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The Only Four-Page
Guide to Negotiating
You'll Ever Need

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The Only Four-Page Guide to Negotiating You'll Ever Need

Books on how to negotiate almost invariably begin with the same observation: That the reader, whether he or she realizes it, is constantly engaged in the N-activity—when buying or selling a house, of course, or dickering with the boss for a raise, but also, if less obviously, when trying to reach terms with the local ten-year-old on how much TV she may watch. While one might question some aspects of this assertion—do you really want to approach little Jessica exactly the same way you do plaid-pants Phil at the used car lot?—basically it's true, and in the workplace growing more so.

As employee expectations chip away at hierarchy, old notions of “Just tell 'em what to do” increasingly get supplanted by negotiation in deciding what a so-called subordinate will undertake, how, and by when. These days what enlightened businessperson would say to an important customer or supplier, “Here's the price—take it or leave it”? No, you're supposed to build a relationship, explore the other party's interests, and try to figure out where these may overlap with your own. To negotiate, in other words.

With the increased importance of the subject in mind, *Management Update* has surveyed a half-dozen of the guides to negotiating available at your local bookstore. We deliberately sought a wide variety of approaches, expecting, for example, to find collections of nasty tricks for clobbering the other guy that we could compare and contrast to more judicious counsel. Maybe it's just our bookstore, but

what we turned up was a remarkable degree of consensus across books ranging from the Ur-text *Getting to Yes*—authors from the Harvard Negotiation Project, over two million copies in print—to *The Complete Idiot's Guide to Winning Through Negotiation*. What follows is a distillation of the best advice.

Before you sit down with the other party...

While preparing yourself beforehand is a good idea in most endeavors, in negotiating it's critical, lest you be immediately overwhelmed by the other side. You will need to prepare on two fronts: getting the right attitude, and gathering information on what your interests are and what the other party's might be.

The recommended attitude for negotiating is a bit clinical, detached, even selfless in a Zen sense. As *Getting to Yes* co-authors Roger Fisher and William Ury stress, you want to separate the people from the problem, and the first person to separate is yourself. Letting your feelings hang out over the bargaining table is like wearing a sign saying “Hey, it's okay to do weird emotional judo on me.”

The imperative to plumb interests lies at the heart of what distinguishes enlightened negotiating from the other kind. What you want to avoid, the experts agree, is bargaining over, or from, positions. You know: “I'll give you a hundred bucks for it.” “I wouldn't take less than \$50.” And so on, tiresomely and unimaginatively, offer and counteroffer, each side trying to arrive at a final number closer to its initial proposal. More effort

goes into asserting and defending successive positions than arriving at a solution that's optimal for both parties.

In negotiating based on interests, by contrast, the point is to get beyond positions to uncover the desires, needs, and hopes that have given rise to those positions. Once the two parties have explored their respective interests together, they may well be able to arrive at an outcome not contemplated in either's initial offer but that satisfies each far better than the result of a long haggle.

In his book *Win-Win Negotiating*, Fred E. Jandt offers a nifty real-world example. A friend, a lawyer in solo practice, was approached by his secretary asking for a raise. She came armed with all sorts of objective data indicating that most legal secretaries in the area made 30% to 50% more than she did, and that it would cost him three years of the raise just to hire and train a replacement if she left. The trouble was, with a practice skewed toward public interest work—read “not that lucrative”—the lawyer couldn't afford the increased outlay.

But instead of countering with his own position (“The money just isn't there”), the enlightened lawyer asked her questions—the key technique in negotiating from interests—to get at what was behind her request. It turned out that she really did need more money to get by. He also found out that she liked working for him, didn't particularly want to go somewhere else, and would be happy to put in some extra time.

Which presented the opening for a win-win solution: The lawyer arranged for her to do part-time work for another attorney, and, to sweeten the bargain, offered her the free use of the word processor in their office. So equipped, as a free-lancer in her spare time she was able to earn an hourly rate five times what he was paying

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her, and three times the rate at other law firms. Working every other Saturday, she grossed more than she would have received from the raise, and kept the full-time job that she enjoyed.

In understanding your own interests, and in calculating what the books call your “negotiating power,” the key is determining your best alternative to a negotiated agreement, usually abbreviated as BATNA (also BATANA). Where will you be left if you can’t strike a deal? How can you satisfy your interests without the cooperation of the other party? Think hard about this. In negotiating to buy a car, for example, the better BATNA is probably not “Gee, I won’t have the joy of owning this snazzy little roadster that I’ve had my heart set on,” but rather something like “Well, my current car still runs fine, I’ll save a ton of money, and maybe I can find a vehicle that’s even more fun.”

The stronger your BATNA, the greater your negotiating power. A standard illustration of the point: Who’s better situated to ask the boss for a promotion, the woman with job offers from two other employers in her attaché case, or the woman without clear prospects elsewhere? Which suggests an important, if easy to overlook, step in preparing to bargain: Go out and improve your BATNA. Scrounge up the two job offers.

Once you’ve determined your BATNA, you can use it to help sharpen the guidelines you set for yourself in the negotiation and the proposals you may want to make in starting the discussions. Particularly for dealing with a party who’s not inclined to interest-based bargaining, Jandt recommends a strategy called mini-max. (Fair warning: Some partisans of getting to you-know-what might consider this strategy too positional.) Ask yourself four questions:

- (1) What’s the minimum you’re prepared to accept? Consult your BATNA. How ready are you to fall back on it?
- (2) What’s the maximum you can ask for without getting laughed out of the room?
- (3) What’s the maximum you can give away, the limit beyond which you will not go?
- (4) What’s the least you can offer without getting laughed out of the room? Here, ruminates over the other party’s BATNA, then make sure your worst offer to them is at least some improvement over it.

One final detail before sitting down: Where to conduct the proceedings? John Ilich, author of *The Complete Idiot’s Guide*, says preferably on your own home field; failing that, at a neutral location; but never at their place if you can avoid it. Fisher and Bruce Patton, Fisher’s co-author for the second edition of *Getting to Yes*, are more flexible. Where would the other party feel most comfortable, if that would serve your purposes? Where are the files, flip charts, white boards, or experts you both will need?

Starting off . . .

You walk in, shake hands, sit down, and you smile. From the first face-to-face contact with the people on the other side, and indeed, in any conversations that may precede the formal negotiation, try to establish as good a person-to-person relationship as possible. You want everybody’s energies to go into analyzing the issues and arriving at an imaginative, mutually beneficial solution, not into posturing, bullying, feeling offended, or any other state of high dudgeon that may get in the way of a reasonable outcome.

You can’t banish emotions from the proceeding. Rather, the point is to get feelings out into the open, acknowledge them, and, at the least, minimize

them as obstacles. At best, you can hope to use them to forge an alliance to speed the work along and, at the end of the negotiation, leave people wanting to do business together again. Without being totally Esalen about it, talk a little about your own feelings, and—carefully—perhaps essay a few words on how the others might be feeling. (“I can imagine that you, too, would like to see a good result from our discussions.”) Be polite, respectful, friendly. Show it by not just listening, but hanging on their every word.

To the age-old question, “Do you wait for them to make the first offer, or should you push yours out there first?”, Fisher and Patton offer a novel answer: What’s the hurry? Putting a number down too soon may foreclose the exploration of interests that both sides should pursue at first. It might even happen that a potential agreement emerges without anybody having to make a “first offer.”

If somebody does have to, though, let it be the other guy or gal, advises Ilich. Their first offer immediately sets the upper or lower limit for the negotiation, he argues, the highest you’ll have to pay or the lowest you’ll be forced to accept.

But why shouldn’t you set the limit, other experts retort, particularly since the first offer may well “anchor” the rest of the negotiation, skewing the final result in its direction. In *Negotiating Rationally*, Max H. Bazerman and Margaret A. Neale recount a study they performed asking real estate agents to estimate the right price for a particular house. They divided the realtors into four groups, and gave members of each group packets of information on the house that were identical except for one detail, the price at which the house was supposedly listed for market. Sure enough, the group given the

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highest listing price set the highest “right price” on it, with the prices estimated by the other groups anchored at successively lower levels by the listing prices provided them.

Setting the anchor yourself works best when the other side hasn’t bothered to gather the necessary facts or to think through its interests. To avoid being anchored, counsel Bazerman and Neale, don’t make a counteroffer to a ridiculous initial proposal. Better to say, “No thanks; let me know when you’re prepared to negotiate seriously.”

Moving the process along. . .

Much of the emerging wisdom on how to proceed through a negotiation can be distilled into a four-sentence, only semifacetious injunction: To move matters along, ask a question, even in response to a question. If you can’t ask a question, fall silent and wait for the other side to step in to end the awkward pause. Only rarely, perhaps to keep up the human side of things, should you make an observation or an assertion. And then immediately tag on a question.

Dig, dig, dig for those interests. Clarify your understanding of what the other side says, this for their edification as well as yours—“How did you arrive at that offer?” Brainstorm together to devise the proverbial “outside the box” solution. Fisher and his colleagues are big proponents of bringing independent, objective standards to bear—benchmarks like market value, costs, past settlements, or scientific judgment—and of using questions to try to get the other side to see the value of such standards. Jandt counters that objectivity flies out the window when the bargaining gets serious.

If both parties are willing to submit to the facts, but can’t agree on what the facts are, perhaps a neutral observer

can determine both them and the deal they should give rise to. The experts almost all agree that, particularly if you seem headed for an impasse, you should consider submitting your differences to a mediator.

But what if it’s only you and them, and they get nasty or tricky? By now you probably can guess the answer—separate the people from the problem, dig for underlying interests, ask a question. A couple of our favorite exemplary responses from *Getting to Yes*, the second edition: “Is there a theory behind having me sit in the low chair with my back to the open door?” And “Shall we alternate spilling coffee on one another day by day?”

Or kick the discussion up one level from a negotiation on the issues to a negotiation on how both sides will negotiate. That is, recognize the other side’s gambit for what it is, call it, and suggest getting back to business: “Wow, I haven’t seen that classic an example of good cop/bad cop for years. Shall we go back to looking at prices the market has been setting in situations comparable to ours?”

Getting to finished. . .

As soon as the framework for a possible agreement emerges, ever so gently begin herding the doggies in that direction. Ilich recommends a technique he calls funneling: Remind the other side that this particular issue has been settled, refresh their recollection of what you agreed on, refuse to reopen it, and move on to what’s still open.

Especially in a complicated negotiation—say, when there’s more than two parties involved—it may help to write down a draft agreement after every major meeting of the minds: “I know we still have a way to go, but I thought I’d set down the terms we appear to have settled on so far? Have I misunderstood anything?

What changes would you make?” The mere prospect of having to read the draft over one more time may encourage assent.

Don’t hurry them or yourself, Ury counsels. If they feel pressured, they may blow up over a small point. In your haste, you may forget to consult your interests one last time in considering the final terms proposed.

Then, when you think you’re in accord at last, ask one more question. Ilich suggests “Have we got a deal?” If they say yes, shake hands, and stop lobbing interrogatories. Should you find yourself at a loss for something to say, talk about the weather. ■

If you want to learn more. . .

The Complete Idiot’s Guide to Winning Through Negotiation by John Ilich (1996, Alpha books, 245 pp., \$16.95, Tel. 800-957-3529)

Getting Past No by William Ury (1993, Bantam Books, 189 pp., \$10.95, Tel. 800-323-9872)

Getting to Yes by Roger Fisher and William Ury (1991, Penguin Books, 200 pp., \$12.95, Tel. 800-337-4624)

Negotiating Rationally by Max H. Bazerman and Margaret A. Neale (1992, The Free Press, 196 pp., \$16.95, Tel. 800-223-2336)

Win-Win Negotiating by Fred E. Jandt (1985, John Wiley & Sons, 300 pp., \$17.95, Tel. 800-225-5945)

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Editor’s note:

When this article was originally published, its length was four pages. All original content is included in this new format.