

# Negotiation Genius

Deepak Malhotra  
Max Bazerman

Real-World  
Strategies  
That Give You  
the Edge




NEGOTIATION

GENIUS

“Insightful...with clear, practical, and  
ingenious recommendations.”

—William Ury, coauthor of *Getting to Yes*



How to Overcome Obstacles and  
Achieve Brilliant Results at the  
Bargaining Table and Beyond

DEEPAK MALHOTRA  
MAX H. BAZERMAN

Harvard | Business | School

# Influence strategies

- Do not increase the benefits of a proposal
- Increase the probability that our proposal is accepted
- Decrease the probability that we become the targets of persuasion

Strategy 1:  
*Highlight  
potential losses  
rather than  
potential gains*

*«If you insulate your home, you will save  $X$  euros every day»*

*«If you fail to insulate your home, you will lose  $X$  euros per day»*

Identical information, but the second proposal is more likely to be accepted! (*loss aversion*)

# How to emphasize losses instead of gains

- ❑ *We formulate our proposal stressing*
  - ✓ *The likely gains that the other side will forgo if our proposal is rejected*
  - ⊗ *Not the gains earned if it is accepted*
- ❑ *When holding an auction, tell bidders*
  - ✓ *«You will miss out on the opportunity to have X if you do not increase your bid»*
  - ⊗ *rather than «You will have the opportunity to get X if you increase your bid»*
- ❑ *When we compete with others, we stress that*
  - ✓ *«Our competitors offer does not give you A,B,C»*
  - ⊗ *rather than «Our offer gives you A,B,C»*

# In action

- *«If you don't make X changes in your firm, you will lose XXX Euros»*
- *Health application*
  - *«If you do an HIV test during pregnancy, you will get XX benefits»*  
(acceptance rate: 23%)
  - *«If you do not get an HIV test during pregnancy, you and your family are put in danger from XX factors»*  
(acceptance rate : 68%)

*Reserve the use of loss frames for summarizing your argument, or making your “final pitch” statement, and to avoid negativity earlier in your presentation or discussion*

## Strategy 2: *Disaggregate their gains and aggregate their losses*

*What makes you **more** happy?*

*A: «You are walking down the street and find a \$20 bill»*

*B: «You are walking down the street and find a \$10 bill. The next day, as you are walking on a different street, you find another \$10 bill»*

*What makes you **less** happy?*

*A: «You open your wallet and discover you have lost a \$20 bill»*

*A: «You open your wallet and discover you have lost a \$10 bill. The following day you lose another \$10 bill»*

*We want good news to last and bad news to end*

# How to split gains and gather losses

- ❑ *If we have the ability to make concessions, we do not make them all at once*
  - ✓ *if you can increase your offer by \$100, break up this concession into smaller ones that add up to \$100 and distribute them individually; your counterpart will evaluate this string of concessions more positively than one lump-sum concession*
- ❑ *If we have good news to share, we try to parcel it into smaller “gems” that will give the other party more occasions to smile*
  - ✓ *if you have completed a project under budget and also earlier than scheduled, do not share all these good news with your client all at once*
- ❑ *If you are requesting or demanding that the other side makes concessions, make one comprehensive demand rather than several partial demands*
  - ✓ *If you have bad news to share, share it all at once*



## Strategy 3: “Door in the face”

*Strive to keep the other side in a positive, agreeable, and accommodating mood*

*aligns potential incentives*

*creates a positive environment*

*Start with a worse proposal*

*makes one look moderate and compromising*

*makes the subsequent proposal relatively seem better  
(contrast effect)*

*If you want something, ask for more and appear willing for ‘concessions’*

*Give them something you don’t really want, in order to trigger reciprocity*



## Strategy 4: “Foot in the door”

We want to justify past actions

Once someone has agreed to an initial request, they are more psychologically committed to seeing the process through to its end

*We ask 4 times more money to give a lottery ticket, after we have picked it (Shiller, Irrational Exuberance)*

*Make them agree on something - preferably in written form*

# Door-in-Face vs Foot-in-Door

- ❑ *Door-in-Face: aim for rejection, then moderate our demand*
  - ✓ *our goal is to make the key demand seem reasonable*
  - ✓ *make the moderate request soon after the other side rejects the extreme request*
- ❑ *Foot-in-Door: aim for compliance with a simple request, then increase our demands*
  - ✓ *build commitment toward our key demand*
  - ✓ *works better when the extreme request is made after some time has passed*
- ❑ *The techniques can also work in parallel*
  - ✓ *a car salesman may show a potential buyer a more expensive car first; later the salesman might also ask the buyer to take a cheaper car for a test drive*

## Strategy 5: *Justify it*

*Langer experiment:*

*Even entirely frivolous justifications have the power to induce compliance*

*Refrain from making demands (especially aggressive offers) without approximately the following structure: “I am asking for X because...”*

*don't let an offer “speak for itself”*

*add a narrative*

*invoke an expert*

## Strategy 6: *Leverage the power of social proof*

*Instead of «Operators are standing by, please call now» use «If operators are busy, please call again»*

*Nightclubs maintain long lines outside the entrance even when the interior is almost empty*

*The seller of a house limits the open-house viewing of the property to only one hour so that all potential buyers will be present at the same time*

*When someone asks an appointment/date, we give few available slots*

*Educational programs advertise CVs of successful graduates*

# Strategy 7: *Don't overdo it with incentives*

Small incentives are often  
more effective

*We agree because we want to,  
not because we are rewarded*

The size of the incentive  
matters very little

*We agree to a place time  
that is convenient for the  
other side*

*We accept something 'small'  
initially*

## Strategy 8: Use reference points

*What is the minimum discount you would need at the other location to make it worth a 30-minute trip?*

*Calculator of 50 Euros*

*(average reply: 20 Euros)*

*Laptop 2000 Euros*

*(average reply: 200 Euros)*

*We do not objectively evaluate costs; rather, they evaluate costs in comparison with reference points*

*The central question is “How much is 30 minutes of our time worth?”, not “What is the value of the item?”!*

*Add extra costs after the initial deal*

*Stress discount, not final price*

*We must always focus on the final cost, not the source price*

## *\* Add convenient choices*

*When we are between two choices,  
a third one can act as a  
'gravitational mechanism'*

- *"Samsung X" or "iphone Y" at the  
same price?  $\Rightarrow$  50-50*
- *"Samsung X" or "iphone Y" OR  
"iphone Y-" at the same price?  $\Rightarrow$   
The answer will favor "iphone Y"*

*We can add 'bad' choices, so that  
our final target emerges  
heuristically*

*We don't let ourselves get carried  
away by irrelevant alternatives; we  
focus on our real interest*



## **\*\* Be patient**

*We might prefer to receive 100 dollars today over receiving 102 dollars tomorrow*

*But we wouldn't mind waiting an extra day if the choice were for the same amounts one year from today versus one year and one day from today*

- *lack of self control makes us postpone effort (start gym or diet next week rather than now)*

### *Present bias in negotiations*

- *in a trade-off situation we will tend to settle for a smaller present reward rather than wait for a larger future reward*
- *describes impatience or immediate gratification in decision-making*

## \*\*\* *Use logic*

*Avoid emotional decisions, intuitive judgements and easily plausible explanations*

*Avoid extreme behaviors, like*

- *overconfidence*
- *neglecting obvious evidence*
- *overweight improbable events*

*Prepare systematically*

- *Don't let yourself get surprised and avoid improvising ('System 1')*
- *Negotiators who carefully evaluate their interests and priorities prior to entering talks are unlikely to accept an unfavorable offer simply because of the way in which it is presented ('System 2')*

# ...and defend yourself

*Keep a scoring system in mind*

*Make reference to an expert*

*Rephrase their offer in other terms*

*Do not negotiate under time pressure*

*Appoint a “devil’s advocate”*

*Separate information from influence*