

**BLOOMBERG
HARVARD**

City
Leadership
Initiative

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IN THE WEEDS


Reforming Procurement Systems in Naperville

NEGOTIATION CASE SERIES

AGENDA

- Negotiation concepts
- Case overview
- Case analysis
- Epilogue
- Key takeaways





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NEGOTIATION CONCEPTS

NEGOTIATION CONCEPTS

- Target point: aspirational goal for the negotiation's outcome
- Reservation point: point of indifference between deal and next-best alternative
- Anchor: initial offer in a negotiation
- Alternative: agreement that does not require the other party's agreement
- BATNA: Best Alternative To a Negotiated Agreement
- Zone of possible agreement (ZOPA): bargaining space between negotiator's reservation points




EXAMPLE

We're at a market and we see a vendor selling strawberries. They are marked at \$7/box. You want strawberries, but only have a \$5 bill with you. Moreover, you saw another vendor down the street selling what appear to be the same strawberries for \$4/box. Ideally, you really would like to pay only \$3 for the box, though you know that is ambitious and perhaps unrealistic.

What is your target point and reservation point in negotiating a price for the strawberries? How would you anchor? What do you expect the ZOPA will be? What is your BATNA?



A close-up, low-angle shot of a yellow riding lawn mower on a vibrant green lawn. The mower is positioned diagonally across the frame. A person's feet, wearing brown work boots and tan pants, are visible on the mower's pedals. The mower has a large black tire on the left and smaller front wheels. In the background, a white garage door and a utility box are visible under bright sunlight. The overall scene is bright and clear.

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STOCKTON, CALIFORNIA

CASE OVERVIEW

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- What is the story in this case?



CASE OVERVIEW

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CASE ANALYSIS


- Why did a distributive, or price-focused, model not work in this contract?
- What could Wilson have done to anticipate the bids he received for this contract? How?



CASE ANALYSIS

- Under what circumstances does a distributive, or price-focused negotiation model in government or other situations work?
- Can you think of a time when you've been forced to use a distributive model where it was not appropriate?



A close-up, low-angle shot of a yellow riding lawn mower on a vibrant green lawn. The mower is positioned in the middle ground, with its large rear tire on the left and smaller front wheels on the right. A person's feet, wearing brown sneakers and tan pants, are visible on the mower's pedals. The background shows a blurred residential setting with a white garage door and a utility box. The overall scene is bright and sunny.

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TAKEAWAYS

Takeaways

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1. Strong negotiators format their goals explicitly through specific “target points” or aspirational goals that represent the outcome they hope for in a negotiation. Stockton did not do this.
2. Never assume that your counterpart formulates a negotiation challenge the same way you do. Just because cities expect distributive negotiations to go one way does not mean the vendors have the same expectations.
3. When an agreement falls outside the ZOPA for one or multiple parties in a negotiation, it is wise to broadly examine your alternatives, which might include doing nothing or going back to the drawing board.
4. Be wary of solutions that are short and technical when the scope of a problem is large and structural. Negotiations inevitably exist within a larger system and set of assumptions; creatively finding better alternatives to the status quo increases negotiating leverage.