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An Offer They Can't Refuse

In the movie *The Godfather*, Vito Corleone's godson, famous singer Johnny Fontane, seeks the Don's help to secure a film role to boost his fading career. Fontane is worried because the studio already refused him a role. Corleone assures Fontane the studio head will give him a part, stating: "I'm gonna make him an offer he can't refuse." That single offer worked after the studio head later woke up to find the severed head of his expensive racehorse in his bed. Unsurprisingly, Fontane got the part.

In real life negotiations, a great way to learn about your counterpart's preferences is to offer a choice of proposals that emphasize different elements of the deal, a technique called Multiple Equivalent Simultaneous Offers (MESO). MESOs show other parties the issues you value most. In turn, their reactions to your offers tell you about their priorities. Together, you can craft an agreement that accounts for everyone's most important interests.

According to Northwestern professors Victoria Medvec and Adam Galinsky, three equivalent offers can be a good strategy. They describe a software company that presented three equivalent software packages to its clients at once: a \$1.0 million package with payment in 30 days, the same software for \$1.5 million with payment in 120 days, or an enhanced package for \$1.35 million with a 30-day payment. This strategy received a positive response from the customers, and profits rose.

MESOs have advantages over simply making a single offer. They allow negotiators to collect information while being persistent and aggressive at the bargaining table, but also to be perceived as being flexible and accommodating. One MESO is likely to be more appealing or a greater value than the other options. To the counterpart, the more appealing MESO can lead to further discussion, and ultimately settlement. This also offers the counterpart an opportunity to discuss values, interests, etc.

Use MESOs to make an offer they can't refuse. The only investment required is thorough preparation before the negotiation.