1 Part I: Essentials of Negotiation

NEGOTIATION: THE MIND AND THE HEART

A $7.2 billion merger between Microsoft and Nokia began with a phone call and three simple words, "Can we talk?" When Microsoft CEO Steve Ballmer called Nokia Chairman Risto Siilasmaa on a cold January day with that question, it set in motion eight months of complex negotiations. Whereas the companies were longtime working partners in the development of Microsoft's Windows Phone, Ballmer was frustrated with the slow pace of growth for the device. Microsoft and Nokia were each duplicating their efforts—investing marketing money to build separate brands and lure app developers, but they were both solidly way behind—the Windows Phone was considered to be a second-tier product behind Google's Android and Apple's iOS. Nokia's stock price and revenue had declined alarmingly. After the phone call, executives from both companies met for an hour in Barcelona to discuss their ideas; a month later in New York at the offices of Nokia's outside law firm, the deal nearly fell apart due to Siilasmaa's frustration over the low perceived value of Nokia by Microsoft executives. Siilasmaa broke the silence the next day, sending a text message to Ballmer to reopen talks. When the company executives met in London the following month, a scream was heard during a break. Deep in thought, CEO Ballmer had failed to see a clear glass coffee table in front of him, tripped, and hit his head. As the security team patched up Ballmer's forehead, he began to talk to the Nokia executives. Meetings followed in Nokia's home base of Finland, and then back in New York where the CEOs shook hands on key issues, which subsequently led to legal pacts covering patents, trademarks, the selling of Nokia's handset business, and platform mapping. That fall, Ballmer flew to Finland to finalize one of the largest mergers of all time.[1]

Whereas most of us are not involved in billion-dollar mergers, one thing that business scholars and businesspeople are in complete agreement on is that everyone negotiates nearly every day. *Getting to Yes* begins by stating, "Like it or not, you are a negotiator…. Everyone negotiates something every day."[2] Similarly, Lax and Sebenius, in *The Manager as Negotiator,* state that "Negotiating is a way of life for managers… when managers deal with their superiors, boards of directors, even

[1] Stoll, J. D. (2013, September 13). Nokia's last great deal: Zero to $7.2 billion. *Wall Street Journal*. wsj.com; Mossberg, W. (2013, September 4). From "Can we talk?" to a coffee-table mishap: The inside story of Microsoft's Nokia deal. *All Things Digital*. allthingsd.com.

[2] Fisher, R., & Ury, W. (1981). *Getting to yes* (p. xviii). Boston: Houghton Mifflin.

legislators."[3] G. Richard Shell, who wrote *Bargaining for Advantage,* asserts, "All of us negotiate many times a day."[4] Herb Cohen, author of *You Can Negotiate Anything,* dramatically suggests that "your world is a giant negotiation table." One business article on negotiation warns, "However much you think negotiation is part of your life, you're underestimating."[5]

Negotiation is your key communication and influence tool inside and outside the company. Anytime you cannot achieve your objectives (whether an acquisition or a dinner date) without the cooperation of others, you are negotiating. We provide dramatic (and disturbing) evidence in this chapter that most people do not live up to their negotiating potential. The good news is that you can do something about it.

The sole purpose of this book is to improve your ability to negotiate. We do this through an integration of scientific studies of negotiation and real business cases. And in case you are wondering, it is not all common sense. Science drives the best practices covered in this book. We focus on business negotiations, and understanding business negotiations helps people to be more effective negotiators in their personal lives.[6]

In this book, we focus on three major negotiation skills: creating value, claiming value, and building trust. By the end of this book, you will have a mindset or mental model that will allow you to know what to do and say in virtually every negotiation situation. You can prepare effectively for negotiations and enjoy the peace of mind that comes from having a game plan. Things may not always go according to plan but your mental model will allow you to perform effectively and, most important, to learn from your experiences. Indeed, people who view negotiation as a challenge are more successful in reaching high-quality deals than people who view negotiation as threatening.[7] Moreover, people who believe that negotiation ability is changeable with experience and practice are more likely to discover win-win agreements than people who believe that negotiation skills are not teachable.[8]

NEGOTIATION: DEFINITION AND SCOPE

Negotiation is an interpersonal decision-making process necessary whenever we cannot achieve our objectives single-handedly. Negotiations include not only one-on-one business meetings but also multiparty, multicompany, and multinational relationships. Some negotiations involve bargaining over a few dollars; other negotiations involve billions of dollars, such as Kellogg's acquisition of the Pringles brand from Proctor and Gamble for $2.7 billion. Some negotiations are conducted in less than a few minutes; others linger on for years, such as Hertz's five-year courtship with rival Dollar Thrifty for an ultimate price of $2.5 billion.[9] People negotiate in their

[3] Lax, D. A., & Sebenius, J. K. (1986). *The manager as negotiator* (p. 6). New York: Free Press.

[4] Shell, G. R. (1999). *Bargaining for advantage: Negotiation strategies for reasonable people* (p. 76). New York: Viking.

[5] Walker, R. (2003, August). Take it or leave it: The only guide to negotiating you will ever need. *Inc., 25*(8) 75–82.

[6] Gentner, D., Loewenstein, J., & Thompson, L. (2003). Learning and transfer: A general role for analogical encoding. *Journal of Educational Psychology, 95*(2), 393–408.

[7] O'Connor, K. M., Arnold, J. A., & Maurizio, A. M. (2010). The prospect of negotiating: Stress, cognitive appraisal and performance. *Journal of Experimental Social Psychology, 46*(5), 729–735.

[8] Wong, E. M., Haselhaun, M. P., & Kray, L. J. (2012). Improving the future by considering the past: The impact of upward counterfactual reflection and implicit beliefs on negotiation performance. *Journal of Experimental Social Psychology, 48*(1), 403–406.

[9] Applegate, E., & Mider, Z. (2013, December). The year in M&A deals. *Businessweek*, pp. 64–65.

personal life with people whom they love and enjoy a long-term relationship (e.g., spouses, children, neighbors, and family), as well as in their business life, and with people with whom they might not have an established relationship.

NEGOTIATION AS A CORE MANAGEMENT COMPETENCY

Negotiation skills are increasingly important for managers. Key reasons for the importance of negotiation skills include the dynamic nature of business, interdependence, economic forces, information technology, and globalization.

Dynamic Nature of Business

Most people do not stay in the same job that they take upon graduating from college or receiving their MBA degree. The average person stays at a job for 4.4 years, and 91% of millennials expect to stay at their jobs less than three years, averaging 15–20 jobs over the course of their professional lives.[10] The dynamic, changing nature of business means that people must renegotiate their existence in organizations throughout their careers. The advent of decentralized business structures and the absence of hierarchical decision making provide opportunities for managers, but they also pose some daunting challenges. People must continually create possibilities, integrate their interests with others, and recognize the inevitability of competition both within and between companies. Managers must be in a near-constant mode of negotiating opportunities. Negotiation comes into play when people participate in important meetings, get new assignments, lead a team, participate in a reorganization process, and set priorities for their work unit. Negotiation should be second nature to the business manager, but often it is not.

Interdependence

The increasing interdependence of people within organizations, both laterally and hierarchically, implies that people need to know how to integrate their interests and work across business units and functional areas. For example, when Lafayette Park, a historical park in San Francisco, was scheduled for a renovation, many negotiations erupted between the numerous interest groups. The residents were concerned with the aesthetics of the park, the noise level during construction, as well as lack of use during the three-year revamp. The Recreation and Parks Commission wanted to provide new and interesting elements to the playground as well as keep the project on budget and on time, and the historical society wanted to preserve the park's natural history. All the interest groups convened for facilitated meetings with breakout sessions to address and negotiate the different needs of each group. Some of the needs expressed were related to keeping the playground in a naturalistic theme, while also providing benches along the hilltop clearing to enjoy the view of the bay, and not trimming or removing too many trees.[11]

The increasing degree of specialization and expertise held by businesspeople indicates that people are more and more dependent on others. However, other people do not always have

[10] Meister, J. (2012, August 4). Job hopping is the new normal for millennials: Three ways to prevent a human resource nightmare. *Forbes.* forbes.com.

[11] King, J. (2013, June 5). Lafayette park revamp spurs heap of ideas. *San Francisco Chronicle*. sfchronicle.com.

similar incentive structures, so managers must know how to promote their own interests while simultaneously creating joint value for their organizations. This balance of cooperation and competition requires negotiation.

Economic Forces

In March 2014, approximately 10.5 million people in the United States were unemployed.[12] That was down from 15.3 million unemployed in November of 2009, the highest number of unemployed Americans since the Bureau of Labor Statistics began tracking the nation's unemployment in 1948.[13] Economic pressures and forces such as these mean that negotiators need to know how to operate in uncertain and ambiguous environments. Focusing on minimizing losses may loom larger than focusing on profits.

Information Technology

Information technology also provides special opportunities and challenges for negotiators. Information technology has created a culture of 24/7 availability. With technology that makes it possible to communicate with people anywhere in the world, managers are expected to negotiate at a moment's notice. Computer technology, for example, extends a company's obligations and capacity to add value to its customers. Because customers expect companies to be accessible to them 24/7, businesses have rethought how to respond quickly. For instance, when Scott Stratten, President of UnMarketing.com, tweeted about his disappointing experience with a Delta flight attendant, the company responded with a polite apology within 16 minutes. Stratten was so impressed by Delta's customer service responsiveness through Twitter that he immediately booked another flight with Delta the following week. Delta uses the 24/7 availability to their advantage and employs 12 people to manage the company's Twitter account.[14] Conversely, people who are not online feel the pressure to perform when they finally do log back on. For example, Arianna Huffington, founder of The Huffington Post, promised her daughter that during her college tour she would not check her smartphone. Huffington kept her promise, not turning on her smartphone during the tour, but while her daughter slept in the hotel room that night, she admitted staying up all night answering e-mails and making sure she didn't miss anything from the few hours she took off.[15]

Globalization

Most managers must effectively cross cultural boundaries to do their jobs. Setting aside obvious language and currency issues, globalization presents challenges in terms of different norms of communication. Chip Starnes, cofounder of Specialty Medical Supplies, learned a harrowing lesson in cultural fit when he showed up at his factory near Beijing, China to deliver severance payments for 30 workers laid off when Starnes moved a company division to Mumbai, India. The remaining 100 employees, convinced the entire factory would be closed, demanded severance

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[12] United States Department of Labor, Bureau of Labor Statistics. (2014, April). *The Employment Situation.* bls.gov/news.

[13] United States Department of Labor, Bureau of Labor Statistics. (2011). *Employment status of the civilian population by sex and age.* bls.gov.

[14] Trejos, N. (April 14, 2012). Delta Airlines tweets the most. *USA Today*. usatoday.com; Stratten, S. (2012, July 9). How Delta's tweet saved the brand day. *UnMarketing*. unmarketing.com

[15] Huffington, A. (2013, March 14). Arianna Huffington on burning out at work. *Businessweek*. businessweek.com

and barricaded Starnes inside the plant for six days. Cases of managers being held captive by dissatisfied workers, while police look the other way, is not a rare circumstance in China, a cultural fact that Starnes certainly learned. After accepting the workers' demands—giving 97 workers two months' salary and compensation and rehiring the previously laid-off workers on new contracts—Starnes was released and declared that he had no plans to ever come back though the factory would remain open.[16] Managers need to develop negotiation skills that can be successfully employed with people of different nationalities, backgrounds, and personalities. Consequently, negotiators who have developed a bargaining style that works only within a narrow subset of the business world will suffer unless they broaden their negotiation skills to effectively work with different people across functional units, industries, and cultures.[17] It is a challenge to develop negotiation skills general enough to be used across different contexts, groups, and continents but specialized enough to provide meaningful behavioral strategies in a given situation.

MOST PEOPLE ARE INEFFECTIVE NEGOTIATORS

On the question of whether people are effective negotiators, managers and scholars often disagree. Many people regard themselves to be effective negotiators. However, these same people believe most of their colleagues are distinctly ineffective at the negotiation table. Most people often fall extremely short of their potential at the negotiation table, judging from their performance in realistic business negotiation simulations.[18] Numerous business executives describe their negotiations as win-win only to discover that they left hundreds of thousands of dollars on the table. Fewer than 4% of managers reach win-win outcomes when put to the test,[19] and the incidence of outright lose-lose outcomes is 20%.[20] Even on issues on which negotiators are in perfect agreement, they fail to realize it 50% of the time.[21] Moreover, we make the point several times throughout this book that effective negotiation is not just about money—it is equally about relationships and trust.

NEGOTIATION TRAPS

In our research, we have observed and documented four major shortcomings in negotiation:

1. ***Leaving money on the table*** (also known as "lose-lose" negotiation) occurs when negotiators fail to recognize and capitalize on their win-win potential.
2. ***Settling for too little*** (also known as "the winner's curse") occurs when negotiators make too-large concessions, resulting in a too-small share of the bargaining pie.

[16] MacLeod, C. (2013, June 27). U.S. exec Chip Starnes freed from China factory. *USA Today*. usatoday.com; American boss hostage arrives back to US. (2013, June 28). *Associated Press*. ap.org.

[17] Bazerman, M. H., & Neale, M. A. (1992). *Negotiating rationally*. New York: Free Press.

[18] Neale, M. A., & Bazerman, M. H. (1991). *Cognition and rationality in negotiation.* New York: Free Press; Thompson, L., & Hrebec, D. (1996). Lose-lose agreements in interdependent decision making. *Psychological Bulletin, 120*(3), 396–409; Loewenstein, J., Thompson, L., & Gentner, D. (2003). Analogical learning in negotiation teams: Comparing cases promotes learning and transfer. *Academy of Management Learning and Education, 2*(2), 119–127.

[19] Nadler, J., Thompson, L., & van Boven, L. (2003). Learning negotiation skills: Four models of knowledge creation and transfer. *Management Science, 49*(4), 529–540.

[20] Thompson & Hrebec, "Lose-lose agreements in interdependent decision making."

[21] Thompson & Hrebec, "Lose-lose agreements in interdependent decision making."

3. ***Walking away from the table*** occurs when negotiators reject terms offered by the other party that are demonstrably better than any other option available to them. (Sometimes this shortcoming is traceable to hubris or pride; other times it results from gross miscalculation.)
4. ***Settling for terms that are worse than your best alternative*** (also known as the "agreement bias") occurs when negotiators feel obligated to reach agreement even when the settlement terms are not as good as their other alternatives.

This book teaches you how to avoid these errors, create value in negotiation, get your share of the bargaining pie, reach agreement when it is profitable to do so, and quickly recognize when agreement is not a viable option in a negotiation.

WHY PEOPLE ARE INEFFECTIVE NEGOTIATORS

The dramatic instances of lose-lose outcomes, the winner's curse, walking away from the table, and the agreement bias raise the question of why people are not more effective at the bargaining table. Because negotiation is so important for personal and business success, it is rather surprising that most people do not negotiate very well. Stated starkly, it just does not make sense that people would be so poor at a skill that is so important for their personal and business life. The reason is not due to a lack of motivation or intelligence on the part of negotiators. The problem is rooted in four fundamental biases: egocentrism, confirmatory information processing, satisficing, and self-reinforcing incompetence.

Egocentrism

Egocentrism is the tendency for people to view their experiences in a way that is flattering or fulfilling for them. Two-thirds of MBA students rank their decision-making abilities as above average.[22] In one investigation, people who were self-absorbed in terms of reflecting upon their own values were more likely to exhibit decision-making biases, such as the confirmation bias. In contrast, people who had taken time to focus on values that were not important to them were more likely to focus on valid threats and assess correlations more accurately in data.[23] As an example, the National Safety Council estimates that 24% of all crashes on the highway involve cell phone use—either dialing, talking, or texting. Yet, drivers overestimate their own abilities to multitask.[24]

Confirmation Bias

Confirmation bias is the tendency of people to see what they want to see when appraising their own performance. The confirmation bias leads people to selectively seek information that confirms what they believe is true. Whereas the confirmation bias may seem perfectly harmless, it results in a myopic view of reality and can hinder learning. Three weeks into the 2010 BP Deepwater Horizon oil disaster, former BP chief executive, Tony Hayward downplayed the looming environmental disaster despite mounting evidence to the contrary. Hayward claimed the

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[22] Diekmann, K., & Galinsky, A. (2006). Overconfident, underprepared: Why you may not be ready to negotiate. *Negotiation, 7,* 6–9.

[23] Munro, G. D., & Stanbury, J. A. (2009). The dark side of self-affirmation: Confirmation bias and illusory correlation in response to threatening information. *Personality and Social Psychology Bulletin, 35*(9), 1143–1153.

[24] Walter, L. (2012, April 13). Distracted driving report claims cell phone use contributes to 24 percent of all crashes. *EHS Today*. ehstoday.com.

spill in Gulf of Mexico was "relatively tiny" compared with the "very big ocean." Oil continued to leak at a rapid rate for nearly two months until the well was finally capped, and the total amount of oil poured into the Gulf surpassed the 1989 Exxon Valdez disaster as the largest spill in U.S. history.[25]

Satisficing

A third reason why people often fall short in negotiation is the human tendency to satisfice.[26] According to Nobel Laureate Herb Simon, **satisficing** is the opposite of **optimizing**. In a negotiation situation, it is important to optimize one's strategies by setting high aspirations and attempting to achieve as much as possible; in contrast, when people satisfice, they settle for something less than they could otherwise have. Over the long run, satisficing (or the acceptance of mediocrity) can be detrimental to both individuals and companies, especially when a variety of effective negotiation strategies and skills can be cheaply employed to dramatically increase profit. (We discuss these strategies in detail in the next three chapters.)

Self-Reinforcing Incompetence

To achieve and maintain effectiveness in the business world, people must have insight into their limitations. The same is true for negotiation. However, most people are "blissfully unaware of their own incompetence."[27] Moreover, it creates a cycle in which the lack of skill deprives them of not only the ability to produce correct responses but also the expertise necessary to surmise that they are not producing them. As a case in point, students taking a test were measured in terms of their insight about their own performance.[28] The students were grouped into quartiles based on their performance. The lowest-performing quartile greatly overestimated their performance on the test. Even though they were actually in the 12th percentile, they estimated themselves to be in the 60th percentile.[29] This example is not an isolated case; people overestimate their percentile ranking relative to others by as much as 40 to 50 points. A study of CEOs' merger and acquisition decisions revealed that CEOs develop overconfidence through a self-attribution bias when making deals. CEOs overly attribute their influence when deals are successful. This leads CEOs to make more deals that are not successful.[30] A better business plan would involve judging each deal on its own merits, rather than simply using the past to justify the present decision. Moreover, the problem cannot be attributed to a lack of incentives. The overestimation pattern even appears after people are promised significant financial rewards for accurate assessments of their performance.[31]

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[25] Webb, T. (2010, May 14). BP boss admits job on the line over Gulf oil spill. *The Guardian,* p. 1.

[26] Simon, H. A. (1955). A behavioral model of rational choice. *Quarterly Journal of Economics*, *69,* 99–118.

[27] Dunning, D., Johnson, K., Ehrlinger, J., & Kruger, J. (2003).Why people fail to recognize their own incompetence. *Current Directions in Psychological Science, 12*(3), 83–87.

[28] Kruger, J., & Dunning, D. (1999). Unskilled and unaware of it: How difficulties in recognizing one's own incompetence lead to inflated self-assessments. *Journal of Personality and Social Psychology, 77*(6), 1121–1134.

[29] Ehrlinger, J., Johnson, K., Banner, M., Dunning, D., & Kruger, J. (2008). Why the unskilled are unaware: Further explorations of (absent) self-insight among the incompetent. *Organizational Behavior and Human Decision Processes*, *105*(1), 98–121.

[30] Billet, M. T., & Qian, Y. (2008). Are overconfident CEOs born or made? Evidence of self-attribution bias from frequent acquirers. *Management of Science*, *54*(6), 1037–1051.

[31] Ehrlinger, Johnson, Banner, Dunning, & Kruger, "Why the unskilled are unaware."

Related to the principle of self-reinforcing incompetence is the fact that people are reluctant to change their behavior and experiment with new courses of action because of the risks associated with experimentation. In short, the fear of losing keeps people from experimenting with change. Negotiators instead rationalize their behavior in a self-perpetuating fashion. The fear of making mistakes may result in a manager's inability to improve his or her negotiation skills. In this book, we remove the risk of experimentation by providing several exercises and clear demonstrations of how changing one's behavior can lead to better negotiation outcomes. We invite managers to be active learners in understanding their own values when it comes to negotiation.

DEBUNKING NEGOTIATION MYTHS

When we delve into managers' theories and beliefs about negotiation, we are often startled to find that they operate with faulty beliefs. Before we begin our journey toward developing a more effective negotiation strategy, we need to dispel several faulty assumptions and myths about negotiation. These myths hamper people's ability to learn effective negotiation skills and in some cases, reinforce poor negotiation skills. In this section, we expose six of the most prevalent myths about negotiation behavior.

Myth 1: Negotiations are Fixed-Sum

Probably the most common myth is that most negotiations are fixed-sum, or fixed-pie, in nature, such that whatever is good for one person must ipso facto be bad for the other party. The truth is that most negotiations are not purely fixed-sum; in fact, most negotiations are variable-sum in nature, meaning that if parties work together, they can create more joint value than if they are purely combative. However, effective negotiators also realize that they cannot be purely trusting because any value that is created must ultimately be claimed by someone at the table. Our approach to negotiation is based on Walton and McKersie's conceptualization that negotiation is a mixed-motive enterprise, such that parties have incentives to cooperate as well as compete.[32]

Myth 2: You Need to be either Tough or Soft

The fixed-sum myth gives rise to a myopic view of the strategic choices that negotiators have. Most negotiators believe they must choose between behaving in a tough (and sometimes punitive) fashion or being "reasonable" to the point of soft and concessionary. We disagree. The truly effective negotiator is neither tough as nails nor soft as pudding but rather, principled.[33] Effective negotiators follow an "enlightened" view of negotiation and correctly recognize that to achieve their own outcomes they must work effectively with the other party (and hence, cooperate) but must also leverage their own power and strengths.

Myth 3: Good Negotiators are Born

A pervasive belief is that effective negotiation skills are something that people are born with, not something that can be readily learned. This notion is false because most excellent negotiators are

[32] Walton, R. E., & McKersie, R. B. (1965). *A behavioral theory of labor relations.* New York: McGraw-Hill.

[33] Bazerman & Neale, *Negotiating rationally*; Fisher & Ury, *Getting to yes.*

self-made. In fact, naturally gifted negotiators are rare. We tend to hear their stories, but we must remember that their stories are selective, meaning that it is always possible for someone to have a lucky day or a fortunate experience. This myth is often perpetuated by the tendency for people to judge negotiation skills by their car dealership experiences. Purchasing a car is certainly an important and common type of negotiation, but it is not the best context by which to judge your negotiation skills. The most important negotiations are those that we engage in every day with our colleagues, supervisors, coworkers, and business associates. These relationships provide a much better index of one's negotiation effectiveness. In short, effective negotiation requires practice and feedback. The problem is that most of us do not get an opportunity to develop effective negotiation skills in a disciplined fashion; rather, most of us learn by doing. Experience is helpful but not sufficient.

Myth 4: Life Experience is a Great Teacher

It is only partly true that experience can improve negotiation skills; in fact, experience in the absence of feedback is largely ineffective in improving negotiation skills.[34] Casual experience as an effective teacher has three strikes against it. First, in the absence of feedback, it is nearly impossible to improve performance. For example, can you imagine trying to learn mathematics without ever doing homework or taking tests? Without diagnostic feedback, it is very difficult to learn from experience.

The second problem is that our memories tend to be selective, meaning that people are more likely to remember their successes and forget their failures or shortcomings. This tendency is, of course, comforting to our ego but it does not improve our ability to negotiate.

In addition, experience improves our confidence, but not necessarily our accuracy. People with more experience grow more confident, but the accuracy of their judgment and the effectiveness of their behavior do not increase in a commensurate fashion. Overconfidence can be dangerous because it may lead people to take unwise risks.

Myth 5: Good Negotiators Take Risks

A pervasive myth is that effective negotiation necessitates taking risks and gambles. In negotiation, this approach may mean saying things like, "This is my final offer" or "Take it or leave it" or using threats and bluffs. This is what we call a "tough" style of negotiation. Tough negotiators are rarely effective; however, we tend to be impressed by the tough negotiator. In this book we teach negotiators how to evaluate risk, how to determine the appropriate time to make a final offer, and more important how to make excellent negotiation decisions in the face of the uncertainty.

Myth 6: Good Negotiators Rely on Intuition

An interesting exercise is to ask managers and anyone else who negotiates to describe their approach to negotiating. Many seasoned negotiators believe that their negotiation style involves a lot of "gut feeling" or intuition. We believe that intuition does not serve people well. Effective

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[34] Loewenstein, Thompson, & Gentner, "Analogical learning in negotiation teams"; Nadler, Thompson, & van Boven, "Learning negotiation skills"; Thompson, L., & DeHarpport, T. (1994). Social judgment, feedback, and interpersonal learning in negotiation. *Organizational Behavior and Human Decision Processes, 58*(3), 327–345; Thompson, L., Loewenstein, J., & Gentner, D. (2000). Avoiding missed opportunities in managerial life: Analogical training more powerful than case-based training. *Organizational Behavior and Human Decision Processes, 82*(1), 60–75.

negotiation involves deliberate thought and preparation and is quite systematic. The goal of this book is to help managers effectively prepare for negotiation, become more aware of their own strengths and shortcomings, and develop strategies that are proactive (i.e., they anticipate the reactions of their opponent) rather than reactive (i.e., they are dependent upon the actions and reactions of their opponent). Thus, excellent negotiators do not rely on intuition; rather, they are deliberate planners. As a general rule, don't rely on your intuition unless you are an expert.

LEARNING OBJECTIVES

This book promises three things: First (and most important), reading this book will *improve your ability to negotiate successfully.* You will experience fewer sleepless nights because you will have a solid framework and excellent toolbox for successful negotiation which can produce better results for you and your business. However in making this promise, we must also issue a warning: Successful negotiation skills do not come through passive learning. Rather, you will need to actively challenge yourself. We can think of no better way to engage in this challenge than to supplement this book with classroom experiences in negotiation in which managers can test their negotiation skills, receive timely feedback, and repeatedly refine their negotiation strategies. Moreover, within the classroom, data suggest that students who take the course for a grade will be more effective than students who take the course pass-fail.[35]

Second, we provide you with a *general strategy for successful negotiation.* Take a look at the table of contents. Notice the distinct absence of chapter titles such as "Negotiating in the Pharmaceutical Industry" or "Real Estate Negotiations" or "High-Tech Negotiations." We don't believe that negotiations in the pharmaceutical world require a fundamentally different set of skills from negotiations in the insurance industry or the software industry. Rather, negotiation skills are transferable across situations.[36] In making this statement, we do not mean to imply that all negotiation situations are identical. This assumption is patently false because negotiation situations differ dramatically across cultures and industries. However, certain key negotiation principles are essential in all these different contexts. The skills in this book are effective across a wide range of situations ranging from complex, multiparty, multicultural deals, to one-on-one personal exchanges.

In addition, this book offers *an enlightened model of negotiation.* Being a successful negotiator does not depend on your opponent's lack of familiarity with a book such as this one or lack of training in negotiation. In fact, it would be ideal if your key clients and customers knew about these strategies. This approach follows what we call a *fraternal twin model,* which assumes that the other person you are negotiating with is every bit as motivated, intelligent, and prepared as you are. Thus, the negotiating strategies and techniques outlined in this book do not rely on "outsmarting" or tricking the other party; rather, they teach you to focus on simultaneously expanding the pie of resources and ensuring the resources are allocated in a manner that is favorable to you.

In summary, our model of learning is based on a three-phase cycle: experiential learning, feedback, and learning new strategies and skills.

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[35] Craver, C. B. (1998).The impact of a pass/fail option on negotiation course performance. *Journal of Legal Education*, *48*(2), 176–186.

[36] Thompson, L., Lucas, B. J., & Hall, E. V. (2014). Negotiation bandwidth. In N. M. Ashkanasy, O. B. Ayoko, & K. Jehn (Eds.). *Handbook of Conflict Management*. Cheltenham UK: Edward Edgar Publishing.

THE MIND AND HEART

Across the sections of this book, we focus on the *mind* of the negotiator as it involves the development of deliberate, rational, and thoughtful strategies for negotiation. We also focus on the *heart* of the negotiator because ultimately we care about relationships and trust. Many people put their relationships and principles ahead of money. Some decide to take a job closer to home to spend more time with their children; others downsize their lives so they can start a new business.[37] We base all our teachings and best practices on scientific research in the areas of economics and psychology, reflecting the idea that the bottom line *and* our relationships are both important.[38]

[37] Kelly, C. (2013, January 12). Over 50, and under no illusions. *The New York Times*. nytimes.com.

[38] Bazerman, M. H., Curhan, J. R., Moore, D. A., & Valley, K. L. (2000). Negotiation. *Annual Review of Psychology*, *51,* 279–314.