



## MANAGERIAL EFFECTIVENESS SERIES

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# Negotiation

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# NEGOTIATION STRATEGIES AND SKILLS

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# Reaching Agreements

## Basic Negotiating Strategies and Skills

### Table of Contents

<b>Introduction.....</b>	<b>1</b>
Learning Objectives .....	2
The Four Negotiation Strategies .....	4
The Seven Essential Negotiation Skills .....	5
Describe a Negotiation Challenge .....	6
<b>Part One: The Four Negotiation Strategies.....</b>	<b>7</b>
<b>Strategy #1: Avoid.....</b>	<b>8</b>
When to Avoid.....	8
How to Avoid.....	9
Outcomes of Avoidance.....	9
<b>Strategy #2: Subordinate.....</b>	<b>10</b>
When to Subordinate.....	10
How to Subordinate .....	10
Outcomes of Subordination .....	10
<b>Strategy #3: Compete .....</b>	<b>11</b>
When to Compete .....	11
How to Compete (Hard Competition).....	11
How to Compete (Soft Competition).....	12
Attributes of Competitive Negotiation.....	12
Outcomes of Competitive Negotiation .....	13
<b>Strategy #4: Collaborate.....</b>	<b>14</b>
When to Collaborate .....	14
How to Collaborate .....	14
Focus on Interests .....	14
Identify BATNA and WATNA .....	16
Separate People from Problem.....	16
Invent Options for Mutual Gain.....	16
Rely on Objective Criteria .....	17
Outcomes of Collaborative Negotiation .....	17
<b>Chart: Comparing Negotiating Strategies.....</b>	<b>18</b>

<b>Part Two: The Seven Essential Negotiation Skills</b> .....	<b>20</b>
<b>Skill #1: Practice Strategic Flexibility</b> .....	<b>20</b>
The Basic Negotiation Process .....	20
Choosing a Negotiating Strategy .....	22
Strategies with Differing Substantive and Relational Outcomes.....	23
<b>Skill #2: Communicate Persuasively</b> .....	<b>25</b>
Clear and Accurate Statements: Poor Proverbs .....	27
Overcoming Communication Barriers .....	28
Active Listening Skills.....	30
Questioning Skills.....	33
Reframing Exercise.....	34
Tactics for Identifying Underlying Interests.....	35
Reading Non-Verbal Cues .....	36
Managing Body Language and Room Setting .....	38
<b>Skill #3: Combat Irrationality</b> .....	<b>39</b>
Irrational Tendencies: Escalation of Commitment, Anchors, Frames .....	39
Tversky’s Roulette Wheel; Dread Disease Experiment.....	40
Tactics for Combating Irrationality .....	41
<b>Skill #4: Prepare Comprehensively</b> .....	<b>42</b>
Answer These Questions.....	42
The Negotiation Preparation Instrument.....	43
<b>Skill #5: Look for Integrative Solutions</b> .....	<b>47</b>
Brainstorming Options.....	47
Tools for Evaluating Options.....	47
Lateral Thinking Exercises .....	48
<b>Skill #6: Stay Focused on Goals</b> .....	<b>50</b>
Bid Strategically.....	50
Negotiation Tactics A-Z .....	51
Tactics for Breaking Impasse.....	57
Addressing Power Imbalances.....	59
Balancing Power by Trading Currencies .....	61
Disempowering Tactics .....	62
Empowering Tactics .....	63
Assessing Settlement Options.....	64
Range of Outcomes to a Negotiation: What to Do When You Can’t Agree .....	65
International Negotiations.....	66
Strong and Weak Agreements .....	70
<b>Skill #7: Build Trust</b> .....	<b>71</b>
Traits of Trusted Negotiators .....	72
Lying and Negotiation .....	72
Signs of Deception.....	73
<b>Bibliography</b> .....	<b>78</b>
<b>“Loco Coconuts” Exercise</b> .....	<b>81</b>

## Introduction

Negotiation is a basic life skill. It takes place whenever two or more people confer together to resolve a dispute. Negotiations may be large, complex and formal, as in labor-management contract negotiations, or they may be small, simple and informal, as when we negotiate with a waiter over whether or not we may substitute for items on the menu. We all negotiate everyday:

- Deciding how to share limited resources such as money, space or time.
- Pricing goods and services.
- Arranging with family members about budgeting, chores, vacations and carpool responsibilities.
- Trying to influence someone or change her/his mind.

Most workplace conflicts are resolved through informal or formal negotiations between disputing parties. A negotiation assumes that at least two parties disagree about a matter, that a dispute needs to be resolved. What one party wants the other does not. The parties are seeking for a way to resolve the conflict in a way that avoids the risks of conflict (broken relationships, lost reputation, lost money) while enhancing the possibility that the benefits of conflict might accrue (resolution, strengthened relationships, organizational change or growth). Conflicts can exist at a number of levels (intrapersonal; interpersonal; intragroup; intergroup). Normally the content of intrapersonal conflict is the subject of psychological analysis. All other levels of conflict can be addressed through negotiation.

Negotiation is voluntary process, a strategy not compelled but pursued by choice. Disputants choose to negotiate because they believe that the possibilities for achieving a better situation are greater through negotiation than through other methods for resolving conflicts. At its best negotiation is a process in which both parties seek creative solutions that address mutual interests. They listen to each other's concerns and invent options for mutual gain. They expect a give and take and understanding that they will most likely need to modify their opening positions. While they may have to give up some of what they want, both parties understand that the purpose of the negotiation is to develop an integrative solution that achieves their goals, fulfills their interests and leaves things better than they had been.

**This introductory course trains participants in four basic negotiation strategies and seven essential skills necessary for effective negotiation.** Theoretically, no one loses in a negotiation. Why accept an agreement that makes you worse off than you were? In practice, however, many negotiations end with parties accepting agreements that are not in their best interests. The strategies and skills presented here are basic negotiating principles applicable for simple or complex disputes--principles that can help participants avoid judgment errors that lead to bad agreements, principles that can help participants develop agreements that meet both their substantive and relational objectives. Through stories, games, creative presentations, role plays and discussions, learners will become better negotiators by strengthening their knowledge and skills in the following areas:

1. *Participants develop understanding about and increase skill levels with four different strategic approaches to negotiation: (1) Avoidance, (2) Subordination, (3) Competition and (4) Collaboration.*

- Participants learn *when not to negotiate*, how to avoid negotiating in disputes in which the potential for a quality settlement is doubtful. They identify and employ tactics for avoiding unprofitable negotiations and predict the potential outcomes of avoidance strategies.
- Participants learn a *subordinative negotiation strategy*. They identify circumstances in which to use it, they learn how to employ subordinative tactics and predict outcomes that result from this strategy.
- Participants learn a *competitive negotiation strategy*. They identify circumstances in which to use it, they learn how to employ competitive tactics and predict outcomes that result from this strategy.
- Participants learn a *collaborative negotiation strategy*. They identify circumstances in which to use it, they learn how to employ collaborative tactics and predict outcomes that result from this strategy.

2. *Participants develop understanding about and increase skills in seven areas necessary for effective negotiating: (1) Strategic Flexibility; (2) Effective Communication; (3) Combating Irrationality; (4) Negotiation Preparation; (5) Openness to Integrative Solutions; (6) Focus on Objectives and (7) Building Trust.*

- Participants develop understanding about and competence in negotiating with *strategic flexibility*. Participants learn a basic negotiation process. They distinguish between substantive and relational outcomes and learn to adopt a negotiating strategy based upon the relative priority given to these respective considerations. They learn how to shift negotiating strategies in response to changing circumstances and opponent ploys.
- Participants develop *communication skills* necessary for effective negotiating. They learn to overcome communication barriers by practicing and developing active listening, reframing and effective questioning techniques. They increase skills in reading body language.
- Participants learn to *combat irrational tendencies* often present in negotiations. They learn how to identify and combat irrational anchors and frames and to avoid the irrational escalation of commitment. They learn how to determine their BATNA, reservation and target prices before the negotiation begins and how to uncover and use objective criteria to back up settlement proposals.

- Participants develop skills in *negotiation preparation*. They are introduced to a preparation instrument which helps them evaluate the players and issues involved in the dispute. They learn to determine their own and the other party's underlying interests. They identify potential options and integrative solutions and gather objective criteria relevant to any option or solution identified. They learn how to determine a BATNA for themselves and their opponent, to anticipate outcomes, to determine key points to make and to listen for and they learn to consider the relationship they would like to have with the opposite party when the negotiation is over.
- Participants learn to look for *integrative solutions* and to invent options for mutual gain. They develop option generation and brainstorming skills. They learn the importance of separating in a negotiation the process of inventing from the process of deciding
- Participants learn the importance of staying *focused on negotiating objectives* that fulfil their interests. They develop impasse-breaking skills. They learn to avoid making easy concessions, that what may seem insignificant to them may be of great value to their negotiating opponent.
- Participants learn the importance of *building trust*. They are introduced to techniques that trusted negotiators employ to maintain fairness and build quality relationships through negotiation.

This manual includes all course notes and charts used in presenting the four strategies and seven skills necessary for effective negotiation. It concludes with a bibliography of books and resources for further study.

## The Four Negotiation Strategies

### Negotiation Strategy #1: Avoid

Avoidance is a strategy used when one's alternatives are better than what can be achieved through a negotiated settlement. One party ignores or avoids the other party, retreats from the negotiation or opts for another dispute resolution process.

### Negotiation Strategy #2: Subordinate

Subordination is yield-to-win strategy in which one party *intentionally* goes along with the positions and interests of the other party because the party is more concerned with establishing a positive relationship than obtaining substantive outcomes. The strategy may be adopted regardless of issues of power (whether a party is of greater, equal or lesser power relative to the other party).

### Negotiation Strategy #3: Compete

Also called Distributive Negotiation or Positional Bargaining, the objective of the competitive strategy is to gain substantive outcomes for one's side even at the cost of relationships. Competitive strategies seek win-lose outcomes (i.e., the division of a fixed pie in favor of one's side). The negotiation takes the form of an exchange of offers and counter offers, often without offering much rationale or explanation for one's moves. Power is the key element in competitive negotiations; therefore, some competitive negotiators often adopt aggressive tactics to achieve their ends such as anger, bluffs, threats and misrepresentations.

### Negotiation Strategy #4: Collaborate

Collaboration is a joint-problem solving, win-win approach to negotiation. Also called Integrative Negotiation or Interest-based Bargaining, this strategy assumes a certain level of trust between parties and requires that they work together (co-labor) to resolve the difficulties that are being experienced. Negotiators using this strategy explore the underlying interests and motives behind the dispute that might yield more interesting and attractive solutions. This strategy involves identifying objective criteria to justify a demand or an offer. It tends to depersonalize the exchange, reduce pressure on individuals, create a basis for asking for more information and it allows parties to save face. Collaborative strategies are adopted when both the relationship and the substantive issues are important to the negotiators.



## **The Seven Essential Negotiation Skills**

### **Negotiation Skill #1: Practice Strategic Flexibility**

Effective negotiators know the basic negotiation process, but understand that from the beginning, every negotiation takes on a life of its own. They are able to begin a negotiation with an effective bargaining strategy chosen from a range of options. Then as the negotiation progresses they are able to adjust that strategy in response to the tactics of the other party. Flexible negotiators stay open to mutually beneficial proposals that can lead to integrative solutions.

### **Negotiation Skill #2: Communicate Persuasively**

Effective negotiators are great communicators. They are skilled in the techniques of active listening. They are able to reframe ideas in ways that are more acceptable to the other party. They clarify assumptions. They ask good questions. They read body language. They use persuasive language and visuals.

### **Negotiation Skill #3: Combat Irrationality**

Effective negotiators understand how the stresses inherent in negotiation can lead to irrational concessions and poor agreements. They understand the psychological tendencies that lead to errors and counter them through good preparation: by establishing a bottom line, a target price and by depending on objective criteria to support their positions.

### **Negotiation Skill #4: Prepare Comprehensively**

Effective negotiators understand that the most important part of the negotiation occurs before the meeting begins. They work to understand the players and issues involved in the dispute. They ascertain their and the other party's underlying interests. They identify potential options and integrative solutions and gather objective criteria relevant to any option or solution identified. They determine a BATNA for themselves and their opponent, anticipate outcomes, determine key points to make and to listen for and consider the relationship they would like to have with the opposite party when the negotiation is over.

### **Negotiation Skill #5: Look for Integrative Solutions**

Effective negotiators understand that it is in the interests of both parties to try to invent options for mutual gain. Either/or thinking is seductive, particularly when we are angry or don't trust the other side. The assumption that the pie is fixed, however, disempowers us, keeping us from discovering integrative solutions that expand the pie and give both sides more than they could have expected. Effective negotiators enter negotiations assuming that the pie is expandable. Throughout the negotiation they look for integrative solutions. They use their understanding of interests to guide their creativity and they separate the process of inventing from the process of deciding.

### **Negotiation Skill #6: Stay Focused on Goals**

Effective negotiators win concessions through energy, patience and perseverance. They never make concessions easily because they recognize that what may seem insignificant to them may be of great value to their opponent. Persistently keeping their objectives in focus, they achieve integrative solutions that meet their goals and fulfil their interests.

### **Negotiation Skill #7: Build Trust**

Effective negotiators zealously protect their personal credibility. They understand the importance of fairness. They build trust throughout the negotiation. They balance well the substantive and relational aspects of the process. They adhere to a personal code of ethics and if they make a promise or state a consequence, they back it up.

## Describe a Negotiation Challenge

- **Factual background (3-4 sentences):**
  
  
  
  
  
  
  
  
  
  
- **Issues (What questions need to be adequately resolved to sufficiently deal with the problem?):**
  
  
  
  
  
  
  
  
  
  
- **Parties (Who is involved in the negotiation or problem?):**
  
  
  
  
  
  
  
  
  
  
- **Goals (If the negotiation was successful, how would you describe the outcome?):**
  
  
  
  
  
  
  
  
  
  
- **Alternatives (If no agreement can be reached, what can you do on your own or by agreement with others?):**
  
  
  
  
  
  
  
  
  
  
- **Current approach to dealing with the situation:**
  
  
  
  
  
  
  
  
  
  
- **Dilemmas, puzzles or questions you face.**

## Part One

### The Four Negotiation Strategies

#### Negotiation Strategy #1: Avoid

Avoidance is a strategy used when one's alternatives are better than what can be achieved through a negotiated settlement. One party ignores or avoids the other party, retreats from the negotiation or opts for another dispute resolution process.

#### Negotiation Strategy #2: Subordinate

Subordination is yield-to-win strategy in which one party *intentionally* goes along with the positions and interests of the other party because the party is more concerned with establishing a positive relationship than obtaining substantive outcomes. The strategy may be adopted regardless of issues of power (whether a party is of greater, equal or lesser power relative to the other party).

#### Negotiation Strategy #3: Compete

Also called Distributive Negotiation or Positional Bargaining, the objective of the competitive strategy is to gain substantive outcomes for one's side even at the cost of relationships. Competitive strategies seek win-lose outcomes (i.e., the division of a fixed pie in favor of one's side). The negotiation takes the form of an exchange of offers and counter offers, often without offering much rationale or explanation for one's moves. Power is the key element in competitive negotiations; therefore, some competitive negotiators often adopt aggressive tactics to achieve their ends such as anger, bluffs, threats and misrepresentations.

#### Negotiation Strategy #4: Collaborate

Collaboration is a joint-problem solving, win-win approach to negotiation. Also called Integrative Negotiation or Interest-based Bargaining, this strategy assumes a certain level of trust between parties and requires that they work together (co-labor) to resolve the difficulties that are being experienced. Negotiators using this strategy explore the underlying interests and motives behind the dispute that might yield more interesting and attractive solutions. This strategy involves identifying objective criteria to justify a demand or an offer. It tends to depersonalize the exchange, reduce pressure on individuals, create a basis for asking for more information and it allows parties to save face. Collaborative strategies are adopted when both the relationship and the substantive issues are important to the negotiators.

**Four Negotiation Strategies: Avoid****Negotiation Strategy #1: Avoid**

Avoidance is a strategy used when one's alternatives are better than what can be achieved through a negotiated settlement. One party ignores or avoids the other party, retreats from the negotiation or opts for another dispute resolution process.

**When to Avoid:**

- When the benefits of negotiation fall below minimal aspirations.
- When the cost of working through a problem is greater than the value of having worked through it.
- When strong competition limits or prohibits your ability to share information.
- When individuals are particularly fragile or insecure. When you are in a position of power and want to give the other party an opportunity to save face.
- When you need time or space to cool down (“Going to the Balcony”) or when emotions are too high to make rational thinking possible.
- When there is a conflict on many fronts and you wish to avoid conflict on certain fronts.
- When the differences are trivial or the issues are of little importance.
- When parties are unwilling or unable to reconcile differences.
- When you do not care about the relationship or you feel that the relationship has no future.
- When you are powerless to affect change.
- When you feel that another dispute resolution strategy might better resolve the problem.
- When there has been a violation of law or personal rights or when a legal precedent is needed.
- When you are not knowledgeable on the subject.
- When the issue is resolvable through reference to established policy or procedures.
- When you need time to regroup, plan or get more information.

**Four Negotiation Strategies: Avoid (Continued)****How to Avoid:**

- Honestly refuse to negotiate: “This is not an issue I want to negotiate.”
- Procrastinate: “I’m too busy. Let’s get back to this later.”
- Say “Yes!” (and then don’t do it)
- Use support strategies: focus on the feelings of the other without addressing the problem
- Delegate the negotiation
- Apply regulations
- Submit your resignation
- Study the problem (but have no intention of doing anything about it)
- Choose another dispute resolution strategy: compel, mediate, arbitrate, go to court, protest, go to war.

**Outcomes of Avoidance**

- Unless another dispute resolution process is chosen, avoiding does not usually change anything.
- There may be an element of disrespect involved in this strategy: we do not respect the other party enough to believe that they are strong enough to stand up to and grow from a civil confrontation.
- Organizations and individuals that use this strategy may be chronically depressed and remain depressed. People use much of their energy restraining themselves.

## Four Negotiation Strategies: Subordinate

### Negotiation Strategy #2: Subordinate

Subordination is yield-to-win strategy in which one party *intentionally* goes along with the positions and interests of the other party because the party is more concerned with establishing a positive relationship than obtaining substantive outcomes. The strategy may be adopted regardless of issues of power (whether a party is of greater, equal or lesser power relative to the other party).

#### When to Subordinate:

- When you are more concerned with establishing a positive relationship than obtaining substantive outcomes.
- When there is a need to dampen hostilities.
- When there is a need to increase support of the other party.
- When you wish to foster relationships that are more independent.

#### How to Subordinate

- Seek to conduct negotiations on the other party's ground
- Elicit the other party's agenda items and subvert own items
- Make initial offers or demands on all other party-relevant items
- Make high offers or low demands
- Accept the other party's commitments to items; explain own commitments
- Delete, add, or yield to any other-party relevant item
- Acknowledge the other party's concessions; downplay own concessions
- Yield to the other party's relevant preferences by accepting low offers and making low demands

#### Outcomes of Subordination

- Relationships with the other party may be strengthened.
- Little initial substantive gain for the subordinating party, but possibilities for long-term gains may be strengthened.
- Negotiators who consistently use this strategy or who use it with the same party over time may feel used, manipulated, demeaned and angry, which may result in passive aggressive behavior or sabotage.

## Four Negotiation Strategies: Compete

### Negotiation Strategy #3: Compete

Also called Distributive Negotiation or Positional Bargaining, the objective of the competitive strategy is to gain substantive outcomes for one's side even at the cost of relationships. Competitive strategies seek win-lose outcomes (i.e., the division of a fixed pie in favor of one's side). The negotiation takes the form of an exchange of offers and counter offers, often without offering much rationale or explanation for one's moves. Power is the key element in competitive negotiations; therefore, some competitive negotiators often adopt aggressive tactics to achieve their ends such as anger, bluffs, threats and misrepresentations.

#### When to Compete:

- When substantive issues or positions are important but the relationship is not
- When you have little trust for the other party to begin with
- When collaboration has failed and other dispute resolution process are not appropriate
- When the level of fear and perceptual distortion is low
- When you have a power advantage or the level of power disparity between parties is not great
- When the prize is something divisible
- When both parties are willing to compete

#### How to Compete (Hard Competition):

- Seek to conduct negotiations on own home ground
- Demand discussion of one's own agenda items
- Limit discussions of other party's items
- Ignore or discount the other party's demands and requests
- Insist other party make initial offers or demands on all items
- Respond with very low offers or very high demands
- Commit to each item; exaggerate own position and discredit other party's position
- Demand that other party make concessions; back up with threats
- Delete, add, or yield only on low-interest items
- Magnify degree of own concessions; downplay other party's concessions
- Avoid qualifying words such as "I hope," "I wish," "Perhaps," "Wouldn't it be a good idea if . . ."

**Four Negotiation Strategies: Compete (Continued)****How to Compete (Soft Competition)**

- Start with the easy issues; getting some issues out of the way first can increase trust so that parties might be less defensive for issues that are more difficult.
- Start by stressing similarities of positions rather than differences.
- Stress the desirability of a negotiated agreement (better than going to court).
- Present positive points about the other's position before he or she does are more likely to be influential.
- Be ready to present both sides.
- Present your best points last.
- Don't rely on innuendo or unspecified implications to get your point across. Use facts and be clear in your argument.

**Attributes of Competitive Negotiation:**

- Hardball or softball approach with an opponent
- Parties move closer to one another until settlement (the art of backing off); goal is progress
- Focus on substantive issues involving limited resources: price, time, amount, stipulations, delivery, etc.
- Win-lose outcome
- Concessions are a sign of weakness
- Always on the offensive. The correct solution is MINE
- Reduced trust, limits on sharing information, bluffs, threats, misrepresentations



### Four Negotiation Strategies: Compete

#### Outcomes of Competitive Negotiation:

- Contracts, written agreements representing the substantive gains and losses for the parties
- Trust is often broken; relationships damaged
- Commitment to the decision is not quite as strong for “losing” party
- Solutions suffice, but do not fully satisfy
- Parties might have to be reminded of their agreements
- Parties may look for ways to revise agreements later
- Morale will be low for losing parties
- Losing parties may seek to make better deals with other parties or may seek independence through sabotage or revenge

## Four Negotiation Strategies: Collaborate

### Negotiation Strategy #4: Collaborate

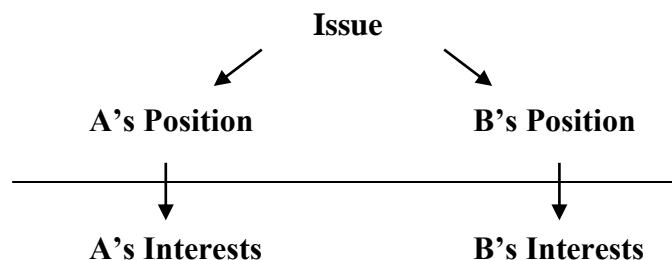
Collaboration is a joint-problem solving, win-win approach to negotiation. Also called Integrative Negotiation or Interest-based Bargaining, this strategy assumes a certain level of trust between parties and requires that they work together (co-labor) to resolve the difficulties that are being experienced. Negotiators using this strategy explore the underlying interests and motives behind the dispute that might yield more interesting and attractive solutions. This strategy involves identifying objective criteria to justify a demand or an offer. It tends to depersonalize the exchange, reduce pressure on individuals, create a basis for asking for more information and it allows parties to save face. Collaborative strategies are adopted when both the relationship and the substantive issues are important to the negotiators.

#### When to collaborate:

- When both the relationship and the substantive issues are important to the negotiators.
- When you and the others are willing to play by collaborative rules, to stick with the problem-solving process.
- When the stakes are high and the costs of not collaborating are high.
- When there is plenty of time.
- When there are expandable resources, where each party's interests can be addressed.
- When parties trust one another or are working toward common goals; collaboration is not possible in high conflict situations, where fear and distrust are high.
- When negotiators have good listening skills.

#### How to collaborate:

- **Focus on the interests that underlie positions.** Complementary interests become the foundation upon which to build the agreement.



## Four Negotiation Strategies: Collaborate (Continued)

### How to Collaborate (Continued)

- **Focus on the interests that underlie positions (Continued)**

*Definitions:*

- Issues: obvious and concrete concerns
- Positions: definable views as to how an issues should be resolved
- Interests: concerns or needs that underlie positions, which must be satisfied to complete the negotiation

*Powerful human interests:*

- Security
- Economic well-being
- A sense of belonging
- Recognition (the importance of title)
- Control over life
- Respect and dignity
- Fairness (process: one cares how dispute is resolved)
- Relationships
- Ethics

*Techniques to identify underlying interests:*

- **Ask “Why,” “Why Not,” “What If . . .” Questions.** “Why” questions directly inquire into the concerns or interests underlying positions. Another version of this question focuses on concerns: “What are your basic concerns in wanting xxxxx?” “Why not” questions uncover what stands in the way of a given party agreeing to a specific proposal. Before trying to change someone’s mind, try to find out where his or her mind is now. “What if . . .?” questions explore potential options that might address underlying interests.
- **Indirectly raise the possibility of multiple interests.** Often multiple interests stand behind a given position. After one interest has been identified, stay with the interest-identification process for a while before moving on to bargaining.
- **Reframe statements in terms of basic human needs.** Often the most powerful interests are basic human needs (security, economic well being, a sense of belonging, recognition and control over one’s life). When a negotiator, through the techniques of active listening, hears such needs expressed in the statements of the other party, he/she can reframe the statement with specific reference to the need or the feeling. “In this demand for a new house, I hear you saying that future security for you and the children is an important issue. Is that right?”
- **Use active listening skills.** Open-ended questions, open-focused questions, summary, restatement and reframing of the other party’s statements in a way that identifies their interests, followed by feedback questions can effectively uncover interests.

## Four Negotiation Strategies: Collaborate (Continued)

### How to Collaborate (Continued)

- **Build trust.** From the beginning, establishing a process that builds trust and encourages open communication of concerns and interests. To build trust:
  - Make and encourage consistent statements that do not contradict previous statements.
  - Be able to demonstrate how you will be able to follow through on your promises.
  - Discourage threatening behavior including unrealistic promises or expectations.
  - Make incremental agreements along the way (agree on issues, process, lunch menu, etc.).
  - Reality test.
- **Decrease Party Perceptual Barriers**
  - Identify perceptions held by the other party.
  - Assess whether the perceptions are correct or incorrect.
  - Assess whether the perceptions are hindering settlement.
  - Assist parties to revise their perceptions.
- **Identify BATNA and WATNA** (Best Alternative to a Negotiated Agreement; Worst Alternative to a Negotiated Agreement).
- **Cast the negotiation as a joint problem-solving exercise. Separate the people from the problem.** Disentangle emotions from the problem. “This is an interesting objective problem.” Not “yes, but”; rather “yes and.” How are we going to work together to solve our problem?
  - Seek to conduct negotiations on neutral ground
  - Elicit the other party's agenda items and assert own items
  - Incorporate both parties' agenda items in the negotiations
  - Consider other party's demands and requests
  - Alternate initial offers and demands on items with other party
  - Respond with moderate offers or moderate demands. Refuse to be drawn into personal attacks.
  - Refuse to let the relationship be held hostage to the dispute.
  - Indicate reasons for own commitment to item outcomes; probe the other party's reasons
  - Seek equitable exchange of concessions or “trade-offs” with the other party. Expand the pie. Focus on the goal of a settlement that beats both parties’ “Best Alternative to a Negotiated Agreement” (BATNA).
  - Delete, add, or yield items if mutual interests converge
  - Honestly assess own and other party's concessions
  - Seek equitable exchange of concessions from the other party
  - Seek mutually beneficial outcomes when conceding or accepting concessions on items
- **Invent options for mutual gain.**

## Four Negotiation Strategies: Collaborate (Continued)

### How to Collaborate (Continued)

- **Rely on objective criteria and fair procedures.**
  - Can we both agree that Jane the appraiser is fair?
  - Mediators are the insurers of a fair procedure.
  - What does the law or ethics say about the fairness of a proposed agreement?
  - What do other families, universities, institutions do in situations like this?

### Outcomes of Collaborative Negotiation

- **Can be more efficient.** When in competitive bargaining parties exaggerate concerns, take extreme positions and make concessions only slowly and reluctantly, the process often takes a great deal of time. Interest-based negotiation may allow parties to focus more quickly and avoid the posturing and gamesmanship that often accompanies positional bargaining.
- **Can produce better agreements.** When win-win agreements are reached, parties' interests are satisfied, parties have more incentive to follow through on the agreement. In a win-lose scenario, the loser's remorse may be an incentive to later rescind or sabotage the agreement.
- **Can foster better relationships into the future.** Positional bargaining can leave parties irritated and distrustful. In Interest-Based Bargaining, the dynamic of sharing and exploring ways to satisfy each parties' interests creates a more positive dynamic for future interaction.
- **Parties are empowered:** problem-solving abilities are usually strengthened, parties walk away with a sense of satisfaction and success: "We did it."

## Negotiation Strategies

Phases	Distributive/Competitive	Integrative/Collaborative	Subordinate
<b>Context and Agenda</b>	<ul style="list-style-type: none"> <li>• Seek to conduct negotiations on own home ground</li> <li>• Demand discussion of one's own agenda items</li> <li>• Limit discussions of other party's items</li> <li>• Ignore or discount the other party's demands and requests</li> </ul>	<ul style="list-style-type: none"> <li>• Seek to conduct negotiations on neutral ground</li> <li>• Elicit the other party's agenda items and assert own items</li> <li>• Incorporate both parties' items</li> <li>• Consider other party's demands and requests</li> </ul>	<ul style="list-style-type: none"> <li>• Seek to conduct negotiations on the other party's ground</li> <li>• Elicit the other party's agenda items and subvert own items</li> <li>• Concede to the other party's demands and requests</li> </ul>
<b>Demands and Offers</b>	<ul style="list-style-type: none"> <li>• Insist other party make initial offers or demands on all items</li> <li>• Respond with very low offers or very high demands</li> <li>• Commit to each item; exaggerate own position and discredit other party's</li> </ul>	<ul style="list-style-type: none"> <li>• Alternate initial offers and demands on items with other party</li> <li>• Respond with moderate offers or moderate demands</li> <li>• Indicate reasons for own commitment to item outcomes; probe the other party's reasons</li> </ul>	<ul style="list-style-type: none"> <li>• Make initial offers or demands on all other party-relevant items</li> <li>• Make high offers or low demands</li> <li>• Accept the other party's commitments to items; explain own commitments</li> </ul>
<b>Bargaining</b>	<ul style="list-style-type: none"> <li>• Demand that other party make concession; back up with threats</li> <li>• Delete, add, or yield only on low-interest items</li> <li>• Magnify degree of own concessions; downplay other party's concessions</li> </ul>	<ul style="list-style-type: none"> <li>• Seek equitable exchange of concessions with the other party</li> <li>• Delete, add, or yield items if mutual interests converge</li> <li>• Honestly assess own and other party's concessions</li> </ul>	<ul style="list-style-type: none"> <li>• Concede to the other party's demands</li> <li>• Delete, add, or yield to any other party-relevant item</li> <li>• Acknowledge the other party's concessions; downplay own concessions</li> </ul>
<b>Settlement</b>	<ul style="list-style-type: none"> <li>• Seek large concessions from the other party</li> <li>• Concede only minimally on high-interest items</li> <li>• Use concessions on low-interest items as bargaining chips</li> </ul>	<ul style="list-style-type: none"> <li>• Seek equitable exchange of concessions from the other party</li> <li>• Seek mutually beneficial outcomes when conceding or accepting concessions on items</li> </ul>	<ul style="list-style-type: none"> <li>• Yield to the other party's relevant preferences by accepting low offers and making low demands</li> </ul>

**NOTES:**

## **The Seven Essential Negotiation Skills**

### **Negotiation Skill #1: Practice Strategic Flexibility**

Effective negotiators know the basic negotiation process, but understand that from the beginning, every negotiation takes on a life of its own. They are able to begin a negotiation with an effective bargaining strategy chosen from a range of options. Then as the negotiation progresses they are able to adjust that strategy in response to the tactics of the other party. Flexible negotiators stay open to mutually beneficial proposals that can lead to integrative solutions.

### **Negotiation Skill #2: Communicate Persuasively**

Effective negotiators are great communicators. They are skilled in the techniques of active listening. They are able to reframe ideas in ways that are more acceptable to the other party. They clarify assumptions. They ask good questions. They read body language. They use persuasive language and visuals.

### **Negotiation Skill #3: Combat Irrationality**

Effective negotiators understand how the stresses inherent in negotiation can lead to irrational concessions and poor agreements. They understand the psychological tendencies that lead to errors and counter them through good preparation: by establishing a bottom line, a target price and by depending on objective criteria to support their positions.

### **Negotiation Skill #4: Prepare Comprehensively**

Effective negotiators understand that the most important part of the negotiation occurs before the meeting begins. They work to understand the players and issues involved in the dispute. They ascertain their and the other party's underlying interests. They identify potential options and integrative solutions and gather objective criteria relevant to any option or solution identified. They determine a BATNA for themselves and their opponent, anticipate outcomes, determine key points to make and to listen for and consider the relationship they would like to have with the opposite party when the negotiation is over.

### **Negotiation Skill #5: Look for Integrative Solutions**

Effective negotiators understand that it is in the interests of both parties to try to invent options for mutual gain. Either/or thinking is seductive, particularly when we are angry or don't trust the other side. The assumption that the pie is fixed, however, disempowers us, keeping us from discovering integrative solutions that expand the pie and give both sides more than they could have expected. Effective negotiators enter negotiations assuming that the pie is expandable. Throughout the negotiation they look for integrative solutions. They use their understanding of interests to guide their creativity and they separate the process of inventing from the process of deciding.

### **Negotiation Skill #6: Stay Focused on Goals**

Effective negotiators win concessions through energy, patience and perseverance. They never make concessions easily because they recognize that what may seem insignificant to them may be of great value to their opponent. Persistently keeping their objectives in focus, they achieve integrative solutions that meet their goals and fulfil their interests.

### **Negotiation Skill #7: Build Trust**

Effective negotiators zealously protect their personal credibility. They understand the importance of fairness. They build trust throughout the negotiation. They balance well the substantive and relational aspects of the process. They adhere to a personal code of ethics and if they make a promise or state a consequence they back it up.



## The Seven Skills Negotiation Skill #1

### Effective Negotiators Practice Strategic Flexibility

Effective negotiators know the basic negotiation process, but understand that from the beginning, every negotiation takes on a life of its own. They are able to begin a negotiation with an effective bargaining strategy chosen from a range of options. Then as the negotiation progresses they are able to adjust that strategy in response to the tactics of the other party. Flexible negotiators stay open to mutually beneficial proposals that can lead to integrative solutions.

### The Negotiation Process

#### Summary

- **Preparation and planning.** The preparation phase of the negotiation is the time when the negotiator determines the goals of the negotiation, ascertains her/his BATNA and WATNA, determines options for settlement or agreement, ascertains the other side's BATNA and WATNA, determines maximum and minimum negotiation positions, develops a strategy, determines what is non-negotiable, prepares written proposals, considers timing and logistics, develops a meeting agenda, hires experts, obtains through discovery all necessary information, decides what the first offer will be and makes the necessary travel arrangements, if necessary.
- **Opening the Meeting.** After preliminary niceties are exchanged, the parties enter an initial period of positioning and posturing. Both sides tell their stories, describe the strengths of their case and posture as to how committed they are to their opening positions. Strong early positions give credibility to the negotiator, allow time to assess the other side and to determine how to move early in the negotiation. During the opening the parties also determine the negotiation agenda. The parties seek agreement on what the issues are and on the order in which they will be addressed.
- **Argument and Persuasion.** This phase involves the analysis of one another's cases and the gathering of all relevant facts. There is an information exchange. Hopefully this occurs in a way that the parties can find some common ground on perceptions about the issues in dispute. During this time the parties question one another and invite each other to add more detail to the statements made in the opening. Then follows a period in which the negotiators may analyze the other's case from the perspective of strengths and weaknesses. This phase concludes with the first concessions, backed up a convincing rationale. The parties have now heard new information that helps them evaluate their case more clearly.
- **Emergence and Crisis.** Often negotiations reach this phase when there is some outside pressure to settle, such as a trial date or statute of limitations. During this phase, negotiators generate options that move them closer to a final settlement. Final demands can also a part of this phase. When a final demand is made the negotiation usually goes either to impasse or to settlement.

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**The Seven Skills: Practice Strategic Flexibility**

- **Agreement or Impasse.** If there is a preliminary agreement the negotiators must formalize it, working out the details and agreeing on a formal writing. It is normally best to resolve all the details of the agreement while the parties are present.
- **Ending the Session.** Just as a session begins with formalities and niceties, it is important to end it in the same way. Building rapport for future negotiations, sealing the deal with a handshake, thanking one another for participating in the process, all display mutual respect and strengthen on-going relationships.

The Seven Skills: Practice Strategic Flexibility

Choosing a Negotiating Strategy

		<b>Importance of Issue</b>	
		Yes	No
<b>Importance of Relationship</b>	Yes	<b>Collaborate</b> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 10px auto;">                     Both Outcomes Important                 </div>	<b>Subordinate</b> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 10px auto;">                     Priority on Relationship Outcomes                 </div>
	No	<b>Compete</b> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 10px auto;">                     Priority on Substantive Outcomes                 </div>	<b>Avoid</b> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 10px auto;">                     Neither Outcome Important                 </div>

## The Seven Skills: Practice Strategic Flexibility

Manager's Priorities		Strategy	Other's Priorities		Strategy	Situation
Substantive Outcome Important	Relational Outcome Important		Substantive Outcome Important	Relational Outcome Important		
Yes	Yes	C1	Yes	Yes	C1	1
Yes	Yes	C1	Yes	No	C2, P2	2
Yes	Yes	C1	No	Yes	C1	3
Yes	Yes	C1	No	No	S2	4
Yes	No	P1	Yes	Yes	C2, P2	5
Yes	No	P1	Yes	No	P1, C2	6
Yes	No	P1	No	Yes	P2, C1	7
Yes	No	P1	No	No	C2,P2	8
No	Yes	S1	Yes	Yes	C1	9
No	Yes	S1	Yes	No	S1	10
No	Yes	S1	No	Yes	C1	11
No	Yes	S1	No	No	S1	12
No	No	A1	Yes	Yes	C2, P2	13
No	No	A1	Yes	No	A3, P1	14
No	No	A1	No	Yes	A2	15
No	No	A1	No	No	A1	16

## Strategies:

- **C1: Trusting Collaboration (Openness on part of both parties)**
- **C2: Principled Collaboration (Negotiation based on agreed upon principles)**
- **P1: Firm Competition (Exert power to gain substantive outcomes)**
- **P2: Soft Competition (Exert power but avoid aggressive tactics)**
- **S1: Open Subordination (Yield-to-win to gain relational outcomes for self)**
- **S2: Focused Subordination (Gain some substantive outcomes for self)**
- **A1: Active Avoidance (Refuse to negotiate)**
- **A2: Passive Avoidance (Delegate negotiation)**
- **A3: Responsive Avoidance (Apply regulation, policy, procedures)**

See: Savage, Blair, and Sorenson, "Consider Both Relationship and Substance When Negotiating Strategically," in Academy of Management Executive (Feb., 1989: 37-47).

**The Seven Skills: Practice Strategic Flexibility**

**Practice:**

**Apply the strategic flexibility chart to your negotiating problem:**

## The Seven Skills Negotiation Skill #2

### Effective Negotiators Communicate Persuasively

Effective negotiators are great communicators. They are skilled in the techniques of active listening. They are able to reframe ideas in ways that are more acceptable to the other party. They clarify assumptions. They ask good questions. They read body language. They use persuasive language and visuals.

#### Effective Negotiators . . .

- **Are clear and accurate in their statements.** Negotiators who are good communicators are clear and accurate in their statements. Clear communication means that when you speak, write, or otherwise communicate, your listener understands your intended message. Clear communication is listener-focused, presented in a way (language, order, level) that the listener can understand. Clear communication leads the listener from point A to point B. Clear communication requires that the speaker be explicit about her/his purpose and goals. Clear communication involves avoiding jargon, using visual aids, using short sentences and short words and having a beginning, middle and end to the overall message. When negotiators are unclear, other parties may feel insecure and begin responding by obfuscation or by a lack of specificity about what they want. Both responses are roadblocks to reaching settlement.
- **Listen actively.** Active listening is fundamental to resolving every dispute. It involves providing some form of feedback to a speaker that informs her/him that the message sent has been received. Feedback may simply consist of a nod of the head or a two-word acknowledgment, "I see," that lets the speaker know that their message has been heard. At higher levels of active listening (interactive listening), the amount of information that goes back to the sender is increased. Techniques may include brief restatements or parroting, summations, reflecting, reframing and paraphrasing. Asking follow-up questions is an extension of this process. Active listening is important for negotiators because people in conflict are interested in being heard. Moreover, to enter competently a dispute resolution process, the manager needs accurate information about the matter in dispute. Good listening skills encourage disputing parties to provide additional information.
- **Ask quality questions.** Effective questioning is a communication skill necessary for negotiators to gather information from the other party and to help them identify the interests that underlie their positions. Good questions clarify confusing factors or issues. A negotiator can search for broad areas of mutual agreement through open-ended questions that enable the other party to talk. Focused-questions, either-or/yes-no questions can narrow the focus on specific issues. Effective negotiators plan their questions. They ask with a purpose, tailor their questions to their listeners, follow general questions with more specific ones, keep their questions short and clear, cover only one subject at a time and give their listeners time to answer.

**The Seven Skills: Communicate Persuasively**

- **Read non-verbal cues.** Good negotiators pay attention to the non-verbal cues coming from the other party. These involve proxemics (the spatial relationships between the parties); kinesics (the body language inherent in physical movement) and paralinguistics (the vocal portion of the message other than words—pitch, tone, pace, volume). By observing such non-verbal cues a negotiator can gain a clearer understanding of the parties, of what issues are more or less important to them, of what issues cause stress, of when they are losing interest, need a break or are turning off to their arguments. Effective negotiators are also aware of their own body language, of how to use it to emphasize their points and how to avoid signals that unintentionally communicate disinterest or judgment about the other party's comments or positions.

**The Seven Skills: Communicate Persuasively**

**Effective Negotiators Are Clear and Accurate in Their Statements**

*Translate these poorly expressed proverbs:*

- An ignoramus and his/her lucre are readily disjoined.
- In the absence of the feline race, certain small rodents will give themselves up to various pleasurable pastimes.
- A plethora of culinary specialists vitiate the liquid in which a variety of nutritional substances have been simmered.
- Impetuous celerity engenders purposeless spoilage.
- Illegal transgression has no remuneration for its perpetrators.
- A winged and feathered animal in the digital limb is as valuable as a duet in the shrubbery.
- The warm blooded class avis who is governed by preemptitude can apprehend the small elongated and slender creeping animal.
- Provide the privilege of enfranchisement or I will feel that life is not worth living.
- A condition characterized by tardiness is more desirable than one that is systematically marked by eternal absenteeism.



## The Seven Skills: Communicate Persuasively

### Overcoming Communication Barriers

#### Effective Negotiators:

##### 1. Send clear messages:

- Poorly chosen words and phrases
- Careless omissions
- Incoherence
- Awkward sentence structure

##### 2. Pay attention:

- Speed of average human speech may vary from 150 to 175 words per minute.
- Meaning is assimilated at a rate of about 500 words per minutes.
- Listening Gap—responding, daydreaming, rebutting, boredom.

##### 3. Uncover hidden assumptions:

Exercise. Terms taken from employee reviews: individually assign a percentage value to these terms. In a group assign a percentage value.

- always
- almost always
- nearly always
- often
- never
- sometimes
- occasionally
- rarely
- usually
- most of the time
- seldom
- a lot
- quite often
- regularly
- frequently

Terms like these can hide differences in assumptions. Negotiators need to monitor for these words and clarify their meanings.

**The Seven Skills: Communicate Persuasively**

**4. Choose words wisely**

- Vocabulary: most words have more than one meaning; 14,000 different meanings for the 500 most commonly used words
- Ambiguity
- Jargon
- Rambling

**5. Are aware that psychological and emotional factors may inhibit communication:**

- Emotionality
- Gender assumptions
- Mood
- Fear: often messages must be decoded for their intended meaning because we soften tone of message to avoid confrontation or to be polite.

**6. Are aware that structural barriers can inhibit communication:**

- Physical distance
- Time or timing
- Room set-up
- Method: written/oral

**7. Are aware that situational barriers can inhibit communication:**

- Noise
- Discomfort: too hot/too cold
- Intrusions

## The Seven Skills: Communicate Persuasively

### Effective Negotiators Listen Actively

#### The Purposes of Active Listening

- To demonstrate to the speaker that her/his message has been heard
- To demonstrate that listener understands
- To legitimize the speaker. “I understand that you are feeling xxxx and it’s O.K.”
- To encourage the speaker to share more
- To build trust and empathy with the speaker

#### The Method

- Minimize distractions; face speaker, use eye contact, model effective communication
- Build Rapport
- Analyze what is being said: “What has this person told me? Is there anything vague or confusing about the message?”
- Separate relevant from irrelevant
- Test understanding of what has been said: seek clarification, “It sounds like you are feeling XXXXX about ZZZZZ”
- Consider the implication of what has been said
- Anticipate, but do not prejudge the speaker
- Watch body language
- Seek feedback
- Demonstrate listener etiquette:
  - Don’t monopolize the conversation
  - Don’t change the subject prematurely
  - Be careful about stepping on another person’s sentences
  - Check temper: outbursts are rarely useful
  - Silence is powerful
  - Ask good questions
  - Allow the other party a method to save face

## The Seven Skills: Communicate Persuasively

### The Tools of Active Listening

- **Summarizing.**

- Pull together important facts and issues to establish a common ground
- Examples:

“It sounds like the three main issues you are concerned with are . . .”

“Let’s see if I have this straight; you experienced \_\_\_\_\_ and feel \_\_\_\_\_.”

“ It looks like you’ve both gotten a lot of new information on this issue.”

“ You’ve decided that \_\_\_\_\_ and \_\_\_\_\_ are not huge problem areas, so let’s move on to \_\_\_\_\_.”

- **Clarifying.**

- Statements and questions are used to get more information from participants.
- Examples:

“I’d like more information about what happened after the incident.”

“John, how do you respond to Jane’s statement that you . . .?”

- **The use of closed and open questions.**

Use closed questions (“yes” or “no” answer) to confirm a summarization or a specific point of fact.

Use open questions (“how,” “what,” or “why”) to get more information and invite longer answers.

### The Seven Skills: Communicate Persuasively

- **Reframing.**

- Redefine or reconceptualize a situation to check on the intended message(s) of the speaker(s). The manager puts an idea into easy-to-understand language.

- Examples:

Identify commonalities: “I see you are both interested in security.”

Increase or decrease the level of emotion: “It looks like you have some extremely strong feelings about dishonesty.”

Bring out interests: “I recognize that you want to make money and secure your reputation.”

- **Reflecting.**

- Summarize feelings that underlie the content of a person’s position or statement.

- Examples:

“It sounds like you are frustrated with your son’s behavior.”

“You seem to be feeling miserable because . . .”

“It sounds like you are puzzled by . . .”

- **Acknowledging.**

- The manager validates or commends the parties by affirming their efforts or confirming that what was said was heard.

- Examples:

“Thank you for participating in the mediation process.”

“This is hard work . . . you’re doing great.”

## The Seven Skills: Communicate Persuasively

### Effective Negotiators Ask Good Questions

**Open-Ended Questions:** Allow for the broadest possible answer. The question may be completely unfocused (“What do you think about . . .?”) or focused on a more specific topic.

- “Tell me more about . . .”
- “Could you explain . . .?”
- “How did you feel when . . .?”
- “What happened . . .?”
- “Is there anything else that you feel is pertinent to . . .?”

**Open-Focused Questions.** A request for information similar to general open questions, but more directive.

- “Between the time when the cast was put on and it was taken off, did anything else related to this situation happen?”
- “How did you feel when you first learned that . . .?”
- “Why do you want to continue a business relationship with X?”

**Requests for Clarification.** More focused than open questions.

- “Could you explain to me how your product is not similar to product A?”
- “Help me understand why the lawnmower is not worth \$100?”
- “What specifically about your health is your major concern?”

**Leading Questions.** Questions that suggest the answer, often in one or two words.

- “You’ve had back trouble in the past, haven’t you?”
- “What type of traumatic experience has the accident caused your family?”

**Either/Or, Yes-No Questions.** Closed-ended questions that ask for very short, specific answers.

- “When you left the house was it one or two o’clock?”
- “Were the headlights too bright or too dim?”
- “Tell me, yes or no, do you want to be friends with Karen?”

**Why/Why Not Questions.** Useful in uncovering a party’s underlying interests.

**Compound Questions.** Avoid questions that consist of more than one request for information.

- “What type of party was it, social, professional, or was it just people from the neighborhood, and how did everyone know each other?”

**The Seven Skills: Communicate Persuasively**

**Reframing Exercise**

**Write a response to the following statements that would elicit helpful information:**

- They're just jealous, that's the problem.
- That whole bunch is an irresponsible lot.
- She's the most uncooperative employee I've ever had.
- People around here are cold and unfriendly.
- Everyone in the office has trouble with him.
- That's just the way men are.

**Use reframing techniques to write a response to the following:**

- If he'd just start acting responsibly, I would help him with his report.
- It is absolutely untrue that we're trying to create a fuss and make trouble for you.
- I'm trying to do my best, but how can I get all this work done when three different people are telling me what to do?
- This whole situation has been a royal pain from start to finish.
- I hate this kind of bickering. If you'd just act reasonably we could solve this mess.
- If you had done what I'd asked six months ago, this never would have happened.

## The Seven Skills: Communicate Persuasively

### Questions Negotiators Use to Identify Underlying Interests

- **Ask “Why” questions.** Through “why” questions, questions that directly inquire into the concerns or interests underlying positions, a negotiator can help opposing parties develop understanding. Another version of this question focuses directly on concerns: “What are your basic concerns in wanting . . .?”
- **Ask “Why not” questions.** A negotiator can help parties uncover interests by asking questions that uncover what stands in the way of a given party agreeing to a specific proposal. Before trying to change someone’s mind, try to find out where one’s mind is now.
- **Indirectly raise the possibility of multiple interests.** Often multiple interests stand behind a given position. After one interest has been identified a negotiator can help parties stay with the interest-identification process before moving on to bargaining.
- **Reframe statements in terms of basic human needs.** Often the most powerful interests are basic human needs (security, economic well being, a sense of belonging, recognition and control over one’s life). When a negotiator, through the techniques of active listening, hears such needs expressed in the statements of either party, he/she can reframe the statement with specific reference to the need or the feeling. “In this demand for a more difficult assignment, I hear you saying that improving your reputation with the company is an important issue. Is that right?”
- **Build trust.** By establishing a process that builds trust (expertise, confidentiality, neutrality, rapport, legitimization of both parties), the negotiator encourages open communication of concerns and interests.



## The Seven Skills: Communicate Persuasively

### Effective Negotiators Read Non-Verbal Cues

“Bursting with pride.” “Filled with joy.” “Petrified, frozen, paralyzed, scared stiff.” “Trembling with rage.” “Ready to explode.” “Biting his lip.”

#### Warnings:

- Not all non-verbal expressions have universal meanings.
- Body language must be evaluated against the particular situation as well as the individuals social and cultural background.
- Decoding body language is a learned activity—needs practice.

#### Signals:

- **Yawning/cupping chin in hand**
  - **Meaning:** person is tired or bored; meeting is going on too long without participation.
  - **Response:** invite people to participate; keep meetings on course; direct questions to particular individuals.
- **Scowling**
  - **Meaning:** annoyed, disagree, confused, don't understand; don't share opinion.
  - **Response:** clarify message; acknowledge disagreement
- **Continued straight gaze/no head movement**
  - **Meaning:** don't like what's being said; lack of cooperation
  - **Response:** “What suggestions do you have to address the problem?”
- **Hand on back of neck**
  - **Meaning:** Disagreement; annoyed
  - **Response:** Allow for expression of views

**The Seven Skills: Communicate Persuasively**

- **Drumming fingers/Tapping foot**
  - **Meaning:** hidden anger; impatience; boredom; sensing irrelevance
  - **Response:** Keep comments concise and to the point
- **Looks over glasses/Narrows eyes**
  - **Meaning:** Disapproval; dislike; expectation of challenge
  - **Response:** Give reasons
- **Removes Glasses**
  - **Meaning:** Made decision; it's over; heard all I need to know
  - **Response:** Ask for conclusion; summarize; keep comments brief
- **Shifting in chair/Avoiding eye contact**
  - **Meaning:** I disagree with you.
  - **Response:** Encourage verbal participation
- **Touching nose/Blinking**
  - **Meaning:** Lying, exaggeration, defensiveness
- **Leaning forward**
  - **Meaning:** positive; focusing; paying attention
- **Leaning back**
  - **Meaning:** thinking about it; considering it
  - **Response:** allow some silence
- **Steepling fingers/Clasping hands behind back or head**
  - **Meaning:** confident
- **Stroking chin**
  - **Meaning:** great interest and concentration
- **Tilting head**
  - **Meaning:** showing interest; paying attention

**The Seven Skills: Communicate Persuasively**

**Managing Body Language and Room Setting**

- Demonstrate open, attentive, supportive body language
- Check for body language that shows boredom, dissatisfaction, or frustration
- Choose an appropriately shaped table (round symbolizes agreement)
- Seat participants in a way that encourages direct dialogue
- Arrange for a room of appropriate size
- Provide a space for caucus
- Locate meeting in a neutral place

**Practice:**

**Consider your negotiation challenge and write two questions that might help you identify the other party's underlying interests.**

1.

2.

## The Seven Skills Negotiation Skill #3

### Effective Negotiators Combat Irrationality

Effective negotiators understand how the stresses inherent in negotiation can lead to irrational concessions and poor agreements. They understand the psychological tendencies that lead to errors and counter them through good preparation: by establishing a bottom line, a target price and by depending on objective criteria to support their positions.

- **Effective Negotiators Combat Irrational Tendencies . . .**
- **Under- or Overconfidence.** When we undervalue our assets, what we have to bargain with we can make concessions without getting an adequate return. When negotiators overconfidently know in advance the likely outcome of a negotiation, they are often not receptive to new information or creative alternatives that could produce better solutions.
- **The Irrational Escalation of Commitment.** Often when much effort, time and money have been invested in a negotiation, we feel the pressure to make things work if agreements have not been reached. This leads us to escalate our commitment until we accept a deal that actually makes us worse. Sometimes a situation is hopeless. Negotiators are better off admitting failure and walking away.
- **Overcompetitiveness.** We all like to win. Sometimes our competitiveness can focus our efforts on distributive strategies (win-lose), when integrative solutions that can better both sides are readily available. Thinking only that negotiation is about dividing a fixed pie can lead us to miss important opportunities. Trade-off and compatibilities exist in most negotiations. Negotiators who keep open to integrative possibilities usually find them.
- **Anchors.** Anchors are base figures from which negotiators add or subtract value to judge offers. An anchor may be set by objective criteria (previous transaction price, industry standard or benchmark) or it may be drawn from thin air. Because we look for signposts and guides, we may be predisposed to focus on an anchor even when it has little applicability to our current situation. See Tversky's Roulette Wheel Experiment below.
- **Frames.** People react differently to identical proposals when the perspective or framing changes. Negotiators often influence their opponents by changing frames: refocusing on opportunities rather than risks, profit potential rather than purchase price. Negotiators need to understand both their own frames and those of the other party to achieve an optimal agreement. A good frame can mask a potentially disastrous outcome or it can answer an objection that stalling negotiations. See Tversky's Dread Disease Experiment below.

See: Margaret Neale, The Stanford Guide to Negotiating (Kantola Productions, Mill Valley, CA, 1997).

## The Seven Skills: Combat Irrationality

### Tversky's Roulette Wheel

Stanford Professor Amos Tversky and Princeton Professor Daniel Kahneman devised an experiment that demonstrated the power of irrational anchors in negotiation. They asked two groups of students to estimate whether the percentage of African Nations in the United Nations was higher or lower than the percentage that came up on the random spin of a roulette wheel. They spun the wheel and asked each group if the percentage was higher or lower.

For group one, the wheel came up 10. Most students estimated that the actual percentage was higher.

For group two, the wheel came up 65. Most students estimated that the actual percentage was lower.

In the second half of the experiment, they asked each student in each group to estimate the actual percentage of African nations in the United Nations. The average estimate for the first group was 24%. The average estimate for the second group was 45%. The students had anchored on the numbers that came up on their spins of the roulette wheel, even though the spins were random.

### Tversky's Dread Disease

In another experiment, Tversky and Kahneman conducted an experiment on framing. Two groups were presented with the following problem:

The U.S. is preparing for an outbreak of a dreaded Asian disease that is expected to kill 600 people. Two alternatives are being considered. Which do you favor?

Group One was given the following options:

1. If program A is adopted, 200 people will be saved.
2. If program B is adopted, there is a 1/3 probability that all will be saved and a 2/3 probability that none will be saved.

Group Two was given the following options:

1. If program A is adopted, 400 will die.
2. If program B is adopted, there is a 1/3 probability that no one will die and a 2/3 probability that all will die

The choices offered Groups One and Two are identical in outcome. Yet 76% of those in Group One chose option 1, while only 12% of those in Group Two did. The difference was in how the options were framed. Most of those in Group One preferred a sure opportunity to save lives, while those in Group Two saw Option 2 as an opportunity to prevent dying.

## The Seven Skills: Combat Irrationality

### Combat Irrationality by . . .

- **Determining your BATNA (Best Alternative to a Negotiated Agreement).** What are your alternatives if you fail to reach an agreement? What can you do on your own or what can you achieve given your other resources and relationships? Your BATNA is your absolute bottom line. If an agreement does not beat your BATNA, walk away. Never accept an agreement that worse than your best alternative.
- **Determining your Reservation Price.** Linked to your BATNA, this is the value below which you would rather accept impasse and settle for your BATNA. Your reservation price differs from your BATNA because your goal is not just to get any deal, it's to get a better deal, the best deal you can get. Good negotiators walk away from marginal deals to achieve superior ones.
- **Determining your Target.** Your target is the value you would like to have; it's your dream agreement. With a target your focus shifts from getting just enough to getting what you really want. Your target helps you establish your frames and anchors and motivates you to keep negotiating even after you have surpassed your reservation price. Effective negotiators express dissatisfaction with offers that do not meet their target price and they require that concessions be made when they are forced to go below it.
- **Being prepared and understanding the Power of Knowledge.** Effective negotiators understand the power of knowledge. They enter a negotiation with both subject matter and process expertise. Their experience prepares them to control their emotions and to counter with precision the ploys of the opposite party. Effective negotiators never make concessions because they need to be liked nor do they take pleasure in hurting the other side. They sense before the negotiation begins how it will go and carry with them into every negotiation a reasonable assessment of their strengths and weakness. The next section focuses on the importance of preparation. Whatever a negotiator can learn about the other party's BATNA, interests, positions, strengths and weaknesses increases her/his bargaining power. Effective negotiators use objective criteria to support their proposals and they require it from their counterparts. Many bad deals have been made because the rhetoric or personality of one party swayed the other. Rely on objective criteria.

**The Seven Skills**  
**Negotiation Skill #4****Effective Negotiators**  
**Prepare Comprehensively**

Effective negotiators understand that the most important part of the negotiation occurs before the meeting begins. They work to understand the players and issues involved in the dispute. They ascertain their and the other party's underlying interests. They identify potential options and integrative solutions and gather objective criteria relevant to any option or solution identified. They determine a BATNA for themselves and their opponent, anticipate outcomes, determine key points to make and to listen for and consider the relationship they would like to have with the opposite party when the negotiation is over.

**Before the negotiation begins, effective negotiators get answers to these questions . . .**

- Who are the players?
- What are the issues?
- What are my interests?
- What are their underlying interests?
- What are some potential options for each issue?
- What are the objective standards relevant to any issue or option identified?
- What's my BATNA? What are my options for improving my BATNA?
- What's their BATNA? What are some ways I could worsen their BATNA?
- What outcomes do I anticipate?
  - Options generated?
  - Perspectives expressed?
  - Tentative framework?
  - Final agreement?
- Key points to listen for? Key points to make? Questions to ask? Information to disclose or to hide?
- What relationships to I desire with the opposite side when the negotiation is over?

The Seven Skills: Prepare Comprehensively

# Negotiation Preparation Instrument

## PLAYERS AND ISSUES

## UNDERLYING INTERESTS

**The Players:**  
(List the parties involved in the negotiation)

**Your interests:**

**Their interests:**

**The Issues:**  
(List the subjects to be addressed)

**Others' interests:**

1.

2.

3.



**GENERATE OPTIONS**

**OBJECTIVE STANDARDS**

---

(Generate and rank possible options for each issue)

(Identify objective standards relevant to any issues or options you have identified)

**Issue #1:**

**Issue #2:**

**Issue #3**

**DEFINE ALTERNATIVES**

**ANTICIPATE OUTCOMES**

**Your alternatives (What is your BATNA?):**

**What do you expect to achieve through the negotiation?**

- **Perspectives expressed**
- **Options generated**
- **Joint recommendations**
- **Tentative, framework agreement**
- **Final, signed agreement**

**Ways to improve your alternatives:**

**At the end of the meeting:**

**Their Alternatives  
(What is your estimate of their BATNA?):**

**At the end of the negotiation:  
(Elements of the agreement)**

- 1.
- 2.
- 3.
- 4.
- 5.

**Ways to worsen their alternatives:**

**DIALOGUE**

**RELATIONSHIP**

---

	<b>Present</b>	<b>Desired</b>
<b>Key points to listen for:</b>		
<b>Key points to make:</b>		
<b>Open-ended questions to ask:</b>		
<b>Information to disclose or to hide:</b>	<b>What specific steps might you take to better the relationship?</b>	

## The Seven Skills Negotiation Skill #5

### Effective Negotiators Look for Integrative Solutions

Effective negotiators understand that it is in the interests of both parties to try to invent options for mutual gain. Either/or thinking is seductive, particularly when we are angry or do not trust the other side. The assumption that the pie is fixed, however, disempowers us, keeping us from discovering integrative solutions that expand the pie and give both sides more than they could have expected. Effective negotiators enter negotiations assuming that the pie is expandable. Throughout the negotiation, they look for integrative solutions. They use their understanding of interests to guide their creativity and they separate the process of inventing from the process of deciding.

#### Effective Negotiators Brainstorm Options . . .

- Generate options for only one issue at a time
- Let interests guide creativity
- Separate the process of inventing from the process of deciding
- Be impersonal when identifying ideas
- Start with an easy issue
- When parties reject an idea, ask for a substitute

#### Tools for Evaluating Options . . .

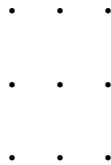
- **Plus/Minus Chart.** Create a chart divided down the middle. On one side list the advantages of a given option, on the other side list the disadvantages.
- **Helping/Hindering Forces Chart.** Similar to Plus/Minus Chart but focus on factors or influences that might help or hinder the implementation of a given option. Explore ways to weaken hindering forces and to strengthen helping forces.
- **Anticipated Impact Chart.** For each option, list possible impact on each person involved including feelings about self/others, money and time.
- **List Criteria for Solution.** Before discussing the merits of options, create a list of criteria for evaluating them.

The Seven Skills: Look for Integrative Solutions

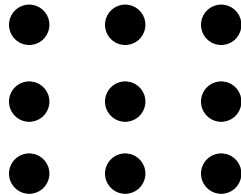
Lateral Thinking Exercises

Work individually or work in groups . . .

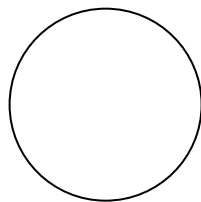
Without lifting your pencil or retracing any line, connect the all the dots using only four straight lines:



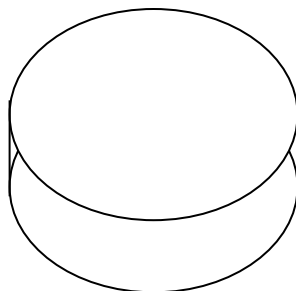
Without lifting your pencil or retracing any line, connect all the dots using only three straight lines:



With four straight lines, divide the circle into as many pieces as possible:



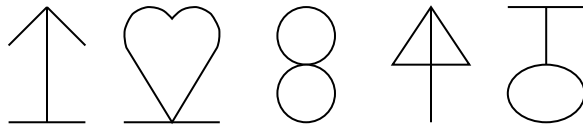
With four straight cuts, divide the cake into as many pieces as possible:



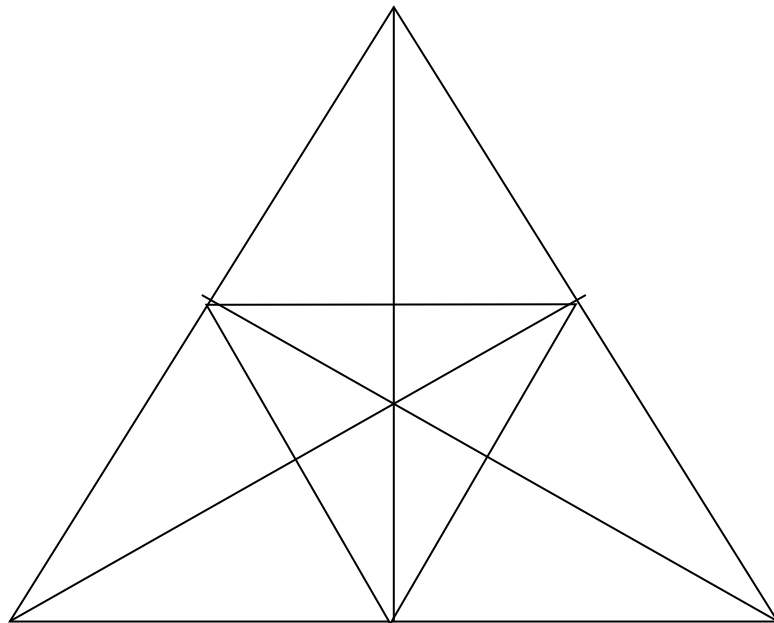
**The Seven Skills: Look for Integrative Solutions**

**Lateral Thinking Exercises**

**What is the next symbol in this sequence?**



**Count the Triangles portrayed in this diagram:**



**What if . . .**

**In groups, think of a recent situation in which you have experienced Murphy’s Law. Each group comes up with one real world problem (e.g. the P.A. didn’t work; the handouts didn’t arrive on time, etc.)**

Group One poses problem and tosses nerf ball to another group who offers three possible solutions. They then pose their problem and toss the ball to another group.

## The Seven Skills Negotiation Skill #6

### Effective Negotiators Stay Focused on Goals

Effective negotiators win concessions through energy, patience and perseverance. They never make concessions easily because they recognize that what may seem insignificant to them may be of great value to their opponent. They are skilled in techniques that break impasse. Persistently keeping their objectives in focus, they achieve integrative solutions that meet their goals and fulfil their interests.

#### Effective negotiators . . .

##### Bid Strategically

**First Offers.** The advantage of letting the other party make the first offer is that they may make a mistake and offer something better than what you expected to achieve. The disadvantage is that you allow the other party to set an anchor, which may significantly affect the outcome. Information here is key: an offer close to the other party's BATNA encourages further bargaining. An offer at or below the other party's BATNA can end the negotiation. If you make the first offer, make it ambitious, and make it discussible and if possible be ready to back it up with objective criteria.

**Flinches.** A shocked reaction to an offer creates doubt that an agreement can be reached and may keep an anchor from taking hold. The other party may make immediate concession and not bring up the original offer again.

**Speed.** The speed at which offers are given is often perceived as a signal. The faster you respond the more eager you seem and more it will appear that you are willing to make further concessions.

**Small incremental concessions** are prudent and ensure that you do not jump below what the other party expects.

**Do not give things away.** Effective negotiators recognize that what may seem insignificant to them may be of great value to their opponent.

**The Negotiation Range.** The range formed by the first offer and the first counteroffer forms the bounds of the negotiating range. Many negotiations end with an agreement somewhere near the middle of the negotiation range. Control the range and you can likely control the outcome.

**Ultimatums** can get the other side to give in, but more often end the negotiation. Avoid using them unless you are willing to carry through with them. Say good-bye pleasantly. You never know what might happen next week.

Seven Skills: Stay Focused on Goals

**Negotiation Tactics A-Z**

**Active Listening Skills:** Use of tools of effective listening: Summarizing, clarification, effective questions, reframing, reflecting, acknowledging.

**Add-on.** A plausible extra added to the quoted terms of a transaction to increase value for the suggesting party.

Counter: Determine exactly what you are buying before committing to price.

**Adjournments:** One party proposes the termination of the current negotiation session.

Counter: Indicate that you will have time to shop other offers.

**Ambiguity:** An intentional or unintentional difference in interpretation.

Counter: Use “face-saving”: “I can see how you might have misunderstood. This is what I meant . . .”

**Apples and Oranges:** One party substitutes a different offer which may not be comparable to the first.

Counter: Make sure all are apples.

**Assumptive close:** Seller asks a question that assumes that the buyer has committed to purchase.

Counter: Respond that you have not yet committed to buy.

**Auction:** “I can’t get it cheaper, better, faster somewhere else . . .”

Counter: Know your competition. Ask what the rate is. Give prospect more details that show why your price/offer is better.

**Bagatelle:** One party presents total cost in pieces to make it appear less expensive.

Counter: Ask for whole price.

**Belly-up:** an attempt to lure the other party into a false sense of security or to win the sympathy of the other party by saying that they lack negotiating ability or legal insight or by telling some other sob story.

Counter: Stay with the opening principled offer you planned to use.



**Bid last:** Send bid last, if possible.

Counter: Wait out other side

**Bobbin' and Weavin':** A negotiator:

- Parries the attack: "I could respond to that now, but I would prefer to consider it later."
- Acknowledges the problem, but denies the significance.
- Refers to time constraints
- Refers to confidentiality of information

**Boulwareism:** Named after Lemuel Boulware, VP Labor Relations for GE. Determine ahead of time what you're willing to offer and present it as a take it or leave it deal.

Counter: Accept a reasonable offer, strike or go to court.

**Br'er Rabbit:** reverse psychology to achieve desired ends ("Mr. Fox, please don't throw me in the briar patch"). Effective with an overly competitive opponent.

**Closing signals:**

- Assumptive ownership
- Instructions for delivery
- Disappointment at time for delivery
- Concentrated attention to buying details
- Seeking spouse, boss input
- Showing good humor with other party
- Positive response to assumptive close

**Commitment tactic:** One party asks you to make your commitment known and to show that you mean what you say.

Counter: Agree and go for minor changes which may give you more, albeit minimally more.

**Competitive tactic:** One party indicates that given your offer, they'll have to send the job out for bids.

Counter: "Go ahead, you'll find that we're the best."

**Concessions:** Give carefully, "treat like gold, wrapped in silver, given to a monarch." Use to build interest in your terms. "If you buy five dozen, we'll throw in a free rack."

**Deadlines:** Frequently artificial. Test deadlines with “Why?”

- Force the other side to decide
- Force the other side to disclose
- Keeps control of the negotiation
- Helpful to impose costs on other side
- They must understand that you will stick to it

**Delaying tactics:** When you have power, use it. When you don’t, delay.

- Quibble about details
- Take more frequent and longer breaks
- Seek further instructions
- Change negotiators
- Raise old issues
- Start late
- Finish early

**Disaggregating the problem:** One party focuses on a piece of the problem rather than the entire problem

Counter: Ask other party to consider the entire package.

**Escalation:** One party moves from peace to war.

Counter: Surrender, walk away, pause (regroup, strategize).

**Flinch:** Recoil when other party makes offer. Can loosen anchor when opening bid is outside the range of reasonableness.

**Flinch and vise:** recoil and say, “You’ll have to do better than that.”

Counter: Ignore and proceed.

**Force projection (“In your face . . .”)**

Buyer’s force projection

- Open contact with other party’s competition
- Place other party’s competition’s letterhead on negotiating table
- Send out a circular letter calling for tenders

Seller’s force projection

- Surcharges on small orders

- Lengthy delivery dates
- Publicity about growing market share
- Acquisition of, or merger with rivals

**Freak out:** An artful, well-timed emotional outburst. Can be dangerous, as opponent might perceive you as unstable and hysterical and terminate negotiation.

Counter: Silence, take break, caucus with own team

**Good cop/bad cop:** tag team negotiation with one part as heavy.

Counter: keep own emotions in check and rely on objective data.

**“If”:** Begin all proposals with “if” so that the other side has something to give.

Counter: Use “if” right back.

**Impasse:**

- Don't be put off by the word “no”
- Skip over points of disagreement and return to them after you have agreed on other points
- Seek common interests
- Brainstorm new options
- See manual for other tips

**Killer lines:** lines that put you on the spot.

Counter: Ask for time to get more information.

**Killer questions:** questions that put you on the spot.

Counter: “That’s the deal today, but I am always willing to consider suggestions to make this a viable deal for you.”

**Limited authority:** other party limits their own authority to make a decision, creating impasse, “I’ll have to check this out with boss, spouse.”

Counter: determine authority before beginning.

**Major sacrifice tactic:** Concession dressed as a major deal.

Counter: “Thanks, but (and) . . .”

**Meta-talk:** awareness of non-verbal signals of self and other party.

**Minimum order ploy:** enhances value of order for seller: “We only sell in packs of six.”

Counter: Test seriousness by indicating that you may not buy on that quantity.

**Mother Hubbard:** “And when she went there, the cupboard was bare.” A price tactic to indicate that there’s no more room to increase/decrease.

Counter: “No more?” Challenge Mother Hubbard with data.

**Mutt and Jeff:** One partner overly expresses gratitude of the other side’s generous offer, while the more reasonable partner rejects the offer as parsimonious suggesting that additional concessions will have to be made.

Counter: weigh the costs of reaching a deal with unreasonable opponents; try to whipsaw the reasonable partner against the demanding one.

**Nibbles:** The ability to withdraw and then return, while keeping the pressure on.

**“No”:** Ask why? When you learn why, you may discover another set of circumstances in which the answer may be “yes.”

**Not negotiable:** pressure tactic that cuts off discussion on a particular item.

Counter: Respond that you must negotiate if we are going to have a deal; ask for specific items that are not negotiable at the beginning of the negotiation. “Is there anything here that is not negotiable?”

**Perry Mason:** Interrogate the other side.

Counter: “What are you getting at?” “What specifically are you looking for?”

**Principled offers:** high but rational offers, with ability to explain entitlement to these goals. Change positions only based on principled concessions, i.e., rational explanations for changing position.

### **Outrageous Behavior (Tactics for dealing with)**

- Speak more quietly
- Speak more slowly
- Pause after they interrupt
- Do not “swear back”
- Ignore threats
- Be patient
- Be firm
- Respond positively
- Use effective listening skills

**Question the criteria tactic:** Consider the assumptions and precedents of the other party's positions by referring to:

- Common knowledge
- Standard practice
- Normal assessments

Counter: Explore other options once criteria have been clarified.

**Quivering quill:** As negotiators reach agreement, one part gets too eager and anxious to sign deal, making the other party nervous.

Counter: slow down; show no euphoria until the deal is signed.

**Rationale:** information that proves your point. Try to give more rationale than what simply satisfies.

**Sell cheap, get famous:** "Since you have no experience, cheaper price, right?"

Counter: Add-on or bonus

**Settlement Brochures and Video Presentations:** One party prepares a brochure or video that states the factual or legal basis for claims or offers. These types of presentation are often thought to enhance bargaining posture over simple verbal presentations.

Counter: Prepare your own brochure or video.

**Shock opening:** outrageous offer or counter

Counter: follow with rationale or walk away.

**Silence:** a tactic used to get the other side to talk. When negotiators have something to say they should say it and then keep quiet.

**Split the difference.** An often-irrational offer to move halfway if the other side will do likewise.

Counter: Make concessions only based on objective data.

**Threats:** A caution or warning used to show a recalcitrant party the costs or consequences of disagreeing with offers or being unwilling to negotiate

Counter: Ignore threats, respond with affirmative promises, which are more effective at inducing positive change.

**Tit for tat:** each get and give something

## Effective Negotiators . . .

### Employ Techniques to Break Impasse

- **Use Time Constraints.** Establishing one or more deadlines sometimes helps to move the negotiation process along. Deadlines such as a time or a date by which a settlement offer must be accepted can motivate the other party to respond. A negotiator who sets a deadline must be willing to stick with it or else risk a loss of credibility for future deadlines. The use of interim deadlines or milestones can help parties sense movement and progress in long, complex negotiations.
- **Reality Test.** An analysis of the risks and benefits of a settlement will often break impasse. Often after new facts are learned about the other side, time taken alone or with one's client to reassess one's own position in the light of the new facts can move parties closer to a settlement. Even narrowing the gap can increase the likelihood of settlement.
- **Use Experts.** When valuation is an obstacle, for example, in a personal injury case, the use of an expert to determine the extent of an injury and the costs associated with it can move a negotiation past impasse. Experts should be respected by both sides; choosing them may involve a negotiation within the negotiation. Creating a joint list of acceptable experts can be helpful.
- **Adjourn the Negotiation.** Sometimes, after negotiating for long periods of time or over difficult, sensitive or technical issues, a negotiation can reach an impasse simply because the parties are physically tired or emotionally and mentally drained. Adjourning the negotiation, so that both sides can regroup and rest, can engender fresh approaches and new energy to work when the negotiation reconvenes.
- **Responses to "Tied Hands" Strategies.** A negotiating counterpart says, "I can do no better, my hands are tied. My boss won't let me go any farther." Effective responses to the strategy are:
  - Establish authority of counterpart before the negotiation begins.
  - Ask for a break so that he/she can consult with the boss.
  - Suggest that the boss be brought directly into the negotiation.
  - Formally withdraw your proposal, including any concession you have made. Explain that your offer was conditional on immediate acceptance and that it is no longer valid.
  - Be prepared to walk away. Tied hands are sometimes miraculously loosened when you rise to leave the room.

**Seven Skills: Stay Focused on Goals**

**More Impasse Breaking Techniques**

- Encourage the Disclosure of New Information
- Clarify Facts
- Help Parties Save Face
- Consider a New or Different Issue
- Focus on the Process
- Use Media for Community Pressure Change Mediators
- Change Negotiators
- Redefine the Issues
- Change to a Principled Negotiation Style
- Move people
- Change the scenery
- Food
- Humor: carefully
- Attorney only caucus
- Recess
- Reconvene together
- Confess to being stuck
- Suggest: “We may have reached a fatal impasse.”
- Review options
- Retrace progress
- Consider the value of today
- Review party initial goals
- Focus on future relationship
- Acknowledge all are trying

## Seven Skills: Stay Focused on Goals

### Effective Negotiators . . .

#### **Deal with Power Imbalances in Negotiation**

How can one negotiate effectively when the other side has a strong bargaining position, when the other side is richer or better connected or when they have a larger staff or more powerful weapons?

The negotiator facing such power imbalances needs to try to meet two objectives: (1) to protect themselves from making an agreement they should reject; (2) to make the most of the assets they have so that any agreement reached will address their interests as much as possible.

#### **1. Protective strategies for not making decisions one should reject include the following:**

- Have a predetermined bottom line, the highest price you would pay or the lowest payment you would accept.
- Know your BATNA, the standard against which any proposed agreement should be measured (a good BATNA will keep you optimistic about what will happen if negotiations break off).
- Formulate a trip wire, identify one far-from-perfect agreement that is better than your BATNA (something that provides you with some margin in reserve).

**2. Make the most of your assets by developing your own BATNA.** The relative negotiating power of two parties depends primarily upon how attractive to each is the option of not reaching agreement. By developing or improving your BATNA, you strengthen your negotiating position. Apply knowledge, time, money, people, and connections into developing the best solution for you independent from the other party's assent to a settlement. The more happily you can walk away, the greater your capacity to affect the outcome of a negotiation. Correspondingly, by knowing, understanding, and worsening your opponents BATNA, you balance power. By knowing their alternatives you can realistically estimate what you can expect from the negotiation.

**3. Stay focused on the merits; if you have principle on your side, stay focused on the principle.**



## Seven Skills: Stay Focused on Goals

### Balancing Power

#### What is Power?

Power is the actual or potential ability to influence others in a desired direction.

#### The Bases of Power

- **Position Power. Derived from position or job held.**
  - **Authority:** influence due to formal, legitimate trappings of position.
  - **Centrality:** influence due to linkage of position's activities to activities of other individuals or sub-units.
  - **Control of Rewards and Punishments:** influence derives from control over rewards and punishments.
  
- **Personal Power. Based on the knowledge or personality of an individual that allows her/him to influence the behavior of others.**
  - **Expertise:** influence based on special or unique skills, knowledge or expertise.
  - **Charisma:** influence based on identification of others with them.
  - **Coercion:** influence based upon fear (use of coercion diminishes charisma).
  
- **Resource and Information-Based Power.**
  - **Control of Resources and Information:** influence based on control of resources such as money, materials, staff or information.
  - **Coping with Uncertainty:** influence based on helping others reduce uncertainty in the workplace.
  - **Unsubstitutability:** the less substitutable the activities of an individual or group in an organization, the more power they have.
  
- **The Power of Informal Networks, Trade Relations, and Alliances. Power acquired through increasing contact with others.**
  - **Informal Networks:** influence based on being tied into an informal network and having access to useful information.
  - **Trade Relations:** influence based on networks of peers, subordinates, and superiors for whom a person has done favors or provided special information or assistance.
  - **Alliances:** influence based on membership in a coalition.

## Seven Skills: Stay Focused on Goals

### Balancing Power by Trading Currencies

- **Inspiration-Related Currencies.**
  - **Vision:** the ability to imagine an alternative future for the unit, organization, or society.
  - **Excellence:** the ability to do things very well.
  - **Moral/Ethical Correctness:** the ability to act by a higher standard than efficiency.
- **Task-Related Currencies.**
  - **Resources:** the ability to lend or give money, budget increases, personnel, space.
  - **Assistance:** the ability to help with existing projects or to undertake unwanted tasks.
  - **Cooperation:** the ability to give task support, to provide quicker response time, to approve a project or to aid implementation.
  - **Information:** the ability to provide organizational as well as technical knowledge.
- **Position-Related Currencies.**
  - **Advancement:** the ability to give a task or assignment that can aid in promotion.
  - **Recognition:** the ability to acknowledge effort, accomplishment or ability.
  - **Visibility:** the ability to provide a chance to be known by higher-ups or significant others in the organization.
  - **Reputation:** the ability to enhance the way a person is seen.
  - **Importance/Insiderness:** the ability to offer a sense of importance or of belonging.
  - **Network/Contacts:** the ability to provide contacts for linking with others.
- **Relationship-Related Currencies.**
  - **Acceptance/Inclusion:** the ability to provide closeness and friendship.
  - **Personal Support:** the ability to give personal and emotional backing.
  - **Understanding:** the ability to listen to another person's concerns and issues.
- **Person-Related Currencies.**
  - **Self-Concept:** the ability to affirm the other's values, self-esteem and identity.
  - **Challenge/Learning:** the ability to share tasks that increase skills and abilities.
  - **Ownership/Involvement:** the ability to let others have ownership and influence.
  - **Gratitude:** the ability to express appreciation or indebtedness.

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**Seven Skills: Stay Focused on Goals****Disempowering: Ways to Take Power Away**

- **Organizational.**
  - Significant change/transitions
  - Excessive competitive pressures
  - Impersonal bureaucratic climate
  - Poor communication
  - Highly centralized organizational structure
- **Supervisory Style.**
  - Authoritarian (high control)
  - Negativism (emphasis on failure)
  - Lack of reasons for actions/consequences
- **Reward Systems.**
  - Noncontingency (arbitrary allocation)
  - Low incentive value of rewards
  - Lack of competence-based rewards
- **Job Design.**
  - Lack of role clarity
  - Lack of training and technical support
  - Unrealistic goals
  - Lack of appropriate authority/discretion
  - Limited participation in programs/ meetings/decisions that directly impact job performance.
  - Lack of appropriate resources
  - Highly established work routines
  - Too many rules and guidelines
  - Low advancement opportunities
  - Lack of meaningful goals/tasks

**Seven Skills: Stay Focused on Goals**

**Empowerment: Ways to Empower Others**

- By positive emotional support during experiences associated with anxiety and stress.
- By words of encouragement and positive persuasion.
- By observing and noting success.
- By actually experiencing mastery of a task.
- By providing a positive emotional atmosphere.
- By rewarding and encouraging in visible and personal ways.
- By expressing confidence in the other.
- By fostering initiative and responsibility.
- By starting small and building on success.

**Seven Skills: Stay Focused on Goals****Effective Negotiators . . .****Assess Settlement Options**

- Does the settlement option satisfy the party's total set of substantive interests, goals and objectives in both the short and long term?
- Has the settlement been achieved in a manner that is congruent in the parties' desires to participate and affect a negotiated settlement?
- Does the settlement option promote the relationship and meet the psychological interests of both parties?
- Have the parties explored all possible settlement options that might either make each other better off, or make one party better off with no adverse consequence to the other party?
- Has the settlement been achieved by the lowest possible costs (time, money, energy) relative to the desirability of the result?
- Is the settlement implementable, or has it only raised more problems that need to be solved?
- Are the parties committed to the settlement so that there is a high degree of compliance or follow-through on the agreement without regret?
- Is the settlement option "fair" or "just?" Have the parties considered the legitimacy of each other's claims and made any adjustments they feel are humanely or morally indicated?
- Is the settlement option equal, or superior, to that available through other means of dispute resolution?
- Does the settlement allow one or both parties to increase the predictability of the outcome of the dispute and minimize unnecessary risks?

See: Carrie Menkel-Meadow, "Toward Another View of Legal Negotiation: The Structure of Problem-Solving." *UCLA Law Review* 31:754, 1985.

### A Range of Outcomes to a Negotiation

- **The Comprehensive Agreement.** All substantive issues are resolved; all psychological interests are satisfied.
- **The Acceptable Agreement.** Certain trades of interests or values have been made such that the total package is mutually acceptable.
- **Compromise:** “Sort of win, sort of lose.” Parties share gains and losses in order to reach an agreement.
- **Trial Settlement.** Unable to reach a permanent solution, parties agree to a temporary settlement that will be evaluated at a later date.
- **Alternate Settlement.** Parties agree to a settlement in which they alternate when their interests are met. They can both have satisfaction but not all the time and not at the same time.
- **Procedural Solution.** Parties agree to a process for resolving an unresolved substantive issue.
- **Defined Spheres of Influence.** Parties decide who will have exclusive decision-making authority over a defined area.
- **Delayed Decisions.** Parties agree to delay a decision until a later time (e.g., when emotionality is lessened; when additional facts are available; when more support is available).
- **Partial Settlement.** Parties agree on many issues, but continue to disagree on others.
- **Agree to Disagree.** Issue is not dropped, but will not be pursued at this time. Parties still disagree.
- **Mutual Resignation.** Parties agree to drop the issues in dispute.
- **Arbitrary Settlement.** Parties flip a coin or draw straws or use any other mechanical means to reach an agreement.
- **Non-binding Decision.** Parties request compliance but do not require it.
- **Refer Options to a Third Party Decision-Maker.** Parties turn to a judge or an arbiter or a third party decision-maker to settle options they have generated.
- **Impasse.** Parties cannot decide and negotiations are stalled.
- **Continued Negotiations.** Parties agree to continue negotiating.
- **Shift to Another ADR Procedure.** Unable to reach a negotiated settlement, the parties turn to another process to resolve their dispute.

## Seven Skills: Stay Focused on Goals

### International Negotiations

#### Strengths and Weaknesses of American Negotiators

##### Strengths and Qualities

- Usually well-prepared:
  - Do homework
  - Understand own corporate interests
  - Learn about other party
  - Understand own negotiation objectives
- Speak clearly and plainly—may be offensive in cultures that prefer indirectness, avoidance of confrontation and subtlety
- More pragmatic than doctrinaire. Focus on advancing interests rather than asserting principles
- Do not normally regard negotiations as a zero-sum game.
  - Prepared to put her/himself in the place of negotiation adversary
  - Prepared to admit that adversary has irreducible, minimum interests
  - Prepared to engage in a process of give and take
  - Understands that good outcomes involve mutual benefits and losses, in which each side has a stake in honoring the agreement
- Opening position is never the final position, expects to make and receive counter proposals, which may or may not come.
- Very candid and straight forward, not usually perceived as cunning and devious

##### Weaknesses and Idiosyncrasies

- Impatience—“soon” may mean years
- Cultural insensitivity: assume similar customs, cultures and manners
- May be inadequately represented by amateur negotiators

##### What Qualities Do Foreign Negotiators Respect

- The ability to win trust and confidence
- Moral qualities
- Leadership
- A reputation for competence, reliability, and trustworthiness
- Graciousness and willingness to help

## The Contexts of International Negotiations

### A. Environmental Contexts

Environmental contexts consist of forces beyond the control of either party. There are eight:

#### *1. Legal Pluralism*

The need of any transaction to comply with the laws of the countries involved, which may prohibit certain kinds of transactions or limit the types of products or technology available for trade. Be forewarned about legal traps, avoid the risk of doing something illegal in the host country.

#### *2. Political Pluralism*

Negotiations can sometimes get caught in a crossfire of conflicting foreign policies. Business deals that may be in the political interests of an ally like France, may be opposed to the political interest of the U.S., such as dealings with Cuba. Foreign policy may also impact the conduct of the negotiations themselves. Political entities in other countries often take more of a direct interest in the negotiations involving businesses that exist within their borders.

#### *3. Currency Fluctuations and Foreign Exchange*

Take into consideration potential currency devaluations during the process of all international negotiations. Structure the deal to compensate and protect against fluctuations. Obtain realistic “most likely” forecasts from international banks and currency futures markets. Build into agreements contingency clauses.

#### *4. Foreign Government Controls and Bureaucracy*

Government interference in many nations is extensive. Certain governments control the total output of businesses practiced within their borders. They may also possess absolute control over the granting of permits. When negotiating in countries with strict governmental controls, include the government as one of the parties in the negotiation.

#### *5. Instability and Change*

With the ever-present change of governments and borders, negotiators should be prepared with advice from experts on the probability of economic and political risks in a target country.



### *6. Ideological Differences*

Unlike the U.S., where individuals have the right to own property, exercise political freedom and be treated equally, such rights do not exist in all countries. Find a middle ground and frame the language and content of agreements in patterns that are acceptable to both sides.

### *7. Cultural Differences*

Cultural norms and differences influence how negotiators behave during negotiations. The process of building trust may be more important in other cultures than our own. Be well-versed in the cultural nuances and unspoken language of the negotiators at the other end of the table.

### *8. External Stakeholders*

Competitors, Customers, labor unions, business groups, industry associations, shareholders, may all have an interest in the outcome of the negotiation, even if not present at the table. Be prepared for their interference or assistance in the course of the negotiation.

## **B. The Immediate Context of International Negotiations**

The immediate context consists of factors over which the negotiators have control and which have an impact on the negotiation itself. There are five:

### *1. The Relative Bargaining Power of the Negotiators and the Nature of Dependence*

The negotiation strategy adopted by a particular company will depend on the company's power relative to the other party.

### *2. Levels of Conflict Underlying Potential Negotiations*

Levels of conflict determine whether the negotiation will be supportive or hostile

### *3. Relationship of Negotiators before and during the Negotiations*

Prior relationships build expectations concerning the future of the current relationship that influence negotiation behavior. The experience of each session serves as a backdrop for the next.

### *4. Desired Outcome of the Negotiation*

Most tangible outcomes in international negotiations require intangible elements (goodwill and long term relationships) for them to become a reality. Win-win agreements are important here.

### *5. Impact of Immediate Stakeholders*

The immediate stakeholders are the negotiators themselves and the company's managers, employees and boards of directors. Negotiations are often influenced by their cumulative experience in international business dealing and by their own cultural background. Extensive experience is an asset.

For more on these contexts see, Arvind V. Phatak and Mohammed M. Habib, "The Dynamics of International Business Negotiations," in Lewicki, *Negotiation*, pp. 373-385.

## Effective Negotiators . . .

## Make Strong Agreements

## Stronger Agreements Are:

- **Substantive.** They define specific exchanges that result from negotiations (money, time, services, etc.)
- **Clear and Specific.** Details are set out clearly in their final form.
- **Comprehensive.** They resolve all the issues in dispute.
- **Permanent and Unconditional.** They provide for the termination of the dispute without recourse to further conditional performance by one or both parties.
- **Binding.** Parties agree to be bound by the terms. They identify consequences if a party does not comply.
- **Positive in Tone**
- **Contain a Balance of Concessions**

## Weaker Agreements Are:

- **Partial.** Not all issues in dispute are resolved.
- **Provisional.** Temporary decisions may be subject to later revisions.
- **In-Principle.** General agreements with details to be worked out later.
- **Contingent.** The resolution depends on the provision of additional information or future performance by one or both parties.
- **Non-binding.** The agreement is a recommendation to which none of the parties guarantees adherence.

**The Seven Skills**  
**Negotiation Skill #7****Effective Negotiators**  
**Build Trust**

Effective negotiators zealously protect their personal credibility. They understand the importance of trust. They build trust throughout the negotiation because they understand that negotiations are not “one-shot” deals, that there will be an on-going relationship after the agreement is reached. They balance well the substantive and relational aspects of the process. They adhere to a personal code of ethics and if they make a promise or state a consequence, they back it up. Their behavior encourages cooperative, integrative problem-solving.

**Trusted Negotiators . . .**

- Are honest and fair. While some posturing is expected in negotiations, trusted negotiators do not misrepresent assets, lie about past results or about what they can supply.
- Build rapport through courteous expression of friendly concern for their counterparts health, family and business.
- Initiate reciprocating exchanges of information which add features and benefits to agreements.
- Are consistently good listeners; they are considerate in listening to the thoughts, feelings and interests of others.
- Are consistently able to maintain objectivity; they are able to recognize the validity of the interests on all sides of an issue.
- Are aware of their own biases and prejudices; they admit to conflicts of interest that might make them poor negotiators of a given dispute.
- Prize the emotional side of life; they are not threatened by the strong expression of feeling and therefore provide contexts in which emotion can be expressed.
- Understand their own limitations; they recognize when a problem is too complex for them to solve without help; they are in touch with outside resources that they call to work through difficult issues.
- Are good communicators; they know how clearly to express their own thoughts and concerns, and they are able to help others do the same.

## The Seven Skills: Build Trust

### Lying and Negotiation

Whether or not lying is ethical or practically desirable in a negotiation depends on what we mean by the word “lie,” upon what is at stake in the negotiation and upon the negotiator’s own ethics. There are several different forms of deception or levels of disguise that are relevant for negotiators. Ethicists often plot such forms along a continuum that ranges from white lies and bluffing, on one pole, to outright falsification and deception on the other, with various forms of misrepresentation and selective disclosure in between:

- **Misrepresentation.** The most common form of deception among negotiators is misrepresentation, in which the negotiator lies about the preferred settlement point or resistant point. Few negotiators will enter a negotiation and lay all their cards on the table. Effective negotiation often requires assuming postures that do not accurately reflect one’s true position:
- **Bluffing.** When a negotiator bluffs, she/he attempts to persuade the other party to change by stating that she/he will engage in some kind of behavior with an adverse consequence to the other party, when they actually have no intention of engaging in it.
- **Falsification** involves the introduction of factually erroneous information into a negotiation.
- **Deception** involves a collection of true or untrue arguments that lead the other party to the wrong conclusion.

All of these forms of deception are technically “lies.” Whether or not they should be used in a negotiation depends on a number of factors. Who is the other party (Is it Hitler or your mother?)? Is there an on-going relationship with the other party? What is at stake in the negotiation (could a lie save a life?)? Can a higher good be achieved through the lie? Will the breakdown of trust that normally occurs when lies are uncovered undermine the agreement? Does the lie constitute fraud or violate applicable laws? Because situations vary, negotiators need to know the technique. Because the potential results of a discovered lie can be disastrous to a negotiation and to a relationship, a negotiator needs to be very cautious about lying, particularly about those forms of deception that fall on the outright falsification side of the continuum.

Generally it is better not to lie in negotiations, to attempt to conduct them out of an interest-based methodology where both sides work collaboratively to solve a problem, where a free exchange of information helps both sides understand what is fair.

## Signs of Deception

David J. Lieberman, *Never Be Lied to Again*. New York: St. Martin's Press, 1998.

### 1. Body Language indicating lying. Four clues:

- Eyes:
  - No or little direct eye contact.
  - People look down or glance side to side
- Body:
  - Less expressive with hand or arms.
  - Full extension of fingers is an expression of openness
  - Legs and arms close to body, not outstretched: Keeping something in
  - Gestures seem stiff and artificial, no fluidity in movement, movement contrived
- Unconscious Cover Up
  - Hand straight to face, covers mouth, touches face
  - Touching nose, scratching behind rubbing ears
- Partial Shrug
  - A fleeting shrug, tries to demonstrate that she is casual and relaxed about an answer when she really isn't.
  - Similar to a lips only smile at a joke, pretending that she thinks it's funny

### 2. Emotional States: Consistency and Contradiction

Initial Reaction Expression: an expression of true feelings that lasts for less than a second

- Timing is Everything
  - Shaking head after point is made indicates deceit. Shaking head before point is made indicates truth
  - Hand and arm movements after a point has been made
  - Showing an expression of emotion after statement
- Contradiction and Consistency
  - Obvious incongruence between gestures and speech: Frowning while saying "I love you."
  - Gesture needs to fit the speech.
- The Emotion Commotion
  - A response that is not genuine is not spontaneous
  - Slight delay in the onset of false emotion
  - Duration of emotion: the emotion is delayed in coming out, stays longer than it should and ends abruptly.

- The Expression Zone: the Smile that doesn't seem happy
  - A smile that does not light up the whole face is a sign of deception
  - Expression will be limited to the mouth area when the person is feigning certain emotions like happiness, surprise, and awe.

### **3. Interpersonal Interactions. Posture in and of itself, and in relationship to surroundings. Only a guilty person gets defensive. An innocent person usually goes on the offensive.**

- The Head Shift.
  - When the head moves away from speaker, there is an attempt to move away from the source of distraction.
  - When the head moves toward the speaker, person is secure in actions and wants to get closer to source of information
  - Tilt of head would not be adopted by someone with something to hide.
- The Posture of a Liar
  - Stand erect, sitting up straight shows confidence
  - Insecure, unsure, hunched over, hands in pockets
- Headed for the Door
  - Persons at a psychological disadvantage will move away from their accusers
  - When we feel passionate about something we tend to move toward someone
  - Liar is reluctant to move toward or even face the source of threat.
  - Rarely stands squared off
  - Face to Face demeanor is reserved for someone who seeks to refute a slanderous statement
  - Movement in direction of the exit signal deceit; someone who is confident and comfortable doesn't mind taking center stage.
- If He's Not Touching, He's Bluffing
  - Persons who are deceitful have little or no physical contact
  - Liars will rarely touch the other person
- The Finger that never points
  - Someone who is lying rarely points a finger either at someone or in the air
- Roadblocks, barriers and obstacles
  - Placing a physical barrier between means "I don't want to talk about it." Placing a physical barrier between accuser and self indicates deceit.

### **4. Actual Verbal Content: What is Said**

Subtle differences between what the truth sounds like and what a lie dressed up as the truth sounds like.

- Using your words to make his point.
  - A liar doesn't have time to think. Any delay makes him feel like he is guiltier.
  - Making a positive statement negative. "Did you ever cheat on me?" "No I never cheated on you."
  - Guilty people tend not to use contractions. It was not me.
  - Innocent people use contractions. It wasn't me.

- The More He Tries, The More You Should Worry
  - Adamantly expressed opinions suggest deceit
  - People who are confident in their thinking feel no need to compensate
- The Good Old Freudian Slip
  - Saying one thing when we mean another.
  - A man told his friend that he made a terrible Freudian slip the other night when he went to his parents' house for dinner. He meant to say to his mother, "Could you please pass the salt," but it came out, "I had a terrible childhood and you ruined my life, you horrible woman."
- I'm about that sort of thing
  - Depersonalizes or globalizes answer indicates deceit
  - A liar offers abstract assurances as evidence of his innocence
- Silence is Gold-plated
  - The guilty are uncomfortable with silence
  - Adding more information without being prodded
  - The guilty tells his story in dribs and drabs until he gets verbal confirmation to stop
- An Implied answer is no answer
  - A person who doesn't want to answer a question will imply an answer
  - An implied answer circumvents the question

**5. How Something Is Said. Speakers subtle thoughts are always hinged to the expression of his words.**

- Speed (Pace)
  - When asking about attitudes and beliefs, and honest answer will be given immediately, one that takes longer is "coming up with the answer."
  - In a truthful response a fast yes or no is followed quickly by an explanation
  - In a deceitful answer the rest of the sentence may come out slower
- Compensation
  - Be suspicious of someone whose reaction is all out of proportion to the question or comment
  - "The lady doth protest too much."
  - Liars are reluctant to convey attachment or ownership: "That car" or "the car" rather than "my car" or "our car."
- Emphasis makes the meaning
  - For liars, the pronouns I, we and us are underused or absent
  - The liars doesn't want to own his words
  - Truth, one word answer elongated "Noooo." This emphasis is absent in deception
  - Liars: no highs, no lows: varied voice inflection may be missing
  - A deceitful statement may be delivered in a flat voice devoid of any real nuance.
- The Mumbler
  - For liars words themselves may not be clear.
  - People passionate about what they are saying are more likely to be telling the truth



- Questions and Statements shouldn't sound alike
  - When voice, head and eyes lift at the end of the statement conviction is not as strong as he is leading you to believe.
  - When statements sound like questions, the speaker is seeking reassurance.

## 6. Psychological Profile. How does a liar think and what elements are usually missing from a story that is fictitious.

- He's Got Cheating on his mind.
  - How people see the world is often a reflection on themselves. If they think that the world is a cesspool of lies and deceit, they themselves may be full of lies and deceit. "It takes one to know one."
  - Projection: If you are constantly being accused about your motives and activities, this should send off warning bells. What's going on in the life of the accuser.
  - Most people who tell the truth expect to be believed.
- The Single Guy
  - When a person is confident in his words he is more interested in your understanding him and less interested in how he appears to you.
  - When you are lying you are conscious of every word and action
- Another Dimension in Lying
  - The liar often leaves out one crucial element in the telling of the story—the point of view or opinion of someone else
  - The inclusion of another person's point of view will usually indicate that what is being said is true.
- Everything went perfectly
  - Events that are not true rarely include any negative details
  - A person who is lying is usually concerned with getting her story straight. Thoughts are essentially one dimensional
  - Is there anything *you* would like to know?
- A good liar has difficulty asking the right questions. Willing to answer your questions, but asks none of his own.
  - Coming across as truthful means both answering and asking questions

## 7. General Indications of Deceit. Mixed bag of clues

- "I'm sure glad that's over."
- Watch what happens when the subject is changed, does the liar become happier, does he seem more relaxed.
- Notice posture: more relaxed, less defensive
- He does not become indignant when falsely accused
- He uses phrases such as "To tell the truth . . ." "To be perfectly honest . . ." "Would I lie to you?"
- He has an answer to your question down pat
- He stalls by asking you to repeat the question or by answering your question with a question

- What he is saying sounds implausible
- He offers a preamble to his statement starting with “I don’t want you to think that . . .” Often that’s exactly what he wants you to think.
- She uses humor or sarcasm to defuse your concerns
- He offers you a better alternative to your request when he is unable to give you what you originally asked for
- All of the facts relating to numbers are the same or are multiple of the same number.
- There is evidence of involuntary responses that are anxiety based
- He uses an obvious fact to support a dubious action
- She casually tells you something that deserves more attention
- He exclaims his displeasure at the action of another who has done something similar so that you will not suspect him.
- If he lies about one thing everything he says is questionable
- His story is so wild that you almost don’t believe it, but you do, because if he wanted to lie, you think that he would have come up with something more plausible.

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## NEGOTIATION EXERCISE "LOCO COCONUTS"

### CARDOZA

You are Mr. Roberto H. Cardoza, a fruit exporter in South America. You have been able to obtain 3,000 rare "Loco Coconuts" from growers. Only 4,000 of these coconuts were produced this year, so you have cornered most of the market.

This position has not come cheaply, however. You paid \$200,000 for the Coconuts you possess. (Although you would never divulge this information to potential buyers).

You normally target a margin of 25-30% over cost when you are in such a dominant position in the marketplace but under this year's conditions, you believe you might be able to achieve much more.

You have learned that two buyers, Dr. Jones and Dr. Roland, representing two different firms in the U.S., are particularly interested in this crop of "Loco Coconuts," so you have invited them to your office for the purpose of trying to consummate a sale. You do have other potential buyers, but you believe others probably have less money to spend than Jones or Roland. In brief, while they are not your only prospects they are your best prospects.

Your objective is to maximize your profit and you expect negotiations to be vigorous.

## NEGOTIATION EXERCISE "LOCO COCONUTS"

### ROLAND

You are Dr. P. W. Roland. You work as a research biologist for a pharmaceutical firm. The firm is under contract with the government to do research on methods to combat enemy uses of biological warfare.

Recently several World War 11 experimental nerve gas bombs were moved from the United States to a small island just off the U.S. coast in the Pacific. In the process of transporting them, two of the bombs developed a leak. The leak is presently controlled by government scientists, who believe that the gas will permeate the bomb chambers within two weeks. They know of no method of preventing the gas from getting into the atmosphere and spreading to other islands, and very likely to the West coast as well. If this occurs, it is likely that several thousand people will incur serious brain damage or die.

You've developed a synthetic vapor that will neutralize the nerve gas if it is injected into the bomb chamber before the gas leaks out. The vapor is made with a chemical taken from the hull of the "Loco Coconut," a very rare fruit. Unfortunately, only 4,000 of these coconuts were produced this season.

You've been informed on good evidence that a Mr. R. H. Cardoza, a fruit exporter in South America, is in possession of 3,000 "Loco Coconuts." The chemicals from all 3,000 coconuts would be sufficient to neutralize the gas if the serum is developed and injected efficiently.

You have also been informed that Dr. J. W. Jones is also urgently seeking purchase of "Loco Coconuts," and he is aware of Mr. Cardoza's possession of the 3,000 available. Dr. Jones works for a firm with which your firm is highly competitive. There is a great deal of industrial espionage in the pharmaceutical industry. Over the years, your firm and Dr. Jones's have sued each other for violations of industrial espionage laws and infringement of patent rights several times. Litigation on two suits is still in process.

The federal government has asked your firm for assistance. You've been authorized by your firm to approach Mr. Cardoza to purchase 3,000 coconuts. You have been told he will sell them to the highest bidder. Your firm has authorized you to bid as high as \$250,000 to obtain the coconuts.

**NEGOTIATION EXERCISE "LOCO COCONUTS"****JONES**

You are Dr. John W. Jones, a biological research scientist employed by a pharmaceutical firm. You have recently developed a synthetic chemical useful for curing and preventing Rudosen. Rudosen is a disease contracted by pregnant women. If not caught in the first four weeks of pregnancy, the disease causes serious brain, eye, and ear damage to the unborn child. Recently there has been an outbreak of Rudosen in your state, and several thousand women have contracted the disease. You have found, with volunteer patients, that your recently developed synthetic serum cures Rudosen in its early stages. Unfortunately, the serum is made from the milk of the "Loco Coconut," which is a very rare fruit. Only a small quantity (approximately 4,000) of these coconuts was produced last season. No additional coconuts will be available until next season, which will be too late to cure the present Rudosen victims.

You've demonstrated that your synthetic serum is in no way harmful to pregnant women. Consequently, there are no side effects. The Food and Drug Administration has approved of the product and distribution of the serum as a cure for Rudosen. Unfortunately, the present outbreak was unexpected, and your firm had not planned on having the compound serum available for six months. Your firm holds the patent on the synthetic serum, and it is expected to be a highly profitable product when it is generally available to the public.

You have recently been informed on good evidence that Mr. R. H. Cardoza, a South American fruit exporter, is in possession of 3,000 "Loco Coconuts" in good condition. If you could obtain all 3,000, you would be able to both cure present victims and provide sufficient inoculation for the remaining pregnant women in the state. No other state currently has a Rudosen threat.

You have recently been informed that Dr. P. W. Roland is also urgently seeking "Loco Coconuts" and is also aware of Mr. Cardoza's possession of the 3,000 available. Dr. Roland is employed by a competing pharmaceutical firm. He has been working on biological warfare research for the past several years. There is a great deal of industrial espionage in the pharmaceutical industry. Over the past several years, Dr. Roland's firm and yours have sued each other for infringement of patent rights and espionage law violations several times.

You've been authorized by your firm to approach Mr. Cardoza to purchase 3,000 "Loco Coconuts." You have been told he will sell them to the highest bidder. Your firm has authorized you to bid as high as \$250,000 to obtain the 3,000 available coconuts.