

ADI Applied Negotiation Initiative

Workshop Session 1 of 2 – June 1, 2021



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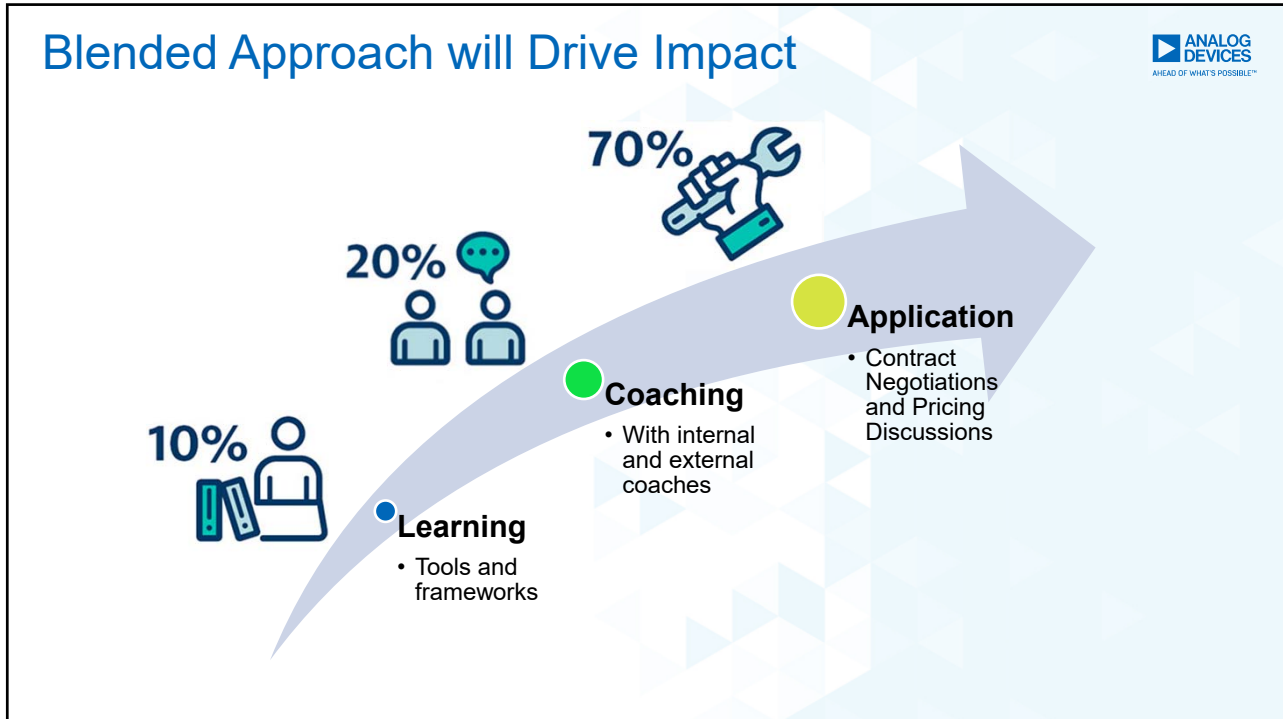
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Workshop and Coaching Purposes



- ▶ Increase Awareness
 - ▶ Provide Analytical Frameworks
 - ▶ Enhance Skills
 - ▶ Prepare for Coaching Sessions
- ▶ **Annual Contract Negotiations**
 - **GOAL:** Prepare using proven negotiation framework for existing and new business that accelerates profitable growth and share gain
 - ID account and timeline for preparation
 - ▶ **Opportunity Level Pricing**
 - **GOAL:** To compete aggressively through a consistent application of pricing principles based on data driven decisions that maximize opportunity to capture value capture
 - Pricing at Contract Accounts aligned with Account pricing strategy

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History of HNP and MWI's work with ADI

- ▶ MWI's Negotiation Programs are based on the work of Roger Fisher, co-author of Getting to Yes, and his colleagues at the Harvard Negotiation Project (HNP)
- ▶ Since 1994, MWI has provided dispute resolution training and services to a range of clients worldwide including ADI.
 - In 2006, MWI began working with ADI to develop and implement a negotiation skill-building initiative for ADI's sales teams worldwide, with an initial workshop in Tokyo in January 2007.
 - This first round of implementation began in Munich and continued in Paris, Boston, San Jose, Tokyo and China (Shanghai and Taipei).

ANALOG DEVICES
AHEAD OF WHAT'S POSSIBLE™

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Zoom Tools



- ▶ View - Gallery vs. Speaker (top right-hand corner)
- ▶ Chat feature - Everyone vs. specific
- ▶ Raise hand – click or use Alt+Y / Option+Y
- ▶ Mute all by default
 - Mute yourself after speaking
 - Press and hold spacebar to temporarily unmute
- ▶ Doomsday plan – call +1-712-775-8962 / code: 170185



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Trainer Intros



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Workshop Agenda – Day 1 of 2



- ▶ Welcome, Intros, Purposes, History, Review Agenda
- ▶ Make as Much as You Can / Debrief
- ▶ Interactive Presentation: A Framework for Success – Part 1
- ▶ Break
- ▶ Interactive Presentation: A Framework for Success – Part 2
- ▶ Negotiation Tools Overview
- ▶ Wrap-Up Session 1 / Prep for Session 2



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Make as Much as You Can: Game Overview



- ▶ You will be put into teams. Your goal as a team is to Make as Much as You Can. You will play the game with 3 other teams who are each in separate breakout rooms.
- ▶ There will be 6 rounds. Each round, your team selects either X or Y. You will gain or lose money based on the combination of Xs and Ys between your team and the three others. A facilitator will enter your breakout room to collect your selection. After all teams have made their selection, the facilitator will reveal the combination of Xs and Ys for that round. You calculate your score then plan for the next round.
- ▶ If you are not ready when the facilitator comes through, the facilitator will randomly assign an X or Y for you.
- ▶ Rounds are very fast. 3 minutes to plan your team strategy and select a team spokesperson. The spokesperson will tell your facilitator X or Y. After 3 minutes, strategy planning ends, you have 10 seconds between each round.

Make as Much as You Can	
4 X	Everyone loses 1 (million dollars)
3 X	X gets 1
1 Y	Y loses 3
2 X	X gets 2
2 Y	Y loses 2
1 X	X gets 3
3 Y	Y loses 1
4 Y	Everyone gets 1



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Make as Much as You Can: Profit Scorecard



Round	Your Choice	Group Choice	Your score this round	Your total score
1	X Y	___X ___Y		
2	X Y	___X ___Y		
3	X Y	___X ___Y		
4	X Y	___X ___Y		
5	X Y	___X ___Y		
6	X Y	___X ___Y		

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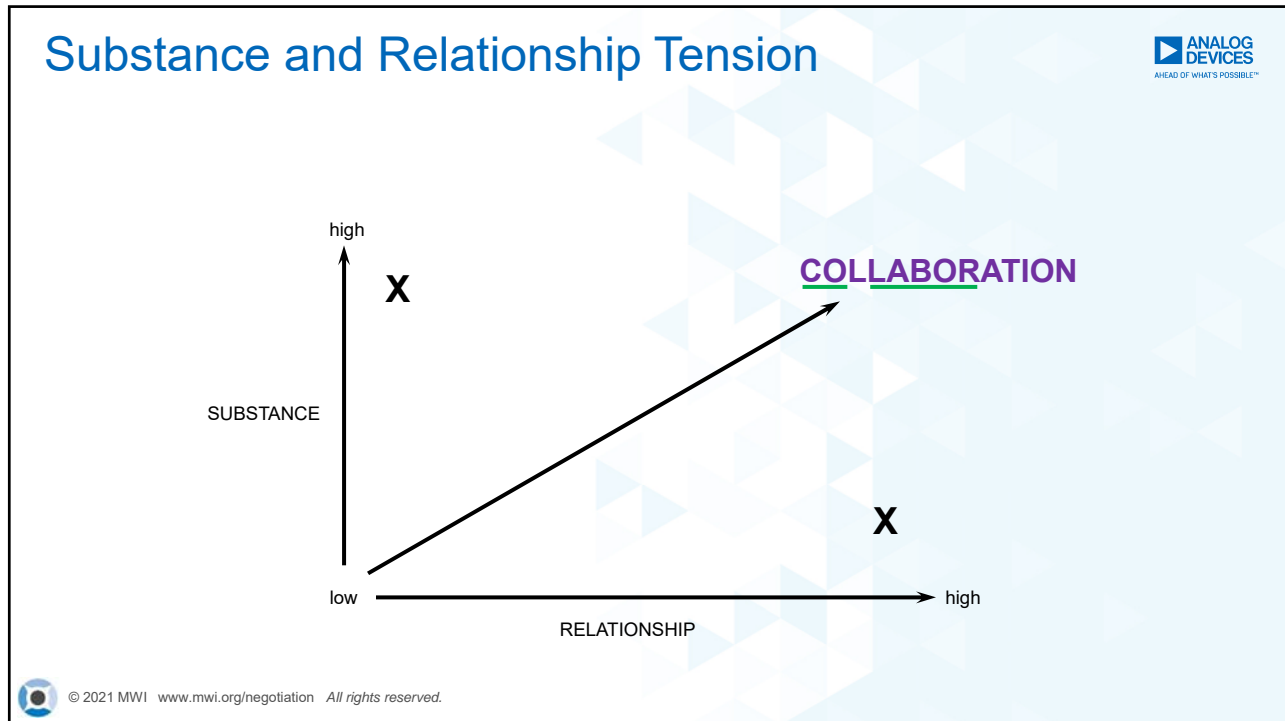
Make as Much as You Can: Game Debrief



- ▶ Tension between collaboration and self-interest
- ▶ Even without talking, there is a lot of (mis)communication and so many assumptions being made
- ▶ Impact of Trust and History

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What is your definition of success?

- ▶ How do you know that your negotiation went well?
- ▶ What makes you feel like you “won”?
- ▶ How do you know that you are done negotiating?

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The Seven Element Framework



- ▶ Defines what a successful outcome looks like
- ▶ Helps create more value in negotiation while building relationships
- ▶ Organizes the negotiation process by breaking it into more manageable elements
- ▶ Guides negotiation preparation



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The Seven Element Framework



- ▶ An optimal agreement is one that:
 1. Meets many of both sides' **Interests**
 2. Is the best of many creative **Options**
 3. Is supported by **Objective Standards** that are viewed as fair by both sides
 4. Is better than each party's best **Alternative**
 5. Seeks understanding on both sides through clear **Communication**
 6. Builds trust by investing in the **Relationship**
 7. Ensures each side shares an understanding of what they will do together based on a shared **Commitment**



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1. Interests

- ▶ Definition
 - The needs/concerns/goals that drive parties' actions and positions in negotiation

- ▶ What's a successful outcome?
 - Satisfy as many of both parties' interests (rather than positions) as you can

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Interests – DIG DEEPER!

IP owner:
"I will sell for at least \$300,000 for an exclusive license"

Superficial Interests

Deep Interests

Market / precedent
Better than other licensee offers
Concerned that buyer might not use IP well and damage brand

Potential licensee:
"I will buy for no more than \$50,000"

Superficial Interests

Deep Interests

Market / precedent
Better than other licensee offers
Needs to save resources to train staff on IP use

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2. Options



- ▶ Definition
 - The range of possibilities that parties' can agree upon in a negotiation

- ▶ What's a successful outcome?
 - Maximize joint gains by exploring a wide variety of possibilities



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3. Objective Standards



- ▶ Definition
 - The use of outside criteria to help the parties determine a range of fairness
 - Examples include law, precedent, community standards, expert opinion, industry regulations, contract language and market prices

- ▶ What's a successful outcome?
 - Both sides feel that the outcome is fair and can point to some standard beyond their own opinion



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Check-in



- ▶ What questions do you have?



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4. Alternatives



- ▶ Definition
 - Things a person could do to meet their interests without the other party's agreement
 - Best Alternative To a Negotiated Agreement = BATNA
- ▶ What's a successful outcome?
 - Agreement terms that are better than your BATNA



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5. Communication



- ▶ Definition
 - The way we deliver and receive messages
 - What you say and how you say it (body language, tone, writing/email, etc.)
 - What you understand
 - How well you listen to other party

- ▶ What's a successful outcome?
 - Listen to understand
 - Speak to be understood
 - Balance Advocacy and Inquiry



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Interactive Listening Skills

1 - ASK

2 - LISTEN

3 - SUMMARIZE

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6. Relationship

- ▶ Definition
 - The overall quality of interactions and level of trust between negotiators
- ▶ What's a successful outcome?
 - Trust is built by treating relationships as long-term and working to make the other party feel valued

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7. Commitment

- ▶ Definition
 - Actions that parties agree to follow through on with each other
- ▶ Process commitments (about how parties will conduct themselves before and during the negotiation)
- ▶ Substantive commitments (about what parties will do as a result of the negotiation)




The Seven Element Framework


- ▶ An optimal agreement is one that:
 1. Meets many of both sides' **Interests**
 2. Is the best of many creative **Options**
 3. Is supported by **Objective Standards** that are viewed as fair by both sides
 4. Is better than each party's best **Alternative**
 5. Seeks understanding on both sides through clear **Communication**
 6. Builds trust by investing in the **Relationship**
 7. Ensures each side shares an understanding of what they will do together based on a shared **Commitment**



Seven Element Preparation - Example




PARTIES: <i>Who are the parties involved in the negotiation at and away from the table?</i>	
ADI: <ul style="list-style-type: none"> Key Account Manager Sales Ops Manager Director of Sales Pricing Analyst 	Customer: <ul style="list-style-type: none"> Global Sourcing Manager
INTERESTS: <i>What motivates each party to negotiate; their goals, hopes, needs.</i>	
Our Interests: <ul style="list-style-type: none"> Treat customer well Productive negotiation / efficient Maximize purchase from customer Increase communication Increase transparency Relationship building 	Their Interests: <ul style="list-style-type: none"> Focused support Productive negotiation Keep contract flat (no price reduction requested) Relationship building Responsive trusted partner Control – with supplier / internally
OPTIONS: <i>What the parties could do together to meet their interests. Possible solutions.</i>	
<ul style="list-style-type: none"> Leverage volume More visibility in procurement Regular intervals - QBRs Increased responsive time from ADI to build trust Drafted letter from VP of Sales – to convey proprietary pricing Broker introductions at other customer sites Find solutions that specifically benefit customer GSM as business owner 	


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Seven Element Preparation - Example




ALTERNATIVES: <i>What each party can do on their own to meet their interests.</i>	
What we could do if no agreement: <ul style="list-style-type: none"> Identify new customers 	What they would do if no agreement: <ul style="list-style-type: none"> Go to another supplier (e.g., TI) Negotiate directly (not realistic)
OBJECTIVE STANDARDS: <i>Standards of fairness recognized by both parties (Industry norms, precedents, company policies, laws, expert opinions, etc...)</i>	
<ul style="list-style-type: none"> 2021 forecast from client Historical spend review Letter from VP Sales conveying industry proprietary pricing 	
RELATIONSHIP: <i>What is the current and future ideal relationship and how to close the gap between the two?</i>	
Describe current relationship: <ul style="list-style-type: none"> Poor / strained due to past negotiations Mistrust Tension 	Describe future ideal relationship: <ul style="list-style-type: none"> Open Transparent Healthy Productive Efficient


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Seven Element Preparation - Example




COMMUNICATION: <i>How messages are sent and received by each party.</i>	
Questions to ask (inquiry): <ul style="list-style-type: none"> How can we help each other? What has TI done for you? 	Messages to send (advocacy): <ul style="list-style-type: none"> I want to help you be successful. I want this process to be easier for both of us.
COMMITMENT: <i>What each party will and will not do prior to, during, and after the negotiation.</i>	
Process: (e.g., amount of time at table, commitment to seek win-win outcome): <ul style="list-style-type: none"> Regular meetings to scope out interests Bringing in right people from ADI to support and show commitment 	Outcome: (Options in action – exchange or payment of time, money, resources, etc...): <ul style="list-style-type: none"> \$10M Account New S&K



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Relationship Mapping



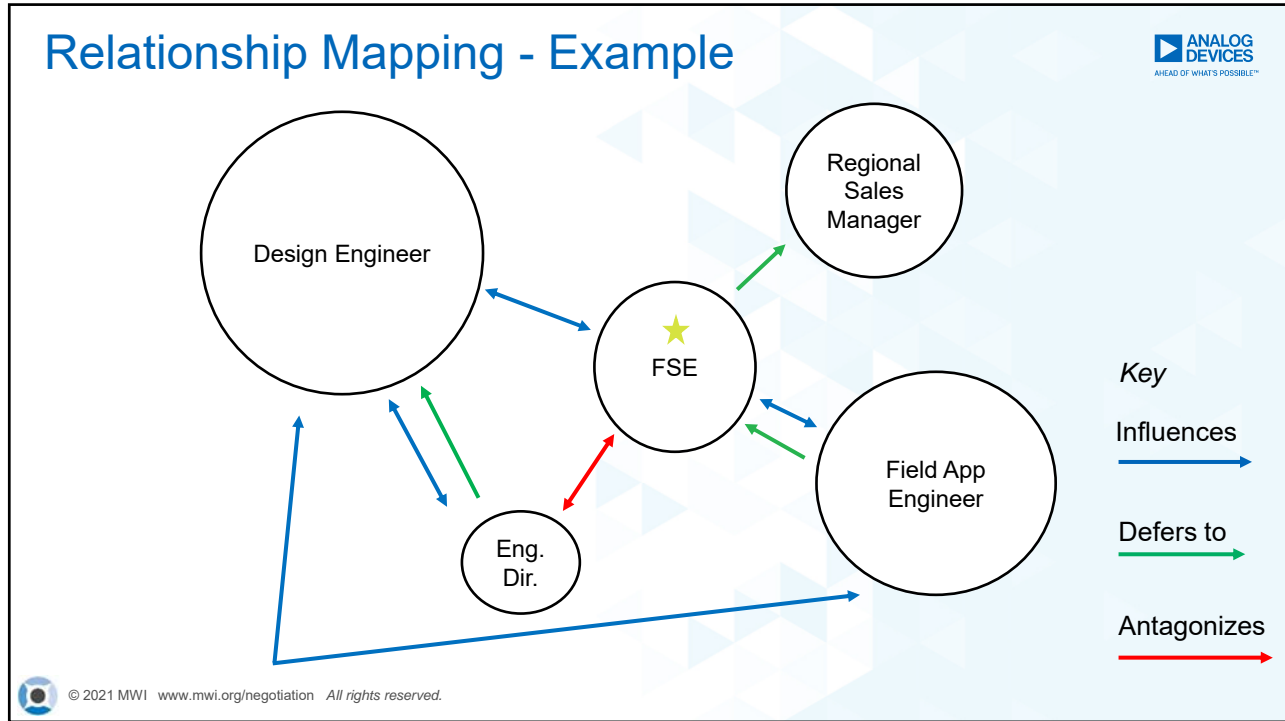
▶ Tool to assess who is (and should be) involved in the negotiation, their current view of the issues, their level of power, and what you might do to influence the outcome.

- A. *ID the players:* Identify all the players who need to approve a decision or course of action and note whether you think they are likely to be **Supportive (S)** or **Unsupportive (U)** of the issue to be decided.
- B. *Analyze the relationships:* Try to characterize the relationships in terms of:
 - 1) **Influence** (if “A” supports a decision, then “B” will consider it carefully and the chances of agreement are increased);
 - 2) **Deference** (if “B” supports a decision, then “A” will most likely follow suit and agree as well: and
 - 3) **Antagonism** (if “A” supports a decision, then “B” is likely to oppose it).
- C. *Draw:* Map a diagram of the various stakeholders and their relationships



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Relationship Mapping

MWI Relationship Mapping Worksheet

1. Identify the Players

Identify all the players who need to approve a decision or course of action and note whether you think they are likely to be **Supportive (S)** or **Unsupportive (U)** of the issue to be decided. If you're not sure about where they stand on the decision, place a question mark in the S/U box.

2. Chart and Analyze the Relationships Among the Players

Analyze the relationships of the various players as best you can. Try to characterize the relationships in terms of


- 1) **Influence** (if "A" supports a decision, then "B" will consider it carefully and the chances of an agreement are increased);
- 2) **Deference** (if "A" supports a decision, then "B" will most likely defer and/or agree as well; and
- 3) **Antagonism** (if "A" supports a decision, then "C" is likely to oppose it).

Person or Group	S/U - Supportive or Unsupportive?	1) Influence		2) Deference		3) Antagonism	
		Influences	Is Influenced by	Defers to	Is Deferred to	Antagonizes	Is Antagonized by
A)							
B)							
C)							
D)							
E)							
F)							
G)							
H)							
I)							

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Relationship Mapping



MWI Relationship Mapping Worksheet

3. Map the Relationships Among the Players
4. Put the Relationship Map to Use

Key:

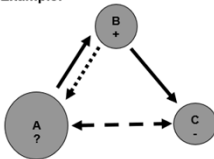
Influences (proactively) →

Defers to (reactively) - - - - - →

Antagonistic towards - - - - - →

Size of circle corresponds to their level of power

Example:




Within each circle, indicate what they think about your proposal:
 "+=" (supportive)
 "-=" (oppose)
 "= " (neutral)
 "? " (unsure)


- **Find the gaps in your influence**
 - Look for critical decision makers and influencers where you have few or no influence lines;
 - Create a strategy for building relationships with those people who can influence others.
- **Find the relationships that are antagonistic**
 - Determine if any relationships may be detrimental to the outcome and think about strategies for resolving these issues and mitigating risk (by talking, seeking neutral assistance, etc...)
- **When determining a sequence for getting buy-in, consider:**
 - *Efficiency:* Whose buy-in would cause others to follow suit? Try to identify a sequence that will lead to the strongest support in the fewest moves.
 - *Predisposition:* Who is likely to support or oppose your plan? Leverage the influence of those who are inclined to be supportive and look for a sequence that mitigates the impact of any antagonistic relationships.
 - *Accessibility:* To whom do you realistically have access? How easy will it be to gain access to and influence others? Who might you need to rely on to open doors?

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Difficult Tactics Have a Tendency To:



- ▶ Knock us off balance
- ▶ Implicate our self-image – our sense of worth and competency
- ▶ Drive us to react instead of diagnose
- ▶ Narrow our perception of the choices available:
 - Surrender or bypass (for now)
 - Play their game (hopefully better)
 - Quit their game

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Interactive Listening Skills

1 - ASK

2 - LISTEN

3 - SUMMARIZE

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Optional Homework: The “No” Exercise

- ▶ GOAL: To get three people to say no to you
- ▶ RULES:
 - Person should be able to say yes to your question
 - Ask for something you want
 - Ask a variety of questions to a variety of people
 - Don't tell them it's an exercise
 - Keep it legal

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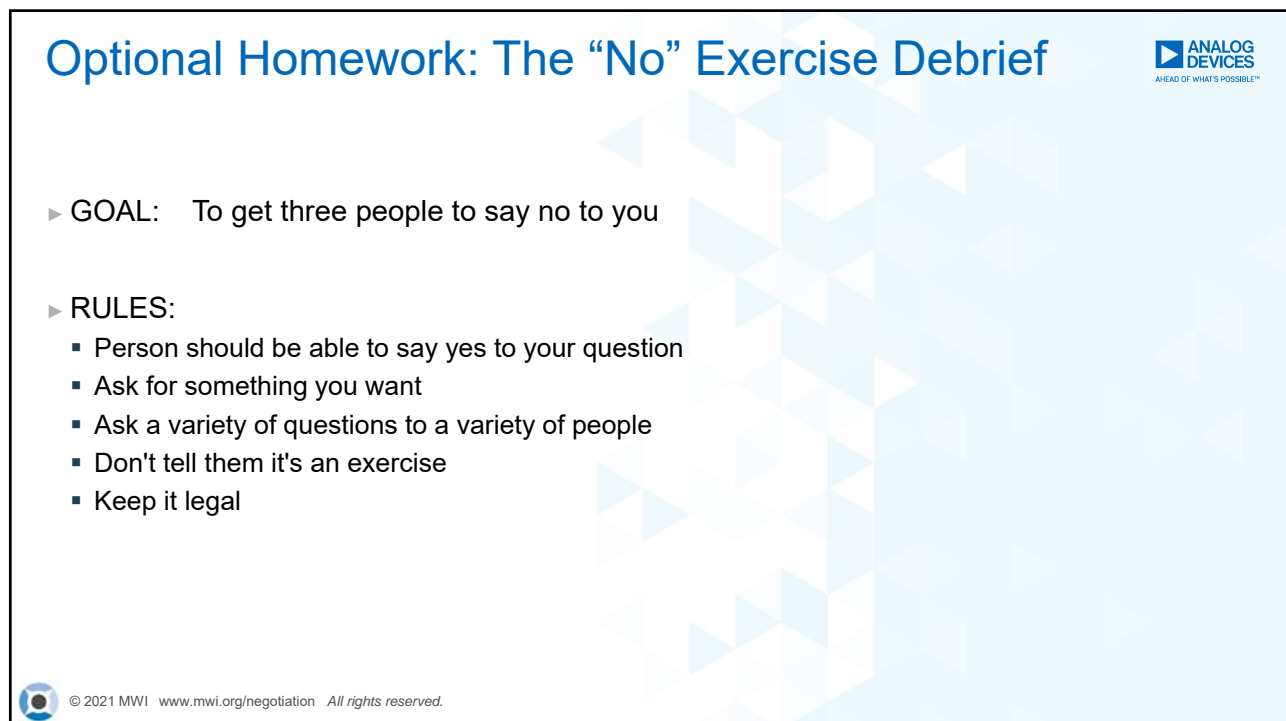
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Workshop Session 2 of 2 – June 2, 2021


 **ANALOG
DEVICES**
AHEAD OF WHAT'S POSSIBLE™

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Optional Homework: The “No” Exercise Debrief

 **ANALOG
DEVICES**
AHEAD OF WHAT'S POSSIBLE™

- ▶ **GOAL:** To get three people to say no to you


- ▶ **RULES:**
 - Person should be able to say yes to your question
 - Ask for something you want
 - Ask a variety of questions to a variety of people
 - Don't tell them it's an exercise
 - Keep it legal




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Workshop Agenda – Day 2 of 2




- ▶ Welcome back / Review Agenda & Goals
- ▶ Negotiation Case Study
 - Prepare
- ▶ Break
- ▶ Negotiation Case Study
 - Prepare (continued)
- ▶ Negotiation Case Study
 - Negotiate
- ▶ Negotiation Case Study
 - Review
- ▶ Next Steps / Q&A / Preparing for Coaching

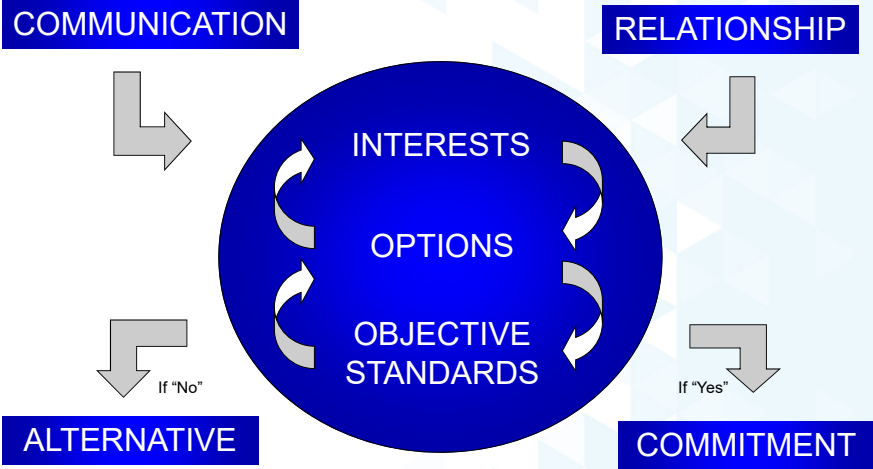



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A Framework for Success: The Circle of Value









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Seven Element Framework




PARTIES: <i>Who are the parties involved in the negotiation at and away from the table?</i>	
Us: <ul style="list-style-type: none"> • 	Them: <ul style="list-style-type: none"> •
INTERESTS: <i>What motivates each party to negotiate; their goals, hopes, needs.</i>	
Our Interests: <ul style="list-style-type: none"> • 	Their Interests: <ul style="list-style-type: none"> •
OPTIONS: <i>What the parties could do together to meet their interests. Possible solutions.</i>	
<ul style="list-style-type: none"> • 	
OBJECTIVE STANDARDS: <i>Standards of fairness recognized by both parties (Industry norms, market prices, precedents, company policies, laws, expert opinions, etc...)</i>	
<ul style="list-style-type: none"> • 	



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Seven Element Framework



ALTERNATIVES: <i>What each party can do on their own to meet their interests.</i>	
What we could do if no agreement: <ul style="list-style-type: none"> • 	What they would do if no agreement: <ul style="list-style-type: none"> •
RELATIONSHIP: <i>What is the current and future ideal relationship and how to close the gap between the two?</i>	
Describe current relationship: <ul style="list-style-type: none"> • 	Describe future ideal relationship: <ul style="list-style-type: none"> •
COMMUNICATION: <i>How messages are sent and received by each party.</i>	
Questions to ask (inquiry): <ul style="list-style-type: none"> • 	Messages to send (advocacy): <ul style="list-style-type: none"> •
COMMITMENT: <i>What each party will and will not do prior to, during, and after the negotiation.</i>	
Process: (e.g., amount of time at table, commitment to seek win-win outcome): <ul style="list-style-type: none"> • 	Outcome: (Options in action – exchange or payment of time, money, resources, etc...): <ul style="list-style-type: none"> •


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Preparing to Negotiate



- ▶ Use the Seven Elements Framework to analyze and prepare for your negotiation
- ▶ Fill in the categories on the Seven Element Prep Sheet
 - Not a “stepped” process – move back and forth between the elements as necessary
 - Use one set of elements to inform/feed into the other
 - Begin as far in advance as possible – proper preparation takes time



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Preparing to Negotiate



- ▶ PARTIES:
 - Identify the parties in the negotiation
 - What are they demanding?
 - What are you demanding?
- ▶ INTERESTS:
 - What are your interests? What are their interests?
 - NOTE: You can only *speculate* about their interests and must always test your assumptions



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Break



▶ Until 3:10 PM CEST



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Preparing to Negotiate



- ▶ **OPTIONS:**
 - What creative options can you generate together that would maximize value for all parties?
 - Is there anything you could offer that would be of high value to them and low cost to you?
- ▶ **OBJECTIVE STANDARDS:**
 - What standards can help define a “fair agreement” for both parties?
 - Finding applicable standards requires research and diligence



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Preparing to Negotiate



- ▶ **ALTERNATIVES:**
- ▶ What are your/their alternatives if agreement is not reached?
 - You can only *speculate* about their alternatives
 - Test your assumptions
 - Take your time to increase and improve your alternatives

- ▶ **RELATIONSHIP:**
- What is the relationship like now?
- How would you like it to be? Similar? Different?
- What steps will you take to achieve the desired results?



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Preparing to Negotiate



- ▶ **COMMUNICATION:**
- What messages would you like to send?
- What information would you like to receive?
- How will you convey that information?

- ▶ **COMMITMENT:**
- What processes can you discuss and commit to?
- What type of agreement would you like to leave with?



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Ground Rules for Role Playing



- ▶ Instructions are complimentary and confidential
- ▶ Instructions are summaries
 - Fill in the blanks, but don't change the facts
- ▶ Be yourself – and push yourself to try something new
- ▶ Reaching agreement is not necessary
 - Return on time
- ▶ If you finish early, try to improve the deal and/or give each other feedback



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Negotiation Review



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Next Steps



- ▶ Congratulations on completing the workshop!
 - What's next → real world application

- ▶ Coaching Session Overview
 - Chose upcoming contract negotiation or pricing discussion
 - Complete benchmarking survey by early next week
 - Coaching sessions
 - 6/9/2021 – Negotiation Analysis
 - 6/16/2021 – Negotiation Preparation
 - 6/23/2021 – Negotiation Review with Sales Leadership



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