

# Stopwatch

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1. Directions for running Stopwatch
2. An outline of the case
3. Debriefing suggestions
4. My debriefing slides

# What is Stopwatch?

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- 2-party buyer-seller negotiation simulation
- Integrative potential
- Major lesson: the use of time pressure in negotiation

# Based on Research

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- Moore, D. A. (2004). The unexpected benefits of final deadlines in negotiation. *Journal of Experimental Social Psychology*, 40(1), 121-127.
- Moore, D. A. (2004). Myopic prediction, self-destructive secrecy, and the unexpected benefits of revealing final deadlines in negotiation. *Organizational Behavior and Human Decision Processes*, 94(2), 125-139.
- Moore, D. A. (2005). Myopic biases in strategic social prediction: Why deadlines put everyone under more pressure than everyone else. *Personality and Social Psychology Bulletin*, 31(5), 668-679.
- Gino, F., & Moore, D. A. (2008). Using final deadlines strategically in negotiation. *Negotiation and Conflict Management Research*, 1(4), 371-388.
- Gino, F., & Moore, D. A. (2008). Why negotiators should reveal their deadlines: Disclosing weaknesses can make you stronger. *Negotiation and Conflict Management Research*, 1(1), 77-96.

# Directions for Exercise

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1. Assign exercise for students to prepare (30+ minutes)
2. When you send them to negotiate, be careful with your instructions
  - Announce the time, and be explicit about when the negotiation begins
  - Announce the beginning of the debrief (usually 45 minutes from the start of the negotiation): "The debrief will begin at..."
3. Global Games role has a 20-minute deadline.
4. **Important**: Dyads that submit their outcomes more than 20 minutes after the official start of the negotiation get "no deal."
5. Natural break from 20 to 45 min. Use time for posting and analyzing results

# Issues in the Negotiation

	<u>GLOBAL GAMES</u>	<u>STOPCLOCKS</u>
PRICE	POSITION: No position taken	POSITION: \$80 per unit (\$80,000 total)
	INTEREST: Wants to minimize price paid	INTEREST: Wants to maximize price paid
QUANTITY	POSITION: Wants 1000 units	POSITION: Can produce 1000 units
	INTEREST: Wants 1000 units	INTEREST: Can produce 40 units per day for \$40 each, or more for \$70 each
DELIVERY DATE	POSITION: Wants 1000 units in 30 days	POSITION: 60-day delivery
	INTEREST: Needs 800 units in 30 days. Units that are later than 30 days cost \$1.25 per unit per day. Needs another 200 units within 60 days.	INTEREST: Needs to be compensated for the additional cost of accelerated delivery times.
SHIPPING	POSITION: Doesn't want to pay for shipping	POSITION: Doesn't want to pay for shipping
	Overnight shipping costs \$4 per unit	Overnight shipping costs \$4 per unit
	3-day shipping costs \$1.20 per unit	3-day shipping costs \$.80 per unit
	7-day shipping costs \$.30 per unit	7-day shipping costs \$.25 per unit
BATNA	Cost of \$80,000	Payoff of \$16,000

# Potential Debriefing Points

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1. BATNAs versus reservation prices
2. Positions versus interests
3. Integrative potential
4. The strategic use and disclosure of time pressure

# Debriefing the Use of Time Pressure

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- Ask a dyad who didn't make it back in time why not.
- "Those of you in the StopClocks role, please raise your hand if you knew about the 20-minute deadline."
- "How did you find out? When did you find out?"
- Ask Global Games: "Why did you tell about your time pressure?"
- Ask a GG person who didn't reveal, "Why not?"
- As the SC person who found out, "How did it affect your behavior when you found out about the 20-minute deadline?"

# Stopwatch

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- Negotiate Stopwatch
- Return to class
- Post results on board
- Debrief Stopwatch



# Global Games

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- Position
  - Needs 1000 timekeeping devices in 30 days
- Interest
  - Have the games go smoothly. That means having 800 timekeeping devices in time to test them out, and having enough additional (200) in case the others break, are lost, or are stolen
- BATNA
  - Can get 1000 units for \$70,000 in 40 days

# StopClocks, Inc.

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- Position
  - Wants to deliver 1000 units in 60 Days for \$80,000
- Interest
  - Maximize profits
  - Can produce 20 units per day at \$40 each
  - More than 20 units per day cost \$70 each
- BATNA
  - Can sell 600 units for \$40,000 in 40 days

# Integration

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- Compromise deal:
  - 1000 devices in 45 days, buyer pays shipping
- More efficient deal:
  - 800 units in 30 days, with 200 more in 45 days (StopClocks pays for shipping)

# Time Pressure

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- The effects of time pressure:
  - Increases interest in speedy settlement
  - The higher the stakes, the greater the incentives to stall
- Two distinct types of time pressure:
  - Time costs (e.g., strike penalties)
  - Deadlines

# Time Costs

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- Time costs can apply asymmetrically to the two sides
  - Once the time cost has been incurred, it's a sunk cost
  - Example: Imagine you are negotiating over a potential settlement of \$100,000.
    - Every day that passes costs you \$2000 in legal fees
    - Every day that passes costs your opponent \$1000 in legal fees
    - You have negotiated for 10 days, leaving you with \$20,000 in fees. How does that change your RP?

# Deadlines

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- Deadlines and ultimatums
- Benefits of deadlines
  - Put pressure on the other side
  - Get things moving
  - When to impose a deadline?
- Benefits of revealing deadlines
  - Informs the other side that they better hurry up if they want a deal.
  - Keeping deadlines secret leaves you in the worst position: racing to get a deal while the other side takes their sweet time.

# Take Aways

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- Strategic uses of time and time pressure in negotiation
  - Always tell about your deadlines
  - Never tell about your time costs
  - Impose deadlines when you have greater time costs

Questions?