

*“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



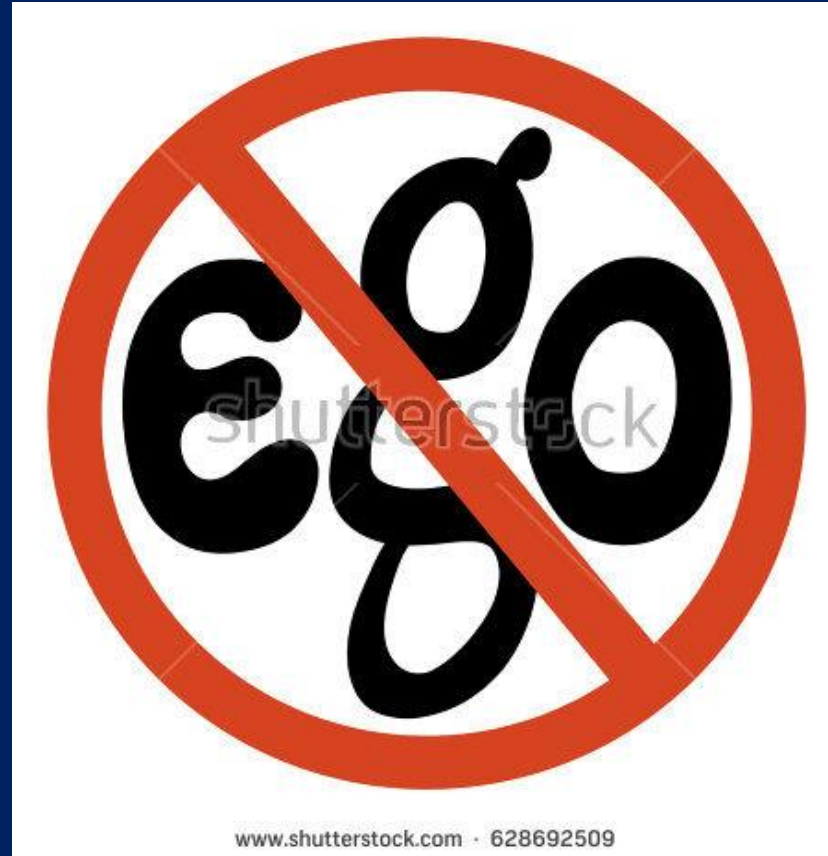
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## A Principled Negotiation

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.*”

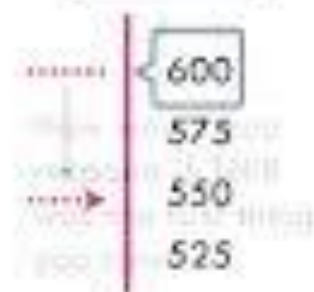
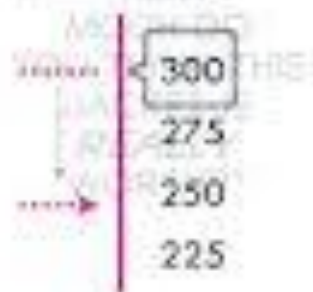
*-Daniel Kahneman*

# The Anchoring Effect

The First Number Rules



## Cognitive Biases: A Guided Tour



I got a BIG discount!!!!

Discount off what?  
Off the manufacturer's  
recommended  
sticker price.



## The Takeaway?

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

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

Defuse it



# Framing

The tendency of our brain to arrive at different conclusions when receiving the same information depending on how it is presented

## Lottery USA

1 in 302.6 million will win

1 person has to win!



## Loss Aversion



Car  
Warranties

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- Keep things as they are



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

You have to  
Actively  
DO SOMETHING



**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



**SHOW ME THE**

**MONEY!!!!!!!**



## 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

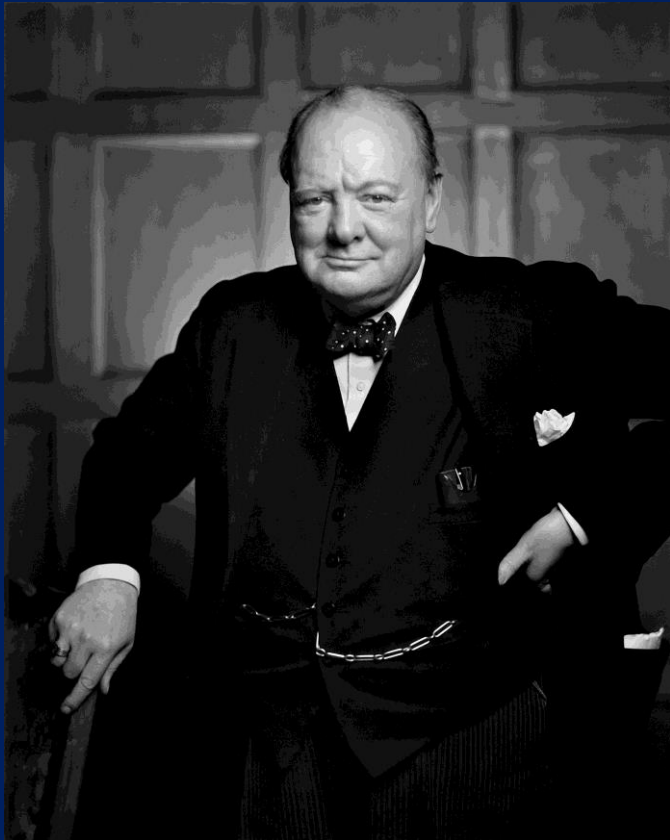


*"Show respect even to people who don't deserve it; not as a reflection of their character, but as a reflection of yours." Dave Willis*

## 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



## DEVELOPING BATNA

- List what you would do if you fail to reach an agreement
- Convert the most promising options into practical choices.
- Select the single best option; that is your BATNA
- Compare your BATNA to all proposals
- If an offer is better than your BATNA, consider improving or accepting it
- If an offer is worse than your BATNA, consider rejecting it
- If they will not improve their offer consider exercising your BATNA

## 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.....

**Negotiate Better Deals!!!!!!**



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