



11.255

Negotiation and Dispute Resolution in the Public Sector

Spring 2020

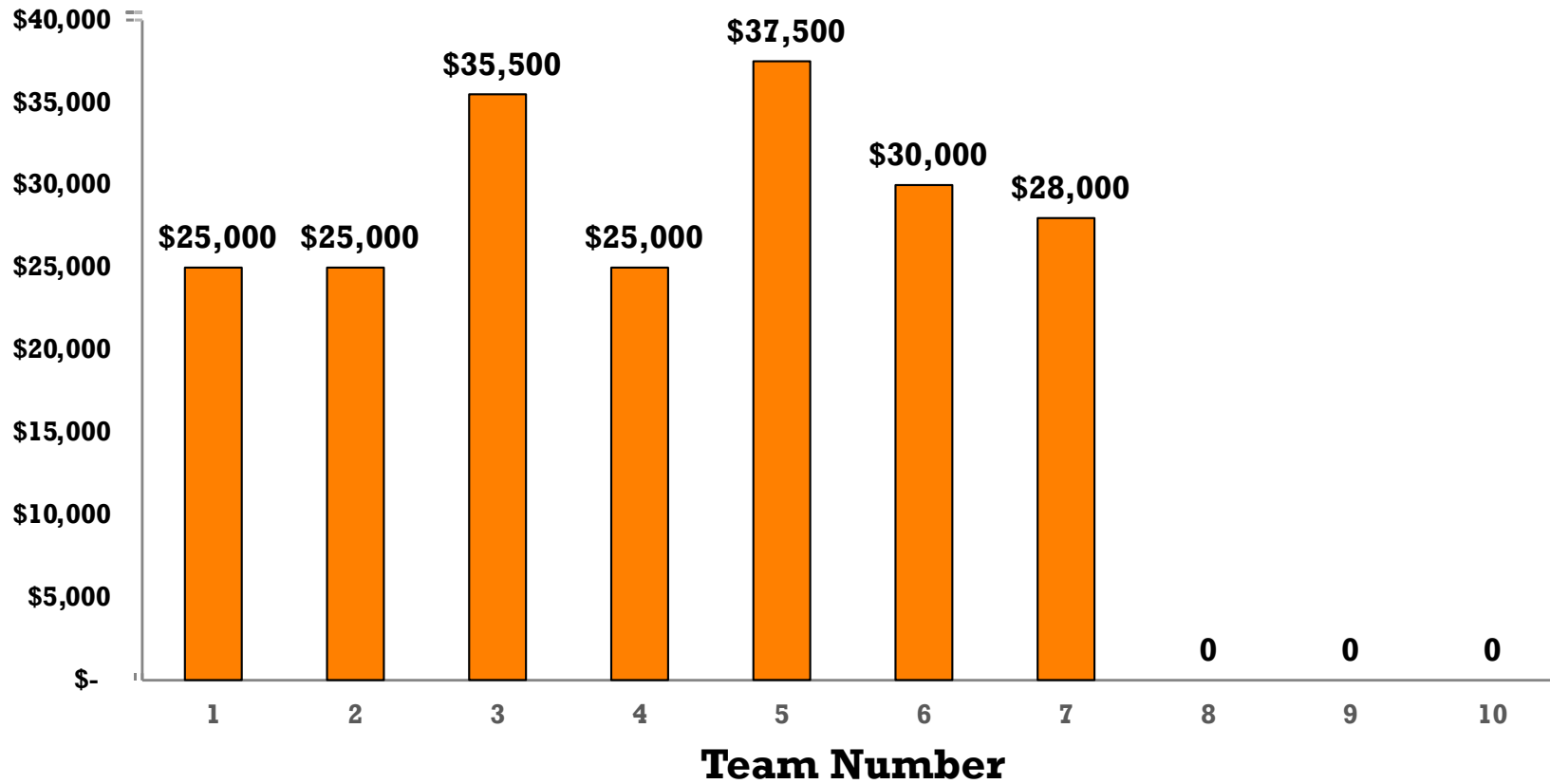
Class #4

+ Question

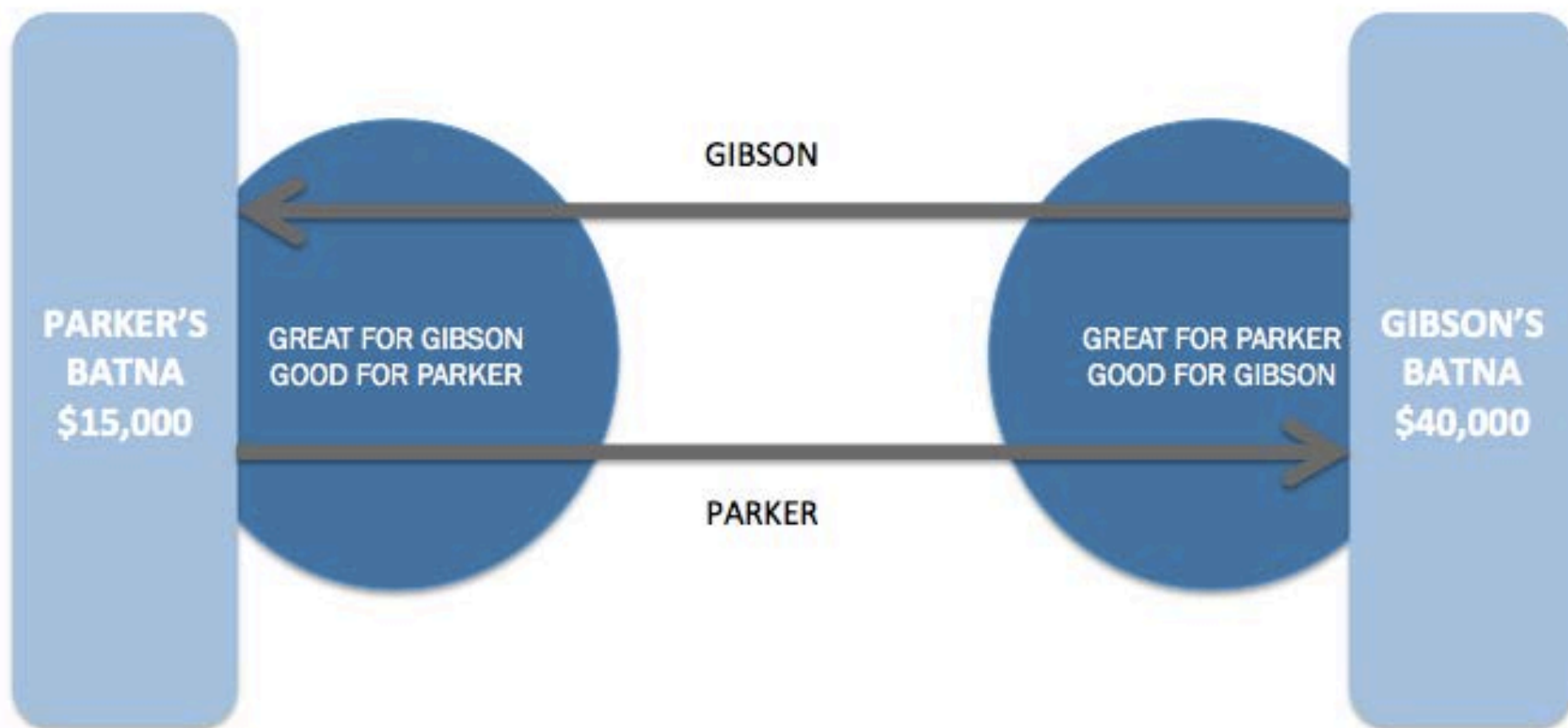
- **What have you learned about anchoring in a two party negotiation? What advice would you give yourself about when to make the first offer and when definitely not to make the first offer?**

+ Our Agreements

Final Sale Agreements

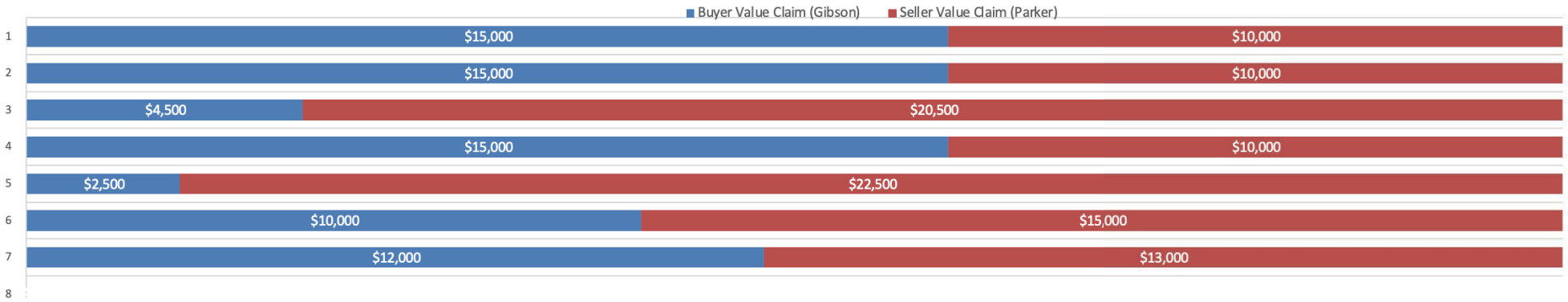


+ The Trading Zone (ZOPA)



+ Our ZOPA

ZOPA VALUE CLAIM





PREPARATION

1. Assess your goals
2. Analyze your BATNA
3. Estimate the other side's BATNA with utmost Objectivity
4. See what you have to learn
5. Anticipate perceptions
6. Plan your process
7. Be ready to adapt

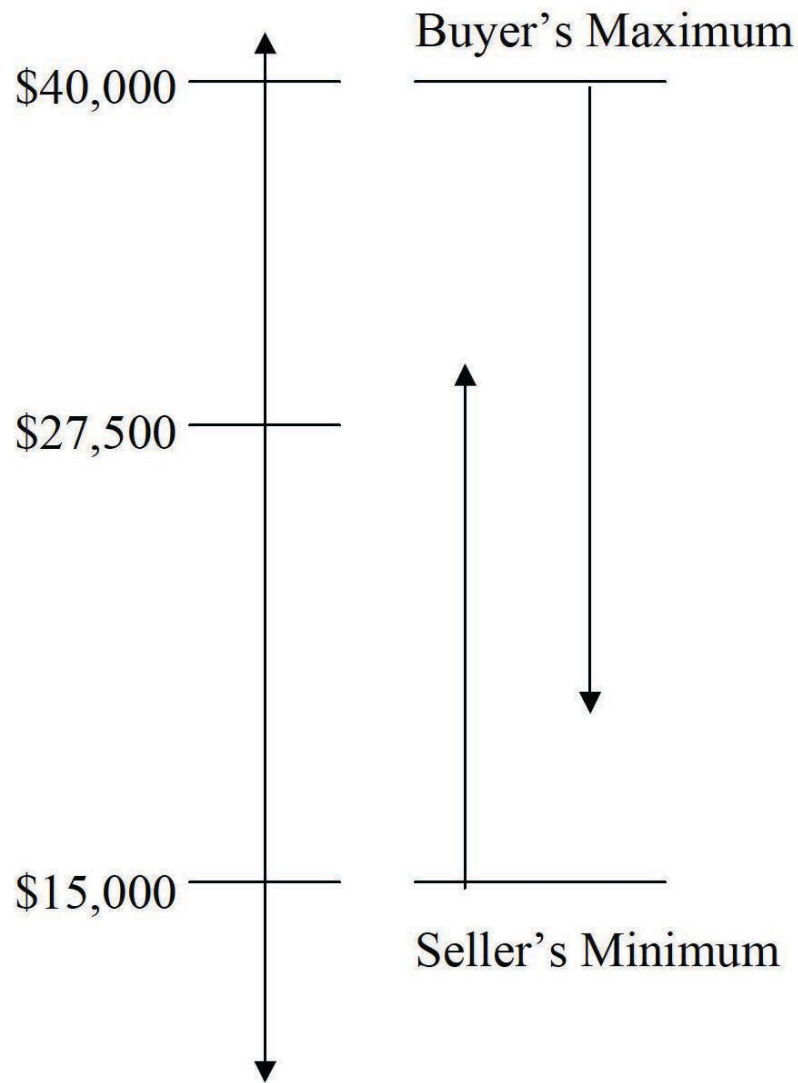


LESSONS

1. Know your BATNA
(Best Alternative To a Negotiated Agreement)
2. Plan your strategy
3. Be modest about how much you know
4. Weigh offers carefully
5. Avoid the winner's curse



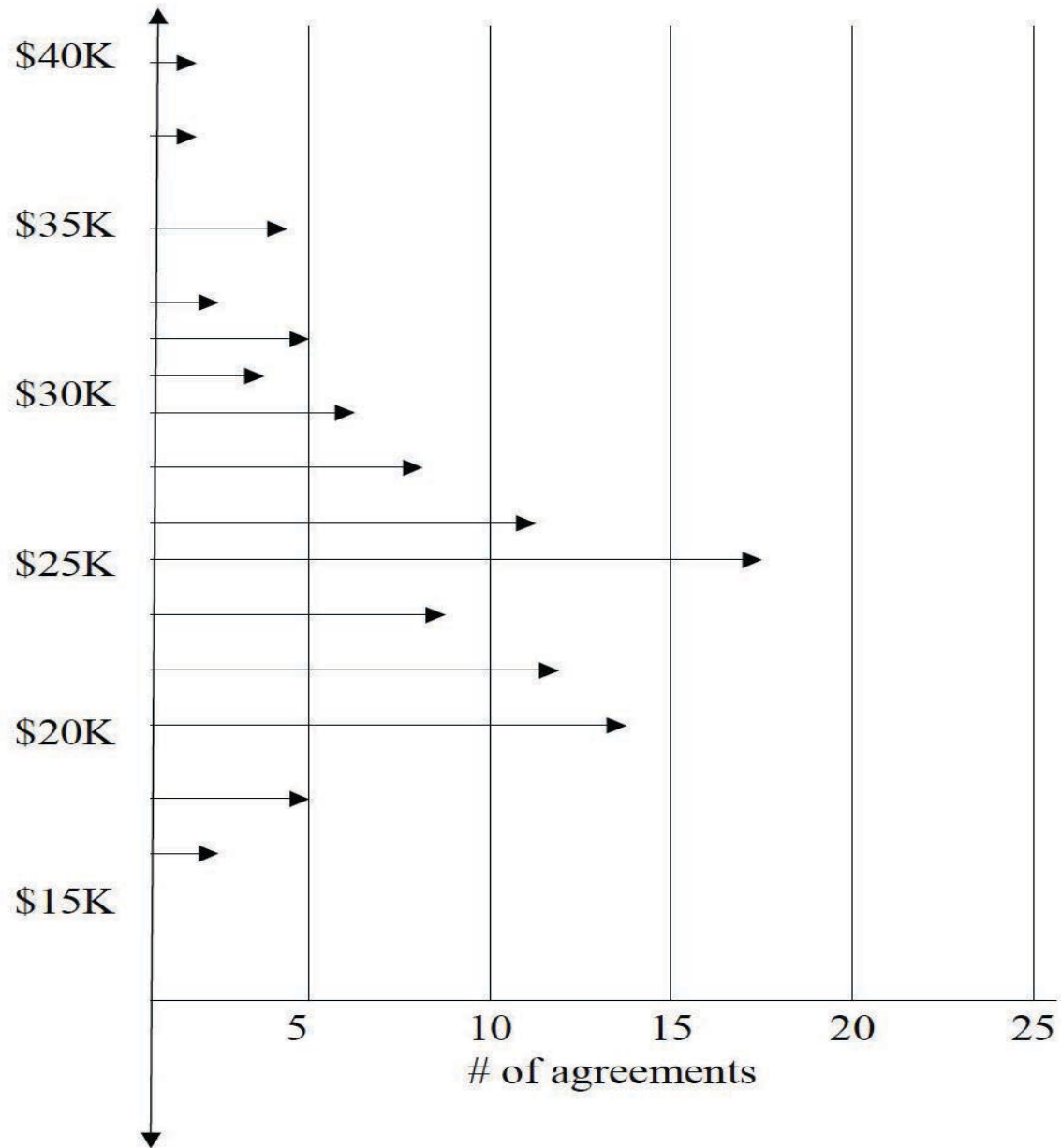
SINGLE-ISSUE BARGAINING



1. Zero-Sum (or Win-Win)
2. Positional (Bluffs)
3. Psychological Anchoring
4. Split the Difference?
5. Risk of Lock-ins



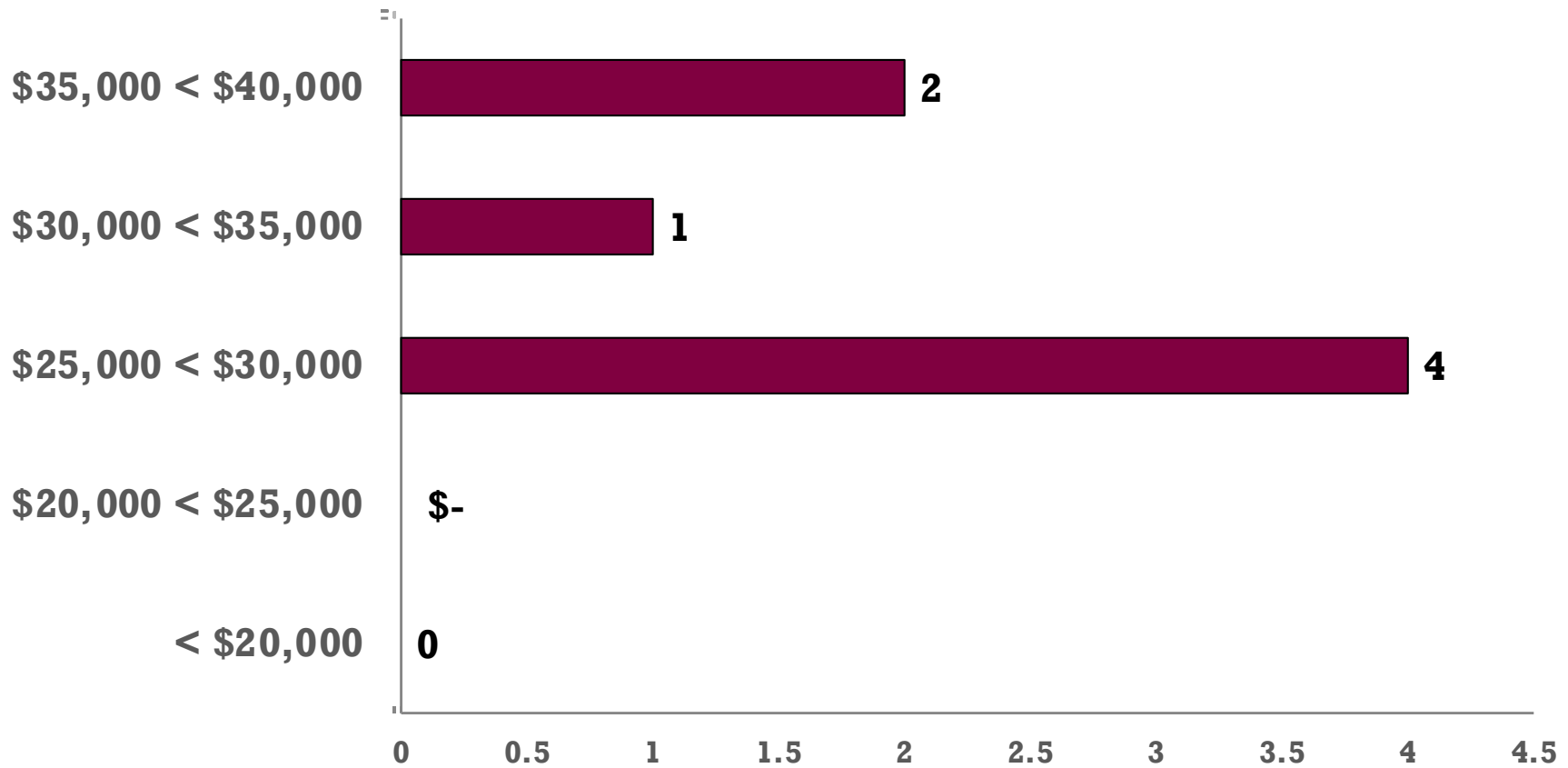
100 RESULTS



+ Our Results

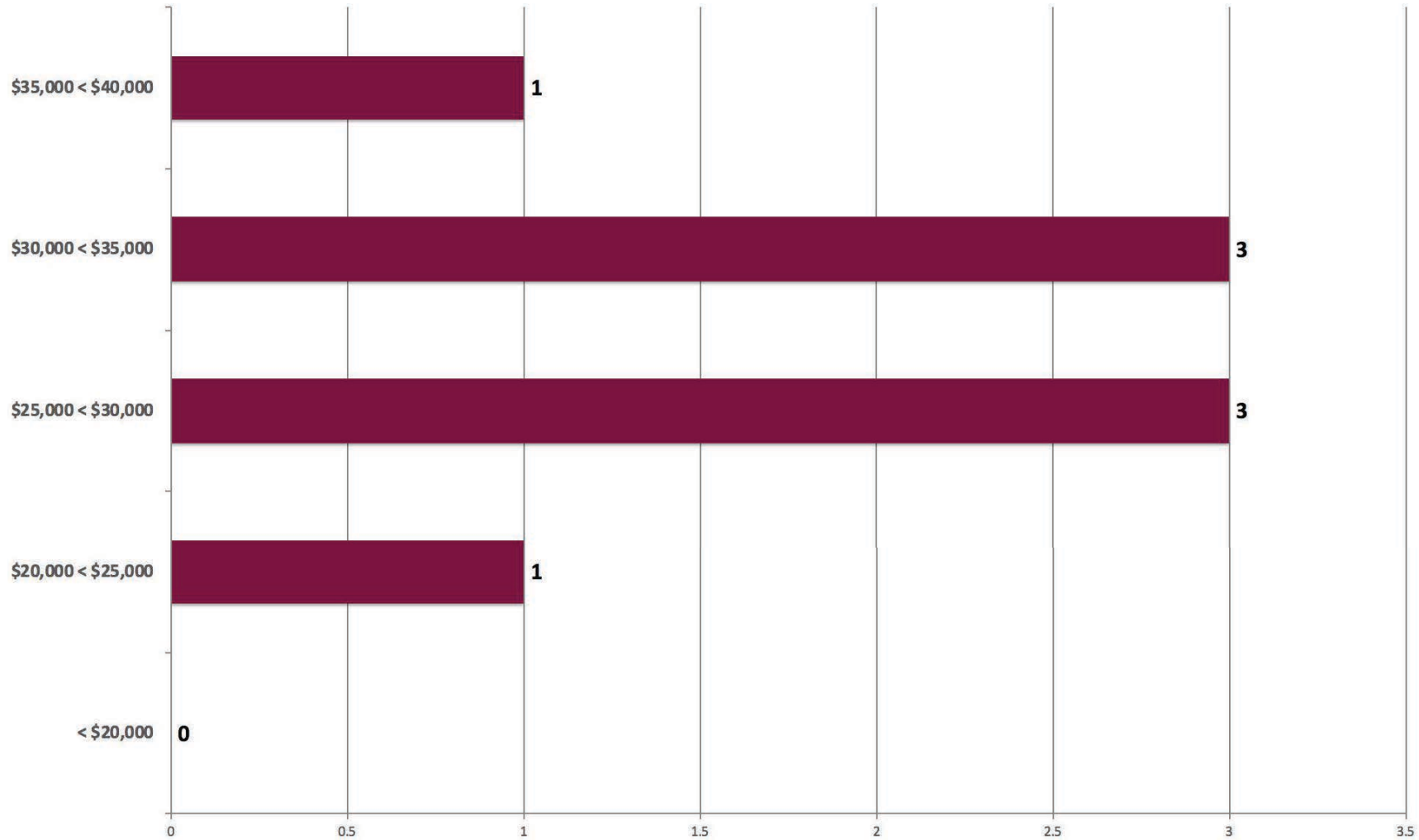
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Distribution of Agreements



+ Results from last year's class

Distribution of Agreements



+ Question

- Why are *frames* so powerful in negotiations? How might they impact public sector disputes?

+ Question

- What are the potential consequences of overconfidence or arrogance?

+ Question

- Should you cheat, lie and steal in negotiations?

+ Moving on from the traditional game

- What are some of the problems with the *traditional game*?
- Why should we study it?
- Key lessons learned: BATNA; importance of preparation; trust vs. lying/bluffing; zero-sum vs. distributive; anchoring

+ Creating vs. distributing value

- Value creation is collaborative, but the pie still has to be divided
- Some things to think about:
 - How do you balance creation of value with distribution of value?
 - What's "fair"?

+ Scenario #1

The Traditional Negotiation Game

- Citywide property reassessment underway – company’s buildings and land holdings revalued – property tax bill increase substantially
- Company CEO indicated the company would move if revaluation was unfair to them - CEO is unhappy – new tax bill increase to \$350,000 (from \$250,000)
- City cannot afford to lose the company – employs 300 people, makes up a large share of the local economy
- Mayor asks the Finance Department Director to keep the company in town but sees revaluation as legitimate and objective
- What negotiation strategy do you suggest?

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