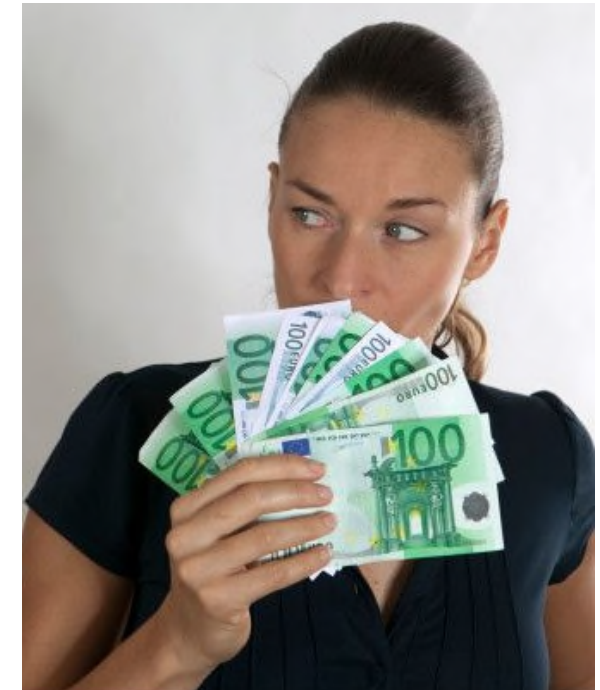
The range between the buyer's reservation price (**B**) and the seller's reservation price (**S**).



If $B - S > 0$, a zone of potential agreement exists, called a **positive bargaining zone**.

Competitive Negotiations

- Parties often don't know the size of the pie to be divided, and are only certain about their own reservation price.
- Involves fixed-sum negotiations; one person's gain is another person's loss
- Almost directly conflicting interests; little room for trade-offs and creative bargaining
- Long-term relationship is unimportant; trust is moderately important
- Psychological biases, like anchoring and framing of information, are extremely important



*Why should you **never** reveal your reservation price?*

A Reflection Exercise

- Please consider the following question:
 1. What examples of *competitive negotiations* come to mind as relevant in your industries?
 2. How can you apply what we just discussed to enhance your success in competitive negotiations



Collaborative Negotiations

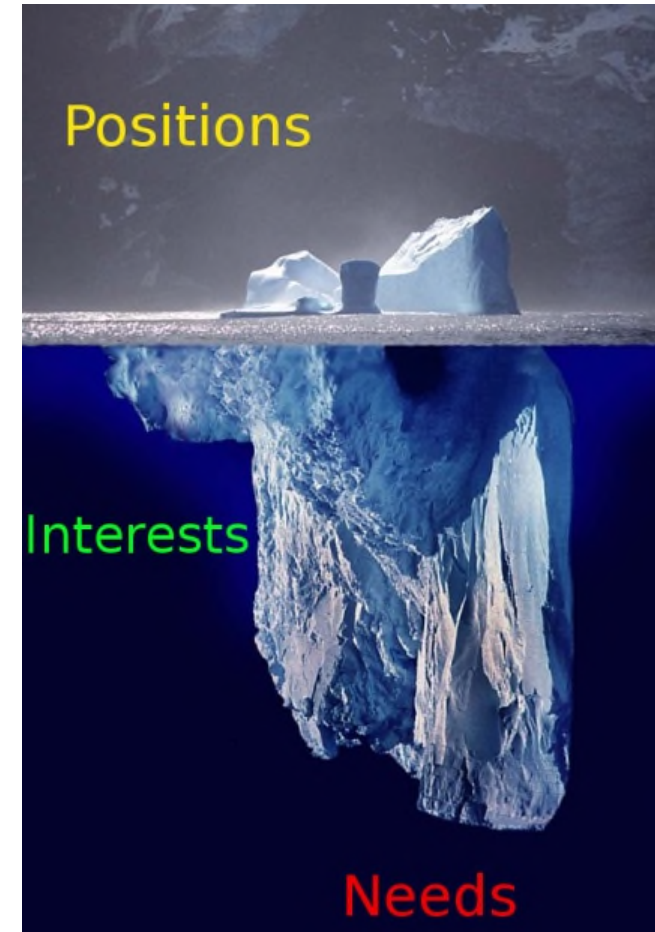
Creating Value



Iceberg model for interests

Positions vs. interests

- What we see/hear is rarely the complete story of what someone actually wants and why they want it
- Sometimes what they actually want is much easier to deal with than their position
- The more deeply and completely we can understand others' interests, the better we are able to solve problems



An Example: The Corner Office



Collaborative Negotiations



Negotiation as Problem Solving

- Ideally, both parties approach the situation as a problem or puzzle they are trying to jointly resolve.
- Interests vs. Positions

Creative Approach to Reconciling Interests

- How can parties mix various issues to create the best outcome

Concern With Individual and Mutual Gain

- Parties have to create and capture value, not just one or the other.

A Reflection Exercise II

- Please consider the following two questions:
 1. What examples of collaborative negotiations come to mind as relevant in your industries?
 2. How can you apply what we just discussed to enhance your success in collaborative negotiations?



Competitive VS Collaborative Negotiations

Claiming Value (Competitive)

Win/Lose

Rights/Power based

Single Issue

Individual gain

No Future Relationship

Creating Value (Collaborative)

Win/Win

Interest-based

Multiple Issues

Individual & mutual gain

Longer-term
Relationship

Strategies for Effective Negotiations



1. **Decide** what you want – which issues are more important to you?
2. **Define** your BATNA and Reservation Price
3. **Assess** if a situation is Competitive or Collaborative
4. **Employ** appropriate strategy depending on the situation
5. **Ask** good, probing questions to learn about the interests and priorities of other party

Other Issues for Negotiations

- Power
- Third Parties: Mediation and Arbitration
- Groups and Teams
- Culture
- International negotiations
- Ethics

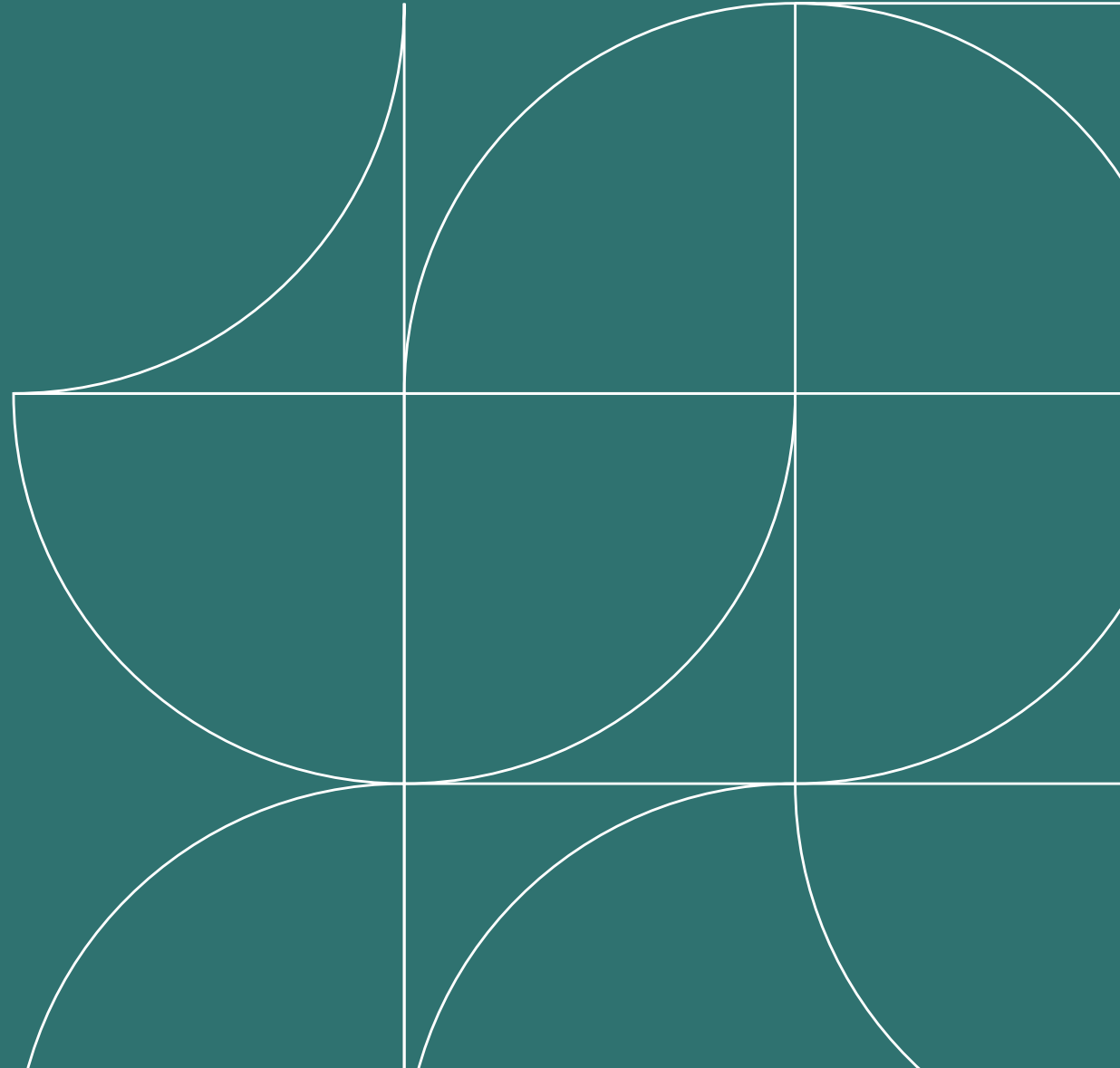




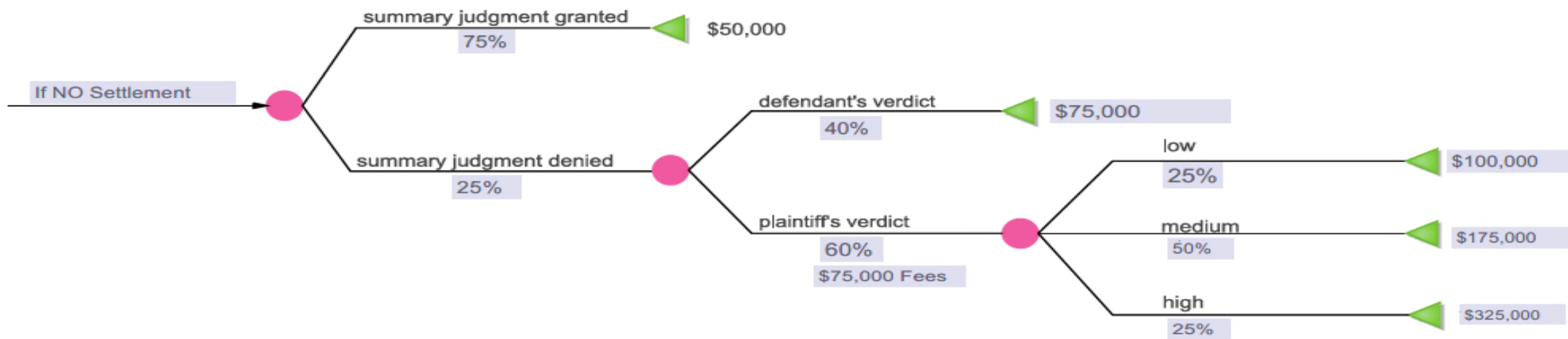
Advanced Strategies for Effective Negotiations

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DECISION TREE ANALYSIS



Value \$29,062

$.25 \times .60 = .15$	$\times .25 = .0375$	$\times \$100,000 =$	\$3,750
$.25 \times .60 = .15$	$\times .50 = .075$	$\times \$175,000 =$	\$13,125
$.25 \times .60 = .15$	$\times .25 = .0375$	$\times \$325,000 =$	\$12,875

Plaintiff Value	=	\$ 29,062.50
Defense Cost	+	\$ 75,000.00
Defense Value	=	\$104,062.00

thank you

contact information

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