

**BIEM/BIEF**

**A.Y. 2024/2025**

**BLAB**

# **HANDOUTS**

## **LEADERSHIP AND MANAGERIAL SKILLS -SEMINAR-**

**WRITTEN BY**

**MATILDE BALDINI**



TEACHING DIVISION

“

**This handout is written by students with no intention of replacing university materials.**

**It is a useful tool for studying the subject, but does not guarantee preparation as exhaustive and complete as the material recommended by the University.**



# Groups & Teams, Power & Influence

## Teams and groups

### Teamwork: Valve

**Valve** is a videogame corporation which considers teamwork as a part of their competitive advantage. Workers have great job autonomy, as each team chooses a project to work on. Today, Valve is one of the most successful companies in the industry.

The **hierarchical structure** in Valve is flat, so there are no permanent managers, just team leaders which are rotated on a per-project or per-team basis. Employees get to choose which projects they work on and which roles they play on those projects. There is a **bonus-based payment mechanism**.

### Definitions

A **group** is composed of two or more people who are interacting in such a way that each person influences and is influenced by each other person. An example might be working mums at a consulting company.

A **team** is a group of people committed to a common purpose, set of performance goals, and approach for which the team members hold themselves mutually accountable. An example might be a consulting team.

The difference is that **all teams are groups but not all groups are teams**

	WORK TEAMS	WORK GROUPS
Goal	Collective performance	Share information
Synergy	Positive	Neutral (sometimes negative)
Accountability	Individual and mutual	Individual
Skills	Complementary	Random and varied

# Virtual Teams

**Virtual teams** are groups of *geographically and/or organisationally dispersed* coworkers who interact using a combination of *telecommunications and information technologies* to accomplish an organisational task. Their characteristics are:

1. **Temporary or permanent:** virtual teams may be temporary, existing only to accomplish a specific task, or permanent, in which case they address ongoing matters
2. **Membership is often fluid,** evolving according to changing task requirements

## Benefits and Costs

The **benefits** of working in teams are numerous:

- Enhances *creativity*
- *Reduces cognitive distortions*
- Improves *decision quality*
- Improves *motivation*
- Improves *learning process*
- Stimulates *individual commitment*

It also has some **costs**:

- Coordination takes *time and effort*
  - Communication
  - Division of tasks
  - Rules for making decisions
- *Conflicts* between members
  - Differences need to be managed
  - Presence of political or power struggles
- Groups *may be no better than individuals*

- Groupthink
- Free-riding

So **teams aren't always the answer**. Managers need to ask themselves three questions to see if a team fits the situation:

1. Is the problem complex and is there a need for different perspectives?
2. Are the goals of the group grater than the goals of individuals?
3. Are members of the group involved in independent tasks?

If the answer to each of these questions is **YES**, then teams might be good, otherwise it may be best to split the work.

## Group structure

Some **issues** in group structure are:

- **Norms:** they are the acceptable standards of behaviour within a group that are shared by the group's members; they can be divided into:
  - Performance
  - Appearance
  - Allocation of resources

e.g. \* Rites and Rituals

- Serve a symbolic function for both the group, since it promotes the distinctiveness and diversity of the group in comparison with other groups, and the newcomer, as it promotes the transformation of identity
- Foster loyalty:
  - if positive → gratitude and guilt
  - if negative → allows us to convince ourselves that membership is important to us, since we are willing to suffer for it
- **Size:** in larger groups there is a higher chance of social loafing (or free riding), which is the tendency of individuals to expend less effort when working collectively than when working individually. Some related research finding is

that odd numbered groups usually do better than even numbered ones, and groups of 7 or 9 people overall perform better than smaller or larger ones.

- **Cohesiveness** is the degree to which group members are attracted to each other and are motivated to stay in the group. It can be increased by:
  - Making smaller groups
  - Encouraging agreement with group goals
  - Increasing time members spend together
  - Increasing group status and admission difficulty
  - Stimulating competition with other groups
  - Giving rewards to the groups, not to individuals
  - Physically isolating the group
- **Composition**

## Group Decision Making

Strengths	Weaknesses
More complete information	Slower
Increased diversity of views	Groupthink
Higher quality of decisions	Dominant members
Increased acceptance of solutions	Unclear responsibility
	Free riding
	Dissatisfaction

## Characteristics of effective teams

A team to be effective should have some optimal characteristics that are related to three main aspects:

- **Context**
  - Adequate resources: need the tools to complete the job

- Effective leadership: specify tasks, integrate individual efforts, even self-managed teams need leaders
- A climate of trust: members must trust each other and the leader
- Appropriate reward and evaluation systems that reflect team contribution: cannot just be based on individual effort
- **Composition**
  - Abilities of members: expertise, problem-solving, decision-making
  - Personality of members: attentiveness, openness, sociability
  - Allocating roles and diversity: roles must be filled and diversity has mixed effects
  - Size of team: trade-offs between resources and tractability
  - Members' preference for teamwork
- **Design**
  - Freedom and autonomy: ability to work independently
  - Skill Variety: ability to use different skills and talents
  - Task identity: ability to complete a defined task
  - Task Significance: working on a task or project that has a substantial impact on other
  - Members believe in the team's capabilities

## Power and influence

### Definitions

**Influence** is a process through which individuals extract compliance with their intentions from others by using their behaviour or characteristics

**Power** is the ability of a person or group to overcome resistance by others to achieve a desired objective or result

\* Conflict and power are related

BUT power is also the capacity to get people to do what they would not otherwise not do

**Authority is power that is legitimate**, or that is believed to be such by the party over whom power is held (e.g. manager and subordinate). Power is not necessarily legitimate, like in the case of a charismatic friend.

**Power** is not an attribute of a person or group, it is a **property of a relationship**. Relationships commonly entail ties of mutual dependence, and power resides in another's dependence. Power in relationships determines how one party can influence the other.

e.g. managers depend on the activities of other people and things to perform their jobs effectively

## Origins of power

When there is **division of labour** (activities, resources and control) in a firm or in the external environment, people are forced to rely on others for informations, services an cooperation, sometimes facing competing demands and interest.

**Power** can come from different things:

- Positional: *formal authority* from a position in an organisation
- Reward: ability to *give value material rewards* (e.g. money and favours)
- Personal: ability to attract others, build strong interpersonal relationships, to persuade and build loyalty (e.g. charisma and *interpersonal skills*)
- Expert: derived from skills, knowledge and experience, it non-substitutable (able to *perform tasks that no one else can perform*)
- Coercive: derived from negative, fear-based influence on others (*punishment is threatened or applied*)

There are four possible approaches to influence:

1. **Authority**: threat of punishment and ability to give rewards

Power source: *position, reward, expertise, coercion*

2. **Persuasion**: argument based on information, logic and reason (involving, consulting, convincing)

Power source: *expertise, personal*

3. **Negotiation:** bargaining, negotiating, providing money, promotion, rhetoric, manipulation

Power source: *all*

4. **Manipulation:** distorted information, friendship, favour, inclusion

Power source: *personal*

## Methods of influence and sources of motivation

	Reward and punishment	Persuasion
Type of power	Hard	Soft
Sources of motivation	External reward → "I do this because I'm paid to" Extrinsic motivation	No external reward → "I do this because I like it" Intrinsic motivation

## Influence

**Power leads to being able to influence others.** Influence requires skill in:

- Communication
- Listening
- Persuasion
- Assertiveness
- Negotiation
- Conflict resolution
- Problem-solving

The **tools of influence** are:

1. Reciprocity: it means *responding to a positive action with another positive action*, and the same for a negative one
  - a. People say "yes" to those they owe, as it is a social rule to *repay in kind* what another provides and gifts obligate the recipient to future repayment

- b. Some tactics may be to *give something before asking* for a favour in return or the door-in-the-face (following an extravagant request with a reasonable one such that the (guilty) subject complies)
  - c. It works because *norms are powerful*, the rule is applied to uninvited favours and indebted in uncomfortable
- 2. Scarcity: people assign *more value to less available opportunities*
  - a. A tactics may be that of convincing people of what offering is *limited in amount of time*
  - b. It works because things that are *hard to attain* are usually *higher value* and this signals *quality*, and people respond to *loss of freedoms as things become less available to them*
- 3. Authority: it is a *strong pressure in society to comply with requests of an authority, and symbols of authority are often sufficient*
  - a. Some tactics may be to *wear trappings of authority* (clothes, cars, titles) or to *flaunt credentials or status*
  - b. It works because authorities are usually people with *higher levels of wisdom, power, and knowledge*
- 4. Consistency: is the *internal desire to appear consistent with actions, words, beliefs, and attitudes*
  - a. Some tactics may be to *secure initial commitment*, to make public and not coerced commitments, the *foot-in-the-door technique* (following up a smaller request with an even bigger one such that the subject complies on the ground of the bond created), and the *low-ball technique* (pitching an attractive offer and then increasing the price)
  - b. It works because people are more likely to agree to requests consistent with prior commitment, and *commitments tend to self perpetrate*

We desire to be consistent with our words, beliefs and behaviours, and this is related to the concept of cognitive dissonance, identification, self-verification and more. Personal consistency is positively valued by our society, especially because it has a strong effect on our public image. *Consistency also reduces the need to process information in similar situations.*

5. Liking: people are *more likely to say “yes” to someone they like*
  - a. Some tactics may be based on *physical attraction, similarity* (dress, claiming similar background or interests), *praise and compliments* (we have an automatically positive reaction even when we recognise that someone is clearly trying to win our favour), *familiarity*, and *positive associations* (people, products or status)
  - b. It works because *people want to be liked by those they like*
6. Consensus or social proof (informational social influence): it is a phenomenon that occurs in ambiguous social situations when *people are unable to determine the appropriate mode of behaviour*, based on the assumption that surrounding people possess more knowledge about the situation and will deem the behaviour of others as appropriate or better informed
  - a. A tactic may be to stimulate compliance by *informing a person that many other people have complied*
  - b. It works because *imitating* is a rational response to uncertainty or ambiguity, as people tend to follow those who are similar (uncertainty and similarity are some conditions to take into account)

## **Obedience**

**Obedience** is the act of following orders without question because they come from a legitimate authority. It happens every time a person, at some point in their life, has followed a superior without questioning why they are doing what they are doing. We never question many rules, which are usually told to us by someone who has an authority

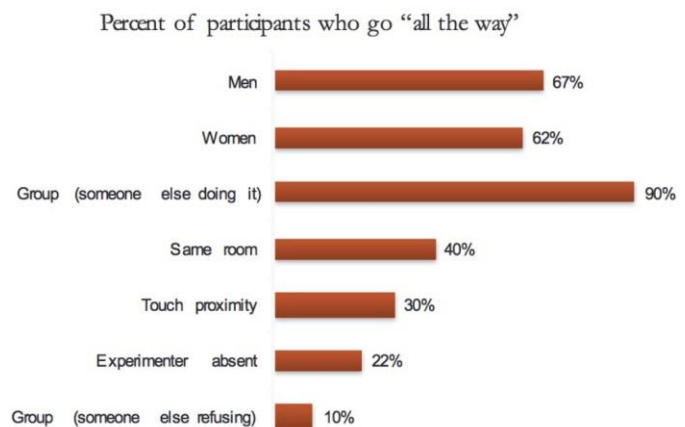
**Milgram’s Experiment** on obedience is one of the most famous studies of obedience in psychology and it was carried out by Stanley Milgram (1963). Milgram was a psychologist at Yale University and he conducted an experiment focusing on the conflict between obedience to authority and personal conscience. The reason for this experiment was to examine justifications for acts of genocide offered by those accused at the WW2 *Nuremberg War Criminal trials* (justifications often based on obedience). The goal was to check how far people can go in obeying instructions if doing so involves harming another person.

There the two roles of the teacher, recruited among volunteers, and the learner, played by research assistants.

A learner was strapped to a chair in another room with electrodes (fake). After he has learned a list of word pairs he had been given to learn, the "teacher" tests him by naming a word and asking the learner to recall its partner/pair from a list of four possible choices.

The teacher is told to administer an electric shock every time the learner makes a mistake, increasing the level of shock each time. There were 30 switches on the shock generator marked from 15 volts (slight shock) to 450 (danger - severe shock).

The learner gave mainly wrong answers (on purpose) and for each of these the teacher gave him an electric shock. The teacher had an option to stop the experiment after each switch.



## The dangers of power

In the **Stanford Prison Experiment** the roles of Guards and Prisoners were artificially created and the volunteers had done nothing to deserve it either. However, this experiment shows how powerful social norms are, as everyone fell into their roles very easily. People like to act consistently with their social roles. There is always the chance that power is used improperly, this was a clear case of abuse of power to harm others.

## Personalised and socialised power

Personalised power is used to improve your individual power. Socialised power is used to maximise everyone's conditions.

## Crime riddle

<b>Name</b>	<b>Murderer</b>	<b>Murdered</b>
<b>David</b>	NO: is not amputated (he ran)	NO: he ran a marathon yesterday
<b>Will</b>	NO: he is not John's brother (he did not grow up in Seattle - "moved to the city")	<b>MURDERED</b>
<b>James</b>	<b>MURDERER</b>	NO: he wants (now) to install the computer
<b>Tom</b>	NO: he is not John's brother	NO: his computer should be installed next week
<b>John</b>	NO: the murderer is his brother	NO: he is in seclusion since the crime

# Communication & Individual Pitch

## Communication

### Communication, what is it and why do we need it

**Communication** is a *complex and dynamic process* that individuals use to exchange ideas, relate experiences and share meanings through speaking, writing, gestures, symbols, signals and behaviours.

Effective workplace communication is necessary to

1. **Achieve coordinated action:** accomplishing tasks in groups, setting expectation among members, jointly adapting to obstacles
2. **Share information:** generating understanding
3. **Express feelings and emotions:** resolving disputes, maintaining relationships

### Major modes of communication

The major **modes of communication** are:

1. **Verbal** (conversations, task exchanges, meeting discussions, speeches) and written (memos, emails, reports, manuals, forms)
2. **Non-verbal:**
  - a. Facial expressions
  - b. Body language/postures
  - c. Use of objects
  - d. Clothes, office design/decorations → messy = highly creative ; organised and clean = highly self organized and conscious

**Remaining silent** is a form of communication too. Different modes of communication are appropriate in different **contexts**.

## Distortions

**Information loss and distortion** depends on the transmission medium, the message complexity, prior knowledge, culture, nationality and personality.

An example may be the game "Chinese whispers".

## Paraphrasing

**Paraphrasing** is a way of communication that ensures *understanding*, avoiding misunderstandings at the same time. It helps to see the things from a slightly different perspective.

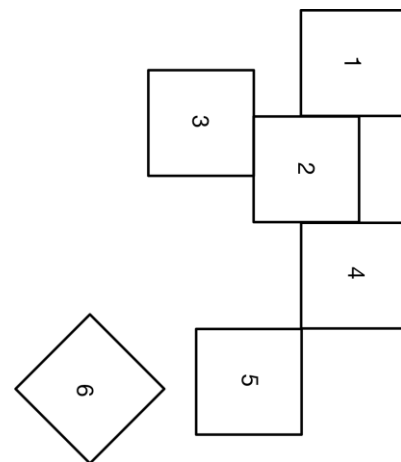
This method limits undesirable implications, enlarges the information exchanges, improves understanding of the relation between the speaker and the listener, facilitates the integration of differences, and shows that the listener is attentive and interested in what the speaker is saying.

## 1- way communication

Aggressive marketing email represent 1-way communication. Some companies are not interested un our feedback, they only want to keep us informed.

In 1-way communication we assume **no interaction between sender and receiver**. The sender does not receive feedback on the effectiveness of its description and cannot correct it following the notification of possible difficulties of the receipient.

Time: a couple of minutes



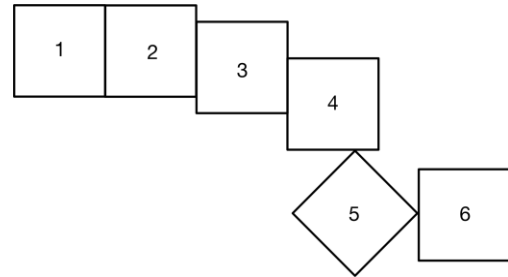
The situation is similar to that of a radio or television advertisement, in which the listener cannot affect the mode of transmission of the message. You cannot customise the message and the transmission times are generally short. This mode

has a high level of efficiency but a low level of effectiveness (participants have more difficulties in following directions properly). This type of communication is suitable for simple messages that must arrive in a short time, like in **emergency situations**.

## 2- way communication

It is possible to **receive feedback** → the receiver is allowed to ask questions

Time: even double the time required for 1-way communication



It has **lower efficiency** — transmission time widens, as it involves more human resources — BUT it has **more effectiveness** — “understanding” of the message is greater.

Because of continuous interaction, communication can be messy. This is more suitable for **complex messages** where you need a feedback (teaching) or projects.

## ***Is 1-way better than 2-way communication?***

There is *no ideal transmission mode*, we need to choose it depending on the **context**.

The communication of complex content is aided by: questions, feedback and interaction.

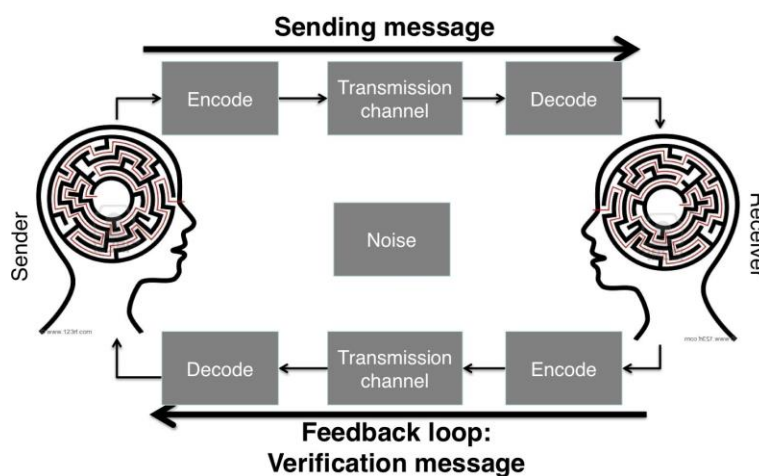
The communication can be:

- **Direct**: helps to interpret and decode ambiguous content
- **Mediated** (written, images, ICT): helps if the content is complicated

## **Communication Process**

The six main elements of the communication process are:

- **Sender:** who sends the message
- **Receiver:** the addressee
- **Message:** information to be transmitted
- **Code:** the reference system used to produce the message
- **Channel:** the medium
- **Context:** the “place” where the communication occurs, the relationship between addressed and addressee

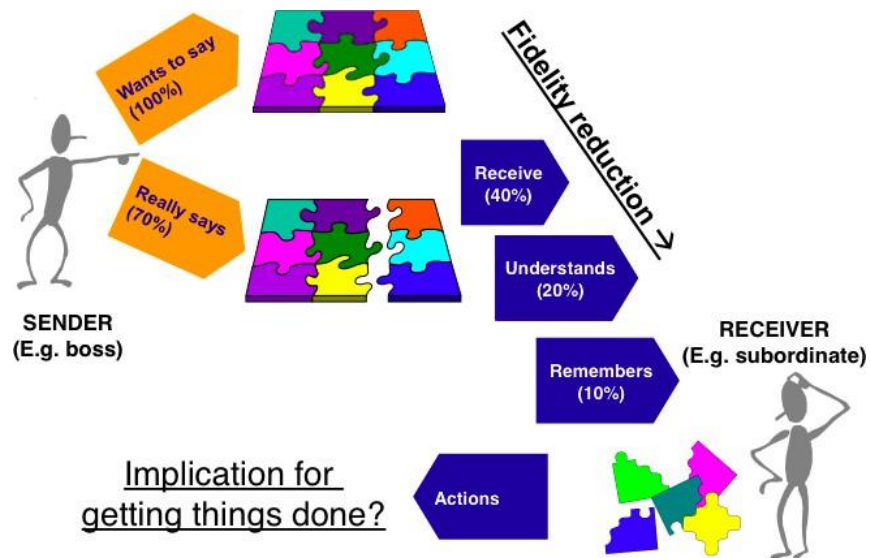


Messages are *not always understood*, due to many reasons:

- **Gap** between the message *intended* by the sender and the one *understood* by the receiver
- **Communication fidelity:** correspondence between intention and understanding
- **Noise:**
  - Literal/physical noise
  - Codes of past experience:
    - Facts
    - Knowledge
    - Beliefs

- Attitudes
  - Social rules
  - Values
  - Language
  - Memories
- Formal/informal lexis → abbreviations

Sender wants to say 100% of the message, BUT loses 30% of it due to communication difficulties, imperfections, difficulties in the language, paraphrasing etc → of that 70% the receiver receives 40% of the message, understands 20% of it and remembers only 10% (e.g. long email). When it comes to actions, the loss is even greater.



The reasons behind information loss are:

- Source may withhold or filter information
- Encoding/decoding problems (semantics, jargon, medium)
- Receiver may be overloaded, not be listening, or focusing selectively
- Feedback may be insufficient to verify fidelity

# Barriers to Effective Communication

Some barriers to effective communication are the following:

1. **Information Overload:** when information inflow exceeds an individual's processing capacity information is ignored or lost
2. **Emotions:** how a receiver feels will influence how the message is interpreted
3. **Distortion:** information loss in transmission of message
4. **Selective Perception:** receiver selectively interprets transmitted information on the basis of interests, background, experience and attitudes
5. **Language (codes):** words have different meaning to different people
6. **Context**
  - a. Environment: noise, visibility, temperature, distance
  - b. Type of place
7. **Gender Differences**
  - a. Men tend to talk to emphasise status
  - b. Women talk to create connections
8. **Cultural background** matters (American vs Czech smile)

## Overcoming barriers

Barriers can be overcome with some small changes:

- **Knowledge of communication principles**
- **Awareness of barriers**
- **Self-understanding:**
  - Awareness of the particular barriers you are prone to
  - E.g. "I speak quietly," "I have limited vocabulary"
- **Listen attentively:** make sure that you heard what was transmitted (paraphrasing)
- **Receiving feedback:** opportunities to improve self-understanding

- **Giving feedback:** acknowledgements and/or checks on understanding
- **Reduce noise**

## Non-verbal communication

Non-verbal communication encompasses all the aspect of communication that are **not related to the literal meaning of words comprising the message**. It is the combination of signals, gestures, actions, postures, facial expressions, gaze direction, physical proximity, contact, tone of voice, clothing and body decorations.

The **effectiveness** of a message is then only minimally dependent on the literal meaning of words. The *way in which a message is perceived* is strongly influences by non-verbal communication factors.

Perception of a vocal message:

- 55% body movements → facial expressions, gestures
- 38% vocal aspects → volume, tone, pace
- 7% verbal aspects → actual words

## Content and relationship

Any communication entails two different aspects that must be managed to be effective:

- **Content** covers what we say
- **Relationships** concerns the way in which it is said and especially the relational context in which it is said. This aspect represents a *meta-communication* (how it is communicated), which is essential for the proper understanding of the message. There are two types of relationships, that result in *different emotional resonance or behavioural responses*:
  - **Dominance-submission**
  - **Co-participation**

## Individual pitch

## The elevator pitch

*The purpose of an elevator pitch is to describe a situation or solution so compelling that the person you're with wants to hear more after the ride is over (-Seth Godin).*

The contents of the elevator pitch are:

1. **Who you work with:** specific industries which need your offering
2. **What you deliver:** solution based outputs that can be measured as success
3. **How you do it:** methodology, model, I.P or point of difference
4. **What you do:** clear description of your core benefit in one sentence
5. **Who you are:** what is your organisational name and vision

## The individual pitch

Some **suggestions** when making a pitch are:

- Be brief and concise, you want what you say to be remembered
- First 10 seconds are paramount
- Time management (pitches of different length for different occasions)
- Present yourself, no bragging
- Your pitch changes and evolves with your job history and professional development
- You need to be able to answer to questions
- Practice with someone
- Adapt your pitch to the person you are talking to
- A conclusion to your speech must be included in the perspective of a second meeting

# Negotiations

## What is negotiation?

**Negotiation** is something that everyone does, almost daily. We negotiate with friends, colleagues, classmates, etc.

1. Negotiation is a "**discussion** between two or more parties with the apparent aim of **resolving divergent interests**" (Pruitt and Carnevale, "Negotiation in Social Conflict", p. 2)
2. Negotiation is "an **interpersonal decision-making process** necessary whenever we cannot achieve our objectives single-handedly" (Thompson, "The Mind and Heart of the Negotiator", p. 2)

## Why should negotiations be a core management skill?

1. **Dynamic**, mobile nature of business means people must renegotiate their existence in organizations throughout their careers.
2. Increasing **interdependence** of people within organizations.
3. Increasingly **competitive** business world.
4. Increasingly **diverse** business world.

## Characteristics of negotiation situations

We are exposed to negotiation on a **daily basis**, for example when we negotiate for a job offer, a car price, a company acquisition or, to mention a famous case, for the Maastricht Treaty negotiations (1992). The **characteristics** of negotiation situations are the following:

1. There are **two or more** parties
2. There is a **conflict of interest**
3. Parties negotiate because they think they can get a **better deal** than by taking what the other side will give them
4. Parties prefer to search for **agreement over:**

- *Fighting openly*
  - *Capitulate*
  - *Breaking off contact*
  - Taking the dispute to a *third party*
5. Parties expect **give and take**. They expect that both sides will be willing to modify or give in somewhat on their opening statements, requests, or demands
  6. **Tangibles**: the price or the terms of the agreement
  7. **Intangibles**: the underlying psychological motivations. In a successful negotiation, both tangibles and intangibles are resolved

## Interdependence in negotiation

In negotiation, both parties **need each other**. This mutual dependency is called **interdependence**. Interdependent goals are an important aspect of negotiation.

One potential consequence of interdependent relationships is **value creation** (the performance of actions that increase worth).

The other potential consequence of interdependent relationships is **conflict**.

## Do negotiation skills matter for firms?

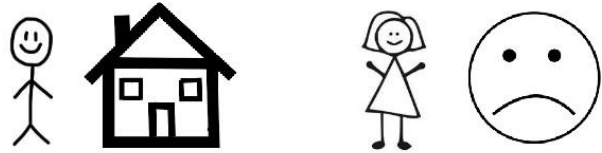
In the paper he published in 2013, **Matthew Grennan** investigated the reason behind different hospitals paying different prices for the same product (coronary stents). He found out that the difference laid in the hospitals' **bargaining ability**.

The results that he got are:

- Bargaining ability explains 79% of this **price variation**.
- Bargaining ability has impact on **firm profitability**.
  - + 1-SD bargaining ability → + 5% in profits for *manufacturers*.
  - + 1-SD bargaining ability → + 11% profits for *hospital*.

## Negotiation skills should matter to you

Negotiation skills are very important, especially when it comes to negotiating a salary and such.



For example:

1. First job offer, salary of \$25,000/year
2. Negotiates and gets his offer raised to \$30,000/year
3. 3% raise each year
4. **At age 60: salary = \$92,243**
5. **Savings of \$361,171**

1. First job offer, salary of \$25,000/year
2. Does not negotiate, accepts salary offering
3. 3% raise each year
4. **At age 60: salary = \$76,870**

Negotiating is a **learned skill**.

## Anchoring effect

The **anchoring effect** is a tactical issue in distributive bargaining, and it helps us to determine the results of **making the first offer**. Anchoring is a **cognitive bias**:

- It describes the common human tendency to rely too heavily on the *first piece of information offered* (the "anchor") when making decisions.
- It occurs when individuals use an initial piece of information to make *subsequent judgments*
- Once an anchor is set, other judgments are made by *adjusting away from that anchor*, and there is a bias toward interpreting other information around the anchor

Anchors are useful in *sales or wage negotiations*, but it is advised not to anchor if you have less information about the item or about the relevant market or industry than the other side does.

## Kahneman & Tversky

Kahneman & Tversky (the founders of behavioral economics) were the first to study anchoring effects in 1974. In the study participants were asked to **compute**, within 5 seconds, without a calculator, the product of either:

- a.  $1 \times 2 \times 3 \times 4 \times 5 \times 6 \times 7 \times 8$  -> mean estimate = 512

b.  $8 \times 7 \times 6 \times 5 \times 4 \times 3 \times 2 \times 1 \rightarrow$  mean estimate = 2.250

Correct answer: 40,320

## Dan Ariely

Dan Ariely (psychologist and behavioral economist) published a study where participants were asked to write down the last two digits of their social security number.

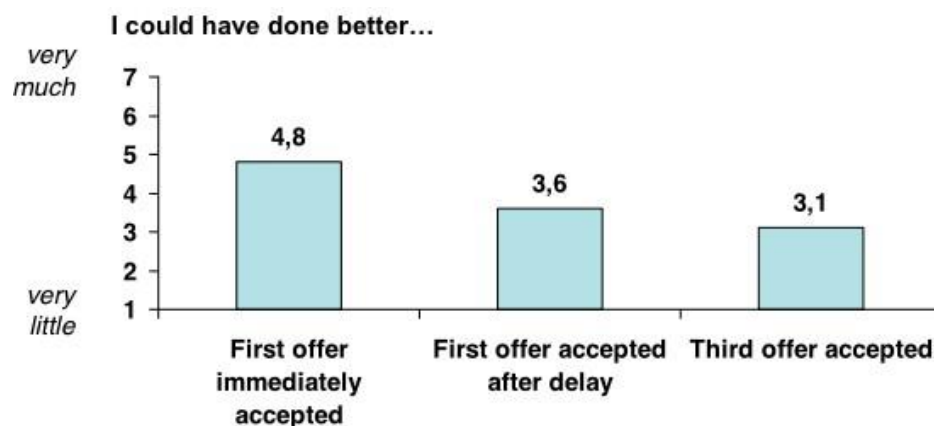
Given several objects with unknown value – a bottle of wine, a piece of computer equipment - they were asked if they would pay that amount of dollars for the item. Then, they **bid** against others in an auction for the item.

Those with higher social security numbers bid between 60-120% higher than those with low numbers. So, even a random number can become an anchor.

## Counterfactual thinking

Another tactical issue in distributive bargaining is **counterfactual thinking**, a concept in psychology that involves the human tendency to **create possible alternatives to life events that have already occurred**; something that is contrary to what actually happened (=when you offer is already accepted).

Galinsky et al., 2002:



## Negotiation planning

Planning is a very important part of negotiation. **Overconfidence** can lead to lack of preparation, which may have different consequences:

- Don't know what is a good agreement
- Might wrongly assume the other party is like yourself
- Cannot evaluate alternative agreements

The main steps in **negotiation planning** are:

1. Identify the *issues*
2. Identify the *priorities*
3. *Estimate important issues to counterparty*
4. Identify your best alternative to a negotiated agreement (**BATNA**)
5. Determine own:
  - a. *Target points*
  - b. *Resistance points*
6. Identify *zone of agreement*. Estimate other party's target and resistance points.
7. Determine *best way to present* your opening offer (or counteroffer). Provide *strong rationale* for your position
8. Prepare for *tricks and bargaining tactics*

## Team negotiations

**Teams** face many different **challenges** when negotiating:

1. Picking your teammates:
  - a. *Negotiation expertise*
  - b. *Technical expertise* in the domain of interests → prioritize your own interests
  - c. *Interpersonal skills*.
2. How many on the team? Beware of conformity pressure (more than 3 people can lead to **groupthink**).
3. Communication in the team (**information pooling**):

- a. Acquaintances and previous relationships facilitate info pooling = predistributed information and knowledge bias that causes teams to share information that is already known to others and prevents them from sharing new information
  - b. *Team cohesion* → leads to better performance
4. Information processing (**common information bias**):
- a. Groups are less likely to discuss info shared by only a subset of its members
  - b. Trade off of dividing info among members increasing *dependence* or share those increasing *redundancy*

To improve team negotiations some **strategies** can be used:

1. Goal and strategy alignment
2. Prepare together → *transactive memory* system allows us to improve how and when we access information
3. Plan scheduled breaks → to have the opportunity for private meetings during the negotiation
4. Assess accountability → if you are accountable for the result than you are more effective

## Preparing for team-on-team negotiations

### Step 1: individual preparation

- Identify the issues.
- Identify your BATNA.
- Determine what you believe to be your team's "worst-case" scenario.
- Determine what you believe to be your team's "best-case" scenario.
- Write these scenarios down and be prepared to share them with the members of your team.

### Step 2: as a team, decide on your procedures for running the preparation meeting

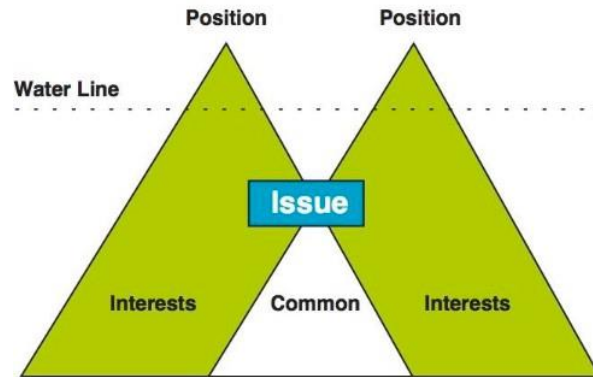
- Who is going to run the meeting (i.e., who is going to summarize, synthesize, etc.)?
- What materials do you need to be effective (calculator, flipcharts, computer, etc.), and who is bringing them?
- What is your timeline, and who will enforce it so that the team arrives at the negotiation table prepared and refreshed?

### **Step 3: as a team, clarify facts and information**

- Develop a “Positions and Interests” chart.
- Prioritize your issues. Understand the reasons for your priorities.
- Identify what you think the other party’s priorities are.
- Identify what information you need from the other party.
- BATNA, worst-case, & best-case.
- As you complete the preceding tasks, make a list of questions to research.
- Identify information that is too sensitive to reveal at any point under any condition (get clarification and closure within the team on this point).
- Identify information that you are willing to share with the other team if they inquire (get clarification and closure within the team on this point).

### **Step 4: strategy**

- As a team, plan your opening offer.
- Choose a lead negotiator (speaker).
- Choose a lead strategist (listener and strategic watchdog).
- Choose an accountant to run the numbers.
- Choose a scribe to keep track of offers. Decide on a signal to adjourn for a private caucus



Positions and Interests chart

## Classic bargaining and an alternative

**Classic** bargaining consists in taking a **position**, **arguing** for it, then **compromising**. Some **problems** that classic bargaining causes are:

- Creates *lock in*.
- *Escalation of commitment*.
- *Impasses*.
- *Endangers long term relationship*.
- End up making *suboptimal compromises*.

An **alternative** to classic bargaining could be to **negotiate on the merits**:

### 1. **People:**

- a. Separate people from substance of problem
- b. Communicate clearly, regulate emotions

### 2. **Interests:**

- a. Focus on the important interests, not the positions
- b. Find where they overlap; ask "why?"; reframe issues

### 3. **Broaden options:**

- a. Find opportunities for mutual gain
- b. Generate an array of possibilities before deciding

4. Use **objective criteria**: ensure result is based on an objective standard

**Win-win** agreements require *information, creativity*, and trying to make the pie bigger when possible (*more to everyone*).

## Two types of negotiations

**Distributive bargaining** = a negotiation approach in which the goals of the parties are in **conflict**, and each party seeks to *maximize its resources*

**Integrative bargaining** = a negotiation approach that focuses on the **merits of the issues** and seeks a *win-win solution*

The **choice of strategy** is reflected in the answers to two questions:

1. How much **concern** do I have in **achieving** the outcomes at stake in the negotiation?
2. How much **concern** do I have for the current and future quality of the **relationship** with the other party?

This is called the **dual concerns model**.

		Substantive outcome important?	
		Yes	No
Relational outcome important?	Yes	Collaboration <b>win-win</b>	Accommodation <b>I lose, you win</b>
	No	Competition <b>win-lose</b>	Avoidance <b>don't negotiate</b>

A **“competitive” conflict style** maximizes assertiveness and minimizes empathy. Competitive types enjoy negotiation, seek to dominate and control the interaction, and tend to look at it as a game or a sport with a

An **“accommodating” conflict style** maximizes empathy and minimizes assertiveness. Accommodating types derive satisfaction from meeting the needs of others, are perceptive and intuitive about emotional states, detect

winner and a loser; they pay less attention to the relationship underlying the dispute since they are focused on winning and claiming the biggest piece of the pie. Competitive types approach conflict saying: *"This looks like a win-lose situation, and I want to win."*

An **"avoiding" conflict style** is low in both assertiveness and empathy. Avoiders can be adept at sidestepping pointless conflict, are able to exercise tact and diplomacy in high-conflict situations, and can artfully increase their own leverage by waiting for others to make the first concession. At the same time, they may "leave money on the table" and miss the opportunities. Avoiding types worry that: *"I don't want to give in, but I don't want to talk about it either."*

Finally, a **"compromising" conflict style** is intermediate on both the assertiveness and empathy dimensions. Compromisers value fairness and expect to engage in some give and take when bargaining. A compromise approach allows those in conflict to take a reasonable stance that often results in an efficient resolution to the conflict. Compromisers sometimes miss opportunities by moving too fast to split the difference, failing to search for trades and joint gains, and may neglect the relational aspects of the dispute. Compromisers approach conflict saying: *"Let's meet halfway on this issue."*

subtle verbal and nonverbal cues, and tend to have good relationship building skills; they tend to deflect or give up in the face of conflict out of concern for the relationship, and tend to be vulnerable to competitive types. Accommodating types tend to believe that *"being agreeable may be more important than winning."*

A **"collaborative" conflict style** is highly assertive and highly empathetic at the same time; collaborators are concerned about the underlying relationship and are sensitive to the other person's needs while simultaneously being committed to having their own needs met. Collaborators often see conflict as a creative opportunity. Collaborative types approach conflict saying: *"Let's find a way to satisfy both our goals."*

## How to be an effective negotiator?

### Before you start...

Self-Assessment

Assessment of the other party

Assessment of the situation

### Bad habits to avoid:

1. Neglecting the other side's problem
2. Letting price bulldoze other interests
3. Letting positions drive out interests
4. Searching too hard for common ground
5. Neglecting BATNAs
6. Failing to correct for skewed vision

## FOR DOUBTS OR SUGGESTIONS ON THE HANDOUTS



**MATILDE BALDINI**

matilde.baldini@studbocconi.it

@\_matildebaldini\_

+39 3470273884

## FOR INFO ON THE TEACHING DIVISION



**VITTORIA NASONTE**

vittoria.nasonte@studbocconi.it

@\_vittorian\_

+39 3274441476



**ELENA CACIOLI**

elena.cacioli@studbocconi.it

@elenacacioli\_

+39 3928931605



TEACHING DIVISION



## OUR PARTNERS

**700+**  
**CLUB**



**ETHAN**  
SUSTAINABILITY

**DELIVERY VALLEY**

NO GENDER KITCHEN

**LA PIADINERIA**

