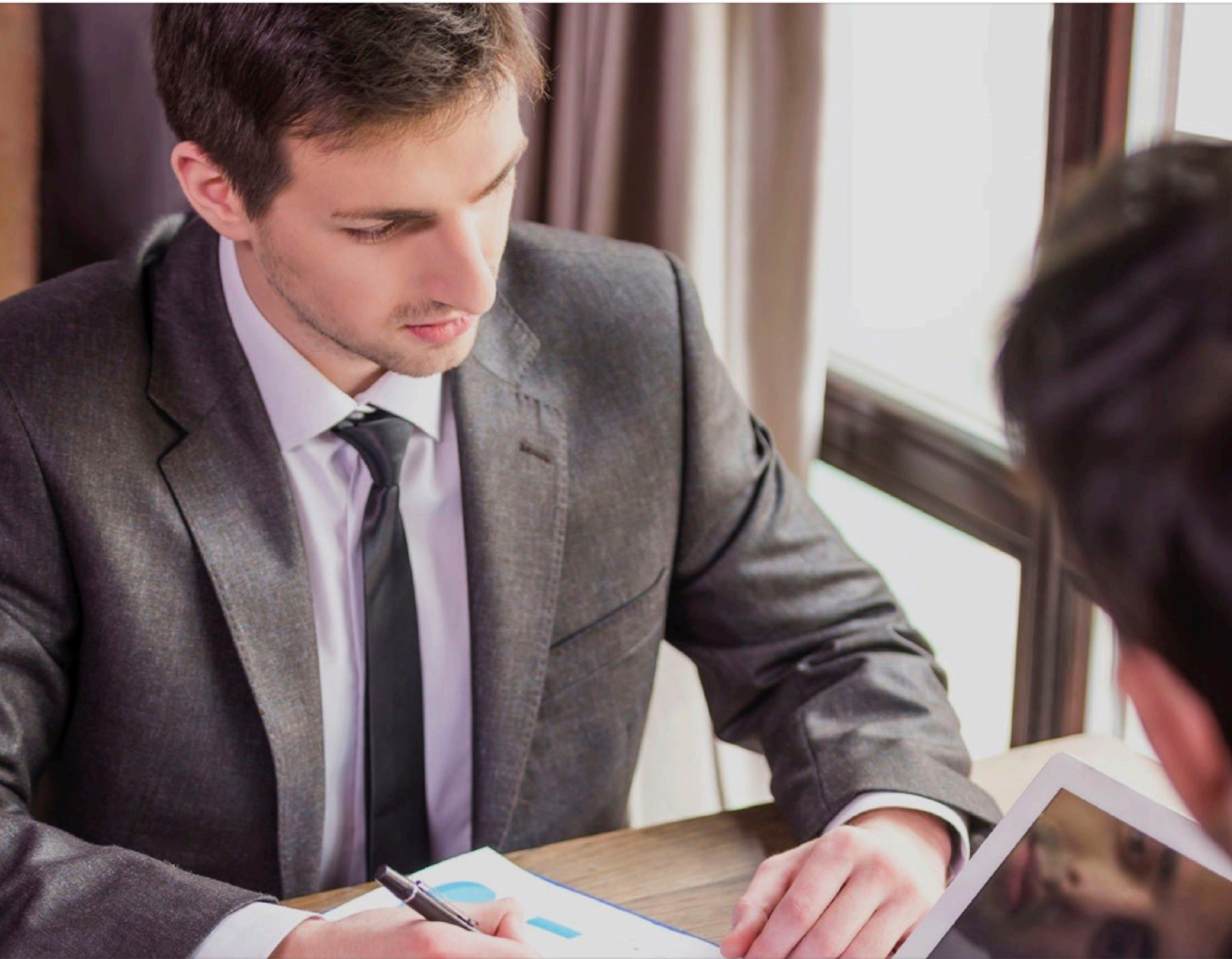


THE PSYCHOLOGY OF  
**NEGOTIATION**



**NICK KOLENDA**

# THE PSYCHOLOGY OF NEGOTIATION

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Nick Kolenda

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<b>Before the Negotiation .....</b>	<b>5</b>
<b>Strategy: Increase Your Power .....</b>	<b>5</b>
Tactic 1: Gather Benchmark Data .....	5
Tactic 2: Enhance Your BATNAs.....	6
<b>Strategy: Control the Logistics.....</b>	<b>7</b>
Tactic 3: Choose a Day With Nice Weather .....	7
Tactic 4: Choose an Early Time .....	8
Tactic 5: Choose the Right Medium.....	9
Tactic 6: Negotiate at Your Office .....	11
<b>Strategy: Encourage Cooperative Behavior .....</b>	<b>11</b>
Tactic 7: Avoid Negotiation Terminology .....	12
Tactic 8: Schedule a Future Interaction .....	13
<b>Starting the Negotiation .....</b>	<b>14</b>
<b>Strategy: Build Some Rapport .....</b>	<b>14</b>
Tactic 9: Start With Schmoozing.....	14
Tactic 10: Disclose Personal Information .....	15
<b>Strategy: Bring Them Pastries and Coffee .....</b>	<b>15</b>
Tactic 11: Mimic Their Nonverbal Behavior.....	15
Tactic 12: Provide an Unsolicited Favor .....	16
Tactic 13: Increase Their Glucose Levels.....	17
Tactic 14: Generate Physical Warmth .....	17
<b>During the Negotiation.....</b>	<b>19</b>
<b>Strategy: Convey the Proper Emotions .....</b>	<b>19</b>
Tactic 15: Show Signs of Disappointment.....	19
Tactic 16: Become Angry (When Appropriate).....	20
<b>Strategy: Demonstrate Your Power .....</b>	<b>21</b>
Tactic 17: Mention Your BATNAs .....	21
Tactic 18: Avoid Disclaimers and Weak Language.....	22

<b>Strategy: Properly Address the Terms .....</b>	<b>22</b>
Tactic 19: Address All Relevant Terms.....	23
Tactic 20: Rank Order the Terms.....	24
<b>Ending the Negotiation .....</b>	<b>25</b>
<b>Strategy: Anchor Your Offer .....</b>	<b>25</b>
Tactic 21: Make the First Offer .....	25
Tactic 22: Request a High Precise Range .....	26
<b>Strategy: Frame Your Offer .....</b>	<b>27</b>
Tactic 23: Separate Gains / Combine Losses.....	28
Tactic 24: Create a Visual Balance .....	29
Tactic 25: Justify with Graphs.....	30
<b>Strategy: Counter Their Offer .....</b>	<b>31</b>
Tactic 26: Ask Diagnostic Questions.....	31
Tactic 27: Always Counter Their First Offer .....	32
Tactic 28: Pause After They Make an Offer .....	33
<b>After the Negotiation .....</b>	<b>34</b>
<b>Strategy: Finalize the Deal .....</b>	<b>34</b>
Tactic 29: Follow Up With an Email Summary .....	34
Tactic 30: Compliment Their Negotiation Skills.....	34
Tactic 31: Be the First to Draft the Contract.....	35
<b>Conclusion .....</b>	<b>37</b>

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# Before the Negotiation

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It doesn't matter if you're buying a car, interviewing for a job, or requesting a raise. Your work starts *before* the actual negotiation.

This section explains those initial steps. You'll learn clever tactics that will help you secure a better deal in the future negotiation.

## **STRATEGY: INCREASE YOUR POWER**

Power is crucial. When you have power, your counterpart will give larger (and more frequent) concessions ([Kim, Pinkley, & Fragale, 2005](#)). In negotiations, the most powerful party usually walks away with the best deal.

But that sparks an important question: what if you have less power? What if you're negotiating with your boss?

Even if your counterpart has higher authoritative power, you still have hope. This section will teach you a few negotiation tactics to balance the odds, even when your counterpart has higher power.

### **Tactic 1: Gather Benchmark Data**

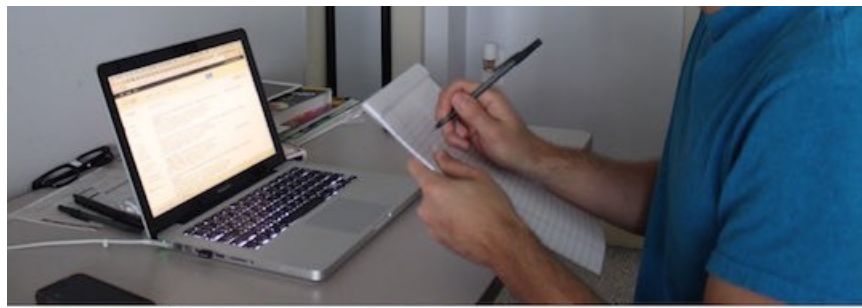
Most of the tactics in this article are grounded in interesting — and often surprising — academic research. This tactic, however, is grounded in common sense.

To gain leverage, you need knowledge. You need to understand the type of deal that you *should* be receiving.

If you're interviewing for a job, research average salaries for similar positions. You could gather those benchmarks through:

- **Salary Websites.** Visit free resources like [PayScale](#) or [Glassdoor](#).
- **LinkedIn.** Contact people in similar roles.
- **Recruiters.** Ask employment agencies for comparable salaries.

Without that knowledge, you'll be negotiating blindly. You'll be at the mercy of your counterparts, allowing them to dictate the size of your deal. Don't let that happen.



Tactic 1

Gather Benchmark Data

## Tactic 2: Enhance Your BATNAs

Power emerges from two main factors:

1. **Value:** Which party benefits more from a successful agreement?
2. **Alternatives:** How many alternatives exist for each party?

You can increase your power by altering those two factors.

You could alter the first factor by offering more value. When you offer more value, your counterpart becomes more dependent on a successful agreement (giving you more power).

Unfortunately, that option is somewhat impractical. Luckily, the second factor is more useful. [Fisher and Ury \(1981\)](#) described that second tactic by coining the term BATNA:

**Best Alternative to a Negotiated Agreement (BATNA)** – Similar alternative deals you could pursue if you don't reach a successful agreement.

If you don't have strong alternatives, you become dependent on your counterpart. *You're at their mercy.* Since you have less leverage, you'll need to make larger concessions. That's not a good position.

Instead of putting your eggs in one basket, you should enhance your BATNAs before any negotiation. Ideally, **you should enhance the (a) quantity, (b) quality, and (c) plausibility of your BATNAs** ([Kim, Pinkley, & Fragale, 2005](#)).

If you're applying for a job, apply and interview with multiple companies ([Kim & Fragale, 2005](#)). Those BATNAs will reduce your reliance on any individual company.





## STRATEGY: CONTROL THE LOGISTICS

When planning the negotiation, you'll need to coordinate *when, where, and how* it will occur. Negotiators with less power are usually accommodating with those decisions:

**Counterpart:** *When are you free?*

**Less Powerful Negotiator:** *I'm free any afternoon next week. Let me know which day works best for you.*

That approach is harmful. When coordinating logistics, don't be overly accommodating (and never reveal an empty calendar). Ideally, *you* should dictate those logistics.

**Counterpart:** *When are you free?*

**Powerful Negotiator:** *I'm free at 10am next Wednesday. Does that work for you?*

Even if your counterpart needs to suggest a different time, your assertiveness will increase your perceived power, giving you a more favorable deal in the negotiation ([Diekmann, Tenbrunsel, & Galinsky, 2003](#)).

That heightened control also gives you another benefit: you'll be able to choose logistics that are more favorable. How so? The next three tactics explain which logistics will give you an upper hand.

### Tactic 3: Choose a Day With Nice Weather

Weather has a powerful — often subconscious — effect on our behavior. It's pretty scary. When the weather is bad, reports of domestic violence increase ([Cohn, 1993](#)).

Despite the negative effects of bad weather, the opposite occurs for good weather. When the weather is nice, you're more likely to help people, such as leaving larger tips for waitresses ([Cunningham, 1979](#)).

When the weather is nice, people feel happier. In turn, they develop behaviors that are conducive for negotiation, such as:

- Cooperation ([Forgas, 1999](#))
- Creative problem solving ([Carnevale & Isen, 1986](#))
- Tendency to concede ([Baron, 1990](#))

If you *need* to negotiate in bad weather, you should discuss the bad weather before the negotiation. In one study, people showed less satisfaction with their life when the weather was bad ([Schwartz & Clore, 1983](#)).

However, that negative effect was eliminated when researchers began the conversation by talking about the weather. Thanks to that discussion, people attributed their dampened mood to the weather (and they adjusted their moods to compensate).



#### **Tactic 4: Choose an Early Time**

When proposing a time, you should usually suggest an early time (perhaps 9-10am). You'll get two main benefits.

First, an early time ensures that you'll have ample time to negotiate. As [Malhotra and Bazerman \(2008\)](#) explain...

**"The more time and other resources a negotiator has invested in the negotiation, the more willing the negotiator will be to accept the agreement offered." (pg. 17)**

You can thank cognitive dissonance for that outcome ([Festinger & Carlsmith, 1959](#)). If you want a deeper understanding behind that phenomenon, you can refer to Part 2 of my book, [Methods of Persuasion](#).



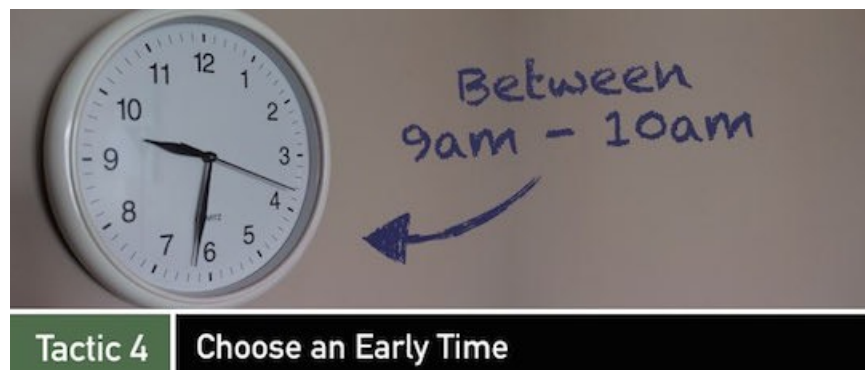
But that's not the only reason for choosing an early time. If your counterpart is negotiating with other people that same day (e.g., a company that interviews multiple applicants), an early time helps you generate a stronger impression.

People are easily influenced by *primacy effects*. When information is presented earlier in a sequence, it generates a stronger impact on long-term memory ([Murdock, 1962](#)).

If you're competing with multiple applicants, you should strive to be the first interviewee in that sequence. That position will make your interview more memorable.

When hiring managers eventually choose the best candidate, your interview will enter their mind more easily. Thanks to *conceptual fluency*, that ease of recall will be misattributed to your performance. Because they'll remember you more easily, they'll falsely infer that you're a better fit for the position ([Whittlesea, 1993](#)).

If you can't choose an early time, you should choose a later time (perhaps 4-5pm). If you can't be the first interview of the day, you should strive to be the final interview (which will trigger a *recency effect*).



### Tactic 5: Choose the Right Medium

Another consideration is the medium. Should you negotiate face-to-face or via email? Until recently, the research was contradictory.

On one hand, face-to-face communication generates more rapport ([Drolet & Morris, 1999](#)). It also conveys more clarity since information is often conveyed nonverbally ([DePaulo & Friedman 1998](#)). Some studies even found direct evidence that face-to-face negotiations produce better outcomes than email negotiations ([Valley et al. 1998](#)).

But don't get too hopeful. Some studies found opposite results, where email negotiations produced better outcomes ([Croson, 1999](#)). Some researchers attribute those results to the "exitability" of email. Since negotiators can leave an email thread more easily, the conditions are more unstable. Thus, parties are more motivated to reach an agreement ([Hatta, Ohbuchi, & Fukuno 2007](#)).

So what's the answer? Which medium is better? Surprisingly, it depends on your gender ([Swab & Swab, 2008](#)).

- Female negotiators receive better deals when they communicate face-to-face.
- Male negotiators receive better deals when they communicate via email.

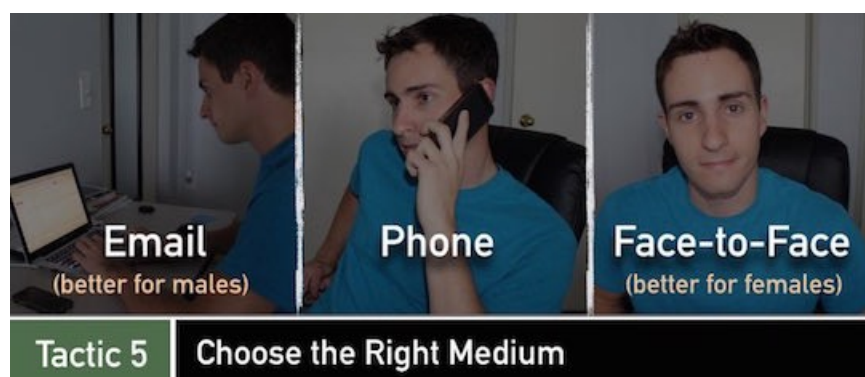
Why does gender matter? When we communicate face-to-face, we feel more tension and arousal, thus resorting to our instinctive gender roles:

- Females resort to caring and communicative behaviors
- Males resort to aggressive and dominant behaviors

If you're negotiating with a male, you should *reduce* nonverbal cues (e.g., negotiate via email or phone). If you need to negotiate in person, reduce the level of eye contact ([Swab & Swab, 2008](#)).

If you're negotiating with a female, you should *increase* nonverbal cues (e.g., negotiate in person). Eye contact is particularly effective.

The remainder of the article will assume face-to-face negotiations, but the tactics will work for any type of communication.



## Tactic 6: Negotiate at Your Office

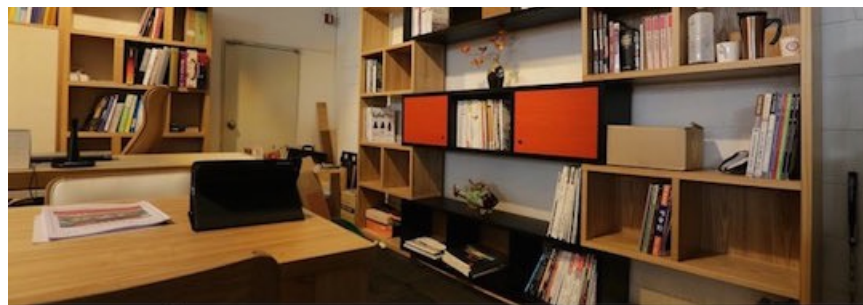
If you negotiate in person, where should you meet: their office, your office, or a neutral location?

Some researchers would argue a neutral location. By remaining unbiased, you cultivate a shared focus on problem solving (rather than competition).

On the other hand, more aggressive negotiators would recommend your own office. Not only could you convey your dominance and power through that decision, but you could also use your office to incorporate other persuasion techniques.

For example, a group of researchers shed light on the “power” of body language. They found that body language associated with low power (e.g., shorter chair, contracted posture) altered two hormones that generate the feeling of power: testosterone and cortisol ([Carney, Cuddy, & Yap, 2010](#)).

If you give your counterpart a short and awkward chair, you decrease their testosterone and raise their cortisol. Those biological changes, in turn, reduce their feeling of power — which should give you a more favorable deal in the negotiation ([Kim, Pinkley, & Fragale, 2005](#)).



Tactic 6

Negotiate at Your Office

### **STRATEGY: ENCOURAGE COOPERATIVE BEHAVIOR**

In Western cultures, negotiation has a bad reputation. People perceive it to be very combative, where you're competing *against* your counterpart. Only *one* winner can emerge.

Sure, that perception is just a philosophy. However, that philosophy has influenced the negotiation process in the Western world.

Because only one winner can emerge, people negotiate more aggressively. Rather than look for mutual gains — which would benefit both parties — people focus on defending and reinforcing their position. Unfortunately, that “positional bargaining” prevents you from finding a win-win outcome ([Fisher & Ury, 1981](#)). Both parties eventually receive a worse deal.

In other parts of the world, the perception is very different. People perceive negotiation to be much more cooperative. Instead of competing against a counterpart, the two parties work together to reach an outcome that’s mutually beneficial.

To enhance your deal in the negotiation, you and your counterpart need to adopt that cooperative mindset. And this section will give you a few tactics that can help.

### Tactic 7: Avoid Negotiation Terminology

Be careful when planning the negotiation with your counterpart. Your wording can play a powerful role.

For example, participants in one study behaved twice as cooperatively when a game was called “The Community Game” compared to “The Wall Street Game” ([Ross and Ward, 1995](#)). Even simple words like “accepting” and “rejecting” can cause people to negotiate more aggressively ([Larrick & Blount, 1997](#)).

To prevent aggressive behavior from your counterpart, avoid negotiation terminology. Always use words that depict cooperative behavior (e.g., “collaborate,” “work together,” “brainstorm”).

You should also incorporate 1<sup>st</sup> person plural pronouns (e.g., “us,” “we,” “our”). Those pronouns emphasize a shared goal with your counterpart, so you’ll usually gain a more favorable deal ([Perdue et al., 1990](#)).

New Message	New Message
To: your.counterpart@example.com	To: your.counterpart@example.com
Subject: Wednesday's Negotiation	Subject: Excited for Wednesday
Hey Bill,	Hey Bill,
I'm excited to meet and negotiate on Wednesday.	I'm excited to meet and brainstorm ideas on Wednesday.
-Nick	-Nick

**Tactic 7**    **Avoid Negotiation Terminology**

## Tactic 8: Schedule a Future Interaction

When possible, break up the negotiation into separate meetings. People negotiate less aggressively when they believe they'll be interacting with their counterpart again ([Murningham & Roth, 1983](#)).

Why do people behave less aggressively? [Pruitt \(1998\)](#) explains that people develop a stronger need to earn cooperation:

**“When social dilemmas involve repeated interaction over a period of time, people often develop a readiness for mutual cooperation... [This] implies that the only way to succeed is to get the other(s) to cooperate. If one cannot command the other(s), as is usually the case, then this cooperation must be bought with one’s own cooperation.” (pp. 474)**

Even if you plan to reach an agreement within one day, you could plan a subsequent meeting to review the contract. If you plan that second meeting beforehand, your counterpart will behave more cooperatively during the initial negotiation.

Tuesday 6/16	Wednesday 6/17	Thursday 6/18	Friday 6/19
9 - 10 Negotiation			10 - 11 Discuss Contract
<b>Tactic 8</b>	<b>Schedule a Future Interaction</b>		

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# Starting the Negotiation

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All prepared? Great. Now it's time to start the negotiation. This section will teach you a few strategies that you should implement *during* the negotiation.

## **STRATEGY: BUILD SOME RAPPORT**

Next to power, rapport is also crucial. Without it, negotiations are more likely to follow the traditional “win-lose” model — a destructive mindset for both parties.

Here are two tactics that can help you build rapport.

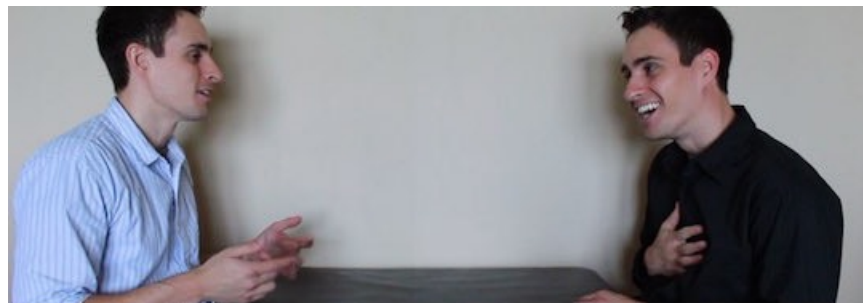
### **Tactic 9: Start With Schmoozing**

In their cleverly titled study, “Schmooze or Lose,” [Morris et al. \(2000\)](#) studied hypothetical email negotiations. They found that “schmoozing” played a powerful role. Participants gained better deals when they spoke with their counterpart on the phone for 5 minutes before the negotiation.

The researchers concluded...

**“...small manipulations related to rapport have lasting effects — a 5-min conversation had dramatic effects after a week of e-mail negotiating...schmoozing greases the wheels of sociality and commerce, allowing relationships and deals to develop despite the friction involved in negotiations.” (pp. 99)**

The remaining tactics in this section will give you additional ideas to implement during the schmoozing phase.



**Tactic 9** Start With Schmoozing



## Tactic 10: Disclose Personal Information

For decades, researchers have recognized the power of self-disclosure ([Worthy, Albert, & Gay, 1969](#)). When you disclose personal information to other people, you build greater rapport with those recipients.

Not surprisingly, self-disclosure is helpful in negotiation. When you disclose unrelated personal information, your counterparts negotiate less aggressively, giving you a better overall deal ([Moore et al., 1999](#)).

Before the negotiation starts, always mention unrelated tidbits about yourself, such as interests or hobbies. Those tidbits —albeit small and innocent — will make the negotiation more successful.



## STRATEGY: BRING THEM PASTRIES AND COFFEE

Don't be fooled by its cuteness. This strategy is the most devious strategy in this entire article.

When you bring pastries and coffee to the negotiation, you accomplish four important tactics (described in this section).

## Tactic 11: Mimic Their Nonverbal Behavior

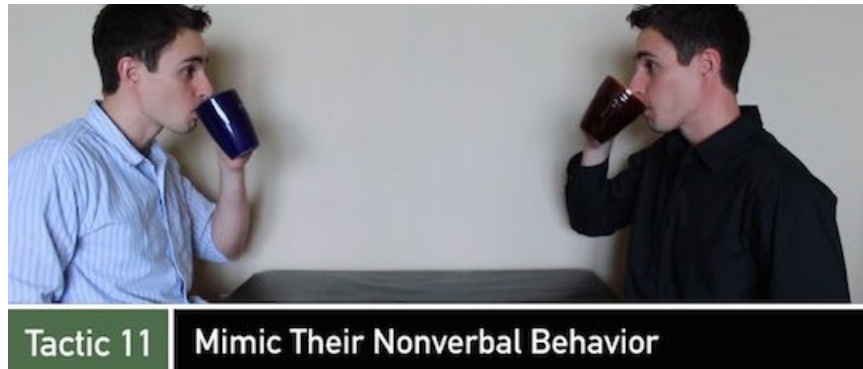
When you mimic people's nonverbal behavior, you build rapport with those people. That finding is widely supported by research (see [Chartrand & Bargh, 1999](#)), and it's also effective in negotiation ([Maddux, Mullen, & Galinsky, 2008](#)).

Mimicry can also explain another finding: negotiators gain better outcomes when they eat together. As [Lakshmi Balachandra \(2013\)](#) explains...

**"When individuals eat together they enact the same movements. This unconscious mimicking of each other may induce positive**

feelings towards both the other party and the matter under discussion.”

By bringing pastries and coffee, you’ll gain benefits of both eating and mimicking.



### Tactic 12: Provide an Unsolicited Favor

In his book, [Influence](#), Cialdini (1987) proposed that reciprocity is one of the six principles of persuasion. When you perform favors for people — even unsolicited favors — they become substantially more likely to “return the favor.”

That urge to reciprocate has become so internalized that we reciprocate even when the other party will have no knowledge of our reciprocation.

For example, [Burger et al. \(1999\)](#) hired a student to be a confederate in an experiment. The student asked peers to (a) complete a survey and (b) drop it in a box outside the Psychology Department a few days later. The survey was anonymous, so the student would have no idea if people actually completed it.

Despite that anonymity, people were three times more likely to complete the survey if the student had given them a free bottle of water. That unsolicited favor triggered an inner need to reciprocate, even though the reciprocation wouldn’t be recognized.



Even if your counterpart hates pastries and coffee, the mere favor will trigger an inner need to reciprocate. As a result, they'll be more likely to make concessions during the negotiation.

### **Tactic 13: Increase Their Glucose Levels**

Glucose plays a role in aggressive behavior. When glucose levels are low, people are more likely to behave aggressively ([Donohoe & Benton, 1999](#)). Other research shows that increasing glucose levels can reduce aggressive tendencies ([Denson et al., 2010](#)).

Since pastries and coffee increase glucose levels ([Lane, 2011](#)), they can reduce the amount of aggressiveness in your counterpart. [Lakshmi Balachandra \(2013\)](#) explains that...

**“...the consumption of glucose enhances complex brain activities, bolstering self-control and regulating prejudice and aggressive behaviors.”**



### **Tactic 14: Generate Physical Warmth**

Research suggests that warm beverages (e.g., coffee) cause people to behave friendlier. When participants in one study were holding something warm, they more likely to give a gift to a friend ([Williams & Bargh, 2008](#)).

Those results occurred because of the insular cortex. Because it processes both physical and psychological versions of warmth...

**“...tactile experiences of physical warmth should activate concepts or feelings of interpersonal warmth. Moreover, [this] should then influence, in an unintentional manner, judgments of and behavior toward other people without one being aware of this influence.” (pp. 3)**

As a side note, those findings illustrate another benefit of negotiating at your office: you'll be able to control the temperature of the room (and adjust it to be warmer).



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# During the Negotiation

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Now that you've set a good foundation, you're ready to begin the actual discussion. This section will give you a few strategies to implement throughout the remainder of the negotiation.

## **STRATEGY: CONVEY THE PROPER EMOTIONS**

In Tactic 3, I explained that you should negotiate in good weather. Nice weather will trigger a positive mood in your counterpart, giving you a better deal in the negotiation.

Since you and your counterpart should be feeling positive, should you outwardly convey a positive mood? Not necessarily.

Emotions have always been a tricky subject for negotiation researchers. Luckily, emerging research has shed some light on the situation. This section will explain that research.

### **Tactic 15: Show Signs of Disappointment**

Displaying a positive mood can help at the beginning of the negotiation (when you're establishing rapport). However, when you start discussing the terms of the agreement, visual signs of disappointment or worry can cause your counterpart to make larger concessions ([Van Kleef, De Dreu, & Manstead, 2006](#)).

Why does that happen? Researchers argue that disappointment triggers a greater urge to compensate:

**“Disappointment and worry, on the other hand, inform the other that one has received less than expected and signal that one is in need of compensation.”** (pp. 137 [Van Kleef, De Dreu, & Manstead, 2006](#)).

If you follow this tactic, be careful. Research also shows that your counterpart will develop a more unpleasant perception of you. You might want to consider using this tactic only for short-term relationships.



## Tactic 16: Become Angry (When Appropriate)

Don't worry. This tactic comes with caveats.

Regardless of its controversial nature, anger needed to be included *somewhere* in the article. A ton of research has investigated its role in negotiations.

Past research found anger to be harmful. Anger provokes negative emotions from your counterpart, such as self-centeredness ([Thompson & Loewenstein, 1992](#)) and retaliatory behavior ([Allred, 1999](#)). Those emotions can result in worse outcomes for both sides ([Allred et al., 1997](#)).

In recent years, however, the tides have been turning. Many researchers are now finding positive outcomes for showing anger. When negotiators seem angry, their counterparts make larger concessions to avoid reaching a deadlock ([Van Kleef, De Dreu, & Manstead, 2004](#)).

However, the benefits of anger depend on two conditions ([Van Kleef, 2008](#)).

**Condition 1:** Your counterparts must find the discussion important, and they must recognize (and make inferences from) your anger ([Sinaceur & Tiedens, 2006](#)).

**Condition 2:** Your emotional response must be reasonable ([Steinel, Van Kleef, Harnick, 2008](#)). Always direct your anger toward the offer – *never* at the person.

Similar to disappointment, you should only show anger when your relationship with the counterpart is short-term ([Kopelman, Rosette, & Thompson, 2006](#)).





## STRATEGY: DEMONSTRATE YOUR POWER

You increased your power before the negotiation. But why stop there? During the negotiation, you should also be conveying your power.

This section gives you two tactics that can help demonstrate your power.

### Tactic 17: Mention Your BATNAs

Before the negotiation, you enhanced your BATNAs (best alternative to a negotiated agreement). In the past, parties never revealed their BATNAs. Researchers believed it was more effective to withhold that information ([Lax & Sebenius, 1986](#)).

But that old school approach is gone. More research has uncovered the opposite to be true. Honesty, especially in regards to your BATNAs, can cause your counterpart to give larger concessions, giving you a better deal ([DeRue et al., 2009](#)).

**“Negotiators who are perceived to have many (rather than few) alternatives (1) will be considered more attractive negotiation partners, (2) will be less likely to have others negotiate aggressively with them, (3) will more easily reach an agreement, and (4) will capture a higher percentage of the value in negotiations.” ([Malhotra & Bazerman, 2008](#))**

Honesty leads to other benefits too. Disclosing information triggers a need for your counterpart to become more honest as well ([Collins & Miller, 1994](#)). As a result, you’ll have a more accurate portrayal of their needs — which can lead to better outcomes for both you *and* your counterpart.

How should you reveal your BATNAs? You could simply ask how the current deal will be different than your alternatives.

If you’re negotiating a job, mention the other companies that you’ve been pursuing (and what they’ve offered you). Ask how the current opportunity will be different.



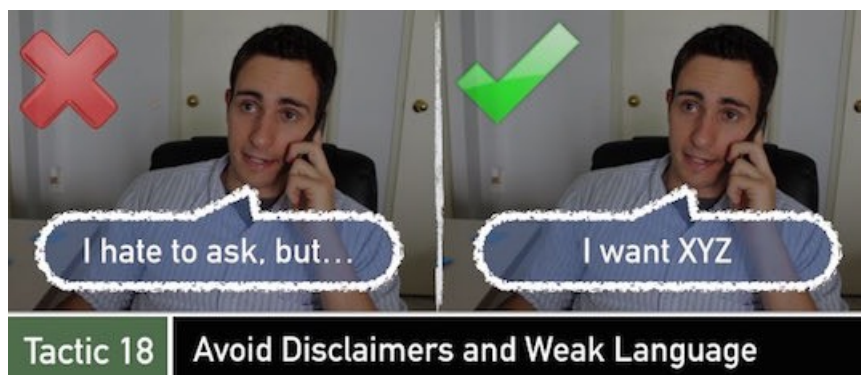
### Tactic 18: Avoid Disclaimers and Weak Language

When your counterpart is more powerful (e.g., your boss), you might feel intimidated. You might feel pressured to use soft disclaimers, such as:

- “I know this might sound like a lot, but \_\_\_\_.”
- “I hate to ask for this, but \_\_\_\_.”
- “Would you ever possibly consider \_\_\_\_?”

Never use those disclaimers. If you show signs of guilt, your counterparts will act more aggressively ([Van Kleef, De Dreu, & Manstead, 2006](#)). You’ll walk away with a worse deal.

Instead, show signs of confidence and dominance. Don’t be a jerk. Never insult or degrade your counterpart. Just be firm and confident in your requests. People receive better deals when their language and nonverbal behavior convey power and confidence ([Tiedens & Fragale 2003](#)).



### STRATEGY: PROPERLY ADDRESS THE TERMS

Eventually, you’ll need to address the terms of the agreement with your counterpart. This step is critical.

Because of the combative perception of negotiation, you need to prevent your counterpart from developing a fixed pie mentality. You need to work *with* your counterpart to reach an “integrative” deal.

But *how* can you do that? In this section, you’ll learn the best way to address the terms. You’ll learn how to ensure that you *and* your counterpart walk away with the best deal possible.

### **Tactic 19: Address All Relevant Terms**

In negotiation, your biggest enemy isn’t your counterpart. Your biggest enemy is a *fixed pie mentality*.

Consider a job negotiation. The employer offers \$70,000. But you wanted \$80,000. With a fixed pie, at least one party would need to make a concession. All else being equal, both parties would usually concede to the middle — in this case \$75,000.

That approach isn’t great because the final agreement is usually worse for both parties. However, with the right approach, you can avoid a fixed pie mentality (and you can create a deal that’s favorable for both parties).

To understand, let’s analyze the root of fixed pies. They usually occur because both parties focus on a single metric (e.g., salary). To avoid a fixed pie, you need to address *all* terms. For example, job negotiations include more than just salary. They include:

- Vacation days
- Commissions
- Working from home
- Scheduled raises
- Other perks

By listing all of the terms, the negotiation becomes less fixated on a single metric. With more terms on the table, you create flexibility to negotiate. You might accept the \$70,000 salary if you can earn a higher commission and work from home two days a week.

The next tactic will explain how to find that extra flexibility within the list of terms.



## Tactic 20: Rank Order the Terms

Once you create your list, how do you negotiate those terms? The research is clear: you should rank the terms in order of importance ([Pruitt, 1998](#)).

As Weingart and Olekalns (2004) explain...

**“...information about positions and preferences is more distributive in that it highlights differences, whereas information about priorities is more integrative in that it identifies potential trade-offs.” (pp. 146)**

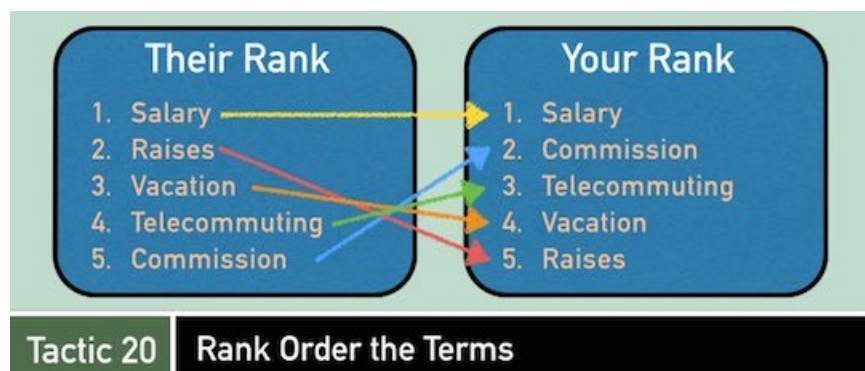
Once you and your counterpart rank the importance of each term, you can spot areas of flexibility.

- You might place high value on commissions (because of your strong work ethic).
- Your potential employer might place less importance on commissions (because it means you generated a sale).

By reviewing the importance of each term, you can find those areas of flexibility

Here’s a final tip. You should never resolve terms sequentially. In other words, don’t resolve salary, THEN commission, THEN vacation days. Resolve everything at once.

When you lump everything together, you retain bargaining power. You can make concessions in less important areas so that you can receive greater value in more important areas.



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# Ending the Negotiation

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So, you've discussed the terms...now what? How do you handle the offer? This section will teach you the best way to approach that part of the negotiation.

## **STRATEGY: ANCHOR YOUR OFFER**

Pop quiz...did Gandhi die before the age of 140?

Yes? Okay. Now estimate the *exact* age that Gandhi died.

Believe it or not, your estimate for the exact age is artificially higher because of your exposure to 140 years old ([Strack & Mussweiler, 1997](#)).

That influence stems from *anchoring*, an extremely powerful effect in our judgments ([Tversky & Kahneman, 1974](#)). How strong is it? Even if you were already familiar with anchoring, you still would have been influenced by it ([Wilson et al., 1996](#)).

If you want to understand the mechanisms behind anchoring, you can refer to my book, [Methods of Persuasion](#). This strategy will just present two tactics that apply anchoring in negotiation.

### **Tactic 21: Make the First Offer**

Some people argue that you should wait for your counterpart to make the first offer. Adam Grant, author of [Give and Take](#), argues against that approach:

**“When I poll executives, more than three quarters believe that it’s usually best not to make the first offer...There’s only one problem with this assumption: it’s wrong. One thorough analysis of negotiation experiments showed that every dollar higher in the first offer translates into about 50 cents more in the final agreement.” ([Grant, 2013](#))**

In most cases, *you* should make the first offer. You’ll get two main benefits:

#### **Benefit 1: Increase Your Perceived Value**

The high anchor point primes your counterpart to focus on the best qualities about your offer. In a real estate context...

“...a high list price directed real estate agents' attention to the house's positive features (such as spacious rooms or a new roof) while pushing negative features (such as a small yard or an old furnace) to the back recesses of their minds.” ([Galinsky, 2004](#))

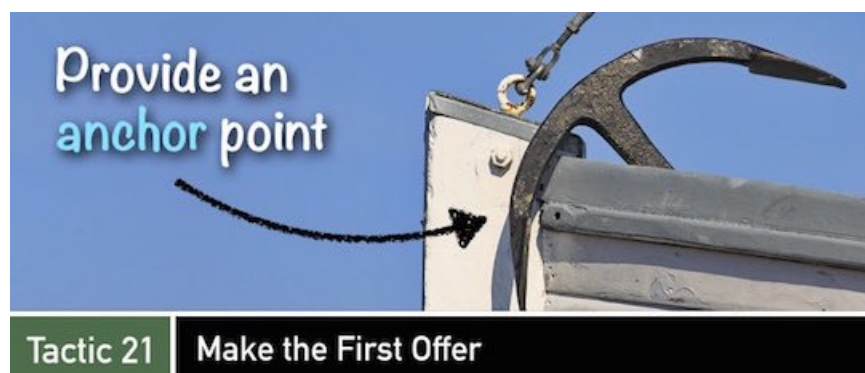
The same outcome occurs with other negotiations. If you request a high salary, for example, suddenly your best qualities become a focal point. Even if the final salary is below the exact anchor point you requested, that priming mechanism pulls the final settlement closer to that point.

### **Benefit 2: You Secure Their Outermost Range**

The anchoring effect is also called the *anchoring and adjustment heuristic*. When we're exposed to an anchor point, we often start from that anchor and then adjust our judgment accordingly.

If you're negotiating a salary, your employer likely determined a range of possible salaries before the negotiation — perhaps between \$60k - \$75k. When you provide a high anchor point (e.g., \$80k), your employer will start at \$80k and adjust his offer until reaching the outermost value in his range — in this case \$75k ([Epley & Gilovich, 2006](#)).

Without an anchor, the final settlement would likely settle near the midpoint of his range — in this case \$67.5k (which is \$7.5k less than you would've received).



### **Tactic 22: Request a High Precise Range**

Now that you understand the importance of anchoring, how should you do it?

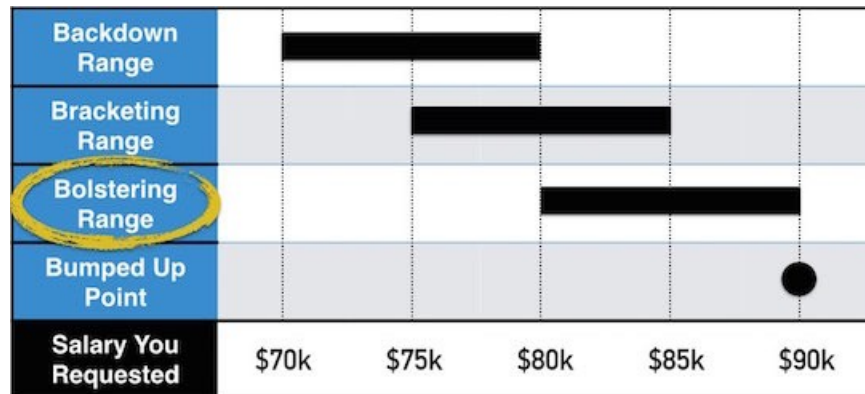
In a recent study at Columbia, [Ames and Mason \(2015\)](#) examined different methods. Suppose that you want an \$80k salary. Here are your options when making an offer:

- **Backdown Range:** You request \$70k - \$80k (with your target at the top)



- **Bracketing Range:** You request \$75 - \$85k (with your target in the middle)
- **Bolstering Range:** You request \$80k - \$90k (with your target at the bottom)
- **Bump Up Point:** You request \$90k (a single high anchor point)

The researchers found that you'll get the highest salary when you use a *bolstering range*.



Compared to a single anchor, ranges seem less rigid. You're more likely to reach an agreement (and the agreement will also be higher).

Here's another tip. You should also request a *precise* range (e.g., \$81k to \$84k). Research has found that precise values cause people to adjust shorter distances from anchor points ([Thomas & Morwitz, 2008](#)). When your anchor is precise, your counterpart will remain closer to it. I explain why in [this pricing tactic](#).



## STRATEGY: FRAME YOUR OFFER

It's a painful truth. But researchers are finally starting to accept it...

Human beings are irrational.

Thanks to pioneering work from Amos Tversky and Daniel Kahneman, we know that the mere framing of a message can make a huge difference ([Tversky & Kahneman, 1981](#)).

Consider two messages that were presented in a hospital:

- Hand hygiene prevents you from catching diseases.
- Hand washing prevents patients from catching diseases.

Both messages are trying to achieve the same outcome: hand washing. Despite a small difference (i.e., changing “you” to “patients”), the second message influenced more staff to wash their hands, reducing the spread of disease ([Grant & Hofman, 2011](#)).

In negotiation, framing can have powerful effects. This section will teach you specific frames that will help you secure a better deal in any negotiation.

### **Tactic 23: Separate Gains / Combine Losses**

Which option will make you happier:

- You find a \$20 bill
- You find a \$10 bill, and then you find another \$10 bill later

Both outcomes are the same. However, most people feel greater satisfaction with the second outcome ([Thaler, 1985](#)).

But let's look at the opposite side. Which option will make you feel worse:

- You lose a \$20 bill
- You lose a \$10 bill, and then you lose another \$10 bill later

With those options, the second option makes people feel worse. It turns out, people prefer to gain value in increments, but they prefer to lose value in one lump sum.

You should follow that guideline in negotiations. Consider the following benefit:

- The project will be completed under budget and ahead of schedule

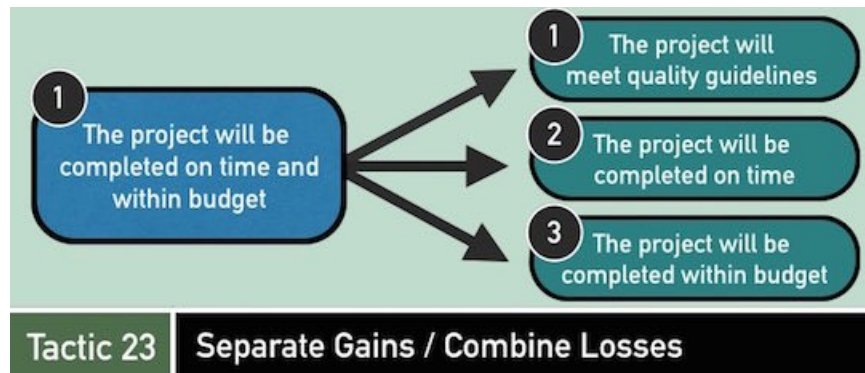
With some strategic rewording, you could separate that benefit into smaller pieces:

- The completed project will fulfill all of the quality requirements

- The project will be completed under budget
- The project will be completed ahead of schedule – no later than May 3

*Voila.* You just turned one benefit into three. Whether you present those benefits in writing or whether you present them at different points in the negotiation, your counterpart will perceive greater value in the deal ([Malhotra & Bazerman, 2008](#)).

The opposite is true for requests. When you present requests — the terms that your counterpart must give up — you should aggregate those requests as much as possible. The lump sum will trigger less pain.



### **Tactic 24: Create a Visual Balance**

People don't care about absolute value. They care about *relative* value — how much they receive in comparison to you.

In one study, researchers asked people to participate in an experiment:

- One group was offered \$7.
- A second group was offered \$8 (but they were told that other participants would be paid \$10).

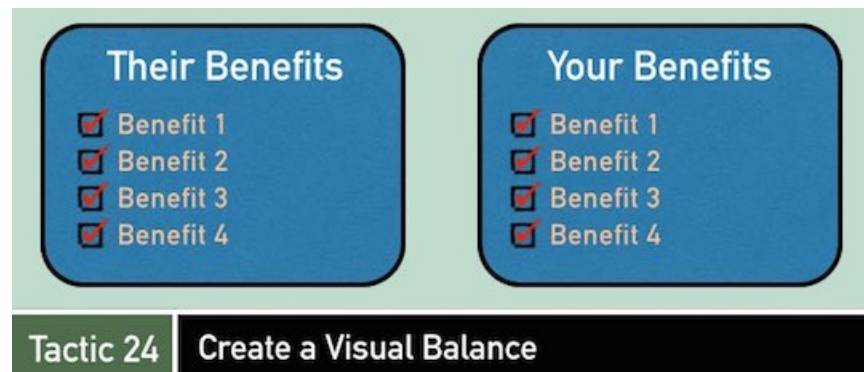
Even though the second group was offered more money, they were less likely to participate ([Blount & Bazerman, 1996](#)).

How does that relate to you? When structuring your agreement, you need to cultivate a sense of equality.

Shouldn't equality already be a goal? Yes — absolutely. Nonetheless, you should still reinforce that perceived equality, even when a deal is truly balanced.

To reinforce it, you need to consider a common heuristic. People often judge the value of a deal based on a simple rule of thumb: the visual length of benefits ([Petty & Cacioppo, 1984](#)).

In the previous tactic, you separated benefits into smaller pieces. When presenting those numerous benefits in writing, always maintain a visual balance. Your list of benefits should never seem visually longer than your counterpart's list.



### Tactic 25: Justify with Graphs

In addition to the length of benefits, another common heuristic is justification. When you provide justification — *any* form of justification — your counterpart is more likely to accept that justification as valid.

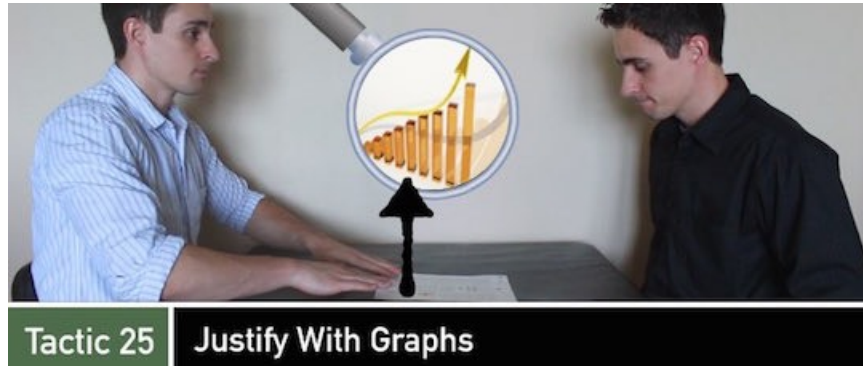
In a classic study, people asked to cut in line at a copier ([Langer, Blank, & Chanowitz, 1978](#)). Consider three different requests that they used:

Request	Compliance
May I use the copier?	60%
May I use the copier, because I need to make some copies?	93%
May I use the copier, because I am in a rush?	94%

The first and second requests were essentially the same. If you need to use the copier, obviously you need to make some copies. However, the second request garnered 93 percent compliance, whereas the first request only garnered 60 percent compliance.

The researchers concluded that the mere presence of justification (such as including the word “because”) makes your message more persuasive. People automatically assume that your message has more credence.

Here's another tip. To enhance the persuasiveness of your justification, you should also incorporate elements of science. Research shows that the mere presence of science-related reasoning (e.g., charts, graphs, formulas) enhances the persuasiveness of a message ([Tal & Wansink, 2014](#)).



## **STRATEGY: COUNTER THEIR OFFER**

Finally, let's discuss countering. Toward the end of the negotiation, you'll likely encounter resistance. That's normal. This section will explain a few techniques to help you overcome that resistance.

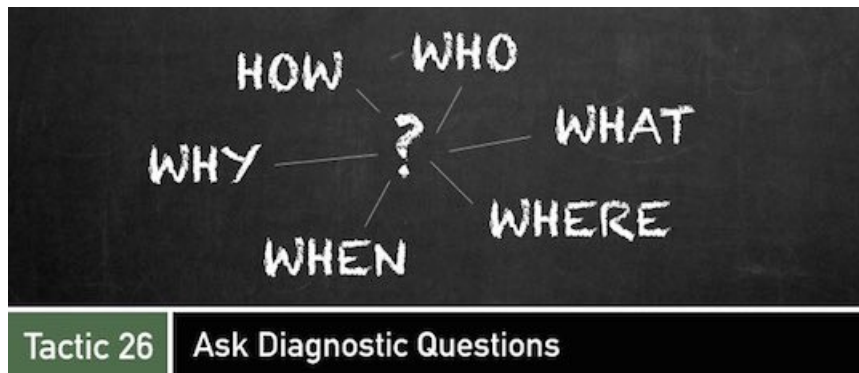
### **Tactic 26: Ask Diagnostic Questions**

You make an offer. And, lo and behold, you encounter resistance. Your counterpart gives a blatant "no." No reason. No rhyme. Just no.

To make the proper adjustment, you should ask diagnostic questions: *who, what, where, when, why, how*. Although this tactic is somewhat grounded in common sense, you need to understand *why* there's resistance.

Suppose that your boss rejects your request for a raise. You should ask for the reason behind that decision. Maybe it's due to the budget. Maybe it's due to your performance. Whatever the reason, you need to know.

Once you get your answer, you can pivot your questions accordingly. If the reason is based on budget, you can ask when the budget will open up. If the reason is based on performance, you can ask what it will take to earn that raise.



### Tactic 27: Always Counter Their First Offer

What if they beat you to the punch? What if your counterpart made the first offer? In that case, always counter. Countering is good for you *and* your counterpart.

Countering can obviously give *you* a better deal. But why would it be good for your counterpart? Wouldn't it be bad?

Sure, you'll probably devalue the deal that they receive. However, [Galinsky et al. \(2002\)](#) found that your counterparts will actually be happier with the deal.

If you accept their first offer, they experience negative emotions — as if they could have received a better deal. And those negative feelings are often misattributed to you.

On the other hand, when you counter their first offer, your counterparts will feel more positive about the negotiation — as if they received the best possible deal.

What if your counterpart is countering your initial offer? Should you always counter their first counteroffer?

Never counter for the sake of countering. Always evaluate their counteroffer objectively. Consider the benchmark data. Consider the deal that you were hoping to secure. If their counteroffer is generous — and it matches your intended deal — then accept it. If not, then keep negotiating.





What if your counterpart's initial offer is extremely generous (and you *really* don't want to counter)? Then you should use the next tactic.

### **Tactic 28: Pause After They Make an Offer**

If your counterpart's offer is very generous (and you're too scared to counter), then — at the very least — pause before accepting it. Pausing can reduce the negative emotions that your counterpart would experience from your immediate acceptance.

Pausing can also be great when your counterpart rejects your initial offer. [Kwon \(2005\)](#) explains that immediate concessions can make counterparts feel uneasy, as if your value is overinflated:

“...concessions, especially immediate ones, will be interpreted as signaling a defective or overpriced object that the other party is trying to unload rather than a conciliatory move designed to aid the focal negotiator.” (pg. 4)

When you pause before making a concession, your reluctance will help retain the perceived value of your offering. You won't seem as desperate.

In addition, pausing can also be helpful when you accept an offer. In fact, it [helped Geoffrey James earn \\$18,000 in seven seconds](#).

Your silence makes the other party feel uncomfortable. In some cases, your counterpart might interject to adjust the offer:

- **Counterpart:** We're offering you an \$85,000 salary.
- **You:** [pause for 5-7 seconds]
- **Counterpart:** If \$85,000 is too low, we can go up to \$90,000.

If they interject, that's great! You just increased the size of your deal.

If not, then you can either accept or counter. Either way, your silence was merely a moment for you to ponder the offer. No harm done.



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# After the Negotiation

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Congrats! You reached an agreement. So...now what? This section will explain what you should do immediately after the negotiation.

## **STRATEGY: FINALIZE THE DEAL**

Even though you reached an agreement during the negotiation, you'll want to finalize that agreement as quickly as possible. Here are a few tactics that can help.

### **Tactic 29: Follow Up With an Email Summary**

Verbal contracts can be binding. Even if you don't draft a written agreement, your counterpart can still be held to the terms that were discussed.

Nonetheless, you still want written proof as quickly as possible. Immediately following the negotiation, follow up via email. Thank your counterpart for the opportunity to meet, and summarize the main terms that you discussed.

If you can secure a response to that email, you'll have written proof in the meantime. That email can save the day if your counterpart experiences a "memory lapse" before the final contract is drafted.



### **Tactic 30: Compliment Their Negotiation Skills**

Pop quiz...what will make your counterpart happy with the deal they receive?

Most people guess that the economic value is the strongest factor. Wouldn't people be happier if they receive more money?

You'd think so. However, there's a stronger factor. It's their perceived performance — how well they believe they performed in the negotiation.

In a longitudinal study of MBA graduates, researchers found it to be a stronger predictor of job satisfaction, salary satisfaction, and decreased turnover ([Curhan, Elfenbein, & Kilduff, 2009](#)). People were more satisfied with their job (and stayed longer) if they believe they performed well in the job negotiation. The actual salaries had no effect.

After any negotiation, you should compliment the other party's negotiating skills. Not only will your counterpart be more satisfied with the deal, but he or she will also be more likely to sign the paperwork and negotiate with you again in the future ([Curhan, Elfenbein, & Eisenkraft, 2010](#)).



### **Tactic 31: Be the First to Draft the Contract**

When possible, *you* should draft the contract (rather than your counterpart).

Sure, it could help you solidify an agreement more quickly. However, there's another major benefit. By drafting the contract, you can create *default options*.

When we encounter an option chosen by default, we usually accept it. For example, [Johnson and Goldstein \(2003\)](#) found that countries could potentially double their rate of organ donation by using an opt-out (rather than opt-in) method.

Similarly, if you draft the contract, you control the terms. As [Malhotra and Bazerman \(2008\)](#) explain...

**“...the party who introduces its boilerplate contract will have a significant advantage in the negotiation: even strategically placed defaults on important contractual elements (such as contract length, penalties, and termination clauses) are likely to be stickier when they are pre-written into the contract...” (pg. 18)**

Do *not* be manipulative. Never sneak terms into an agreement. That’s considered “procedural unconscionability,” which will void the agreement. Not to mention it’s blatantly unethical.

Instead, when you eventually present the contract to your counterpart, mention those additional items. Since those options will be the default, your counterpart will still be more likely to accept them.



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# Conclusion

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Well, if you read the entire article, I applaud you. And I also hope that you found some useful negotiation tactics.

And, as always, use your judgment when implementing those tactics. Don't blindly use a technique simply because the article told you to use it. Always weigh the pros and cons so that you can determine whether a particular tactic makes sense for your situation. *Every situation is different.*

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