

You Can Negotiate Anything!!!

The mission of *The Negotiation and Mediation Club* is to provide a mutually supportive and positive learning environment in which every club member has the opportunity to learn the psychology of persuasion and practice the skills necessary to become expert negotiators and mediators.

The 7 Primary Ways of Handling Conflict, Resolving Disputes and/or Getting What You Want

1. **Avoidance** – unilateral action(s) designed to end your involvement in the dispute by walking away
2. **Negotiation** – a conversation with the goal of resolving an issue via bargaining and/or compromise
3. **Mediation** – a guided dialog in 5 stages: Convening, Opening, Communicating, Negotiating and Closing
4. **Arbitration** – a third party judgment rendered by a mutually agreed upon neutral party
5. **Litigation** – a state-financed court system that determines the government’s resolution of the dispute
6. **Self-help** – unilateral action(s), which are sometimes illegal, designed to force the other party to submit
7. **Request Help** – appeal to a higher authority or power who has the ability to deliver the desired results

The 7 Secret Weapons of Influence – How to Use Them and Defend Against Them

By leveraging automatic, stereotyped behaviors and thought processes that can be invoked by certain simple triggers, compliance professionals can create willingness in others to say “Yes” without thinking first. These key principles of persuasion, which can be used alone or in combination, are as follows:

1. **Perceptual Contrast** – we notice and decide by the difference between two things, not absolute measures.
2. **Reciprocation** – we feel obligated to return favors performed for us
3. **Commitment and Consistency** – we want to act consistently with our commitments and values
4. **Social Proof** – we look to what others do to guide our behavior
5. **Liking** – the more we like people, the more we want to say yes to them
6. **Authority** – we look to experts to show us the way
7. **Scarcity** – the less available the resource, the more we want it

What We’ve Learned So Far

1. **You Can Choose How to Get What You Want** – negotiation is a very effective and inexpensive method
2. **Behaviors Based on Shortcuts Can Either Benefit or Harm Us** – navigating life is faster when we can react without thinking but these “click, whirr” shortcuts can also be exploited to gain our unwitting compliance
3. **Awareness of Principles of Persuasion is Key** – our negotiating ability improves if we learn how to persuade others using these weapons of influence and to recognize the principles when they are being used against us
4. **Avoid the BUT and Focus on the AND** – active listening and empathy are improved by saying AND vs. BUT

References

Influence: Science and Practice, © 2009, 2001 by Robert B. Cialdini and Pearson Education, Inc.

Mediation: The Art of Facilitating Settlement, An Interactive Training Program, ©1993-2009 by the Straus Institute for Dispute Resolution at the Pepperdine University School of Law.

You Can Negotiate Anything, © 1980 by Herb Cohen.

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Secret Weapon #1: The Principle of Perceptual Contrast

Like other principles of persuasion, the power of the Principle of Perceptual Contrast, is that it feels like a natural law that can be used while exerting a minimum of personal force. This allows us to manipulate a conversation, situation or negotiation without the appearance of manipulation. Here is an overview on the Perceptual Contrast Effect from http://changingminds.org/explanations/theories/perceptual_contrast.htm:

Perceptual Contrast Effect

Description

When we make decisions, we tend to do it by contrasting between the decision item and reference items. When two things appear close to one another, we will tend to evaluate them against one another more than against a fixed standard.

Research

Sherif, Taub and Hovland (1958) found that when subjects first lifted a lighter weight, they overestimated the weight of heavier weights they were subsequently asked to lift.

Example

When you meet two other people, you are likely to compare each against the other on several dimensions to decide which you prefer. This may include physical beauty, similarity of interests and various personality factors. (Cialdini 1993) In other words, in a dark room, even a small candle flame seems bright.

A simple physical way of illustrating perceptual contrast is to put one hand into hot water and other into cold water, then move them both to lukewarm water. The cold hand will feel hot and the hot hand will feel cold.

Using it

To make something look good, first show something of inferior quality. To get someone to buy something expensive, first show them something even more expensive. Always show the original full retail price before showing the sales price.

Defending

When you make a decision, think about the comparison standards you are using. If it is something you have recently seen, consider whether the person who showed you the first thing is using it for the contrast effect.

Perceptual Contrast can be used in negotiation and mediation to help influence, manage and even control the bargaining process. This is true because of the power of an initially presented number (or bargaining position) to “**anchor**” the other party’s perception (or mindset) closer to the opening offer and thereby influence what their initial counter offer in a negotiation is likely to be. **If you can limit the options that the other party has to choose from during a negotiation then you can guide the outcome to one that favors your side.**

Some more fun examples of how **anchoring** leverages the **Principle of Perceptual Contrast** include:

Sharon’s Letter to Her Mom and Dad Dilbert’s Cartoon of the “Professional Bearer of Bad News”

The Relative Weights of Two Items The Cell Phone Number Quiz Lee’s Favorite Card Trick

The Dance of Distributive Bargaining

In **Distributive Bargaining**, which is also sometimes called **competitive bargaining**, the parties attempt to **divide up a relatively fixed pie** in a manner that is a **zero-sum exchange** (i.e., whatever one side gains the other side must lose). This bargaining process moves from one position (i.e., an offer or proposal) to another position (i.e., a counter offer or counter proposal) via **a series of concessions or compromises**.

The series of offers in distributive bargaining have been described as “**the negotiation dance**” because they tend to play out in predictable steps – both in terms of the size of the concessions made (i.e., typically half the size of the prior concession) and the time it takes to make the concessions (typically twice as long as the prior concession time). **This bargaining “dance” usually ends at about the midpoint between the first two reasonable offers.**

(NOTE: The preceding description, sample car purchase negotiations, zones of agreement charts and Vic’s Video role-playing exercise are from Chapter 4 of the Straus Institute’s Mediation Training course and workbook).

Example 1: Distributive Bargaining Negotiation over a Used Car Purchase to Distribute \$4,000 Worth of Value

	Buyer’s Opening Offer	Seller’s Advertised Price
Round #1:	\$16,000	\$20,000
Round #2:	\$17,000	\$19,000
Round #3:	\$17,500	\$18,500
Round #4:	\$17,750	\$18,250
Round #5:	\$17,875	\$18,125
Round #6:	\$17,935	\$18,065
Round #7:	\$18,000	

Predicting the outcome of a particular distributive negotiation becomes possible after you have observed the opening moves of the process. However, **the dance should not be short-circuited** by jumping to the midpoint too early in the negotiation because this might encourage the other party to then use the pre-mature midpoint offer to claim more value based on an inappropriately timed “split the difference” offer.

Example 2: Distributive Bargaining Negotiation over a Used Car Purchase to Distribute \$4,000 Worth of Value

	Buyer’s Opening Offer	Seller’s Advertised Price
Round #1:	\$16,000	\$20,000
Round #2:	\$18,000	\$19,500
Round #3:	\$18,500	\$19,250
Round #4:	\$18,750	\$19,125
Round #5:	\$18,875	\$19,063
Round #6:	\$18,935	\$19,032
Round #7:	\$19,000	

Distributive Bargaining encourages an aggressive style which may harm a relationship because it can be beneficial to “trick” the other party by concealing information about what your true bottom line number is. In addition, the imbalance in the crucial negotiation factors of “**power, time and information**” from Herb Cohen’s book *You Can Negotiate Anything* can cause one or both parties to feel harmed or abused by the negotiation process.

The Zone of Possible Agreement (ZOPA)

Both the Buyer and the Seller in a negotiation have different zones in which they can make offers in the negotiation dance. At the extreme is the **Insult Zone** where an opening offer may cause the other party to refuse to bargain further (i.e., walk away from the table or refuse to make a counter offer). Next to this zone is the **Credible Zone** where the other party may still not view an opening offer as reasonable enough to counter but will not be so insulted by it as to end the negotiation. The **Reasonable Zone** is used to describe an opening offer which is still outside of the other party's **Zone of Agreement** but is close enough to the zone where the deal will ultimately be concluded that it can be used to predict the outcome of the negotiation.

If the **Buyer's Top Line** is above the **Seller's Bottom Line** we have a **Zone of Possible Agreement (ZOPA)**:

The Buyer's Negotiating Position (prior to the opening offer)

Buyer's Bargaining Range						Above Buyer's Bargaining Range
Insult Zone ← ...	Buyer's Credible Zone	Buyer's Reasonable Zone	Buyer's Zone of Agreement ←.....	Buyer's Top Line #	Above Buyer's Top Line	

The Seller's Negotiating Position (prior to the opening offer)

Below Seller's Bargaining Range	Seller's Bargaining Range					
Below Seller's Bottom Line	Seller's Bottom Line #	Seller's Zone of Agreement→	Seller's Reasonable Zone	Seller's Credible Zone	Insult Zone ...→	

The Buyer and Seller's Negotiating Continuum (as the negotiation unfolds)

Buyer's Bargaining Range		Buyer and Seller's Shared Bargaining Range					Seller's Bargaining Range	
Insult Zone ← ...	Buyer's Credible Zone	Buyer's Reasonable Zone	Seller's Bottom Line #	Buyer and Seller's Zone of Possible Agreement (ZOPA) ←.....→	Buyer's Top Line #	Seller's Reasonable Zone	Seller's Credible Zone	Insult Zone ...→

There will be no Zone of Possible Agreement (ZOPA) if the Buyer's Top Line # is below the Seller's Bottom Line #. However, when this occurs, it is still possible to apply additional principles of persuasion and advanced negotiating techniques such as **Integrative Bargaining**.