

What is a BATNA and why do I need one?

One of the keys to being effective as a negotiator is knowing your alternatives and knowing as much as you can about their alternatives. This is especially important in situations where the other side has more power. Knowing your alternatives helps you to avoid making an agreement which you should reject and secondly helps you to maximize your assets.

The acronym BATNA is found in *Getting to Yes* by Roger Fisher and William Ury, the bible of principled negotiation. It means "Best Alternative to a Negotiated Agreement". The counterpart they describe is WATNA, Worst Alternative to a Negotiated Agreement

When you fully understand what your alternatives are you can evaluate whether the terms you are negotiating are better than what you could achieve without having this particular negotiation.

Some negotiators use the concept of a bottom line as a way to protect themselves against agreeing to something which they might be tempted to accept in the heat of negotiations. It is a way to limit the authority of a lawyer or real estate agent - "Get the best price you can but don't sell for less than \$850,000." Having a bottom line ensures that no one on your side of the negotiation will tell the other side that you will sell for less.

While a bottom line offers protection it also has costs. A bottom line is rigid by definition. It reduces the opportunity to build creative solutions which might be better for you than getting your bottom line. With a bottom line you are limited in your ability to integrate what you learn in the negotiation into the agreement. The bottom line soundproofs your hearing. By deciding your bottom line in advance you have decided that nothing they say in the negotiation will cause you to raise or lower your bottom line. In addition a bottom line may be unrealistically optimistic. Your team may have a conversation to decide a bottom line. Anyone on your team who will benefit from selling at the highest possible price will not be likely to argue against a high bottom line. If the bottom line is too high it may restrict you from selling the property.

How would knowing your BATNA be different than having a bottom line? Let's use the example of selling a small piece of commercial real estate. The question would be to ask what you will do if the property is not sold within a certain time. Will you leave it on the market indefinitely? Will you tear down the current building and make it into a parking lot? Redevelop it yourself? Renew or not renew the current leases? Rent it on condition that the tenants make the necessary repairs? Create your own businesses to fill the unrented space? Try to get it rezoned for another use? The question is: which of those alternatives is the most attractive? How does that alternative compare with the selling the property for as little as \$850,000. Maybe one of the alternatives is better than selling it for that price? Even though it has been appraised at \$1.3 million maybe selling at \$750,000 is better for you than leaving it on the market indefinitely. This analysis will be much more helpful in negotiating than an arbitrarily selected bottom line.

"The reason you negotiate is to produce something better than the results you can obtain without negotiating," according to Fisher and Ury.

Once you have analysed your alternatives you know the standard against which you are measuring any proposed agreement.

If you have not thought carefully about your alternatives you may be unrealistic about your choices. For example you might be too optimistic - what really are your chances of getting it rezoned for another use? How many other buyers are out there? Even more of a risk is being too pessimistic and continuing negotiations when your alternatives are better. If you think "I'll negotiate now with this prospective buyer. If I don't make a deal with them then I'll decide what to do with the property." Without knowing what your alternatives are you are unable to accurately assess the attractiveness of any prospective deal. You have no measuring stick of alternatives.

Protecting yourself is one use of the BATNA. The other use is to make the most of your assets.

Is negotiating power determined by such resources as wealth, political connections, military power, physical strength, and friends with connections? Fisher and Ury say that "In fact, the relative negotiating power of two parties depends primarily upon how attractive to each is the option of not reaching agreement." Think about how you would feel going to your boss to ask for a pay increase with no other possible jobs on your horizon and knowing there are lots of other people with your qualifications. Now contrast that with walking in to see your boss to discuss a pay increase having received another job offer at the higher pay level.

You can develop your BATNA as part of your preparation for negotiation. After you list your possibilities if no agreement is reached, you can improve some of the more promising ideas and build them into practical alternatives from which you can select the most attractive.

In preparing to negotiate you will also need to think about the other side's BATNA. They may be unrealistically optimistic about their alternatives. In that case you will want to lower their expectations. They may feel their BATNA is so good they do not have to negotiate with you. For example if the town does not want to consider rezoning your property because they can delay your application until it becomes too costly for you to wait around any longer, you may decide to start a legal proceeding to force them to proceed with consideration of your application. If both sides have attractive BATNAs the best outcome for both parties may be to walk away from this negotiation and not make further efforts to reach agreement.

When the other side is more powerful it is particularly important to develop your BATNA, your best solution independent of them.

The paradox is stated by Fisher and Ury, "The more easily and happily you can walk away from a negotiation, the greater your capacity to affect its outcome."

Munn-thly Memo

Question:

I am the manager for a team of therapists in a hospital. Six months ago a new person joined the team who does not seem to be able to get along with at least half the group. At first there were remarks in meetings. Now the new person has been completely shut out of any social contact with the old guard group - there are no informal conversations and everyone leaves the coffee area when the new person arrives. In the last team meeting a long-time member of the team screamed at the new person, including inappropriate comments about her ethnic background. I have not done anything hoping that they would figure it out for themselves but the situation is getting worse. Can you help me?

Answer:

From the situation you describe it seems that some action will be required to resolve the situation. Your strategy of hoping that the people involved will work things out has not worked. It could work in future. This group may require some training in how to resolve conflict situations before they are able to work things out themselves.

Your first step is to decide whether this situation is one which you can resolve or wish to try to resolve. As team manager your ability to work out a solution is affected by the degree to which you are perceived to be neutral in the eyes of both sides of this conflict. If you feel that you would be perceived as neutral you may wish to try to resolve the situation on your own. When you proceed you should keep monitoring the environment to check whether the team members see you as having a certain agenda or preferring one group over the other. If that is the case you will know because you will meet a high degree of continuing resistance to your efforts at resolution.

If you decide to proceed, you will need to use a process which will allow all members of the team to hear each other and to participate in the resolution. Before convening a meeting of the team it may be helpful to interview the team members privately. The purpose is to get their perspective on the history of the conflict, to get them thinking about their own interests and to start them thinking about options for resolution. Be open with them about the steps you plan. You can tell them what your interests are in the situation. Your need as team manager is to get the team working well together. You need to ensure that all members of the team are respected and comfortable in the work environment. At minimum there must not be any behaviours which could be perceived as harassment.

It is absolutely necessary for you to keep an open mind to what the team members tell you. If you find yourself trying "sell" a particular solution your efforts will likely be resisted either at the time or in the subsequent failure of the team to implement what you have "sold" them.

In the team meeting you need to spend time exploring the past situation to gain perspective about how the problems arose. If there were several incidents which made the conflict worse, my suggestion is to ask all participants to limit the discussion to the 2 or 3 most serious turning points where things got worse. Your role as meeting chair is to keep the discussion focussed and to ensure that each member of the team has a chance to speak on each topic. The team members need to identify what it is they need in any resolution and then explore options for resolution.

If you feel that you would not be considered neutral, if you do not feel comfortable handling the situation or if your efforts at resolution are unsuccessful bring in a mediator who deals with workteam conflicts. (For mediator selection see the May, 1999 issue of Common Ground. Call us for a copy if you did not receive it.) Above all do not let the situation fester hoping it will get better on its own.

Once the immediate situation is resolved, in order to build a firm foundation for efficient resolution of future team conflicts you may consider building conflict resolution training into your training budget. This could be provided for you and the team members either through publicly available courses or custom courses. For example I provide courses in negotiation, conflict resolution and mediation through Fanshawe College, The University of Western Ontario and Lambton College. In addition I provide customized training for organizations.

Mark Your Calendar

Upcoming Training Events Presented by Kathryn Munn

September 8, 1999
Basics of Win-Win Negotiation
The Homepreneur Network
12:00 Noon - 2:00 p.m.
Call (519) 472-5322
for more information.

Note

We invite you to call us for back issues of Common Ground if you did not receive them. We will be happy to send back issues at no charge.

April 99 - Ontario Mandatory Mediation Program - The Rule in Brief

May 99 - You've decided to use mediation: What to Look for When You're Looking

June 99 - Conflict: Can't live with it, Can't Live without it

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