



THE TRUTH ABOUT

NEGOTIATIONS

SECOND EDITION

“Crack the code,
and use it with
anyone at any time...”

Leigh Thompson

Author of Creative Conspiracy: The New Rules of Breakthrough Collaboration

Praise for *The Truth About Negotiations*

"Armed with cutting-edge research, Thompson offers up the definitive answers that propel even seasoned negotiators to reach the next level of negotiation success. Each chapter provides a clear answer to a burning question, and the return-on-investment is monumental."

—**Tanios Viviani**, President-Americas, Amway Corp.

"Conflict and adversarial situations are unavoidable, particularly in the security industry. Thompson's lessons, however, offer a roadmap to navigating those interactions successfully. I found myself using her lessons the same day I learned from her, turning potential conflict into a win/win for all parties involved. You need these tools in your toolbox!"

—**Ben Keller**, CPP, Senior Director, Corporate Security Services, Capital One

"Being successful in today's highly competitive business environment requires being committed to helping customers reach their goals as much as we're trying to reach our own. This very insightful and powerful book makes clear that a consultative approach is fundamental to a successful negotiation. It shows how we can actually expand the pie—with both sides receiving more than expected—if we take the time to really understand the interests of the other."

—**Tony Likovich**, Vice President, Business Development, Truven Health Analytics

PART 3

BLACK BELT NEGOTIATION SKILLS

You've prepared your bottom line. You've thought about theirs. Now you are in the throes. What should you reveal? What should you conceal? Should you open first? How can you craft a win-win deal without risking giving up too much?


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Set optimistic but
realistic aspirations

 While having a best alternative to a negotiated agreement (BATNA) is important, there is a risk that you could become so focused on your BATNA and reservation point that you would settle for the first deal better than your BATNA or above your reservation point. Instead, you should hold out for a much more attractive deal, one closer to your aspiration point.

Your BATNA tells you when to *walk*, not when to *sign*.

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If you accept the first proposal that exceeds your BATNA, you have fallen victim to the “underaspiring” negotiator syndrome. The primary symptom: You feel lucky just to have reached an agreement. However, when you later discover that the bargaining zone—the distance between both parties’ reservation prices—was much larger than you realized, your excitement may melt into disappointment.

What you need is an *aspiration point*. An aspiration point represents the monetary equivalent of your ideal set of terms. Suppose you are selling your house. You might tell me your reservation price is \$250,000 (and your house is listed at \$275,000). I would ask you if that represents a favorable set of terms. I want you to be optimistic but realistic. You may say then that \$275,000 would be attractive and realistic because that’s what comparable houses have sold for in your neighborhood. That’s your aspiration point! The person you negotiate with will have, whether she knows it or not, an aspiration point, too. That’s why it’s important that you know yours.

You need to develop your aspiration point *before* going into negotiation. It’s not enough to simply hope to secure an agreement that is better than your BATNA. I’m also not a fan of aspiration “ranges.” Ranges are wishy-washy; they have diminished anchoring potential and, not surprisingly, the counterparty tends to hear only the part of your range closest to *her* aspiration point (the lowest price you’re willing to sell for). So, it’s essential to develop an actual aspiration point—I call it a *target*—for the negotiation. Not to have and to know your aspiration point is like going into a negotiation with a defense but no offense.

But you can also go too far with your aspirations. You could develop wildly unrealistic aspiration points. The danger of developing an outlandish target is that it can create the *chilling effect* in the counterparty and set you up for disappointment.

The chilling effect occurs when an opening offer is so insulting that the counterparty doesn't even care to respond because he doesn't want to acknowledge it. Suppose, for example, that a buyer makes a \$100,000 offer on your \$275,000 home. You wouldn't even want to give that buyer the courtesy of a response. That's the chilling effect. The polar opposite of the chilling effect is the *winner's curse*. If you immediately and gleefully accept my first offer, that tells me my offer was too generous. You should not accept the first offer above your reservation price.

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Here are the aspiration point DOs:

- DO think about the other party's BATNA. You don't know what it is, of course, but you can still think about it. As it turns out, if you were to develop an aspiration point that was exactly equivalent to the other party's BATNA/reservation point, that would be a great opening offer to make.
- DO seek comparison data and focus on points that are most favorable to you (as you would do if you researched the salaries or fees earned by people with similar qualifications and experience to yours).
- DO follow these basic steps:
 1. Identify your key goals.
 2. Brainstorm your options.
 3. Plan your opening move.

Your aspiration should be such that if you proposed your terms and the other party immediately accepted, you would still feel good.

Here are the DON'Ts:

- DON'T use your BATNA as a starting point and then dial it up or down to arrive at a target point. You can't derive your aspiration from a BATNA-based formula.
- DON'T state an outrageous aspiration that you can't back up with data, facts, and logic.
- DON'T withhold your aspiration until the other party has spoken.
- DON'T state a range of aspiration points.

