

Negotiations in IT Business

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Hasit Seth

Who Am I?

- Negotiation skills are not a magic, so I am not a magician
- Despite rumors to the contrary in the press, this is not my real identity:



Historical Bio-Data

- Hasit Seth (Given Name, No Choice)
- .edu = B.Sc *comp[sci], LL.B, LL.M (Mumbai ) , LL.M (FPLC, US)
- Lawyer in New York and India (non-practicing)
- Work: 12 Years of fun doing law, patents, IP and contract negotiations
- Interests: IP, eLearning, Negotiations, Disputes, Conflicts (Resolving, not creating!) and Art



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Sites

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- www.knoager.com
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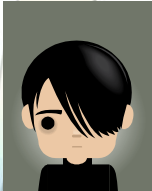
Agenda Today

9.30	Goal Setting
9.45	The Bonanza Case
10.00	Demo – WYS-IN-WIA & Review
10.40	Negotiation Basics - Slides
11.00	Break
11.10	Demo – KISS-N-KICK - Review
12.00	Exercise -
12.40	Review

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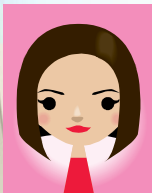
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Bonanza Case



Tim heads web-design team for MyComp.

Tim's team does all the front-end stuff:
HTML, CSS, Photoshop ...



Lilly heads the web-programming team for MyComp.

Lilly's team provides all the .NET code and database programming

MyComp

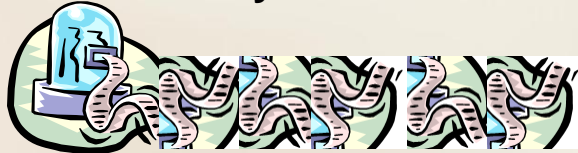
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Bonanza Case

- Bonanza, a finance company, contracted with MyComp to build a website in June 2009.
- Tim and Lilly enthusiastically agreed to take on the project jointly
- The project involved creating a ticker for stock prices that will update automatically with a millisecond gap



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Bonanza Case

- The Ticker module proved tricky to implement
- Lilly could not create code to sync with the stock-market feed in real-time. It worked sometimes, but not always.
- Tim's Javascript heavy modules loaded too slow. Java applet was even slower. Slowness showed periodically, but not always

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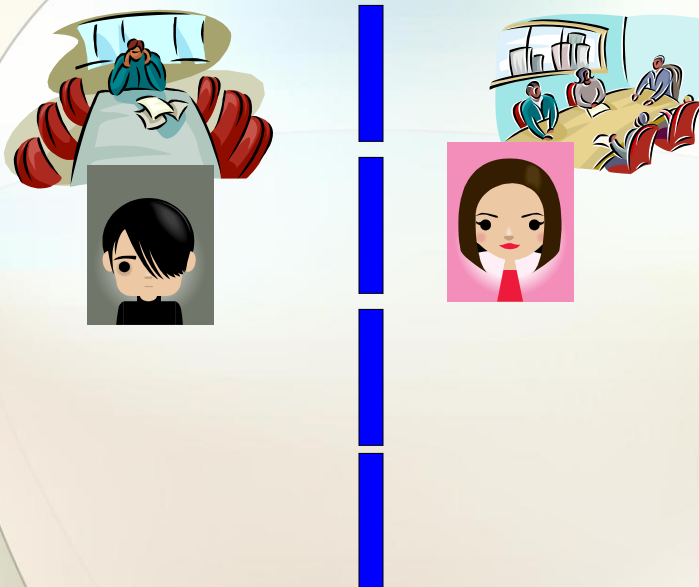
Bonanza Case

- Tim blames Lilly. Lilly returns the favor by blaming Tim for the failure of ticker module.
- Management is asking questions and looking for HONEST answers as to WHO WAS AT FAULT AND WHAT WENT WRONG?
- Management questions them individually, separately and SIMULTANEOUSLY

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Bonanza Case



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		Bonanza Case	
		Lilly	
TIM 		Both Keep Jobs but both are demoted	Tim keeps job; Lilly gets Fired
		Lilly keeps her job; Tim gets fired	Both Keep their Jobs!

Both are in separate rooms and unaware of other's Choice

ADMITS

SILENT

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Review	
<ul style="list-style-type: none"> • What would you do if you were Tim or Lilly? • How did you make a choice? • How would one make BEST possible choice? 	

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Prisoner's Dilemma

- A classic problem in game theory
- A non-zero sum game
- Rational players care only about their payoffs leading to a sub-optimal solution for all players

Dilbert's Take on This



Demo 1 – WYS-IN-WYG

What You See – Is Not – What You Get

- Two Persons
 - A Customer & a Project Manager
- Project was to develop a website with three key deliverables:
 - **BLOGGING:** A site where users can create their own blog
 - **GROUPS:** Multiple users can form small groups of blogs
 - **TWITTER:** Automatic Twitter updates from blogs

Demo 1 – WYS-IN-WYG

What You See – Is Not – What You Get

- Customer is not satisfied with the work product. Customer is complaining because:
 - **BLOGGING:** While site users can create blogs, the blogs are not like Wordpress or Blogger in look or functionality. They are more like notice boards + comments implemented using simple ASP.net script. Basically, it is not a true CMS.
 - **GROUPS:** Grouping is possible, but there is some arbitrary limit of 5 members per group. Customer cannot understand why it is so.
 - **TWITTER:** Twitter integration is OK but it is not as smooth as expected. A login to twitter is required for each post to get updated on Twitter.
 - I won't pay a penny for redesign when the original work was not done properly. Why should I?

Demo 1 – WYS-IN-WYG

- **Project Manager has his/her own views about the customer's complaints:**
 - This is a habitually complaining customer. No matter how good a job you do, this customer will always complain. OM is prejudiced by past experience with the customer but cannot say it directly.
 - **BLOGGING:** The customer specifically stated that blogs on his site should look different from those at Wordpress or Blogger. Now the customer is saying they don't look as good as Wordpress or Blogger. We tried to be different to please customer and now we are getting blamed.
 - **GROUPS:** The 5 group limit is based on customer spec saying that "groups will be small in size to create a close knit feeling of neighborhood".
 - **TWITTER:** The login requirement is due to Twitter API's architecture. We can't really do much about it.
 - We delivered as per the specifications given. We cannot redesign the whole thing without customer paying us for redesign.

Demo 1 – Review Points

Negotiation Basics

Negotiation Workshop

Where is Negotiation Used?

- **Contracts**
- **Labor Relations / Employment (Salary)**
- **Personal Family Disputes**
- **International Conflicts (e.g. East Timor, Palestine...)**
- **UN Organizations – e.g., WTO is totally negotiation based decision making body**

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Positional Bargaining

- **Customer: “How Much for the Ring?”**
- **Seller: “Rs. 10,000”**
- **Customer: “I can pay only Rs. 5,000”**
- **Seller: “That is not even my cost price!”**
- **Customer: “How about Rs. 7,000”**
- **Seller: “I can sell it for Rs. 9,000”**
- **Customer: “I can finally pay Rs. 8,500”**
- **Seller: “Okay, I will sell it for Rs. 8,500”**

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Positional Bargaining

- **It is Inefficient**
- **Endangers an Ongoing Relationship**
- **Multi-party Positional Bargaining is Worse**
- **Does not lead to “Wise” Agreements**
- **“Getting to Yes”, Fisher and Ury**

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Principled Negotiation

- **PEOPLE:** Separate the people from the problem
 - **INTERESTS:** Focus on interests, not positions
 - **OPTIONS:** Generate a variety of possibilities before deciding what to do
 - **CRITERIA:** Insist that the result be based on some objective standard
- “Getting to Yes”, Fisher and Ury

Negotiation Workshop

Tactics

- | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> • Analyzing the negotiation or conflict management style of their counterpart • Setting pre-conditions before the meeting • Declining to speak first • Volunteering to keep the minutes of the meeting • Presenting demands • Time targets, i.e. Deadlines. • Good guy/bad guy • Limited authority • Caucusing • Walking out • Concession patterns | <ul style="list-style-type: none"> • High-ball / low-ball • Intimidation • Getting it in your hands • <i>Fait accompli</i> (what's done is done) • Take it or leave it • Rejecting an offer • Cliff-hanger Technique • Salami Technique • Tit-for-Tat Technique • Wagon in front of the Horse Technique • Stop the time Technique • Package Deal Technique • Open Book technique |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
- (Source: Wikipedia, Negotiation Topic)

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BATNA

- **Best Alternative to Negotiated Agreement (what will each party do if negotiation fails?)**
- Each party should ascertain its BATNA before negotiating
- If negotiation is not progressing beyond BATNA, then no point in proceeding further.
- Key: Valuation of BATNA, be true to yourself and your goals.

BREAK

Demo 2: Kiss-N-Kick

- Characters: Manager (M), Senior Programmer (SP) and Junior Programmer (JP)
- MyComp was a startup started in 2008. Flash programming was a new skill which no one in company knew anything about.
- M asked SP to learn and develop his/her skill in Flash programming. SP worked very hard to become proficient in Flash to an intermediate level but not could not be an expert. M developed Flash skill while giving up his core expertise in embedded programming.
- MyComp just picked up a huge new project of \$4 million value. Flash coding was going to be a major component of this project. As SP had good Flash skills, M asked him to join the project and do Flash programming. SP worked for 6 months on this project. Then last month, M felt that project won't get completed at with SP's skill level and speed. So M hired a Flash expert (JP) who is junior to SP to work on the new project.
- Now, M has to convince SP to move out of the project. SP is unwilling to do so. Without SP moving out, JP cannot take over. Both SP and JP on the same team would be a big clash and overstaffing for same skill.

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Demo 2: Kiss-N-Kick

- M decides to have separate conversation with SP and JP.

• M and SP:

M: The project won't get completed with your skill level. I had to get an expert. You can continue working on other projects.

SP: First you make me move away from my core area, now when I become good you are kicking me out of the project.

M: JP is an expert and can pick up speed quickly. Also, more complex work is yet to be done anyway.

SP: My work is half-done. JP will take more time to reach this stage. Moving me out now is bad for project too.

M: Hiring JP was mainly for this project. I cannot push her to other project as she will get demoralized.

SP: Why not utilize JP on some other project for the time being? I hope you are not favoring her as I am earn more, hence a bigger cost to project.

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Demo 2: Kiss-N-Kick

- M decides to have separate conversation with SP and JP.
- M and SP:

M: Would you consider doing other project which uses Shockwave API rather than this project?

JP: But I am a Flash expert. I will have to learn Shockwave! This is nothing but a “shock-wave” you are giving me!

M: I cannot tell you all the details but there is a skill overlap in the team and expectation mismatch

JP: What is the real problem? I need to know why I will not be doing for what I was hired for?

M: I have to balance project and team morale at same time. Unpleasant decisions come with the territory.

JP: I think you want to favor someone though I am alleging anything. Your thought of moving me out is irrational.

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Demo 2 – Review Points

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Exercise

Each person takes the role of a manager (M1 and M2). M1 wants a team member of M2, called Katrina Kaif, to shift to his (M1's team). Katrina is a hard working programmer and hence M2 is reluctant to let her go to M1's team.

M1: We need Kat's for our project that is critical for the company to grow. Her skills in Z80 assembly language are rare to find, hence I cannot find any alternate person.

M2: Our project is in the last phase and Kat's skills are required to complete else company will suffer a loss. I too cannot find an alternate person for Z80 skills.

M1: We can offer you two programmers who are good at x86 assembly and hence can learn Z80 quickly. But we want Kat.

M2: Then, why don't you train your own two guys on Z80? If Kat's work gets over soon, your project can use her skills after that.

M1: Can we use Kat's 30% time on our project? You should at least agree to that. Let me talk to Kat about it; her views count too, right?

M2: I am Kat's manager, so there is no need for you to talk to her. I can at the most spare 10% of her time for your project. But I will discuss this with her, not you. I know how you "stole" 2 members of my team last year by your sweet talk.



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