Index

Accuracy motivation, 75–76 Akerloff, George, 86 Alternatives aspirations compared to, 22-23 establishing, 18–24 good-cop/bad-cop strategy, 20 power of, 19 quality of, 19 reservation price relating to, 18-21, 68 as safety net, 18 sunk-cost fallacy and, 20 value relating to, 19 Amazon, 144 Anchoring effect first advocacy effect relating to, 193 of first offers, 104-105, 107-110 Anger, 158–160, 164 power relating to, 179–181 Art and Science of Negotiation, The (Raiffa), 155, 216 Art of Negotiating, The (Nierenberg), 155 Aspirations alternatives compared to, 22-23 first offers relating to, 108 goals and, 22-24in issue-value matrix, 62 performance relating to, 216 satisfaction relating to, 23–24 setting, 62 See also Goals Assad regime, 144–145, 232n5 Assumptions, 119–120 Asymmetric information actions reflecting, 88–89 Akerloff and, 86 congruent issues relating to, 91 encouraging reciprocal information sharing, 93–94, 121 integrative issues relating to, 91-93 packaging proposals relating to, 94–97 reservation price relating to, 89-90 strategic thinking with, 85–97 Attractiveness, 172 Auctions advantages of, 201–202 with audience, 200

bidding behaviors, 198–201 buy-it-now options in, 198-199 in Chicago Cows example, 199 competition in, 197 competitive arousal in, 199-201 description of, 197–198 disadvantages of, 202-203 on eBay, 144, 198-199 first offers in, 206–207 first-price sealed bid, 198 information in, 202–205 introduction to, 197-201, 241n1 metrics relating to, 202 multiple seller, 241n9 open ascending first-price, 198 open bid declining price, 198 of real estate, 207-208 reservation price in, 198-199, 201-202, 204-205 summary of, 208–209 time pressure in, 200 types of, 198 value in, 206 winner's curse in, 203–208 Audience, 200 Avoiding negotiation, 5–7 Babcock, Linda, 8 Bargaining history, 129–130, 131 **Bargaining** zone information sharing and, 32 reservation price and, 29, 31-34 with two distributive issues, 38-41 Behavior predictions, 83 Behavioral approach system (BAS), 168, 238n30 Behavioral inhibition system (BIS), 168 Bias 81 agreement, 223, Ch2 n1, Ch2 n4 confirmation, 7-8, 14 fixed pie, 75 for action, 181 gender, 7-8 psychological, 35 to action, 168-169, 172, 182 unconscious. 64 Bidding behaviors, 198–201 Body language, 172–173

Buy-it-now (BIN) options, 198-199 Capital gains, 230n4 Chicago Cows, 199 Closure, 75 Coalitions definition of, 191 enhancing effectiveness in, 193-194 formation of, 191–194 power in, 192–194 securing membership in, 194 Common metric, 37-39, 41 Common-value items, 203-204 Communication with physical stance, 172–173 team negotiations relating to, 188-189 Comparisons, 217–218 Competition in auctions, 197 psychology on, 199-201 in team negotiations, 187-188 Competitive arousal, 199-201 Complementarity mimicry compared to, 177-179 power from, 174-176, 177-179 psychology of, 174-176 Concessions, 122–124 Confirmation bias, 7-8 Confirming evidence, 7-8 Conflict, 8 spirals, 154 Congruent issues, 24–25 asymmetric information relating to, 91 strategic thinking with, 91 Contingency contracting criteria for, 55 description of, 53 enforcing, 55 transparency relating to, 55 value creation in, 52–55 Course credits, 3–4 Culture extreme offers relating to, 109 negotiation relating to, 10-11, 109 social conventions, 169-170

Business analysis, ix-xi

Discipline, 2 Discontinuity Distributive summary value crea Dominance beha	homogeneity, 18 0–21 y effect, 187–18 issues, 24, 25		
Dominant	•	176, 177,	182
	Behavior	, ,	
		74, 77, 174, 175, 176,	178
	counterpart		175
	- dominant		175
	high power		182
	Member		175
	Response		174
	Role		175
	solution		xix
	subgroup		191
dominantly			
,	Behave -		174
eBay, 144, 198–199 Economics, xii–xiii, xv, 220 Emotional contagion, 163–164 Emotions, 153–154 anger, 158–160, 164, 179–181 competitive arousal and, 199–201 conflict spirals, 154 experienced <i>versus</i> expressed, 160–163 functions of, 160–161 happiness, 23–24, 158–160, 163 heuristic thinking, 157–158 perception relating to, 156–157 performance relating to, 157, 212–213 power and, 179 reappraisal strategy and, 155 regulating, 155 strategic thinking relating to, 155 summary of, 164–166 suppressing, 155, 156			

thinking, in relation to feeling, 156–159 value claiming, value creation, and, 159-160, 162 value relating to, 154–155 Empathy, 134 Expectations negotiation planning relating to, 73 performance relating to, 13 power of, 10, 11–13 Pygmalion Effect and, 11 reputation relating to, 128–129 salary negotiation relating to, 12-13 stereotyped threat relating to, 11–12 Experienced emotions, 160–163 Expressed emotions, 160–163 Extreme offers, 108–109 66, Ch5 n2 False consensus effect Fairness, 84–85 Feeling, 156–159 First advocacy effect, 193 First offers advantages, to making, 103 advantages, to receiving, 101-102, 112-113 anchor effect of, 104-105, 107-110 aspirations relating to, 108 in auctions, 206-207 designing, 108–110 influence of, 110 presentation of, 109 risk associated with, 102 satisfaction with, 111 summary of, 117 uncertainty relating to, 103, 114 what comes next?, 110–112 when to wait for, 112–114 who should make?, 101–108, 114–117, 116 (matrix) First-price sealed bid auctions, 198 Full-disclosure strategy, 48–49 Future power of, 126–134 promises, threats, and, 146-148 relationships and, 129–134 reputation and, 126–129

Game theory, 80–82

Gender confirmation bias and, 8 wages relating to, 8–9, 223n2 "Gift of the Magi, The O. Henry effect, 132 Girard, Joe, 163–164 Goals aspirations and, 22–24 Competitive Advertising game relating to, 58–59 counterpart's, figuring out, 63-66 identifying, 17-18 issue importance, in relation to, 60-61, 64-65 losing sight of, 14-18, 59 performance relating to, 11 personal, figuring out, 58-62 Good-cop/bad-cop strategy, 20 Happiness, 23–24, 158–160, 163 Henry, O., 132 Homo oeconomicus, xii Homogeneity, 185-186 Information asking and answering questions, 124–126 assessment of, 125–126 asymmetric, 85–97 in auctions, 202-205 gathering, about counterpart, 66 missing, 67-68, 119 pattern of concessions, 122-124 in post-settlement settlement, 215 proprietary, 203 reservation price relating to, 204–205 strategic thinking relating to, 79-80, 82 in team negotiations, 188-189 value relating to, 79 Information sharing, 30 bargaining zone and, 32 full-disclosure strategy, 48-49 information exchange risks, 50-51, 213-214 information-gathering challenge, 48-49 reciprocity for, 93-94, 121 value creation relating to, 48-49 Integrative issues, 24, 25 asymmetric information relating to, 91–93 strategic thinking with, 91-93 Integrative potential

defining, 31 value and, 31 in value creation, 44-48 Issues congruent, 24-25, 91 counterpart, 63-64 differences in, 65 distributive, 24, 25, 36–42 identifying, 60, 68-71, 121 importance of, in relation to goals, 60-61, 64-65 integrative, 24, 25, 91–93 ranking of, 60–61, 64–65 settlement options for, 61-62, 66 types of, 24-28, 68-71 value of, 45-47 Issue-value matrix, 46 (matrix), 62 aspirations in, 62 reservation price in, 62 Just-world belief, 143–144 Laschever, Sara, 8 The Market for Lemons, 86 Leverage of subjective value, 211–213 in team negotiations, 189-191 Metrics, 37–39, 41 auctions relating to, 202 133 Mienzi Mimicry complementarity compared to, 177-179 power from, 176–179 psychology of, 176–177, 178 Missing information, 67-68, 119 Mixed motives, 30–31 Multiparty negotiations. See Team negotiations Multiple proposals, 96–97 Multiple seller auctions, 241n9 Negotiation, ix-xi avoiding, 5–7

choosing to, 7–11

cost, of not negotiating, 9-10culture relating to, 10-11, 109 with dry cleaner, xv–xvi with friend, xvi–xvii model development, xi-xiii in mundane situations, 4–5 as problem-solving, 5 questions relating to, xx reference points of, 39 standard approach to, xiii-xv See also specific topics Negotiation infrastructure establishing parameters, 18–24, 62, 65–66 goal identification, 17-18 introduction to, 15–17 issue types and examples, 24–28, 68–71 summary of, 28 Negotiation management asking and answering questions, 124-126 assumptions relating to, 119-120 pattern of concessions, 122–124 power of future and, 126–134 relationships and, 129–134 reputation relating to, 126–129 setting right tone, 120 summary of, 135 Negotiation planning, 6–7 counterpart's goals and desires relating to, 63-66 expectations relating to, 73 finding gaps in plan, 71–72 issue types, determining, 68–71 missing information and, 67-68, 119 personal goals and desires relating to, 58-62 phases of, 57–58 planning considerations, 73–76 strategy development, 67–73 summary of, 76–78 tactics and strategies, determining, 72-73 in team negotiations, 185, 190-191 time spent on, 76 uncertainty relating to, 74-76 Nierenberg, Gerald, 155

Obama, Barack, 144–145, 232n5 Objectification, 170 Open ascending first-price auctions, 198 Open bid declining-price auctions, 198

Packaging proposals, 94–97 Parameters establishing, 18-24, 62 establishing, for counterpart, 65-66 Pareto, Vilfredo, 225n1 Pareto efficient, 225n1 Pareto-optimal deal, 214, 242n7 Pattern of concessions, 122-124 Perception emotions relating to, 156–157 world-view, power, and, 168-171 Performance aspirations relating to, 216 assessing, 211, 212-213, 216-218 comparisons relating to, 217–218 emotions relating to, 157, 212-213 expectations relating to, 13 goals relating to, 11 publicity of, 216-217 reputation relating to, 127–128 satisfaction with, 23-24, 111, 216-218 Physical attractiveness, 172 Physical stance, 172–173 Planning. See Negotiation planning Post-mortem negotiation, 216–218 Post-settlement settlement (PSS), 213-216 Posture, 172–173 Power of alternatives, 19 anger relating to, 179–181 in coalitions, 192–194 from complementarity, 174-176, 177-179 defining, 167 dominance displays, 174-176 effects of, 168 emotions and, 179 of expectations, 10, 11–13 of future, 126–134 of laugh tracks 157 from mimicry, 176–179 objectification and, 170 of precommitments, 148-149 of promises and threats, 140-143 of suggestion, 155

of threats, 144 psychology and, 168, 172–174 social conventions relating to, 169–170 sources of, 167-168 strategic thinking relating to, 171 summary of, 181–182 thinking about, 172 value creation, value claiming, and, 170-171 world-view relating to, 168–171 within a coalition, 192-194 Powerful Individual, 168-169 mind-set, 171–174 negotiator, 169 Precommitments, 148-149 Price, 10 See also Reservation price Private-value items, 204–205 Problem-solving, 5 Promises, 137-138 analyzing, 141 cost/benefit analysis of, 145–146, 151 (table) decision pattern regarding, 150 future relating to, 146–148 power of, 140–143 precommitments and, 148-149 psychology and, 139-140, 143-148 summary of, 149–151 threats compared to, 138–140 Proposals multiple, 96–97 packaging, 94–97 Proprietary information, 203 Psychological bias, 35 Psychology behavioral approach system, 168, 238n30 behavioral inhibition system, 168 of bidding behaviors, 198-201 closure and, 75 on competition, 199-201 of complementarity, 174–176 confirmation bias and, 7-8 economics and, xii-xiii, xv, 220 of just-world belief, 143–144 of mimicry, 176-177, 178 power and, 168, 172–174

predicting behavior, 83 promises, threats, and, 139-140, 143-148 Schadenfreude concept, 143 value creation and, 43 Publicity of performance, 216–217 as threats, 144–145 Pygmalion Effect, 11 Quality of alternatives, 19 price and, 10 Questions asking and answering, 124–126 negotiation, xx Raiffa, Howard, 155, 216 Rational perspectives, 80-83 Rationality, 84–85 Reactive devaluation, 120–121, 122 Real estate, 102, 104–107 auctions of, 207-208 capital gains on, 230n4 Reappraisal strategy, 155 Reciprocity, 93–94, 121 Reference points, 39 Relationships, 129–134 friends, xvi–xvii nephew, xvi Reputation expectations relating to, 128-129 future and, 126–129 performance relating to, 127-128 Reservation price alternatives relating to, 18-21, 68 asking about, 125 assessment of, 32–33 asymmetric information relating to, 89-90 in auctions, 198–199, 201–202, 204–205 bargaining zone and, 29, 31–34 changing or violating, 20-21, 34-36 defining, 18 discipline and, 20-21 information relating to, 204–205 in issue-value matrix, 62 middle point between, 228n7

strategic thinking with, 89–90 uncertainty about, 224n5 value relating to, 34–36 Royalties, ix Safety net, 18 Salary negotiation expectations relating to, 12-13 previous pay relating to, 10 wages and gender, 8–9, 223n2 Satisfaction aspirations relating to, 23–24 with first offers, 111 with performance, 23-24, 111, 216-218 Schadenfreude, 143 Settlement leveraging subjective value, 211–213 options, 61-62, 66 post mortem negotiation, 216–218 postsettlement, 213-216 summary of, 218–219 value of 61-62Sleuthing, 66 Social conventions, 169-170 Spence, Michael, 86 Standard approach, xiii–xv Stereotyped threat, 11–12 Stiglitz, Joseph E., 86 Strategic thinking with asymmetric information, 85–97 with congruent issues, 91 emotions relating to, 155 encourage reciprocal information sharing, 93–94, 121 fairness versus rationality, 84-85 focus and, 219 game theory on, 80–82 information relating to, 79-80, 82 with integrative issues, 91–93 knowledge relating to, 84–85 multiple proposals as, 96–97 packaging proposals as, 94–97 power relating to, 171 rational perspectives, 80-83 with reservation price, 89–90 summary of, 97–98 Strongly Pareto efficient, 225n1

Subjective value, 211–213 153, 155, 165, suppress emotion 156 suppression 165 efforts 156 156 suppressing emotions 163, 165 158 suppressed Success assessing, 211, 212-213 defining, 17–18 Sunk-cost fallacy, 20 Team negotiations, 183–184 advantages of, 188-189 challenges of, 184-188, 189 communication relating to, 188-189 competition in, 187–188 discontinuity effect in, 187–188 first advocacy effect in, 193 homogeneity in, 185-186 information in, 188-189 internal disagreements in, 184–185, 187 leverage in, 189-191 negotiation planning in, 185, 190-191 summary of, 194–196 surface-level similarities and differences in, 186 three-step preparation process by, 190-191 value claiming in, 190 value creation in, 189-190 Thinking feeling, in relation to, 156–159 heuristic, 157–158 about power, 172 See also Strategic thinking Threats, 137–138 analyzing, 141 cost/benefit analysis of, 145–146, 151 (table) decision pattern regarding, 150 future relating to, 146–148 power of, 140–143 precommitments and, 148-149 promises compared to, 138-140

psychology and, 139–140, 143–148 publicity as, 144–145 stereotyped, 11-12 summary of, 149–151 timing and effectiveness of, 146 Time pressure, 200 Tone, setting, 120 128 transient counterparts Transparency, 55 Treatment, 133 Uncertainty, 65 accuracy motivation relating to, 75-76 first offers relating to, 103, 114 managing, 74-75 need for closure relating to, 75 negotiation planning relating to, 74-76 about reservation price, 224n5 about value, 114 value creation relating to, 74 Unconscious bias, 64 United Nations, 104 Value, xiv alternatives relating to, 19 in auctions, 206 emotions relating to, 154-155 in exchanges, 15–16, 29–30, 31–42 information relating to, 79 integrative potential and, 31 of issues, 45–47 in issue-value matrix, 46 (fig.), 62 leveraging, 211–213 mixed motives and, 30-31 reservation price relating to, 34-36 of settlement options, 61-62 subjective, 211–213 uncertainty about, 114 winner's curse relating to, 206 Value claiming emotions relating to, 159-160, 162 power relating to, 170-171 in team negotiations, 190 value creation compared to, 31, 79-80

128

Value creation, 15–17 benefits of, 43 in contingency contracting, 52–55 emotions relating to, 159–160, 162 increasing value, 51–52 information exchange risks and, 50-51 information sharing relating to, 48-49 integrative potential in, 44-48 power relating to, 170–171 psychology and, 43 summary of, 55–56 in team negotiations, 189–190 with two distributive issues, 36-41 uncertainty relating to, 74 value claiming compared to, 31, 79-80 Virtual sales, 144, 198–199 Wages, 8–9, 223n2 See also Salary negotiation Weakly Pareto efficient, 225n1

Women Don't Ask (Babcock and Laschever), 8

Winner's curse

Women, 8–9, 223n2

World War II, 148–149

in auctions, 203–208 description of, 203–204 example of, 204–206 value relating to, 206