Value Negotiation: Post-Workshop Assessment

QUESTIONS, ANSWERS & EXPLANATIONS

Note to the Value Negotiation Participant

The Post Workshop Assessment is composed of 20 questions that, in our view, represent the most common misunderstandings about win-win negotiation. Not only are these misunderstandings common, but they negatively impact the outcome of negotiations.

This document contains the questions and correct answers to the Post-Workshop Assessment, as well as a detailed explanation on why these are the correct answers. Given the importance of these questions to the practice of negotiation, we warmly recommend that you read through the answers in detail. We hope you'll find it useful in your learning.

Best wishes,

The Value Negotiation Team

1) What is negotiation?

a) Negotiation is a competitive process where parties dispute the allocation of scarce resources in a civilized manner
b) Negotiation is a collaborative process where parties engage in a value creation exercise to find better solutions to everyone involved
c) Negotiation is a collaborative process where parties engage in a value creation exercise to find better solutions to everyone involved followed by a competitive dynamic of allocating the resources and the value generated
d) Negotiation is a process where parties discuss price, terms and conditions towards a deal
e) Negotiation is any effort to persuade

Answer:

a) and b) are wrong because negotiation does not need to be a competitive or collaborative process to begin with, but rather it is a neutral process where someone is trying to persuade another to do or not do something on their behalf.

While closest to what many believe, c) also assumes a collaborative and competitive aspect to the negotiation process as if the process defined the choice of the parties on how to behave.

Finally, d) is wrong because it takes a narrow approach to negotiation that defines it by its object, when negotiation can involve so many more than just price, terms and conditions.

2) Negotiation happens when you are:

Please mark all that apply.

[X] Giving or receiving feedback on workplace performance

[X] Requesting a discount on the price of a product/service

[X] Arguing with someone to change a behavior

[X] Making a point in an internal meeting about a particular course of action you want to dis/encourage

[X] Having a lunch with a client or a colleague to get to know each other better

[X] Discussing to change the scope of a project

[X] Managing an angry colleague or client and trying to diffuse the situation

[X] Making a presentation on your recommendations for the adoption of a new strategy

[X] Asking someone to meet with you to provide you with information

[X] Sharing the results of your negotiation with your boss or client

Answer:

Right answer: All of the above answers are correct since all of them involve an effort of persuasion and to influence someone's decision. In Value Negotiation, negotiation is any exercise or effort to persuade someone, thus all of the above are considered negotiation attempts.

3) Why do people negotiate?

a) To increase fairness in the world
b) To increase value for themselves
c) To increase value for all involved
d) To increase their reputation
e) To close a good deal

Answer:

Right answer: b) is the correct answer because Value Negotiation considers as value whatever the parties desire, want or need (as well as avoiding what they fear or are negatively concerned with).

In that sense, a) and d) could be seen as subsets of b) and thus incomplete. In d), increasing one's reputation is an exercise in generating indirect or intangible value). In a), not all negotiators are focused on fairness; while almost everyone will say they want a fair deal, most actually want a fair deal for themselves, but are not so concerned if the deal is fair to the counterparty. If some negotiators want to increase fairness as their reason to negotiate, in doing so they are increasing value for themselves and potentially others. An additional problem with a) is that it risks assuming that fairness is an absolute concept and that one view of fairness is the same as the other party's.

There are 2 main problems with e): closing a good deal can be a relative and hard-to-objectively-measure concept as we can always ask, Good for whom? For our side? For theirs? For both negotiators? For their clients? Better than walking away? How good the deal needs to be, to be considered good? Besides our definition of a good outcome, just saying that we are looking for a good deal seems to indicate that a deal may be considered good and closed independently of the quality of the alternatives. A negotiator should only close a deal IF it is better than his/her BATNA and not have the assumption that s/he negotiates to get a deal, even a good one. To think otherwise is to operate within a mindset that once someone starts to negotiate, success only means a good deal and not the possibility of walking away if the BATNA is better, i.e., brings more value. This may force many negotiations to close under this misleading measure of success despite the presence of good BATNAs and thus destroy or at least waste value in the process.

Finally, c) is a nice goal to have in mind and one that many negotiators who wish to negotiate win-win try to pursue in order to reduce resistance and increase their value. However, we cannot be naïve to expect that everyone who negotiates has that same goal in mind. Actually, even win-win negotiators try to increase value for all involved as a means towards their ultimate goal of increasing value for themselves. Even if we truly want to increase value for others, it is probably because this fulfills our view of how the world should operate and thus feel that the negotiation was also more valuable for us on this regard.

4) Win-win means:

a) You win and you make them feel like they won as well, even if you believe they won less or not at all
b) You make sure that you get what you want and that you give them what they want
c) You have the intention to get what you want without using power
d) You close a deal, which means that you both feel you won more than without a deal
e) You both get more than what you expected before the negotiation started

Answer:

a) is wrong because to only make them feel that they won and not really have them win is an exercise in power through the manipulation of their perceptions and thus inconsistent with the win-win intention/choice.

b) is also wrong, because while getting what a negotiator wants is usually good, to give the counterparty what they want assumes that the negotiator gives them ALL they want, which can be impossible and many times conflicting with his/her getting what s/he wants.

In the same line, d) is wrong because it argues that win-win is closing a deal and thus it assumes that if all parties agree to a deal, it has to be better that their BATNAs (otherwise they should walk away) and created value to all parties above and beyond a scenario in which NO deal was reached. This however again defines win-win from an outcome perspective and one that would then mean that every deal that closes is win-win. In this case, there would be no win-lose negotiations and, as a result, no need to differentiate negotiations as win-lose or win-win. At best, win-lose would mean failed negotiations, but some negotiations are conducted in true collaborative spirit and may still fail as the parties may, for example, not have enough resources to bridge their differences despite their best efforts. Does this make them win-lose? We don't think so.

Finally, e) is wrong because both parties getting more than what they expected means that they managed to create value and close a deal, but it does not mean that the parties negotiated with a true win-win mindset from the beginning. And as in the previous answers, it measures win-win from an outcome perspective, which is not helpful.

Right answer: In sum, c) is the right answer because it defines win-win as a choice that every negotiator can make, which relies on how one chooses to negotiate: with or without the use of power; and win-win happens when the negotiator chooses to negotiate without the use of power independently of the context, situation or outcome, since one cannot control any of these. It is expected that a win-win choice will lead to the parties feeling that they won (a), getting what they wanted (b), actually more than what they expected (e) and close more deals (d), but these are consequences, not the definition.

5) Win-lose means:

a) You win and they lose
b) A situation in which one person has to win and another has to lose, which is an integral part of every negotiation when it involves money
c) Doesn't exist, since if a negotiation closes it has to be because there was a win-win, otherwise the losing party would always prefer to walk away
d) The only way to negotiate if there is a zero-sum situation
e) You have the intention of getting what you want by using power

Answer:

a) is wrong since saying that win-lose happened could actually mean that the counterparty won and the negotiator lost. Besides win-lose is here defined from an outcome perspective, which is not useful since it won't help us change anything. Instead, defining win-lose by its actions will help us change.

b) is wrong as it assumes that every negotiation has to have a winner and a loser and this is actually proven by extensive research and practice not to be true. It also narrows the definition to the presence of money, which is believed to be a zero-sum element and thus to promote win-lose behaviors, but this once again is not true as money can be handled in a win-win manner and no one has to lose when it comes to discussing money. Moreover, there are many instances with no money involved that can be handled in a win-lose way.

c) is wrong because many successful negotiations close, but at least, if not, all parties are dissatisfied with it, which hints that the negotiation was handled in a win-lose way. The parties may be dissatisfied with the process, the resulting relationship or the low value obtained; still, the deal might still be better for their short-term goals than their BATNA. Again, here win-lose is defined based on the outcome, which we consider wrong and less useful since the parties do not control it.

d) defines win-lose by an assumption over the situation, which is once again something that we may not directly control, but can at least influence if we make the right choices. The assumption that the situation is zero-sum can be a consequence of the framing, scope, choices and others in a negotiation. It could also be an appearance or just a lack of skill, if the parties failed to pursue ways to generate positive value in a negotiation. In other words, defining zero-sum in real life negotiations is very complicated and even more so to definitively coin one situation as such. Value Negotiation believes that in every situation there is a choice on the different ways one can negotiate and that there is NO situation where there is only one way. There may be one better way, but not the only way.

Finally, e) is the right answer since it defines win-lose based on the choice that every negotiator has: to negotiate with or without the use of power to get what they want. The idea of using power to get what a negotiator wants is what defines win-lose because it demonstrates at the deepest level that the negotiator is with the intention to get what they want EVEN IF the other side loses. It may happen that the other side will not lose for a number of reasons, but the intention is what matters here. Intentions can be spilt into two categories: the intention to use power or to collaborate with the other in order to get what they want.

6) Success in a negotiation is to:

a) Just close a deal that your boss or client will be happy with
b) Close a deal where both parties are happy
c) Close a deal that adds value to you
d) Build a good long-term relationship
e) Get maximum value at whatever cost

Answer:

Right answer: c) is the right answer because it reminds us that value is a multilayered concept that involves all 7 elements: Build a good working relationship, create good 2-way communication, satisfy interests, doesn't waste value with among the best of many options, the final outcome is perceived to be legitimate by the parties and is a sustainable commitment better than the parties' BATNAs. Why not just say "close a deal that adds value"? Because it can add value to the other at our expense and we do not believe that this is necessarily success.

Answers a) and b) are wrong because they first base their definition of success on a perception "happy", which is hard to measure and could be stimulated through manipulation.

Answers d) and e) are wrong because they assume the potential sacrifice of some sources of value to achieve others. We do not advocate that one should build a long-term relationship if we are only interested in a short-term one, and definitely not ready to sacrifice something of value just to build said long-term relationship. Also, to get value at whatever cost may tempt us to confuse value with price or other narrower definition of value and thus again lead us to sacrifice other sources of value for the sake of price. In other words, the option is in itself a contradiction, to get maximum value whatever the cost is to reduce the maximum value one can aspire to get as the cost will diminish the available value.

7) Preparation is:

a) Not always as important as people seem to make it up to be
b) The negotiation phase which can yield the best return on investment if you can consistently cover the most important elements to manage what is likely to happen at the negotiation table
c) Never enough as there is no such thing as too much preparation
d) The most important part of a negotiation, where you can anticipate and be ready for all possible scenarios that can eventually occur at the negotiation table
e) Impossible and unrealistic to do when people have busy jobs

Answer:

a) is wrong because most people may say they recognize the importance of preparation, but few actually engage seriously on it, thus demonstrating deep down inside that they do not really believe preparation to be all that important. So, people already do NOT make it up to be that important to begin with.

c) is wrong because to believe otherwise would be to engage in a never-ending process and become victim to analysis paralysis. Preparation can be too much if it leads to rigidity or reduced marginal returns.

d) could be right, but is a judgment that we do not believe to be necessarily correct. In some simple negotiations, preparation may be much less important than the actual conducting of it and thus it cannot be a statement generalized to all preparations.

e) is also wrong because preparation is a matter of fact for many busy professionals when negotiating.

Right answer: Finally, b) is the correct answer as preparation is defined as a negotiation phase to be taken into account and that has the POTENTIAL to be the most important part of the negotiation, but not necessarily always.

8) Starting a negotiation meeting, you are better off if you:

a) Wait-and-see and then reciprocate what the other side does, so if they are aggressive or nice at the beginning you will respond in kind
b) Start with a clear message about your intention, ensuring a sense of interdependence that promotes productive dialogue
c) Start nice, reciprocate if they play win-lose, and then forgive if they return to collaboration
d) Start by making a concession, to lead by example that you both should be trying to collaborate, and then demand to get something in return
e) Make sure you start strong to define a power position and as much leverage as possible, as early as possible, to dominate the process and ensure that you can claim maximum value

Answer:

a) is wrong as it puts the negotiator in a reactive mindset and gives the process leadership to the counterparty, which may abuse of said power or not know how to conduct a productive negotiation process and lead it to failure. Besides, the response in kind can generally lead to escalation and locking the parties in an unproductive pattern.

c) is the definition of Tit-for-Tat, which was created in computer games and thus lacks the element of emotion. Starting nice and forgiving, if done wrongly, could be perceived as weakness by the counterparty and tempt them to take advantage of the negotiator. Besides, nice is NOT win-win and thus no one is leading the negotiation towards a win-win path.

d) is wrong as concessions are unilateral transfers of value that are risky as they are more likely to communicate weakness than collaboration, leading the counterparty to try to extract more without giving anything in return. It rewards bad behavior as it teaches the counterparty that they can receive something without having to giving anything in return.

e) is wrong because starting strong usually means using power and thus leading the negotiation to a win-lose path. While this could be a good start if the negotiator chose to play win-lose, we would not recommend this to be the initial default approach as win-lose on average delivers less value than win-win. Therefore, our recommendation would be to start with a win-win approach and, if it fails, then move towards the win-lose, but not before as the reverse way (win-lose first and then win-win) is much harder to implement.

Right answer: This leaves us with b) as the correct answer. The idea is to proactively take the leadership opportunity and create a conducive environment to allow a win-win choice to flourish. The message about the intention to play win-win with a good relationship and communication support is the ideal first moves a negotiator can make.

9) If they make their first offer to you, you should:

a) Use the information to adjust your expectations and counter-offer accordingly to increase chances of agreement
b) Ask to learn more about the offer and why they believe their offer is fair
c) Counter-offer aggressively to avoid being anchored and to counter-anchor in return
d) Ignore it as if it never happened
e) Ask to learn more about the offer just to counteroffer more accurately

Answer:

a) is wrong as we should not use their offer as information as it may be a bluff. Unless the counterparty provides persuasive legitimacy, their first offer should mean nothing to the negotiator and his/her counter-offer should be based on her/his research on the valid legitimacy that makes sense to all parties.

c) is wrong because counter-anchoring only means that both parties are trying to use win-lose manipulation tactics to outsmart one another. This is a dangerous game to play that can lead to a bad outcome to all involved.

d) is wrong because ignoring an offer can send a very negative relationship message (*I'm ignoring you*!) and contain interesting information that the negotiator may not want to disregard.

e) is wrong because, similarly to a), we do not learn or use their offer to influence our counter-offer UNLESS they provide legitimacy. So, the negotiator may use the legitimacy of the counterparty's offer to calibrate her/his counteroffer, but not the offer (in amount) per se. Also, the "just" in the text makes clear that the intention in hearing is not really to listen to legitimacy with openness to accept it, but to counteroffer/counterargue.

Right answer: Finally, b) is the right answer because it reminds the negotiator that Value Negotiation is an exercising in learning and creating value to make the best possible decision. Their offer may be good or bad, independently the negotiator should continue his/her exercise of learning and reducing information asymmetry. In the process, the negotiator should lead the conversation away from numbers and into what number/solution makes sense to the parties, and which of the proposed options is actually fair or legitimate.

10) Value in a negotiation should be divided...

a) **In a way that both sides consider appropriate**
b) 50%/50%
c) In a way that both sides accept, even if one doesn't really think it is fair
d) At least 51% to the counterparty, unless they reciprocate
e) It shouldn't be divided: value is only to be created

Answer:

Right answer: a) is the right answer because the final agreement should be the best solution the parties believe there is for the challenges/opportunities in front of them. What they consider appropriate is what will give them all maximum value in a way that makes sense to them and thus it is easier to agree to.

b) and d) are wrong because they assume a certain value split without a true understanding of the situation, of the value and of the reasons why one may receive more or less at the end.

c) is wrong because to have one party not think the final agreement is fair is probably the result of imposing the outcome on that party, which leads to the assumption of the use of power and thus win-lose ways which we believe are less likely to generate a final deal and more likely to break it.

Finally, e) is wrong because if value is only created and not divided/claimed, then how can the parties know how much is available for them? It is naïve to assume that value can only be created in a negotiation, because that would probably mean that the parties would not truly get anything as they would not be able to take any of the value created home, which could also mean that there would be no final deal in these instances as the parties would not be sure what they are committing to.

11) When you find a solution in a negotiation that works for you, you should:

a) Close the deal
b) Keep looking for a deal that is better for you while making it better or not worse for them
c) Throw in a bone (low cost win) for the other side to feel better about the deal
d) Keep looking for a deal that is better for you until you get (almost) everything you need
e) Keep looking for a deal that is better for both of you

Answer:

a) is wrong because closing a deal when the negotiators first find a solution to the negotiation will probably mean leaving a lot of value on the table. The first solution is usually sub-optimal when considering the possibilities of a negotiation as shown by the Pareto Frontier.

Right answer: Thus, the right answer is b) which reminds negotiators that after finding a first solution they should seek to improve the deal through Pareto improvements: better for one while making it better or not worse for the other.

This means that c) is wrong because a low-cost win just to make the other feel better is at the same time making a unilateral concession and giving away value to improve the relationship which usually leads to the deterioration of both.

d) is wrong because it may invite the negotiator to pursue non-Pareto improvements and rather try to extract value from the other to satisfy his/her own needs.

Finally, e) is wrong because not always will the deal be able to generate additional options that are better for both and yet this should not prevent the parties from seeking Pareto improvements at least for one side, as the deal improves and no one is worse off. This will require an absolute measure of success however, to avoid the parties becoming jealous of one another.

12) When it comes to securing a good deal, you will be better off by:

a) **Holding back on closing early to ensure you can learn as much as possible until the very end and avoid making mistakes early on out of ignorance**
b) Holding back on closing early to avoid limiting your choices of trade-offs and synergies in the final deal
c) Closing on any issue as soon as you see something good on the table for you to communicate to the counterparty that you are on the right track
d) Closing on any issue as soon as you see something good on the table for you before the counterparty realizes they have made a mistake and withdraw it
e) Closing on any issue as soon as you see something good on the table for you to at least secure some value and guarantee some progress in building a good final deal for yourself

Answer:

Right answer: a) is correct. To avoid early commitments is one of the best moves a negotiator can make to help manage complexity, create value and avoid making bad decisions/commitments based on ignorance or poor information. The idea of closing late is a measure of process, not time, as such it should be done after interests, options and legitimacy are discussed and understood even if it is done quickly time wise.

b) is not totally wrong, but rather incomplete. The reason given is just one of the reasons to avoid closing early.

c), d) and e) are wrong because they all recommend closing early.

13) To build a good working relationship one of the best things you can do is to:

a) Ask about their personal lives and find things in common that connect the two of you
b) Give them a small gift or a concession to please them and have them appreciate you more
c) Share information about your side even if they do not reciprocate
d) Apologize unconditionally for problems in the relationship
e) Create a safe space to discuss the relationship as needed

Answer:

a) is wrong because just talking about personal lives and find things in common may improve a little the personal relationship, but it does not build a good WORKING relationship, i.e., the ability to work well together even under duress such as surprises, misunderstandings, conflicts, frustrations, etc. We may have very good personal relationships that would not be good working colleagues as the two require different foundations.

b) is wrong because starting by giving a concession indicates potential desperation or weakness that could tempt the counterparty to exploit it. It also could signal an attempt to manipulate their appreciation and generate resistance.

c) is wrong because by providing information on one side without reciprocation the negotiator creates a unilateral relationship that can be exploited by the counterparty.

d) is wrong because apologizing unconditionally without first understand the whole situation from their perspective can lead to accepting blame when it is not the right thing to do. It can also lead the counterparty to believe they are morally justified to treat the negotiator as their inferiors or as owing them something.

Right answer: Finally, e) is the correct answer as among many other moves, one of the main obstacles in a negotiation is fear, such as the fear of being taken advantage of, the fear of failing, the fear of being attacked, etc. In creating a safe space, the negotiator allows the counterparty to feel secure and to acknowledge that the deal is done among people who need to work together. This leads to a more comfortable and inviting environment for the parties to talk about their working relationship needs and this in turn can lead to a better working relationship during the negotiation and beyond.

14) When someone says something hurtful or negative to you:

a) **You cannot be certain of what their intentions were**
b) It is probably because they meant to hurt you or put you down
c) Their intention was to get a message across
d) They were trying to help you by telling you as they believe it is
e) They never really meant to hurt you

Answer:

Right answer: a) is the correct answer because of the communication gap or the distance between a negotiator's intention when saying or doing something and the impact that this move may have on the counterparty. Thus, if someone says something hurtful or negative, one may be tempted to assume the intention since the impact was negative, but this is a mistake because it dis-considers the fact that communication is imperfect and the gap could have twisted the impact away from the intentions that could have been noble and good.

b), d) and e) are wrong because they all assume an intention, good or bad, that cannot be concluded upon, unless there is either more data or the counterparty directly expresses it.

Finally, c) could be interpreted as right, since every move in a negotiation sends a message, but it is too general a statement and pragmatically it does not give the negotiator any help in better handling the situation. Besides, it is wrong because many times when someone does/say something that truly hurts another, often times it was a reaction, often times emotional, without intently meaning to hurt the other.

15) A good communication with the counterparty:

a) **Focuses on efficiency: ensures you communicate all that is needed without wasting time**
b) Focuses on creating a friendly and fun atmosphere, at the expense of time and detailed understanding
c) Is done by presenting iterative versions of the future contract, to avoid misconceptions
d) Sacrifices time over certainty: ensure you communicate every possible detail and create a better atmosphere, no matter what
e) Sacrifices certainty over time: ensure you avoid spending time going beyond the big picture

Answer:

Right answer: a) is correct because the element of communication in negotiation includes the process of the negotiation. While fairness or balance would be another important element of communication/process, no other answer includes it. Thus, this is the right answer since it focuses on a communication that provides maximum information in the smallest amount of time possible to reduce the chances of process obstacles such as surprises, conflicts, misunderstandings, cutting corners, omissions, assumptions, etc.

b) and d) are wrong because they both recommend sacrificing time, and while some activities such as value creation may be well worth sacrificing some time in return, the goals of creating a fun atmosphere and communicate to exhaustion details that may be irrelevant to the final deal are probably not such good reasons to sacrifice time.

c) is wrong because it presents a very narrow process to negotiation that can work at times, particularly in multiparty negotiations, but that can also be a very slow and positional process.

Finally, e) is wrong because there are details that are relevant to the deal and some ambiguity and assumptions need to be clarified to ensure a good deal even if they take more time to accomplish in the short term, since they will potentially save enormous time later on dealing with misunderstandings, conflicts and frustrations that can even break the deal altogether.

16) Sharing information in a negotiation is:

a) A competitive advantage and so you'll want to obtain more information than the counterparty. You should only share information that can not put you in danger, while trying to get information that gives you leverage
b) A risky thing to do, thus you should share only the minimum you can get away with
c) A vital part of collaboration and thus you should be totally transparent about all the information relevant to the other party
d) An important part of a negotiation that allows you to create value. You should carefully share information about what you want
e) Something you should do only after they shared their information with you, to protect yourself and know how much to share and what to share exactly

Answer:

a) is potentially correct if the negotiator is choosing to play a win-lose game. However, since we are not considering only win-lose approaches, sharing information may not be best defined or handled as described in this answer.

b) and c) could be considered right in their first parts: sharing information is risky and a vital part of collaboration; however, the advice on how to handle the sharing are too extreme and potentially counterproductive.

Right answer: d) is correct because it impartially recognizes that information sharing is very relevant independently of the choice the negotiator makes (win-lose or win-win) and the advice on how to handle it will apply in any of the choices as well.

Finally, e) is wrong because it puts the negotiator on reactive mode and gives away the process leadership. It also may generate an impasse if the negotiator does not start the sharing, why should the counterparty do so? The results are that no information is shared and the negotiation does not advance to its full potential.

17) If you don't know what to do in a negotiation, you will be better off if you:

a) **Ask questions that will trigger them to elaborate on what is going on**
b) Threaten to leave so that they can see how serious you are and start to give you what you need
c) Let them talk some more to see if they clarify what they are trying to say or do
d) Remain silent and demonstrate discontent through facial expression until they clarify what is going on from their side or move on to another topic
e) Make a concession to help things move forward towards something better for you

Answer:

Right answer: a) is correct because if a negotiator does not know what to do is most likely because s/he does not have enough information to make a good decision on what to do next. In this case, the best thing is to gather information to expand the understanding of the possibilities and consequences of the different moves one can choose from and feel more confident that s/he is making a good decision.

b) and e) are wrong because they both involve making high risk moves of mixing the 3 negotiations that could backfire: threatening to leave to get information may actually result in having to leave and making a concession can lead to a bad pattern of trading information for substance.

c) and d) are wrong because they both involve communication moves that are reactive in nature and are not efficient ways to elicit the kind of information that the negotiator may be needing or looking for.

18) Reviewing a negotiation after closing the deal is:*

a) A bad investment of your time (which could be used preparing for the next negotiation)
b) Extremely valuable as it allows you to go back and renegotiate the terms of the deal to your advantage
c) Useless now: you should have revised only until closing the deal
d) Extremely valuable because it allows you to continuously improve as a negotiator
e) Extremely valuable, since a deal is never really closed

Answer:

a), b), c) and e) are all wrong because they consider reviewing ONLY from the point of view of the specific transaction for better (b) & e)) or worse (a) & c)). B) and e) consider that a negotiation is always open, which can be the case many times, but not always such as in deals with the government for example. a) and c) believe it is useless because they fail to take into account the impact that the review can have on the negotiator.

Right answer: Thus, d) is correct because it also considers the benefits that the negotiator will have from the review beyond the potential, but not guaranteed, benefits for renegotiation of the specific transaction.

19) If they ask you: "Do you have any other offers?", it is recommended that you:

a) If it is bad or you do not really have another offer, hide it or even lie/bluff about it by saying that you do have one, but that you do not want to disclose it
b) Even if it is good, hide it and even lie/bluff about it to avoid creating an adversarial power-driven negotiation
c) If it is good, share it early on as subtly as you can so as to put the counter-party under pressure to get more value from them, but without damaging the relationship too much
d) Independently if it is good or bad, ask why are they interested in this information and how it will help in developing a deal better for both parties
e) If they ask about it later in the process, just share it as calmly as you can so that they understand that you will only commit if to make a good decision for yourself

Answer:

a) is a risky move, since bluffing is hard to do well and since the counterparty may have other sources to know if you do or not have other offers and thus your credibility may suffer. Besides, when saying that you just do not want to disclose it, many counterparties may just assume that you do not have any and is just bluffing.

b) is not advisable because while we do not want to encourage any power dynamics in a negotiation if we are trying to do win-win, that does not mean that we are willing to lie/bluff to hide it from the other, plus the potential negative consequences already described for a).

c) can be a decent win-lose advice, but it is still risky, since by sharing your good offer, you do not yet know if it is better than their other offer and the power comes in win-lose not by having power, but by having more power. Besides, by sharing your other offer, you create a disincentive for the counterparty to pay you significantly more than that, since s/he now knows that they only need to beat the other offer by $1 to actually win you over.

d) is the correct answer because we do not want to share much information at all about our other offers unless the timing is right, but before that we want to make sure we explore all of the collaborative avenues to maximize our value. For that we don't want to entertain a question that has us talking about other offers much, but rather first understand their intentions behind the questions (while they seem bad at first, it could just be an unskilled move) and then redirect the process towards a collaborative value-maximizing exercise where other offers become less relevant or irrelevant.

Right answer: e) considers it late in the process, when alternatives are safer to share and doing it "calmly" sends a message of no fear, however the risky part is that if your other offer is bad, no matter when and how you share it, it will generate a power disadvantage which can hurt your chances of making a good decision as they try to take advantage of you.

20) If they threaten you by saying: "If you do not give me a 20% discount on your price, I will walk away to your competitor." It is recommended that you:

a) Calmly challenge them to actually walk away so as to call on their bluff and shift the power balance in your favor when they do not act on their threat
b) Share with them in subtle or not so subtle ways that you know that your competitor's offerings are of much lower quality and reliability and that if they want to take that risk is their problem, but that while of higher price, your offering is of much higher value
c) Offer them a 5% discount maximum under the excuse that you are giving away your commission and ask them to reconsider
d) Say that you will not discuss your competitor's offer and that you much prefer to focus on what is the best that you can do together
e) Ask them more about their competitor's offering and how it compares in other dimensions with the deal currently on the table, then invite them to rethink the deal together towards a better deal for both

Answer:

a) is a very risky move as the counterparty may actually have a very good offer from your competitor and choose to walk away when you challenge them to do so. The good part of that move is the "calmly" part, in which you can show to your counterparty that their threat did not scare you.

b) is also risky, because while reframing the conversation from price to value is generally a good idea for high-value players, the idea of just criticizing your competitor's offering without knowing from them how they value it can mean that you are criticizing things that they actually do not care about or are actually positives.

c) is a risky move, since invites a bargaining dynamics which immediately rewards the bad behavior (the threat) from your counterparty by giving at least the 5%, while it also indicates that if they keep on threatening you, they may get even more.

d) has the good element of focusing on what is good for all parties, to avoid unilaterally rewarding their threat, however to ignore the competitor's offer is again to work in the dark and be prone to making assumptions and mistakes.

Right answer: Finally, e) is the right answer, since the asking exercise shows that you are not afraid and it clarifies assumptions and what the counterparty really seems to value on the other offer. It then leads on to understand how to improve this offer, but for both parties, thus signaling to the counterparty that there will be no unilateral discount or transfer of value.

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