



The Chamber's Young Professionals



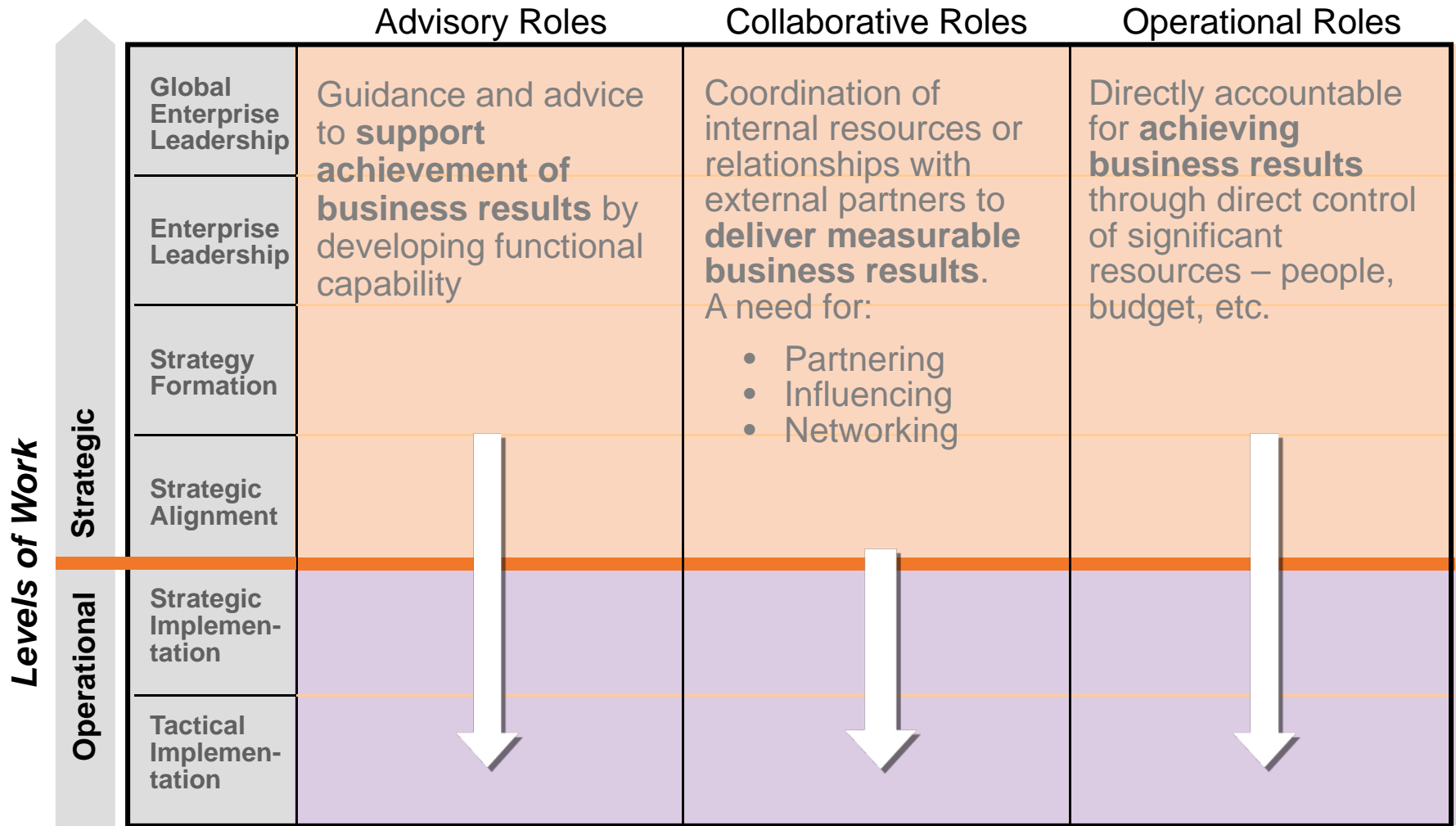
# Negotiating Beyond the Deal: A Crash Course in Negotiations

Bill Davis

Associate Dean of Working Professional Programs

Schools of Business

# New Leadership Roles



Hay Group Study, reported by Scott Spreier, October 9, 2009

# Negotiation

- An interaction to influence the behavior of another where you cannot or choose not to exercise authority to force that behavior.
- Three reasons to negotiate:
  - To resolve a conflict
  - To purchase, exchange, or create economic value
  - To determine organizational or interpersonal arrangements for working together

# When is a deal-making mindset appropriate?

- When implementation doesn't matter
  - Simple sale of an asset in which title transfer is the only action
  - One-off negotiation
  - Deal is about a commodity
  - Transfer of funds from one entity to another
  - Strictly regulated environment in which each party's obligations are very clear

# When is an implementation mindset appropriate?

- Any time where we have to work together based upon the deal
  - Strategic alliances
  - Sole source supplier agreements
  - Mergers and Acquisitions
  - Outsourcing contracts
  - Internal projects

# What creates a deal-making mindset?

- Evaluating and compensating negotiators on the size of the deals they close – encourages closing
- The use of agents or third-party advisors
- Too much testosterone in the room

# Boston Scientific Purchase of Guidant

- Sept. 04 - J&J offers \$68/share, Guidant rejects
- Dec. 04 - J&J offers \$76/share, Guidant accepts
- June 05 - Guidant recalls 290,000 faulty defibrillators and pacemakers; J&J drops offer to \$58/share, Guidant indignant
- Nov. 05 J&J ups offer to \$63/share, Guidant reluctantly accepts
- Jan. 06 Boston Scientific offers \$72/share; J&J ups offer to \$68/share
  - BS goes to \$73/share; J&J goes to \$71
  - BS offers \$80/share (\$27B), J&J walks
- June 06 BS recalls 26,000 Guidant products.

**Why? Why? Why?**

# What creates a deal-making mindset?

- Evaluating and compensating negotiators on the size of the deals they close – encourages closing
- The use of agents or third-party advisors
- Too much testosterone in the room
- Having no BATNA

# Deal vs. Implementation Mindset

	<b>Deal</b>	<b>Implementation</b>
Ends and Means	Deal versus implementation	Deal is means to implementation
What you Share	Let 'em guess; close to vest; surprise, surprise, surprise	Joint knowledge; voice concerns; no surprises
Getting to Agreement	Always be closing; get it signed	Invest in workable agreement
Commitments	Get them to agree, then use sanctions	If they fail, we fail; air your nightmares
Decision-Makers & Stakeholders	Fewest possible folks involved	Necessary folks involved early

Danny Ertel, "Getting Past Yes," Harvard Business Review, November 2004.

# What they look like inside firms

## Deal Mindset

- Manipulate/Threaten
- Personal Advantage
- Name-Drop
- Understate Risks
- Give to Get
- Internal Focus

## Implementation Mindset

- Influence
- Both Parties' Advantage
- Substantive Support
- Benefits & Concerns
- Balanced Relationships
- External Focus

Adapted from Peter Block's Myopic versus Enlightened Self-Interest Concepts

# And the final word is . . .

- Negotiate in all leadership roles, but especially in the collaborative role
- When implementation doesn't matter, have a deal-making mindset
- When there's a shadow of the future, have an implementation mindset
- Always have a BATNA, so you can choose
- Use the Negotiation Pocket Toolkit every time you negotiate

# Contact information

- Leslye A. Gervasi  
Director, Charlotte MBA Programs  
(704) 365-1043  
[Leslye.Gervasi@mba.wfu.edu](mailto:Leslye.Gervasi@mba.wfu.edu)