McCombs Career Webinar

May 25, 2010
Win-Win Negotiations

Presented by
Amber Travis-Ballinas, MBA
Career Creators—The Career Design Specialists
Almost everything in life is negotiable.
Win-Win Negotiations

Final Interview

Job Offer

Negotiating Compensation
Win-Win Negotiations

The Negotiation Process:

- a process of two-way communication aimed at reaching agreement with others when some of our interests are shared and some interests are opposed

Interests =
- The concerns, fears, needs, and desires that underlie and motivate opposing positions of the parties involved in a negotiation process

Positions =
- a person’s particular attitude or point of view toward an interest
Win-Win Negotiations

Goal of Win-Win Negotiations:
- Both parties involved try to reach a mutually beneficial agreement -- efficiently and amicably

Characteristics of Win-Win Negotiations:
- Compromising
- Cooperation
- Solving problems jointly
- Honest & ethical communication
- Finding common ground
- Diplomatic process
- Partnership with a common goal
Win-Win or No Deal Negotiations

- The “Win-Win or No Deal” Method
  - The highest form of Win-Win negotiation
  - Utilize this method for negotiating the job offer, salary, benefits, and transfers and promotions

Characteristics of “Win-Win or No Deal” Negotiations:

- Parties are prepared to walk away if a mutually acceptable solution cannot be reached in a timely and amicable manner
- Creates a cooperative NOT a competitive stance
- Allows each party to say “no” and to agree to disagree agreeably
Win-Win or No Deal Negotiations

- The “Win-Win or No Deal” Method continued
  - Builds a positive and solid future relationship between the parties

Characteristics of “Win-Win or No Deal” Negotiations:
- ‘Us’-centered thinking
- Insists on using objective criteria and standards of measure to make decisions
- Encourages clear and open communication
- Allows for ‘saving face’
- Leaves room for future negotiations
Win-Win or No Deal Negotiations

The Process

- Prepare Mentally
- Maximize Power & Control
- Negotiate The Best Alternative
Win-Win or No Deal Negotiations

Step 1: Preparation for the negotiation process

- 50% of the negotiation process is preparation for the negotiation

- “There is no substitution for preparation.”

- “Plan your work and work your plan.”

- 80% / 20% Rule of Success
Win-Win or No Deal Negotiations

Step 1: Preparation for the negotiation process

- Overview of the preparation process:
  - Adopt the right mental attitude
  - Quantify your strengths & value to employers
  - Know your minimum salary requirements
  - Research salary ranges / benefit packages
  - Know ‘best alternatives’
  - Maximize your position of power
Win-Win or No Deal Negotiations

STEP 1: Preparation for the negotiation process

- **Personal Needs & Professional Value**
  - How much must I make to survive?
  - What is my professional value in this market?
  - What benefits are available?

- **Know your personal minimum salary requirements**
  - Hourly
  - Annually

- **Know the value you bring as an employee**
  - Employee Market Value = Present Market Rate + Value of Experience + Value of Education + Value of Extras

- **Know the value of typical benefits and perks**
  - Insurance benefits
  - Paid vacation and holidays
  - Perks
  - Retirement accounts / matching options
  - Stock Options
**STEP 1:**
Preparation for the negotiation process

- Industry Research
  - What is typically paid for each position in each city?
  - What is my professional value?
  - What about the ‘cost of living’ differentials?

**Sources of information:**
- Use an online salary survey for most updated statistics:
  - [www.salary.com](http://www.salary.com)
  - [www.monster.com](http://www.monster.com)
  - [www.bls.gov](http://www.bls.gov)
  - [www.smarter.com](http://www.smarter.com)
  - [www.jobstar.org](http://www.jobstar.org)
  - [www.homefair.com](http://www.homefair.com)
    - For salary with cost of living comparison
Win-Win or No Deal Negotiations

**STEP 1:**
Preparation for the negotiation process

- **Mental Attitude**
  - The potential employees’ perspective:
    - Concerned with finding the correct ‘match’ to the job requirements and ‘fit’ into the organizational culture
    - Expects a fair compensation offer from the potential employer
    - Maintains a “partnership” state-of-mind = working together towards the same goal
    - Exhibiting professionalism, self-confidence, and competence
Win-Win or No Deal Negotiations

**STEP 1:**
Preparation for the negotiation process

- **Mental Attitude**
  - Understand the potential employers’ perspective:

- **Organizational Objectives:**
  - Hire the best quality employee and pay the lowest price possible
    - “I am trying to make the best ‘deal’ for my company.”
  - Pay an employee less than what the employee generates for the organization
    - “It is my job to maintain or reduce company expenses.”
  - Offering a lower compensation package than can truly be afforded
    - “We expect negotiation.”
  - Final evaluation of the potential employee’s level of professionalism, self-confidence, composure, and competence
Win-Win or No Deal Negotiations

STEP 1: Preparation for the negotiation process

- **Mental Attitude**
  - Adopting a powerful and positive mind-set
  - Understanding how to maximize power and to influence people will affect your ability to negotiate successfully

- **Definitions:**
  - **Power** = The ability to influence or to control others’ actions or behaviors
  - **Influence** = the process of affecting the thoughts, behaviors, and feelings of others
  - **Control** = the ability to influence, command, or direct others’ behaviors
Win-Win or No Deal Negotiations

**STEP 1:**
Preparation for the negotiation process

- **Mental Attitude**
  - Understanding that knowledge is power
  - Negotiate from a position of knowledge and strength—not need and greed

- **Types of personal power:**
  - **Referent Power**
    - consulting experts, information, and other sources of subject matter data to justify actions and influence others
    - “I have done my research.”
  - **Expert Power**
    - actions legitimized by comprehensive and authoritative skills or knowledge in a particular field
    - “I am an subject matter expert in my field.”
Win-Win or No Deal Negotiations

**Step 2:**
Maximize Power and Control the Negotiation Process

- Establish rapport and develop common ground with the negotiator

- Develop rapport with the other parties:
  - Make appropriate ‘small talk’
  - Discover commonalities shared with the other parties
  - Use humor and compliments to break the ice
Win-Win or No Deal Negotiations

Step 2: Maximize Power and Control the Negotiation Process

- Create a cooperative atmosphere

- Use the words “we” and “us” throughout your conversation

- Use nonverbal communication to express cooperation
  - Avoid crossing your arms or clenching your fists
  - Smile and have open body language
  - Control nervous habits

- Create a cooperative seating arrangement
  - Sit corner to corner rather than across from the negotiator
Win-Win or No Deal Negotiations

**Step 2:**
Maximize Power and Control the Negotiation Process

- Discuss compensation ONLY after a solid job offer has been made!

- Negotiate when your bargaining power is highest!
  - Usually offers for employment are made during the third interview.

- Ways to respond:
  - “I make it a point not to discuss compensation until we determine that I am the right fit / match for the job and we know that we can work well together.”
  - “Are you offering me the job?”
  - “I am certain that we can come to a fair & equitable agreement regarding a compensation package once we have determined that I am the ‘right fit’ for the position.”
Win-Win or No Deal Negotiations

Step 3: Negotiating the Best Package

- Allow the negotiator to make the compensation and benefits offer first!
  - “He who speaks first comes in last.”

Rules to remember:

- NEVER be the first party to state a monetary value!
- Avoid the direct question; putting the ball back in their court
- IF cornered—only give a very broad range based on your research, skill level, education, experience, etc.
  - “Based on my research of this position, this city, and the industry…I understand the historical range paid is between $X and $Y…Is that typically what your organization pays?”
Win-Win or No Deal Negotiations

Step 3:
Negotiating the Best Package

- If the negotiator attempts to force you to say a compensation amount first…deflect by answering with a question of your own.

  - How to respond:
    - “What is the standard / historical compensation package that has been provided to employees in this position with a similar level of education and experience?”
    - Silence—wait for answer
    - “Based on my experience, education, skills, extras…my compensation should fall somewhere at the high end of that range.”
Win-Win or No Deal Negotiations

**Step 3:**
Negotiating the Best Package

- Consider the offer
  - Know that the other party expects you to negotiate with them
  - Usually they have a $3,000 to $5,000 range within which to negotiate

- **How to respond:**
  - Repeat the offer
  - Say, “HMMMM…”
  - Appear introspective
  - Be quiet--Uncomfortable silence is a good thing in this situation
Win-Win or No Deal Negotiations

Step 3: Negotiating the Best Package

- **Counter the offer**
  - Restate your interest in the job
  - Remind the negotiator that they agreed that you match the position and fit into the organization

- **Rules to follow:**
  - Never stop selling yourself—emphasize your value to the employer
  - Do not become emotional
  - Be patient and take your time
  - Be willing to generate a variety of possible alternatives to satisfy each party
Step 3: Negotiating the Best Package

- Counter the offer
  - Ask for what you are worth / what you want
    - Ask for the high end of what is reasonable
  - Don’t forget the value of benefits & perks

Basic rules of the counter offer:

- Do not set initial demands near the final objective.
  - Leave room to negotiate.
- Do not give “quid pro quo” concessions away.
  - Resist ‘A Tit for a Tat’.
- Do not negotiate directly to the midpoint.
  - Ask for more than the midpoint.
Step 3: Negotiating the Best Package

- Ask for time to think about the offer
  - Never say ‘yes’ or ‘no’ to an offer immediately
  - Even if they agree to your counter—always ask for time to consider the offer!

- 24 to 48 hours to consider the offer is appropriate
- Tell the negotiator that you are excited and interested in the opportunity
- Remind the negotiator why they agreed that you are the best candidate for the position in terms of benefits you offer the employer
Win-Win or No Deal Negotiations

**Step 3:**
Negotiating the Best Package

- **Accept or reject the offer**
  - Be willing to walk away
  - Be willing to say ‘no’ with a smile

**Actions to take:**
- Ask questions to clarify
- Restate all agreements
- Ask for the offer in writing
- Respond to the offer in writing
- Respond within the agreed upon time frame
- KEEP GOOD RECORDS!
Win-Win or No Deal Negotiations

**Step 3:**
Negotiating the Best Package

- Closing the negotiation
  - ALWAYS LEAVE ROOM FOR FUTURE NEGOTIATIONS

**Actions to take:**
- ALLOW FOR ‘SAVING FACE’
- END THE SESSION ON A POSITIVE NOTE
- BE POLITE AND GRACIOUS
- THANK THE NEGOTIATOR
Mistakes to Avoid in Negotiating

- Never negotiate unless a firm job offer has been extended.
- Do not underestimate your own power in the negotiation process.
- Do not be intimidated by the negotiator.
- Do not become emotional or talk too much.
- Do not negotiate over the phone or via email.
- Do not negotiate while hungry or tired.
- Do not ‘wing it’! Prepare, plan, & practice!!!
- Do not assume anything…ask questions.
- Avoid quick settlements…be patient.
- Do not be a “bully” or use coercive power or threats.
Win-Win or No Deal Negotiations Checklist

1. Prepare mentally— Adopt a “Win-Win or No Deal” mind-set.
2. Do your salary range research. Know your value.
3. Maximize your power in the situation.
4. Create a cooperative environment for negotiating.
5. Have a list of ‘best alternatives’ prepared.
6. Expect to negotiate.
7. Be patient and take your time throughout the process.
9. Allow each party the opportunity to maintain their dignity and to ‘save-face’ while negotiating.
10. End on a positive note.
Win-Win or No Deal Negotiations

- Thank You!

- We appreciate your participation.
  
  - The recording of today’s presentation, along with the PowerPoint slides, will be available on our Career Programming web page by next week:

    http://www.mccombs.utexas.edu/alumni/careers/programming/

- Sources are provided on additional slides at the end of this PPT presentation.
Win-Win or No Deal Negotiations

- **Sources of Information:**
  - *Negotiating Your Salary, How to Make $1,000 a Minute*, Jack Chapman, Ten Speed Press, 1996.