

You Can Negotiate Anything!!!

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

The 7 Secret Weapons of Influence – You Should Learn How to Use Them and Defend Against Them						
Perceptual Contrast	Reciprocation	Commitment & Consistency	Social Proof	Liking	Authority	Scarcity
we notice and decide by the difference between two things, not absolute measures	we feel obligated to return favors performed for us in whatever way we are asked to	we want to act consistently with our commitments and values	we look to what others do to guide our behavior	the more we like people, the more we want to say yes to them	we look to experts to show us the way	the less available the resource, the more we want it

The Buyer and Seller's Negotiating Range of Positions during the Dance of Distributive Bargaining								
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 ...→

What We've Learned So Far

- You Can Choose How to Get What You Want** – negotiation is a very effective and inexpensive method
- 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
- 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
- Avoid the BUT and Focus on the AND** – active listening and empathy are improved by saying AND vs. BUT
- Perceptual Contrast says that the Order in which Options are Presented Matters** – use this to shape the conversation towards an outcome that you find desirable by anchoring the other side to your number
- Distributive Bargaining is a Predictable Zero-Sum Game of Claiming Value** – the person who starts the Negotiation Dance with a credible offer can shift the **Zone of Possible Agreement (ZOPA)** in their favor
- WATNA, BATNA, LATNA** – it helps to know both the other party's and your own **Worst, Best and Likeliest Alternatives To a Negotiated Agreement** because this knowledge can help close the remaining gap in a deal

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 #2: The Rule of Reciprocation

The Rule of Reciprocation says that we should try to repay, in kind, what another person has provided us. Someone can make us feel obligated to them by doing something for us. Human societies derive significant competitive advantages from the reciprocity rule. Without widespread conformance to the rule, our whole economy based on reliable exchanges of value would not work. We are taught to obey the rule and no one wants to be viewed as a moocher, ingrate or welcher. As a weapon of influence, reciprocation is so powerful that it can cause you to say yes to a perfect stranger just to relieve your feeling of indebtedness. Here is an overview on the Reciprocation (or Exchange) from http://changingminds.org/explanations/theories/reciprocity_norm.htm:

The Rule of Reciprocation

Description – This is a very common social norm which says that if I give something to you or help you in any way, then you are obliged to return the favor. This norm is so powerful, it allows the initial giver to:

Ask for something in return, rather than having to wait for a voluntary reciprocal act.

Ask for more than was given. You can even exchange a smile for money.

Reciprocity also works at the level of liking. We like people who like us, and dislike those who dislike us. This can create a self-fulfilling prophecy.

Research – Kunz and Woolcott sent Christmas cards to a number of people he did not know. Most sent a card back (and they got onto the permanent Christmas list of some).

Example – Hari Krishna people have used this by giving passers-by a small plastic flower and then asking for a donation in return.

Using it – Give people things, whether it is your time or money and it helps if you give them something they truly appreciate. Do not give them too much, lest they feel oppressed by their obligation. Ask for something in return.

Defending – If people give you something, say thank you (which is giving them something back in return!). When they ask for something in return, say no. Be polite (giving them something else). Or turn the tables, giving them something you don't want, then ask them for something. Always be aware of trickery when people you hardly know offer you something, especially if they ask for something from you in return.

Robert Cialdini, in *Influence: Science and Practice*, points out that **Reciprocal concessions** are a more subtle form of exploiting the rule of reciprocation than by giving a gift or doing a favor. The author had the experience of being offered a \$5.00 ticket to Boy Scout circus held on Saturday night, when this request was rejected, the Boy Scout said, "Well, if you don't want any tickets, how about buying some of our chocolate bars. They're only a dollar each." Cialdini was surprised that the author ending up purchasing two, even though he didn't like chocolate bars. This is an example of **Rejection-Then-Retreat strategy** (firstly, make a big request that will likely be rejected, and then secondly, allow the rejecter to retreat to granting a smaller request counting on the person's desire to match your concession with a willingness to comply).

As a final example, a reader reports that when selling service contracts he always first offered the three-year expensive option (\$140). When this was rejected, he retreated to a one-year plan (\$35). Exploiting the contrast principle, as well as the reciprocation rule, he always had the highest sales.

Why Integrative Bargaining is Better Than Distributive Bargaining

In **Integrative Bargaining**, which is also called cooperative or collaborative bargaining, the parties **go beyond the zero-sum exchange** but rather seek ways in which both sides can achieve their goals at little or no cost to the other party. The **goal is not to divide up a fixed-size pie** where what one party receives must be taken from the other party but **to instead expand the pie** (or add other pies to the mix) and then divide up this larger set of assets in a way that creates a benefit for both parties. The key to effective Integrative Bargaining is to **focus on the interests of the parties (which are often open-ended and not a source of conflict) versus the issues and positions (which are often fairly fixed and constrained)**.

The Iceberg View of Integrative Bargaining

You can think of a person as having an iceberg's worth of issues, positions and interests in any particular negotiation or dispute. The **issue** that is the focus of most distributive bargaining sessions is the price that will be paid by the buyer and which the seller will receive. In addition, a buyer and seller will ultimately form **individual positions** about this particular issue during the dance of negotiation. Like an iceberg, the issue and the buyer's and seller's positions are above the surface of the water (or above the line). **Below the surface, both the buyer and seller have a whole host of interests that are influencing the outcome of the negotiation.**

The Two Iceberg's of Issues, Positions and Interests that are Present in any Negotiation

Buyer's Issue: Price to Pay for a Car			Seller's Issue: Price to Sell my Car for		
Buyer's Position: I'll pay up to \$10,000			Seller's Position: I'll need at least \$12,000		
Below the Line are the Buyer's Interests			Below the Line are the Seller's Interests		
I don't like walking or riding a bike	I need the car Monday thru Friday for driving 5 miles to work	I love the color blue and especially like blue convertibles	I only need \$5,000 now to buy some shares I think will double in price	It is better for me tax-wise to get \$7,000 later	I don't like negotiating with women
I don't know how to drive a stick-shift	I can't park larger SUV's	I love the feeling of freedom when I drive with the top down	I have two more cars besides this one that I want to sell	I don't like to show weakness in a negotiation	This car has a mildew problem from when I left the top down
I'm short on cash now but my dad will lend me money	In 3 months, I will get a signing bonus from my new job	I want to appear grown up and not dependant on my dad	I love the smell of a new car and don't like cars over 2 years old	I need to buy a bigger and safer car to hold my wife and kids	My wife wants to put \$7,000 in our kids' college fund next year
...

In Integrative Bargaining Look to Create Value by Going Below the Line

As a negotiator or mediator, if you can build trust, ask the right questions and actively listen then you can “go below the line” and learn the interests of both parties. This will help you in arriving at a better deal or closing the gap between two parties because you can build a package-deal that involves not just the single issue of price but includes other deal points that address the manifold interests of both parties.

As an example, let’s analyze a real life negotiation for a car that Boris had recently and determine what interests might have been at work “below the line.”

Buyer and Seller’s Issue: The Seller Sam owns a 2002 Jeep Grand Cherokee 8 Cylinder, 76,000 Miles, Rims, Leather, Blue Book Value Around 11,000, with Rims + Tires Value worth \$2,000 is For Sale by Owner. The Buyer Boris wishes to buy a car like this.

Buyer’s Position: Boris is willing to spend \$8,500

Seller’s Position: Sam has advertised the car on a local lot for \$10,200

Communication Method: 100% Text Messaging – a new medium for Distributive Bargaining

- 1) Boris: Would you take \$7,500 for your car?
- 1) Sam: Give me \$8,500 and we have a deal.

- 2) Boris: \$8,500 is far too much for that car. There is another Grand Cherokee on the lot here that is a 2004 model with only 66,000 miles selling for \$8,200.
- 2) Sam: My car is already \$2,500 dollars below blue book value, the best I can do for you is 8,000.

- 3) Boris: I understand that your car is \$2500 below Blue Book value and I want to make this deal work and I would be willing to pay \$8,000 for it if I had the funds. I can spend a total of \$7,500 on this car given my budget, meet me at that number and I can bring you cash for the vehicle immediately.
- 3) Sam: I have to pay fees to the lot, sorry, \$8,000 is as low as I will go with this car.

- 4) Boris: Ok, I understand that you have to pay fees to the lot, I am very interested in your car and want to make this deal happen. Please remember that I will have to pay fees too, at least \$500 dollars to the DMV and that will set me back way over my budget. How about we meet half way? Given the circumstances, \$7,500 is as low as I can go with my budget, and \$8,000 is as low as you will go with yours. I can meet you at \$7,750 that is in between your figure and mine, and we will both get what we want.
- 4) Sam: Ok, I am going to call the lot and find out how much fees I will have to pay them. If the fees are minimal then we have a deal.

Evaluation: Seller did not know how much fees he has to pay to the lot but made the Buyer feel like the fees were substantial with his 3rd response. At this point I realize that Buyer may have lowered his price to perhaps \$7,600.

Conclusion: Opening Price 10,500: Deal Reached at \$7,750. Total back and forth interactions 8. Total time 6 hours,

Seller- Age 26, income level: sales professional \$60,000+, Buyer realized that he was talking to someone my age from the physical appearance of the car and his messages. Also, developed relationship with the seller, seller sent him spare keys and a sample of the diet product that he is selling for his occupation, perhaps anticipating another similar interaction between myself and the Buyer. Buyer viewed him as a “cool guy” and there is possibility for future deals.