



NEGOTIATION SKILLS

FREE REPORT



NEGOTIATION STRATEGIES AND
NEGOTIATION TECHNIQUES TO HELP
YOU BECOME A BETTER NEGOTIATOR



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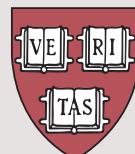
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Make the most of your negotiation training:

Translate your new knowledge of negotiation into skills that stick.

So you're thinking about taking a negotiation course but are not sure if it will be worthwhile. Or maybe you attended one recently (or not so recently) and are wondering whether you are effectively applying what you've learned to the negotiations in your business and personal life.

Unfortunately, our best intentions aside, many of us have difficulty transferring our new knowledge from the classroom to the conference room, negotiation researchers have found. The gains made during training can be quickly lost as we fall back on old habits and sloppy thinking. Ineffective instruction may be partly to blame, but before you sign up for your next negotiation course, there are several steps you can take to increase the likelihood that you will absorb and apply your new skills successfully.

1. Be ready to make mistakes.

Negotiation training can be a humbling enterprise. Instructors often have their students participate in role-play simulations that have been designed at least in part to expose flaws in their thinking, such as the tendency to be overconfident or to assume that they are fighting over a fixed pie of assets. (For more about learning through simulation, see the sidebar.)

Students often feel threatened when they discover that they have been making decisions based on faulty intuition, according to Harvard Business School professor Max H. Bazerman. Yet it would be a mistake to view your behavior as a personal shortcoming or, conversely, to blame the instructor for “tricking” you. In fact, feeling uncomfortable with an aspect of our behavior is a necessary step on the journey to improving it, according to psychologist

Kurt Lewin, who developed an influential model of change.

Virtually all of us are susceptible to judgment biases that color our decisions in negotiation. Accept this fact, and you'll be in a good position to adopt better patterns of thinking that you can apply to your own negotiations.

2. Take a proactive approach.

Once training begins, avoid the pitfall of passively recording the key points made by your instructor. Beyond note taking, think about how these concepts relate to your own negotiations. How do the theories presented apply to your practice? If you're not following the real-world implications of an idea, ask for clarification or a concrete example.

In addition, Bazerman advises negotiation trainees to listen carefully for repetition of concepts across the entire program. For example, after role-playing a negotiation with a partner, you might discover that you missed an opportunity to explore the other side's interests. In all likelihood, the instructor will stress this pitfall throughout your training.

We learn better when we have the opportunity to abstract similar lessons from two or more experiences, researchers have found. For this reason, proactive students perk up when concepts are presented more than once—and are more likely than others to retain this information over time.

Learning from simulations

It's a familiar practice in negotiation training: Students are divided up and assigned to engage in role-play exercises known as simulations. Each person reads confidential information about her role, the two (or more) players get together and negotiate, and then the class reconvenes to debrief the experiences.

Simulation took root as a common method for teaching negotiation because it allows students to practice their skills in a low-risk setting and requires them to confront common negotiation problems directly, among other benefits.

In the January 2013 issue of *Negotiation Journal*, George Mason University professor Daniel Druckman and Creighton University Law School professor Noam Ebner discuss the benefits and drawbacks of simulations as a learning tool. Reviewing social science research, they find that engaging in simulations improves students' motivation and retention of key concepts that have already been taught in lectures and classroom discussions. Thus, classes that combine simulations with more traditional classroom methods may maximize learning.

In addition, other learning methods could supplement or expand upon role-play exercises, Druckman and Ebner suggest. Students could be assigned to engage in real-world negotiations and then discuss their experiences back in the classroom. In addition, students could become involved in the design of simulations. In their own classroom experiments, Druckman and Ebner found that negotiation students who were involved in designing a simulation retained concepts better and received more satisfaction from the process than did those who simply role-played the student-designed simulation.

3. Consciously practice your new skills.

Once you're back at the office, don't assume that the new skills and concepts you've learned will become a natural part of your negotiation repertoire. In fact, the process of cementing better patterns of behavior requires vigilance and hard work.

When you return to the office, spend some time reviewing what you learned. Think about which concepts you would like to apply most assiduously to your negotiation and actively practice what you want to absorb, both at work and at home. You may feel most comfortable trying out new strategies with friends and family, who are likely to be more forgiving of your mistakes than, say, your supervisor or a client would be.

You might even be able to identify a "negotiation coach" in your organization. Massachusetts Institute of Technology professor Lawrence Susskind recommends finding a mentor experienced in negotiation who can help you brainstorm solutions to various dilemmas and even role-play bargaining situations with you.

by Katherine Shonk, Editor, *Negotiation Briefings*.
First published in the November 2013 issue of *Negotiation Briefings*.

When setting high goals, beware a backlash

High aspirations are often touted as a key to negotiation success. But aiming high could have unexpected consequences, says a recent study.

Imagine that you're a freelance marketing consultant who is negotiating the conditions of a long-term assignment with a new client. As you think about what you will charge, you set a goal that you consider to be challenging but not impossible. The project manager balks when you first quote your rate, but you end up negotiating a price and a scope of service that still please you and that seem acceptable to the client.

To your dismay, however, the project manager resists your advice during the early stages of the assignment and, at times, seems downright hostile toward you.

The manager ends up taking you off the project prematurely, saying only that the relationship wasn't a good fit.

There could be many reasons this arrangement failed, ranging from personality differences to unmet expectations. But it is also possible that your high aspirations prior to the negotiation set you up for a partnership that needed to be managed with particular care, suggest researchers Lei Lai (Tulane University), Hannah Riley Bowles (Harvard Kennedy School), and Linda Babcock (Carnegie Mellon University) in a 2013 study.

Abundant research supports the immediate benefits of aiming high in negotiation. But, as we discuss here, challenging goals may negatively affect the relationships that spring from negotiated deals.

The positives of aiming high

When negotiators set specific, challenging goals (such as “I’m going to try to negotiate a rate that’s 10% higher than I’ve earned on past projects”), they consistently achieve better objective outcomes for themselves than do those who set lower or vague goals (such as “I’ll do my best”), researchers Deborah C. Zetik and Alice F. Stuhlmacher of DePaul University found in one review of goal-setting research. Negotiators with relatively high aspirations also contribute to more efficient agreements for both sides.

Challenging goals prompt negotiators to work harder than more modest goals do. Moreover, the simple act of visualizing and committing to a goal helps us anticipate how we will attain it, according to University of Pennsylvania professor Maurice E. Schweitzer.

Goals and a backlash

Despite these beneficial qualities, high aspirations can trigger an unanticipated backlash effect, according to the results of Lai and her colleagues’ study.

The research team assigned pairs of undergraduate students to play the roles of supplier (the seller) and motorcycle manufacturer (the buyer) in a simulated negotiation over a single issue, the price per unit for a special order of headlights. Prior to negotiating, some of the buyers were encouraged to aim for a high target purchase price; the rest were encouraged to adopt a more modest goal. Buyers

were encouraged to make the first offer, and sellers were instructed to wait for their buyers' offers.

After negotiating, those playing the role of seller were given another, supposedly unrelated task: allocating \$10 between themselves and another player. Specifically, they were asked to state how much, if any, of the \$10 they would give to the person with whom they had just negotiated (the buyer). They were also asked how much, if any, of \$10 they would give to an unknown, anonymous participant.

Buyers who set high aspirations in the simulation negotiated significantly better prices for themselves than did those who aimed lower. However, sellers found the buyers who set high goals to be less likable than those who set lower goals, and, as a result, were less willing to cooperate with them in the future.

Moreover, when it came to allocating \$10 after the negotiation had ended, sellers who had negotiated with high-aiming participants were much less generous toward their former counterparts than they were toward unknown participants. In fact, 41% of these sellers gave none of the \$10 to their high-aiming counterparts, and only 8% settled on a 50-50 split. Meanwhile, 36% of sellers whose counterparts aimed lower decided on a 50-50 split with these parties.

Set high goals for success

Lai and her team's findings hint at a dark side to setting high goals in negotiation: namely, high goals seem to work so well that your counterparts may resent your success. As a result, they may find you unlikable, be reluctant to work with you in the future, and behave selfishly toward you when given a chance.

In one-off negotiations where you don't expect to cross paths with your negotiating counterpart again, it may matter little if he doesn't like you. But most negotiations, of course, carry at least the possibility of future interactions. If you are happy with your experience negotiating for a new car, for example, you may recommend the dealership to friends or choose to return when it comes time to buy your next car. Thus, it is typically important to look for ways to balance your desire to meet a high goal with the need to build a good relationship.

There are several ways you can try to manage your counterpart's satisfaction—and odds of cooperating with you in the future—while still aiming high.

■ **Manage wins and losses.** Research by Nobel laureate Daniel Kahneman and the late Amos Tversky shows that people prefer to experience several “wins” rather than one, but show the opposite preference for losses. Thus, make concessions, issue rewards, and deliver good news in stages rather than all at once—but convey bad news in one big chunk.

■ **Delay acceptance.** A counterpart’s quick acceptance of an offer can cause a negotiator to regret that she didn’t ask for more, Adam D. Galinsky of Columbia University and his colleagues have found in their research. For this reason, even if the other side quickly acquiesces to your high goals, try to prolong the negotiation a bit to improve her overall satisfaction.

■ **Hide your glee.** Negotiators tend to be less interested in working again with counterparts who express satisfaction with their results than with those who seem less satisfied, researcher Jared R. Curhan and his colleagues have found. Your satisfaction may lead your counterpart to assume that you took advantage of him. So if you have success meeting your high goals, keep your exuberance to a minimum.

by Katherine Shonk, Editor, *Negotiation Briefings*.
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Are you ready for the “hardest question”?

To be truly prepared to negotiate, anticipate questions you don’t want to answer.

Imagine being blindsided in the midst of a critical negotiation with a question like one of these:

- A prospective funder and co-developer of your new invention asks: “What are your other offers? Let’s discuss them, and I’ll see if I can help you make the right decision.” In fact, you have no other offers, and you suspect the other side knows it.
- During an interview, a potential employer asks you: “How can we be sure that your family responsibilities won’t get in the way of the total commitment required for success in this unusually demanding job?” You and your spouse

4 more responses to the “hardest questions”

1. Reinterpret a demand or ultimatum. When confronted with an ultimatum or a demand, you can treat it as conditional, not absolute, and redirect constructively: “If this were a take-it-or-leave-it offer, I’d be uncomfortable with either choice. But we should be able to figure something out that works better for both of us. Let’s put our heads together.”
2. Reverse the burden. When asked about developments that might reduce the future value of the business (or other commodity) you’re selling, law and ethics require you to disclose certain material factors. Beyond those, you might truthfully respond: “While the future is always uncertain, it’s been a good company for me so far. I’m not in the prediction business, but I want your due diligence to be full enough to satisfy you on valuation.”
3. Address the underlying concern. Honestly address the concern behind a difficult question while avoiding the need to reveal inappropriate specifics. To the employer who refers to your family responsibilities, for instance, you might say: “Although personal issues are private, I can tell you that my spouse is very enthusiastic about the possibility of my taking this job. We have all the supports in place for me to devote my full energy to its demands.”
4. Rule out inappropriate topics. Of course, some questions are legally or ethically out-of-bounds; for example, potential employers may not lawfully ask about race, religion, national origin, or age. You should be prepared to calmly respond to such queries, addressing the legitimate intent of the question when it is appropriate to do so: “Though questions about national origin aren’t permitted, you should know that I am fully authorized to work in the United States.”

are planning to start a family next year. What should you say?

■ You are soon moving to a new city where you’ve made an offer on a house, and you are desperate to sell your current home. The only serious potential buyer you’ve been able to attract asks you: “Given that we both know how weak the market is, what’s the absolute minimum you’d take for your house?” You don’t want to lie, but if you answer truthfully, you could lose a lot of money.

As an experienced negotiator, you know you should prepare for talks by assessing each side’s interests and no-deal options, imagining possible agreements, factoring in personality and culture, thinking through moves and possible countermoves, and so forth. Yet standard preparation often neglects what I’ve dubbed the “hardest question.”

This refers to a question the other side might ask that, to *you*, feels especially difficult to answer.

When confronted with such a question, like one of those posed above, how should you respond in a way that is both effective and ethical? Faced with a seemingly straightforward question, you can feel flustered or trapped into giving an answer that puts you at a disadvantage. Yet such questions are often manipulative tactics masquerading as innocent queries. You should

feel no obligation to reply to an exploitive question as if it were asked in good faith.

Here's some advice to help you avoid the hardest-question trap:

1. Identify your hardest question(s).

As part of your negotiation preparation, take time to identify the question or questions the other side might pose that would be most difficult for you to answer—whether for tactical, emotional, or ethical reasons. By anticipating such questions *before* you're confronted with one, you can avoid a costly stumble.

This process can be highly personal, as what's challenging for one person to answer may be easy for another. To avoid being blindsided, you might ask your coworkers or others to imagine tough queries that might not even occur to you.

Beyond those listed above, here are some common “hardest questions”:

- “This is my final offer. Take it or leave it. I need your answer right now. What'll it be?” If it really came down to it, you would reluctantly accept the offer rather than walk away. But you don't like either choice, and you need a way out.

- “Why do you *really* want to sell this business [or car, house, etc.]? Are you aware of anything that could reduce its value in the near future?” You fear the prospects of the business may well be declining, but you are reluctant to say so—and in any case, you honestly aren't sure.

- “What are your minimum compensation requirements?” The job is so desirable that, if pressed, you'd take a much lower salary than you suspect the employer is aware you'd accept.

- “Aren't you too inexperienced for us to risk giving you this contract?” In fact, lack of experience is your hot-button issue, and it has cost you contracts in the past.

2. Brainstorm responses and choose the best one.

When confronted with your hardest question, you may feel that your only options are full disclosure, stonewalling, or lying. But you can usually generate better choices by brainstorming, often with others whom you trust. Find a general approach and specific words with which you're comfortable. Here are some strategies you might try; four more follow below in the sidebar:

Acknowledge and reframe. After acknowledging the question, reframe it in reciprocal terms, and shift to a more positive focus. To the prospective funder and

invention co-developer who asks about other offers, you might say: “Of course I’m pursuing other possibilities, as I’m sure you are. The question is, how well do your interests fit with my capabilities? I see genuine potential. Let’s explore it further.”

Turn the tables. The seller of a real estate parcel once asked the potential buyer, “Tell me the absolute maximum you’d be willing to pay, and I’ll see if I can shave off a bit.” My colleague Howard Raiffa reports that the buyer responded to this gambit with a chuckle and said: “Well, why don’t you tell me the absolute minimum you’d be willing to accept, and I’ll see if I can throw in a little something.” The buyer’s calm response signaled sophistication, even wit, and the negotiation proceeded professionally.

Seek “objective standards.” When asked to disclose your bottom line, you can shift the focus from what you will or won’t accept to “objective standards” beyond your control. Here, thorough research is key, as shown in this response to the home buyer: “It’s important to me that the sale price be comparable to those of similar properties in the area. I don’t expect to be paid less, or more, than is appropriate. Here’s some objective data on comparables. Let’s figure out what’s fair.”

3. Practice your answers.

It is not sufficient to think up good answers to the “hardest questions” you might face. You should actually verbalize them until you’ve grown comfortable uttering specific phrases. Ideally, you should role-play with a counterpart who will pose the hardest question sharply in different variations, challenge your responses, and help you carry out the interaction successfully.

4. Adapt your response.

Just because you’ve prepared for the hardest question you can imagine doesn’t mean that it will be asked or that, if it is asked, your counterpart is trying to exploit you. As negotiation expert Roger Fisher once wisely counseled, “Don’t deduce their intentions from your fears.” Listen carefully to the other party’s words and for the intent behind them. Don’t blurt out a prepared response unless it fits the situation.

5. Go beyond the question.

The challenge of preparing to face the hardest question may help you identify additional data you should gather, further actions you should take to

improve your overall odds of success, and tactics you might use to steer the negotiation away from the hardest question in the first place. If you've heeded the advice above and the prospect of responding still remains daunting, an important part of your preparation may be to find someone else to negotiate on your behalf, such as an agent.

And, of course, the more you've built up your no-deal options, the easier it will be for you to walk away from an unsatisfactory agreement, however you handle difficult questions or other tactics. To improve the likelihood of a successful deal, though, explicitly preparing for the hardest question often robs it of the power to trap you.

by Harvard Business School professor James K. Sebenius.
First published in the November 2012 issue of *Negotiation Briefings*.

Acting up: Improve your hard-bargaining performance

Cast members of *Modern Family* show professional negotiators the ropes.

Out of nowhere, it seemed, the routine salary renegotiation had escalated into a full-fledged dispute. On July 24, 2012, five members of the cast of ABC's hit comedy *Modern Family* filed a lawsuit against 20th Century Fox Television, the show's production company,

to void their current contracts. The same day, the cast members boycotted a table read (an early rehearsal) of the show. Production on the fourth season of *Modern Family* was due to start less than a week later.

For ABC, it was a cliff-hanger. *Modern Family* is a bright light in the network's evening lineup, a top-rated show that is also critically acclaimed. Just a week before filing their lawsuit, all five of the actors in the negotiating coalition—Julie Bowen, Ty Burrell, Jesse Tyler Ferguson, Eric Stonestreet, and Sofia Vergara—had been nominated for Emmy Awards.

In the show's third season, the five cast members each earned about \$65,000 per episode. When negotiations began, 20th Television reportedly offered to pay them \$150,000 per episode for the fourth season. The production company

wanted to add two years to their existing seven-year contracts and promised to increase their wages to about \$325,000 per episode by the show's ninth season.

Unhappy with the offer, the cast members banded together and reportedly asked for \$200,000 per episode, according to *The Hollywood Reporter*. When 20th Television balked, the actors sued, arguing that their existing long-term contracts violated California law, a common legal move for actors fighting for new, improved contracts. Show star Ed O'Neill, who was earning more than his costars, joined their lawsuit in a show of solidarity.

Almost as quickly as the talks escalated, they came down to earth. The actors showed up to a rescheduled table read two days later. On July 30, a deal was announced. The actors agreed to be paid about \$175,000 per episode for the upcoming 22-episode season, an amount that would rise to about \$350,000 per episode by season eight. They agreed to add one year to their contract, not the two requested by 20th Television. And, naturally, they agreed to drop their lawsuit.

The actors didn't get as much as they asked for, but they did make significant gains over their employer's initial offer, and they succeeded at pushing through an impasse. Here are three keys to the TV stars' success as hard bargainers:

1. Join a coalition.

Perhaps the smartest move the actors made was to negotiate as a group. Individuals can gain numerous benefits from forming a negotiating coalition, most notably greater bargaining power. Negotiators who join forces avoid the need to overtly compete against one another for scarce resources.

By banding together, the actors made it virtually impossible for 20th Television to ignore their demands. The production company might have been able to justify releasing one actor from the ensemble cast, but it could not afford to lose its key players, especially when star O'Neill joined the group.

Incidentally, the *Modern Family* stars may have borrowed this strategy from the six stars of another hit ensemble comedy, *Friends*. In 1994, at the start of the show's run, star David Schwimmer persuaded his fellow cast members that they should negotiate their contracts as a group rather than individually. At the time,

the actors were earning about \$22,500 per episode. The six bargained collectively for the show's duration, ultimately earning \$1 million per episode in the show's 10th and final season.

2. Escalate prudently.

After the actors formed their coalition, they continued to have difficulty gaining concessions from 20th Television. At this point, the actors opted to escalate the dispute by boycotting the table read and filing their lawsuit.

Both actions were largely symbolic: the table read could easily be rescheduled, and a slow-moving lawsuit could be called off. The actors and their agents (who were meeting as a group) appear to have designed the moves to draw publicity to the actors' cause. The plight of underpaid Hollywood actors might seem unlikely to attract public sympathy. But if *Modern Family* went off the air, TV viewers were more likely to blame the entertainment conglomerates behind the dispute than the actors, writer Tim Goodman argued in an editorial in *The Hollywood Reporter*.

Taking a dispute public comes with significant risks. Public attention is likely to embarrass and anger your counterpart to a point that he retaliates in ways that harm both sides. So before you take a dispute public, warn your counterpart of your intentions. The threat of negative publicity could motivate him to grant the concessions you've been looking for. If he calls your bluff, be prepared to follow through with your threat—but continue to negotiate privately even after your dispute is widely known.

The *Modern Family* actors and their agents appear to have calculated that escalation was a risk worth taking. They knew that, for financial reasons, 20th Television and the Disney/ABC Television Group would be loath to tolerate a delayed or canceled season. Moreover, the actors were fairly certain their employer could afford to pay them more. Finally, because neither a missed table read nor a lawsuit was a shocking development in the context of TV negotiations, the actors calculated that the negotiators across the table would not be embarrassed to the point of behaving irrationally.

3. Take advantage of deadlines.

Not surprisingly, the *Modern Family* negotiations escalated at the point when a significant deadline—the start of production for the new season—loomed. It's not unusual for negotiators to put off concessions, threats, and other key bargaining moves until they are staring the serious consequences of a missed deadline in the face. In fact, parties sometimes manufacture artificial deadlines simply to jump-start stalled talks.

In the *Modern Family* dispute, both sides faced significant losses in the event that production on the series was postponed: lost or delayed salaries for the actors, and lost advertising and other profits for 20th Television and ABC. It's possible, even likely, that 20th Television would have begun offering concessions as the start of production approached even if the actors hadn't filed their lawsuit. Unfortunately, the tendency to procrastinate on substantive talks is common. In a perfect world, negotiators would use all the time they have available to carefully work out a mutually beneficial agreement rather than waiting for the clock to wind down. But when your counterpart won't take the time to deal with you, a last-minute gambit can be the best way to grab her attention.

by Katherine Shonk, Editor, *Negotiation Briefings*.
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Dear Negotiation Coach: Defusing Negotiation Anxiety

Question:

Negotiations make me anxious. In the past year, I negotiated for a car at a dealership, a higher salary at work, a lower price on a piece of furniture at an antiques market, and an important business contract as part of a team. Each time, my palms got sweaty, my heart started to race, and I found the whole process to be unpleasant. I worried that I wouldn't get what I wanted, I worried about damaging my relationship with the other party, and I worried about appearing incompetent to my peers. What can I do to feel less anxious when I negotiate?

Answer:

First, it may help to know that you are not alone. Most of us frequently feel anxious in the course of our daily lives. Believe it or not, mundane, low-stakes activities such as making a to-do list, driving to work, or talking to others can make even smart, healthy adults feel nervous. Since even such small triggers can spur anxiety, it makes sense that most people are nervous in high-pressure, interpersonal performance situations such as negotiation. In fact, my colleagues and I have found that anxiety is the most commonly experienced emotion before a negotiation, more so than excitement, sadness, calmness, or anger.

As you mentioned, feeling anxious immediately before or during a negotiation is not ideal. In an effort to alleviate their anxiety, negotiators tend to make decisions that inadvertently harm their performance, such as making low first offers, responding quickly to counteroffers, making steep concessions, and exiting negotiations prematurely. Not to mention that a case of nerves simply takes the enjoyment out of the negotiation process.

Here are four strategies you can use to help manage your negotiation anxiety and ultimately achieve better outcomes:

1. Reframe anxiety as excitement. Many people believe that the best way to cope with anxiety is to calm down. But that's easier said than done, as physiological arousal—your racing heart and sweaty palms—is automatic and very difficult to suppress.

A better strategy is to reframe the high arousal associated with anxiety as excitement. In my research, I have identified subtle ways to do so. For example, if someone asks you, "How do you feel about the upcoming negotiation?" you can simply say, "I am excited." This subtle reframing tactic increases authentic feelings of excitement, which improves subsequent performance on high-pressure tasks such as public speaking and negotiating.

2. Focus on opportunities. Negotiators often focus on the potential threats and negative outcomes of a negotiation, ruminating about all the ways they might fail. This "threat mind-set" leads them to feel anxious, which makes failure more likely. As with most aspects of life, there is a chance that things will go badly in a negotiation, but there is also a chance that things will go quite well.

Focus on the opportunities of the negotiation, reflecting on all the ways you can succeed, and you will develop ideas and make decisions that increase the likelihood things will go well.

3. Prepare. Feeling anxious immediately before or during a negotiation harms performance. By contrast, feeling anxious a week or a month ahead of a negotiation can motivate you to prepare, thanks to a phenomenon called defensive pessimism. Harness your anxious rumination by preparing thoroughly in advance.

4. Build your confidence through practice. In our research, my colleagues and I have found that anxiety temporarily lowers confidence in one's negotiating ability. If you practice negotiating regularly, your familiarity with and confidence in negotiating will improve, and you will be less susceptible to the harmful effects of anxiety.



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