

“In business as in life, you don’t get what you deserve you get what you negotiate.”

-Chester L. Karass

Baldo's Top Ten to Win

1. Preparation
2. Don't be Old School
3. Recognize Cognitive Bias
4. Quid Pro Quo
5. Know the Wizard of Oz
6. Mind your Manners
7. Think like Churchill
8. Know your Superpower
9. Think Long-Term
10. Lose the Battle but Win the War

1. Preparation

Solo or Team approach?

Know the parties

Know the relationship

Know the issues

Know the numbers

Know their BATNA

Know the roadblocks

Know their culture

Make sure it's face-to-face

Fail to Plan and Plan to Fail

Bottom Line: Make preparation your shield and not your sword



2. Don't be Old School

Positional Bargaining

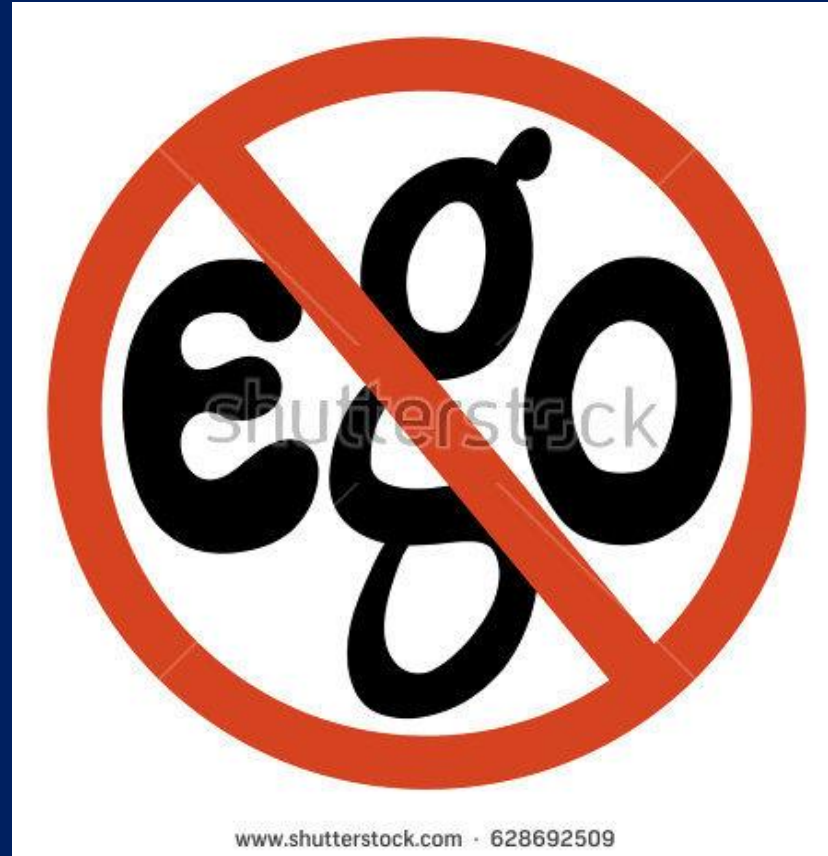


A Principled Negotiation

1. Separate the People from the Problem
2. Focus on Interests Not Positions
3. Invent Options for Mutual Gain
4. Insist on Using Objective Criteria

From the book “Getting to Yes” by Roger Fisher
and William Ury

Separate the People from the Problem



Hard on the problem
Soft on the people

Focus on Interests Not Positions

NYPD



**Branch Davidian standoff
Waco, Texas
1993**



Insist on Using Objective Criteria

Market Value

Professional Standards

Scientific Judgment

Efficiency

Costs

Precedent

Tradition

The United Nations Conference on the Law of the Sea



UNCLOS III

3. Recognize Cognitive Bias

Cognitive Bias



If you can read this you have a strong
mind:

TH15 M3554G3

53RV35 TO PR0V3 H0W 0UR M1ND5
C4N D0 4M4Z1NG TH1NG5!

1MPR3551V3 TH1NG5! 1N TH3

B3G1NN1NG 1T WA5 H4RD BUT
NOW,

ON TH15 LIN3 YOUR M1ND 1S
R34D1NG 1T

4UT0M4T1C4LLY W1TH OUT 3V3N
TH1NK1NG 4B0UT 1T, B3 PROUD!

Heuristics

“We think each of us, that we’re much more rational than we are. And we think that we make our decisions because we have good reasons to make them. Even when it’s the other way around. We believe in the reasons, because we’ve already made the decision.”

-Daniel Kahneman

The Anchoring Effect

The First Number Rules



What if they throw out the first number???????

Defuse it



The Takeaway?

Make the first offer in a negotiation and everyone will anchor around it

Framing

Lottery USA

1 in 302.6 million will win

1 person has to win!

Loss Aversion



People are motivated more by the pain of a loss than the pleasure of an equivalent gain

The Takeaway?

Frame proposals in a negotiation in terms of what the other side will lose if they decline a proposal instead of what they will gain if they accept it

“The proposal from our competitor will not give you X”

instead of...

“our offer will give you X”

LOSSES LOOM LARGER THAN GAINS

The Status-Quo Bias



Our preference for the current state of affairs even when things would be better with change

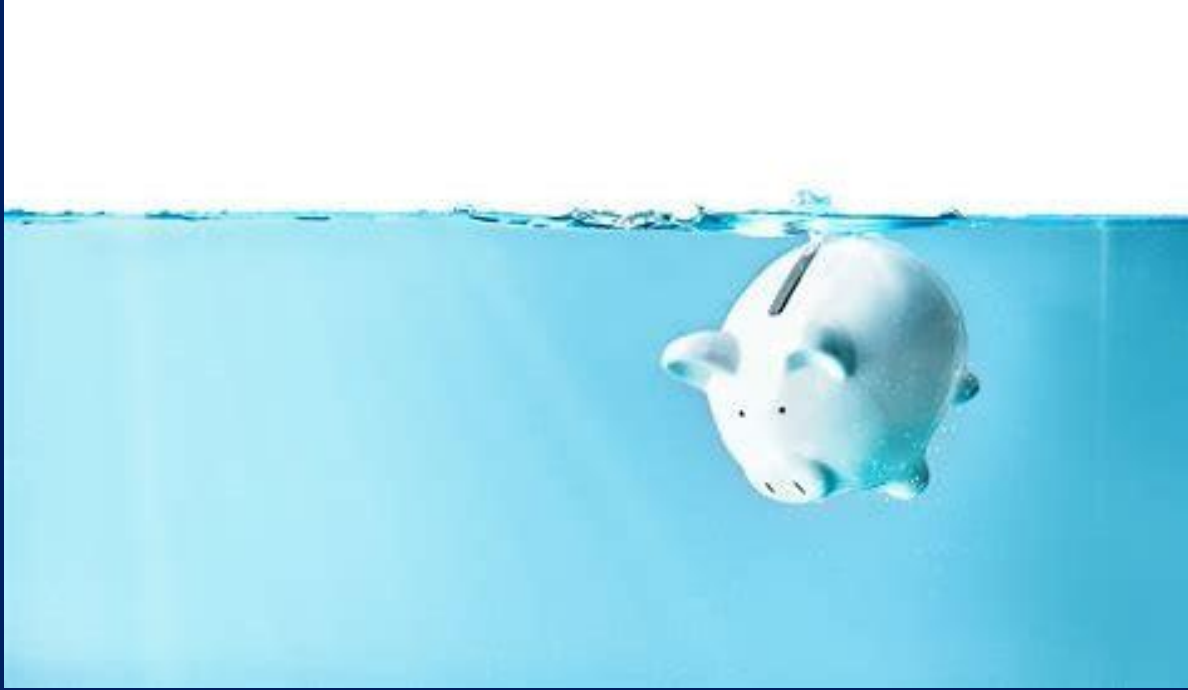


DEFAULT: OPT IN

(Inactivity makes you a donor.)

The Takeaway?

In complex deals the party that creates the first draft of the agreement will have a strategic advantage



The Sunk Cost Effect

The more time, money and effort the more committed we will be

Your Takeaway?

Make sure you are reaching agreement because it is the BEST decision for your company and not because of sunk cost bias

The longer everyone spends on the negotiation the harder it becomes to walk away

Confirmation Bias

Our tendency to cherry-pick information that confirms our existing beliefs or ideas



Working as a team can help
avert this

Your Takeaway?

Be sure confirmation bias is not preventing you from being open to a better idea than your own

4. Quid Pro Quo

Never give a concession away
for free

We will consider it if you.....



5. Know the Wizard of Oz



Are the participants
able to make a final
deal?

Your Takeaway?

Know who is calling the shots and how much influence they have over the negotiation

6. Mind Your Manners

“Diplomacy is the art of letting someone else have your way.”

-Daniele Vare



The Dignity Model- Dr. Hicks, Harvard University

Acknowledge people

Make them feel included

Treat them fairly and with understanding

Don't shame, humiliate or harshly criticize someone during a negotiation

Treat people as though they are trustworthy

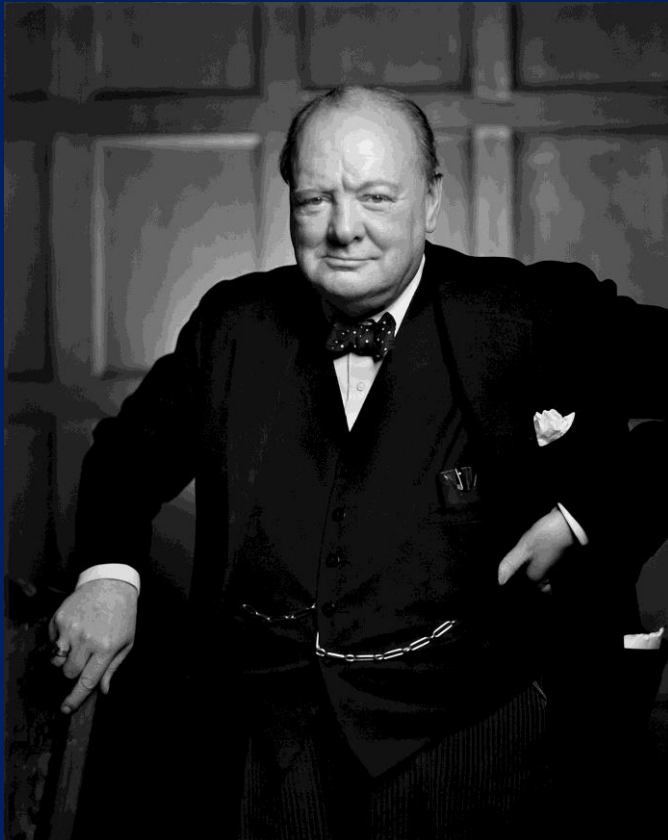


"Show respect even to people who don't deserve it; not as a reflection of their character, but as a reflection of yours." Dave Willis

7. Think like Churchill

**“The Pessimist Sees Difficulty In Every Opportunity.
The Optimist Sees Opportunity In Every Difficulty.”**

– Winston Churchill



Invent Options For Mutual Gain

Be creative

Think outside of the box

Your Takeaway?

Be an optimist and work the problem to come up with a solution.
Invent options for mutual gain

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8. Know your Superpower

Best Alternative to a Negotiated Agreement



BATNA

BATNA

Not your bottom line but your best alternative

What's the BATNA for the other side

Never lose sight of your BATNA during a negotiation

Your Takeaway?

Just like Iron Man's suit...your BATNA is your
Source of power



9. Think Long -Term



Prevent regrets down
the road

10. Sometimes you lose the battle but win the war



“You must never try to make all the money that’s in a deal. Let the other fellow make some money too, because if you have a reputation for always making all the money, you won’t have many deals.”

– J. Paul Getty

How do you improve profits for your company?

1. Greater share of the market
2. Cut operating expenses

OR.....

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