
NEGOTIATION 101: BASIC CONCEPTS

FOR MANY PEOPLE, the word *negotiation* summons up images of something formal and structured: world leaders trying to end a regional conflict, corporate boards agreeing to the details of a severance package with a departing CEO, someone in a procurement office working out the terms of a contract with a supplier. They may also think of hardball tactics: feigning anger to intimidate the other side, snapping a briefcase shut and walking out. Many of them see negotiation as a form of combat, a competitive, often hostile interaction in which each side tries to beat the other or wear them down by haggling. In movies and on television, ruthless characters shake their fists and threaten their rivals. On the evening news, labor leaders and management representatives deliver ultimatums. Foreign diplomats sit unmoving behind long tables, the antagonism among them palpable in their silence. No wonder so many women avoid negotiating. Everything about it seems unpleasant, and we're smart enough to know that it would be nuts to behave in this way with someone we know, especially someone with whom we have an ongoing relationship.

Fortunately, negotiation rarely takes place in such formal circumstances. It's least effective when conducted as a battle or a contest, and

in most cases out-and-out conflict can be avoided. Negotiation is not the exclusive territory of labor leaders and diplomats, and it's not an advanced business skill used only in executive boardrooms. The ability to negotiate well is not an inborn gift or a rare and special talent.

Put simply, negotiation is a tool to help change the status quo when change requires the agreement of another person. Changing the status quo can mean asking a waitress if the kitchen can leave the croutons off your salad or it can mean asking your boss if you can work four days a week instead of five. It can mean asking the dry cleaner to have your suit ready this afternoon or it can mean asking for a transfer to a different regional office so you can follow your partner to a new job. The little negotiations involve the same processes as the big ones, and in all cases employing hardball tactics is usually the worst way to get good results. The most successful negotiators, the ones who reach agreements that benefit both sides, don't bully each other or raise their voices. They ask a lot of questions, listen carefully, share information, and try to understand both points of view. They enjoy the challenge of finding ways to satisfy everyone's interests and try to tease out solutions that leave no one feeling aggrieved, misused, or unhappy.

Seen this way, negotiation is probably something you already do every day (if you have kids, you're an old hand). You talk to your boss about promoting a talented junior worker whom you supervise. You discuss with a client how to customize a product in order to best serve his or her needs. You ask a colleague to help out on a challenging project. You decide with another volunteer how to split up the tasks on a community service initiative. You work out a plan with your siblings to celebrate your parents' fiftieth wedding anniversary. Talking, discussing, deciding, working things out—these are all parts of negotiating, and they're all skills that many women already possess.

Every negotiation also takes place within the context of a relationship, a relationship in which each party has something of value to offer. Negotiating well involves understanding the nature of the relationship between you and the other negotiators and accurately es-

timating the value on each side—what you both “bring to the table.” It may take some research to obtain this information (research we're going to show you how to do), but if you learn a few basic principles, plan carefully, and *practice*, you can become an effective negotiator pretty quickly. We've designed this book to guide you through that process.

MEASURE THE PLAYING FIELD

Once you know what you want and have resolved to negotiate to get it, you need to do a little preliminary legwork. You need to familiarize yourself with the basics of good negotiation practice, the working concepts on which professional negotiators rely. Then you need to do some research: How much are you worth? How much bargaining power do you really have? And how do things stand on the other side of the table? Numerous external factors may influence the course of your negotiation, such as your employer's financial stability or long-range plans, your organization's system for evaluating individual work or making exceptions to standard operating procedure, and the pet peeves and priorities of the person you need to ask. The more you can learn about the context within which you'll be making your request and the personalities of the major players, the better equipped you'll be to improve your negotiating position and argue persuasively for your point of view.

The first step is to identify any relevant circumstances and relationship factors that may influence the outcome (experts call this assessing the negotiation environment). You wouldn't want to negotiate the same way with your partner as you would with a stranger (or you won't be together very long) and you shouldn't negotiate the same way with a beleaguered boss as you would with a recruiter who's offering you a job. To gauge your situation accurately, ask yourself the following questions:

How Many Parties Are Involved?

The number of parties is the number of “sides” in the negotiation. For example, when the United States is negotiating with another country over trade issues, there are only two “sides” (two signatories) to the agreement, even though each side will be represented by many people. The situation becomes more complex if other countries join the negotiation, increasing the number of sides. The complexity comes not simply from the fact that each country may bring different goals to the negotiation but also from the fact that certain countries may form coalitions or alliances in order to increase their leverage at the negotiating table. The same is true in more small-scale negotiations. If you and your three sisters, all of whom live in different cities, are trying to decide who will host the whole family for Christmas or Chanukah or Kwanzaa, your negotiation will probably be more complex than if you were simply negotiating with one sibling. Similarly, if you’re a small-business owner negotiating for a new contract and other subvendors will be participating in the project, reaching an agreement will be more complicated. Everyone involved may bring different expectations to the negotiation and other subvendors may band together to try to push through their own agendas, which may differ from yours.

One Issue or Many?

Negotiations in which there is only one issue to be decided, called *distributive negotiations*, have a fundamentally different character than negotiations with more elements in play, which are called *integrative negotiations*. If you’re buying a used car, chances are you’ll be negotiating over a single issue, the price. If you’re buying a new car instead, you’ll also want to agree on a color, the trade-in value of your current car, and the price for any extras you want, such as an upgraded audio system, GPS navigator, trunk cover, roof rack, or splash guards. Unless you’re paying cash you’ll need to discuss financing arrangements. In a job negotiation, the issues to be decided in addition to salary could include title, scope of responsibilities, starting date, number of vacation

days, features of your benefits package, a timetable for reviews and promotions, and potentially many more. In a negotiation for a promotion, the issues could include the date the promotion will take effect, the number of people you’ll supervise, your new salary, whether or not you’ll have an assistant, and so on.

What’s the Nature of Your Relationship?

Think of the relationship dimension of negotiations as a continuum. At one end envision a negotiating partner whom you’ll never see again, such as the seller of a house. At the other end put your mother. Most negotiations take place closer to your mother’s end of this continuum, with someone whom you can expect to see again, someone with whom you have a continuing relationship.

The nature of your relationship with the other negotiators will have a huge impact on your negotiation because it will determine the amount of information you have about the other side, the level of trust you share, and the potential for cooperation. In addition, the outcome of a negotiation with someone you know will influence your future interactions with this person and his or her friends and colleagues; it may enhance or damage your reputation, and can potentially set a precedent for later events.

How Formal or Binding Is the Proposed Agreement?

Will the agreement you reach *require* both sides to follow through? Will it conclude with a legally binding contract, for example, or will you be making a handshake agreement, one that each side promises to carry out? These two agreements differ in several ways. First, they differ in their level of transparency. Written contracts detail the terms of an agreement. Verbal agreements leave the door open for each side to walk away with different ideas about what’s been decided (and this can happen without malice on either side). Sometimes verbal agreements lead to simple misunderstandings or participants remember the sequence of events differently. In other cases, the terms of the agreement

are so vague that the parties have different expectations for what will happen and when. Consider, for example, what happened when a friend of Sara's, who works in advertising, asked her boss for a raise. After some discussion, he agreed to increase her salary by 4 percent. She assumed the raise would take effect immediately but several months passed and her paycheck never changed. She hadn't asked about the timing of the raise or gotten his commitment in writing. After a couple of months of waiting, she had to work up her nerve to ask her boss to name a specific date when her raise would go through.

The two types of agreements also differ in their degree of enforceability. A written contract can usually be enforced in a court of law. A verbal agreement relies on continuing commitment by both sides. In a negotiation that will not produce a written agreement, if the people on the other side don't feel as though they've gotten a good deal, they may be less likely to follow through. For this reason, make sure that what you agree to will give the other negotiators sufficient incentive to carry out their side of the bargain.

How Will this Negotiation Affect Other People?

A negotiation is said to be linked if it affects a future negotiation with someone else. For example, if you're a manager hiring a new employee, that negotiation may influence future negotiations with other employees (especially if you give the new person something other employees will want). Linkage ratchets up the stakes in a negotiation because whatever the parties agree to today may set a precedent for the future. Other negotiators may be reluctant to give you something not because they don't think you deserve it but because giving it to you may cause them problems later on. Say you own a unit in a cooperative apartment building where the rules prohibit subletting for more than a year. You're being transferred overseas for two years and ask if an exception can be made because you know you're coming back. The co-op board may resist making an exception for you because then other people will ask for exceptions too. Your awareness of the presence of

linkage can help you prepare a persuasive counterargument or adjust your strategy—by proposing strict guidelines for making exceptions in the co-op example, or by asking for something different that won't cause as many problems in other situations.

How Does Timing Affect the Agreement, and What Are the Costs or Benefits of a Delay?

If you do not get what you want now, will circumstances change in ways that will make it harder or easier for you to reach your goal later? For example, if you're trying to buy a house and the negotiation is proceeding slowly, is that a benefit (giving you time to sell your own house or for the market to change to your advantage) or is that a cost (you've sold your house already and you'll need to find temporary living arrangements until you buy a new one)? What are the consequences of delaying for the other side? Knowing how these consequences change for both of you will be a critical ingredient in your negotiation strategy.

How Much Do You Know About the Other Side's Position?

In any negotiation there may be many unknowns, most of which will involve the information you lack about the other side. Do they think what you're trying to achieve in the negotiation is reasonable, easily doable, or completely out of the question? How far are they willing to compromise? What do they really want? As we'll discuss in Chapter 7, learning as much as you can about the other side will greatly increase your chances of getting what you want. At this stage, however, it's simply important to catalogue what you know about them and what you don't know but would like to find out.

Who Are the Decision Makers on the Other Side?

Will you be negotiating with just one other person or many? If many, then you need to understand each negotiator's full range of interests. If you're negotiating for a promotion and your new position will involve working for more than one boss, what are each boss's priorities and

goals? Another factor to consider is whether the people you're negotiating with have final say over the matter or if other stakeholders need to sign off on the agreement.

Will the Results of the Negotiation Be Private or Public?

Will the negotiation take place in a private setting or will the negotiation process (and outcome) be made public? For example, will you be negotiating for your compensation behind closed doors or will your compensation be revealed to others (as is the case in the public sector)? Not only will you probably need to choose different tactics in the two situations but whether the negotiation is public or private will also influence the impact of linkages (see above) on the negotiation.

Will the Agreement Set a Precedent?

Are you asking for something that has never been done before? Will you be breaking new ground or are you asking for something that should be coming to you anyway, because people at your level who have achieved your performance targets routinely get rewarded in this way? As we'll discuss in Chapter 8, understanding the precedents can help you to improve your bargaining power in the negotiation. If you're negotiating to get flextime at work, for example, you may be more successful if you can point to other workers who've been granted the same benefit.

What Are the Accepted Norms for Negotiation Behavior in This Situation?

At an open-air market in Mexico, buyers and sellers are expected to haggle and it's generally assumed that the exchange will be lively and protracted. At the Giant Eagle supermarket in Pittsburgh, however, the cashier will not negotiate with you over the price of tomatoes. Most antique sellers in this country expect to grant slightly lower prices to customers who negotiate but they don't expect (or react well

to) persistent prodding to cut their prices in half or more. Expectations regarding appropriate negotiation behavior (or what experts call the "context" of a negotiation) differ from one profession to another, between people of different ethnic or cultural backgrounds, between men and women, between people of different ages, and even between people from different regions of the same country. (New Yorkers may respond to and respect certain types of aggressive behavior that might be considered impolite among southerners, for example.) If you know what is expected or considered appropriate in a particular context you can adjust your style and approach accordingly.

INSIGHT FROM THE PROS

Professional negotiators have discovered the benefits of sketching out both the lower and upper limits—the least you can realistically accept and the most you're likely to achieve—in advance of your negotiation. These basic building blocks of negotiation strategy will help you decide what to aim for, what to accept, and when to walk away. They'll give you a clear picture of the path before you and help you make a few crucial decisions upfront.

BATNA: Best Alternative to a Negotiated Agreement.

Before you enter into any type of negotiation, it's essential that you fully understand your alternatives. If you don't get what you want, what will you do? What's the best choice you can make for yourself if the negotiation ends in disagreement? If you can't persuade the other negotiator to give you what you want, what's your fallback position?

The better your options if you don't get what you want, the more power you have. If someone who's offered you a job knows that you have another attractive offer, you're in a better position to negotiate for

the salary you want because he needs to make it worth your while to accept his offer. If someone who wants to sell you her house knows that you like another house too, she'll realize that she needs to give you a good price or lose the sale.

Sometimes your BATNA is the status quo and sometimes your BATNA is another option you can pursue. Here are some examples.

BATNA

BEST ALTERNATIVE TO A NEGOTIATED AGREEMENT

- You're negotiating with a salesperson at a dealership to buy a particular car. If you can't reach an agreement with him or her, your BATNA is:
 - Status quo
 - Keep driving your old car or use public transportation if you don't have a car
 - Other option
 - Buy the car from a different dealer or buy a different car
- You've been offered a job and you're negotiating the salary with your prospective employer. Your BATNA if you don't get the salary you want is:
 - Status quo
 - Stay with your current employer or keep looking for a job if you're unemployed
 - Other option
 - Find a different job or start your own business
- You're negotiating for a promotion with your current boss. If he turns you down, your BATNA is:
 - Status quo
 - Stay in your current position

- Other option
 - Find another job or start your own business
- A headhunter is trying to recruit you. If the job isn't attractive enough, your BATNA is:
 - Status quo
 - Stay in your current position
 - Other option
 - Put out feelers to see what else is out there
- You want your partner to help with more of the housework. If he or she refuses, your BATNA is:
 - Status quo
 - Continue doing most of it
 - Other option
 - Hire a housekeeping service to clean once a week, lower your standards, or get another partner

In order to accurately assess the strength of your negotiating position (which we'll focus on in greater detail in the next chapter), you first need to understand the strength or weakness of your BATNA.

Reservation value (RV). What is your bottom line or cutoff point—the maximum amount you'd be willing to pay or the minimum amount you'd be willing to accept? In essence, this is the worst deal you'd accept before choosing your BATNA instead. In negotiating the salary for a new job, your reservation value would be the minimum you'd accept to take the job; any lower and you would turn it down. If you were on the other side of the negotiating table, your reservation value would be the highest salary that you'd pay to hire this particular candidate.

In practice, you may find it tricky to narrow down your reservation value to a precise figure. Students who consult Linda before negotiating their job offers frequently struggle with this. "If my reservation value for the job is \$70,000 does that mean that I should really say no to \$69,999 if that's their final offer?" one student asked. In this type of situation, having a range for your reservation value makes more sense—in this case, in the high 60s to low 70s. But the key is not to make the range too broad and to identify that range—your reservation value—*before* your negotiation begins. Otherwise, you risk accepting too little during the actual process.

Contract zone. This is the difference between each negotiator's reservation value or bottom line. Continuing with the job negotiation example, suppose that a recruiter is willing to pay a candidate up to \$75,000 and the candidate is prepared to accept anything over \$70,000. In that case, the contract zone would be between \$70,000 and \$75,000. An agreement could be made anywhere between those values but not outside because the recruiter won't pay more than \$75,000 and the candidate won't accept less than \$70,000. As a negotiator, you usually won't know the actual limits of the contract zone because you will know only your own reservation value, not the other side's.

Target value (TV). Your target value (also called your aspiration value) for a negotiation is your goal: what you'd really *love* to achieve in the negotiation. This is different from your reservation value (which is the worst deal you'd accept), and it's different from what you think you're pretty sure to get. In the salary negotiation example, if you're a job candidate and your reservation value is \$70,000, your target value should be something higher and more ambitious, such as \$80,000. Later chapters will provide you with the tools to determine the right targets for your negotiations. For now, think of your target value as whatever you'd be thrilled to get. Linda tells her students that their tar-

get should be the deal that would make them jump up and down and call their mothers or partners, or both, right away.

TARGET VALUES

The target you set for your negotiation should be:

- Better than your BATNA
- Ambitious (pushing the limits of what's possible)
- Realistic—something the other side might potentially agree to (an impossible goal won't get you very far)

Understanding these basic concepts will help you structure your negotiation plan and develop an effective strategy. The next step is to gather the information you're going to need—about the strength of your bargaining position and about the situation on the other side of the table. This will enable you to craft a proposal that will not just work well for you but will also appeal to the other side.