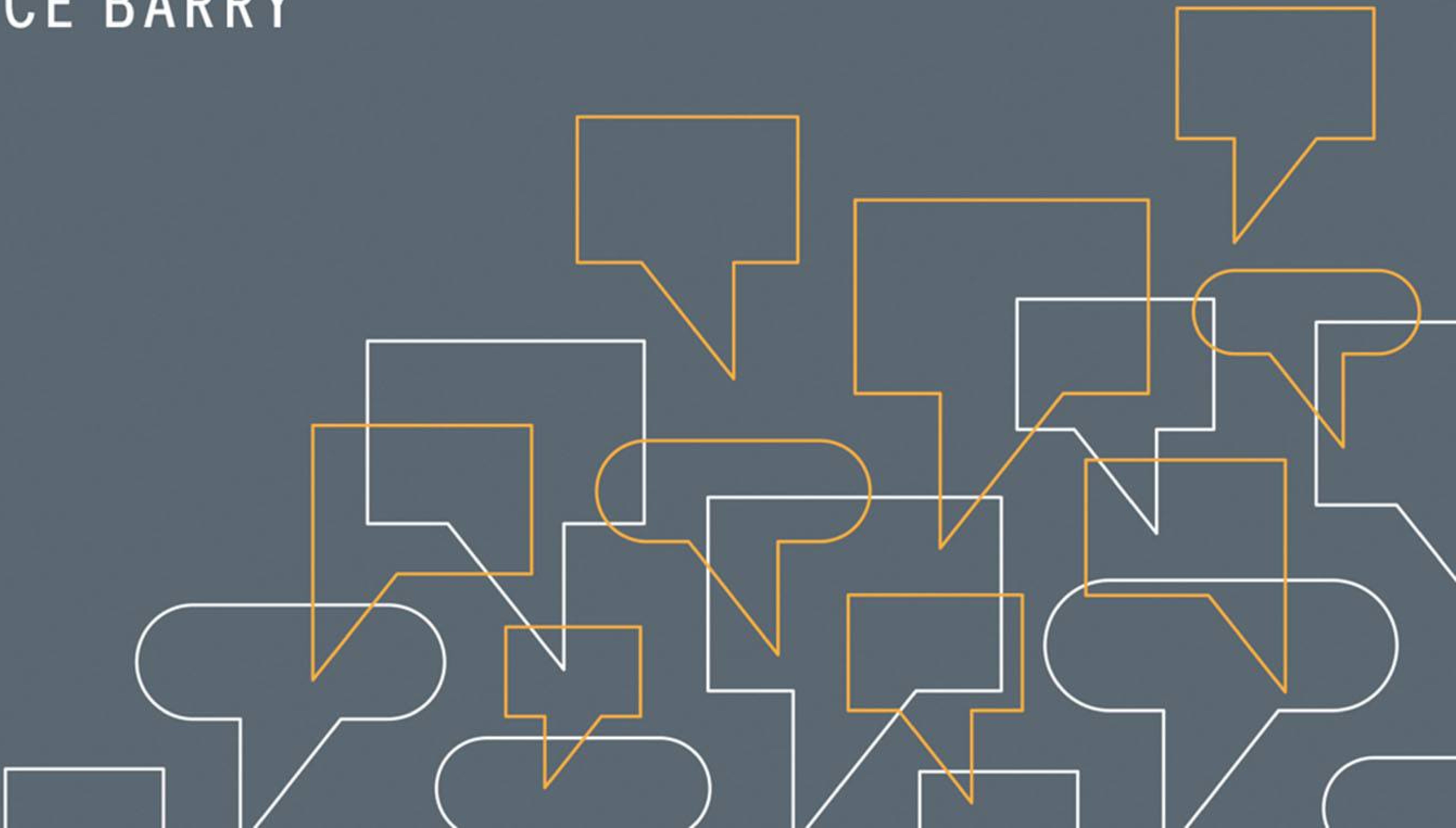
SEVENTH EDITION

NEGOTIATION

ROY J. LEWICKI
DAVID M. SAUNDERS
BRUCE BARRY



Negotiation

seventh edition

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NEGOTIATION, SEVENTH EDITION
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This book is printed on acid-free paper.

1 2 3 4 5 6 7 8 9 0 DOC/DOC 1 0 9 8 7 6 5 4

ISBN 978-0-07-802944-8
MHID 0-07-802944-9

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Content Project Manager: *Jessica Portz*
Senior Buyer: *Sandy Ludovissy*
Cover Design: *Base Art; Studio Montage*
Typeface: *10/12 Times Roman*
Compositor: *S4Carlisle Publishing Services*
Printer: *R. R. Donnelley*

Library of Congress Cataloging-in-Publication Data

Lewicki, Roy J.
Negotiation / Roy J. Lewicki, David M. Saunders, Bruce Barry. — Seventh edition.
pages cm
ISBN 978-0-07-802944-8
1. Negotiation in business. I. Saunders, David M. II. Barry, Bruce, 1958- III. Title.
HD58.6.L49 2014
658.4'052—dc23
2013030628

www.mhhe.com

Dedication

We dedicate this book to all negotiation, mediation, and dispute resolution professionals who try to make the world a more peaceful and prosperous place.

And to John W. Minton (1946–2007): friend, colleague, and co-author.

About the Authors

Roy J. Lewicki is the Irving Abramowitz Memorial Professor of Business Ethics Emeritus and Professor of Management and Human Resources Emeritus at the Max M. Fisher College of Business, The Ohio State University. He has authored or edited 36 books, as well as numerous research articles and book chapters. Professor Lewicki has served as the president of the International Association for Conflict Management, and he received its Lifetime Achievement Award in 2013. He received the Academy of Management's Distinguished Educator Award in 2005 and was recognized as a Fellow of the Organizational Behavior Teaching Society for his contributions to the field of teaching in negotiation and dispute resolution.

David M. Saunders has served as Dean of Queen's School of Business (QSB) since July 2003. Under Professor Saunders's strategic leadership, the School has experienced dramatic growth, including the addition of new and innovative MBA, professional masters, and executive education programs. To keep pace with this growth, he oversaw a significant expansion to Goodes Hall, the home of the School of Business, which opened in 2012. In support of QSB's mission to develop outstanding leaders with a global perspective, Professor Saunders has internationalized the School, adding 80 strategic partnerships with business schools around the globe. Professor Saunders is Chair of the EQUIS Awarding Body, the accreditation arm of the European Foundation for Management Development, and sits on the board of CEIBS, the China Europe International Business School.

Bruce Barry is the Brownlee O. Currey Jr. Professor of Management at the Owen Graduate School of Management at Vanderbilt University. His research on negotiation, ethics, power, influence, and justice has appeared in numerous scholarly journals and volumes. Professor Barry is a past president of the International Association for Conflict Management and a past chair of the Academy of Management Conflict Management Division. He is associate editor of the scholarly journal *Business Ethics Quarterly* and sits on the editorial boards of several others.

Preface

Welcome to the seventh edition of *Negotiation!*

Those familiar with the sixth edition will note that there has been no substantial change in the fundamental organization of this book—with one exception. As you are aware, we made substantial changes in the fifth edition, increasing the number of chapters in the book from 13 in the fourth edition to 20 in the fifth edition. This was accomplished by breaking many of the larger chapters, some of which often covered two or three separate major topics, into smaller chapters that focus on a narrower domain. This reorganization was done for two major reasons: First, the research literature in many of these areas continues to increase, requiring a more extensive treatment of that work; second, feedback from instructors indicated that many would use only parts of chapters (e.g., using the section on teams but not on coalitions, or using them in separate weeks of a course). A review of the organization of the chapters can be found at the end of Chapter 1. Here in the seventh edition we make one further reorganizing move: The "exception" to this reorganization of the sixth edition was that in recognition of the increasing importance of ethics and ethical decision making, we moved the "Ethics in Negotiation" chapter, formerly Chapter 9, into the Fundamentals section at the beginning of this book. "Ethics in Negotiation" is now Chapter 5 and, in our view, presents ideas and issues that are fundamental to any negotiation course.

The authors have carefully organized *Negotiation* to coordinate with a newly revised *Negotiation: Readings, Exercises and Cases,* seventh edition. A condensed version of this text is also available as *Essentials of Negotiation,* sixth edition, which will be available in 2014.

New Features and Content Changes

While this reorganization was the most visible change from the sixth edition, faculty familiar with previous editions will also note the following other changes:

- The entire book has been revised and updated. The authors reviewed every chapter, utilizing extensive feedback from faculty who have used previous editions of the book. The content in some of the chapters has been reorganized and rewritten to present the material more coherently and effectively.
- In our continued effort to enhance the book's readability, we have also updated many of the features and cartoons that offer lively perspectives on negotiation dynamics.
- We have further improved the graphics format and page layout of the book to make it more visually interesting and readable.
- We have included learning objectives at the beginning of each chapter and added an outline of the key sections of each chapter on the first page as well.
- The new structure of this book will be paralleled by a significant revision to our readings and classroom activities book, *Negotiation: Readings, Exercises and Cases,* seventh edition. This text and reader can be used together or separately. A shorter version of this text, *Essentials of Negotiation,* sixth edition, can also be used in conjunction with the readings book. Finally through McGraw-Hill's CREATE service,

chapters and activities from any of these books may be combined into a custom book for your course. We encourage instructors to contact their local McGraw-Hill Education representative for an examination copy, or visit the website at **www.mheducation.com** or **www.mcgrawhillcreate.com**.

Support Materials

Instructional resources—including a test bank, chapter outlines, PowerPoint slides, and extensive resource materials on teaching negotiation skills for new instructors—are available to accompany this volume on the text-specific website, **www.mhhe.com/lewickinegotiation**

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Acknowledgments

Once again, this book could not have been completed without the assistance of numerous people. We especially thank

- Many of our colleagues in the negotiation and dispute resolution field, whose research efforts have made the growth of this field possible and who have given us helpful feedback about earlier editions to improve the content of this edition.
- The work of John Minton, who helped shape the second, third, and fourth editions of this book and passed away in the fall of 2007.
- The excellent editorial assistance of Steve Stenner, specifically for his help on copyediting, permissions, and the bibliography and for refining the test bank and PowerPoint slides. In addition, Bruce Barry thanks his research assistant, Erin Rehel.
- The staff of McGraw-Hill Education, especially our current editor, Michael Ablassmeir; Heather Darr, our editorial coordinator who can solve almost any problem; and Lori Bradshaw, our tireless developmental editor who turns our confusing instructions and tedious prose into eminently readable and usable volumes!
- Our families, who continue to provide us with the time, inspiration, and opportunities for continued learning about effective negotiation and the personal support required to sustain this project.

Roy J. Lewicki
David M. Saunders
Bruce Barry

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CHAPTER

1

The Nature of Negotiation

Objectives

1. Understand the definition of *negotiation,* the key elements of a negotiation process, and the distinct types of negotiation.
2. Explore how people use negotiation to manage different situations of interdependence—that is, that they depend on each other for achieving their goals.
3. Consider how negotiation fits within the broader perspective of processes for managing conflict.
4. Gain an overview of the organization of this book and the content of its chapters.

CHAPTER OUTLINE

A Few Words about Our Style and Approach
Joe and Sue Carter
Characteristics of a Negotiation Situation
Interdependence
    Types of Interdependence Affect Outcomes
    Alternatives Shape Interdependence
Mutual Adjustment
    Mutual Adjustment and Concession Making
    Two Dilemmas in Mutual Adjustment
Value Claiming and Value Creation
Conflict
    Definitions
    Levels of Conflict
    Functions and Dysfunctions of Conflict
    Factors That Make Conflict Easy or Difficult to Manage
Effective Conflict Management
Overview of the Chapters in This Book
Chapter Summary

"That's it! I've had it! This car is dead!" screamed Chang Yang, pounding on the steering wheel and kicking the door shut on his 10-year-old Toysun sedan. The car had refused to start again, and Chang was going to be late for class (again)! Chang wasn't doing well in that management class, and he couldn't afford to miss any more classes. Recognizing that it was finally time to do something about the car, which had been having numerous mechanical problems for the last three months, Chang decided he would trade the Toysun in for another used car, one that would hopefully get him through graduation. After classes that day, he got a ride to the nearby shopping area, where there were several repair garages and used car lots. He knew almost nothing about cars, and didn't think he needed to—all he needed was reliable transportation to get him through the next 18 months.

A major international airline company is close to bankruptcy. The fear of terrorism, a number of new "budget-fare" airlines, and rising costs for fuel have all put the airline under massive economic pressure. The company seeks $800 million in wage and benefit cuts from the pilots' union, the third round of cuts in two years, in order to head off the bankruptcy. Rebuffed by the chief union negotiator for the pilots, the company seeks to go directly to the officers of the Air Line Pilots Association—the international union—to discuss the cuts. If the pilots do not agree to concessions, it is unlikely that other unions—flight attendants, mechanics, and so on—will agree, and bankruptcy will be inevitable.

Janet and Jocelyn are roommates. They share a one-bedroom apartment in a big city where they are both working. Janet, an accountant, has a solid job with a good company, but she has decided that it is time to go back to school to get her MBA. She has enrolled in Big City University's evening MBA program and is now taking classes. Jocelyn works for an advertising company and is on the fast track. Her job not only requires a lot of travel, but also requires a lot of time socializing with clients. The problem is that when Janet is not in evening class, she needs the apartment to read and study and has to have quiet to get her work done. However, when Jocelyn is at the apartment, she talks a lot on the phone, brings friends home for dinner, and is either getting ready to go out for the evening or coming back in very late (and noisily!). Janet has had enough of this disruption and is about to confront Jocelyn.

A country's government is in a financial crisis, created by a good old-fashioned "smackdown" between the newly re-elected president and the legislature. The president insists that taxes must be raised to pay for ongoing government services, particularly the taxes of the richest 1 to 2 percent of the taxpayers. In contrast, a majority of the elected legislature, whose political party favors the wealthy, insists that the president cut government spending instead! Moreover, a group of the legislators have taken a public "pledge" to not agree to *any* tax increases and fear losing their jobs in the next election if they give in on their pledge. If the crisis is not resolved in a few days, a financial doomsday is predicted.

Ashley Johnson is one of the most qualified recruits this year from a top-25 ranked business school. She is delighted to have secured a second interview with a major consumer goods company, which has invited her to its headquarters city and put her up in a four-star hotel that is world-renowned for its quality facilities and service. After getting in late the night before due to flight delays, she wakes at 6:45 a.m. to get ready for a 7:30 a.m. breakfast meeting with the senior company recruiter. She steps in the shower, grabs the water control knob to turn it, and the knob falls off in her hand! There is no water in the shower at all; apparently, repairmen started a repair job on the shower, turned all the water off somewhere, and left the job unfinished. Ashley panics at the thought of how she is going to deal with this crisis and look good for her breakfast meeting in 45 minutes.

Do these incidents look and sound familiar? These are all examples of negotiation—negotiations that are about to happen, are in the process of happening, or have happened in the past and created consequences for the present. And they all serve as examples of the problems, issues, and dynamics that we will address throughout this book.

People negotiate all the time. Friends negotiate to decide where to have dinner. Children negotiate to decide which television program to watch. Businesses negotiate to purchase materials and sell their products. Lawyers negotiate to settle legal claims before they go to court. The police negotiate with terrorists to free hostages. Nations negotiate to open their borders to free trade. Negotiation is not a process reserved only for the skilled diplomat, top salesperson, or ardent advocate for an organized lobby; it is something that everyone does, almost daily. Although the stakes are not usually as dramatic as peace accords or large corporate mergers, everyone negotiates; sometimes people negotiate for major things like a new job, other times for relatively minor things like who will take out the garbage.

Negotiations occur for several reasons: (1) to agree on how to share or divide a limited resource, such as land, or money, or time; (2) to create something new that neither party could do on his or her own; or (3) to resolve a problem or dispute between the parties. Sometimes people fail to negotiate because they do not recognize that they are in a negotiation situation. By choosing options other than negotiation, they may fail to achieve their goals, get what they need, or manage their problems as smoothly as they might like to. People may also recognize the need for negotiation but do poorly because they misunderstand the process and do not have good negotiating skills. After reading this book, we hope you will be thoroughly prepared to recognize negotiation situations; understand how negotiation works; know how to plan, implement, and complete successful negotiations; and, most importantly, be able to maximize your results.

A Few Words about Our Style and Approach

Before we begin to dissect the complex social process known as negotiation, we need to say several things about how we will approach this subject. First we will briefly define negotiation. Negotiation is "a form of decision making in which two or more parties talk with one another in an effort to resolve their opposing interests" (Pruitt, 1981, p. xi). Moreover, we will be careful about how we use terminology in this book. For most people, *bargaining* and *negotiation* mean the same thing; however, we will be quite distinctive in the way we use the two words. We will use the term *bargaining* to describe the competitive, win–lose situations such as haggling over the price of that item that happens at a yard sale, flea market, or used car lot; we will use the term *negotiation* to refer to win–win situations such as those that occur when parties are trying to find a mutually acceptable solution to a complex conflict.

Second, many people assume that the "heart of negotiation" is the give-and-take process used to reach an agreement. While that give-and-take process is extremely important, negotiation is a very complex social process; many of the most important factors that shape a negotiation result do not occur during the negotiation; they occur *before* the parties start to negotiate, or shape the context *around* the negotiation. In the first few chapters of the book, we will examine why people negotiate, the nature of negotiation as a tool for managing conflict, and the primary give-and-take processes by which people try to reach agreement. In the remaining chapters, we examine the many ways that differences in the substantive issues, the people involved, the processes they follow, and the context in which negotiation occurs enrich the complexity of the dynamics of negotiation. We will return to a more complete overview of the book at the end of this chapter.

Third, our insights into negotiation are drawn from three sources. The first is our personal experience as negotiators ourselves and the rich number of negotiations that occur every day in our own lives and in the lives of people around the world. The second source is the media—television, radio, newspaper, magazine, and Internet—that report on actual negotiations every day. We will use quotes and examples from the media to highlight key points, insights, and applications throughout the book. Finally, the third source is the wealth of social science research that has been conducted on numerous aspects of negotiation. This research has been conducted for almost 60 years in the fields of economics, psychology, political science, communication, labor relations, law, sociology, and anthropology. Each discipline approaches negotiation differently. Like the parable of the blind men who are attempting to describe the elephant by touching and feeling different parts of the animal, each social science discipline has its own theory and methods for studying outputs of negotiation, and each tends to emphasize some parts and ignore others. Thus, the same negotiation events and outcome may be examined simultaneously from several different perspectives.[1] When standing alone, each perspective is clear but limited; combined, we begin to understand the rich and complex dynamics of this amazing animal. We draw from all these research traditions in our approach to negotiation. When we need to acknowledge the authors of a major theory or set of research findings, we will use the standard social science research process of citing their work in the text by the author's name and the date of publication of their work; complete references for that work can be found in the bibliography at the end of the book. When we have multiple sources to cite, or anecdotal side comments to make, that information will appear in an endnote at the end of each chapter.

We began this chapter with several examples of negotiations—future, present, and past. To further develop the reader's understanding of the foundations of negotiation, we will develop a story about a husband and wife—Joe and Sue Carter—and a not-so-atypical day in their lives. In this day, they face the challenges of many major and minor negotiations. We will then use that story to highlight three important themes:

1. The definition of negotiation and the basic characteristics of negotiation situations.
2. An understanding of *interdependence,* the relationship between people and groups that most often leads them to need to negotiate.
3. The definition and exploration of the dynamics of conflict and conflict management processes, which will serve as a backdrop for different ways that people approach and manage negotiations.

Joe and Sue Carter

The day started early, as usual. Over breakfast, Sue Carter raised the question of where she and her husband, Joe, would go for their summer vacation. She wanted to sign up for a tour of Southeast Asia being sponsored by her college's alumni association. However, two weeks on a guided tour with a lot of other people he barely knew was not what Joe had in mind. He needed to get away from people, crowds, and schedules, and he wanted to charter a sailboat and cruise the New England coast. The Carters had not argued (yet), but it was clear they had a real problem here. Some of their friends handled problems like this by taking separate vacations. With both of them working full-time, though, Joe and Sue did agree that they would take their vacation together.

Moreover, they were still not sure whether their teenage children—Tracy and Ted—would go with them. Tracy really wanted to go to a gymnastics camp, and Ted wanted to stay home and do yard work in the neighborhood so he could get in shape for the football team and buy a motor scooter with his earnings. Joe and Sue couldn't afford summer camp and a major vacation, let alone deal with the problem of who would keep an eye on the children while they were away. And Sue was already "on the record" as being opposed to the motor scooter, for obvious safety reasons.

As Joe drove to work, he thought about the vacation problem. What bothered Joe most was that there did not seem to be a good way to manage the conflict productively. With some family conflicts, they could compromise but, given what each wanted this time, a simple compromise didn't seem obvious. At other times they would flip a coin or take turns—that might work for choosing a restaurant (Joe and Ted like steak houses, Sue and Tracy prefer Chinese), but it seemed unwise in this case because of how much money was involved and how important vacation time was to them. In addition, flipping a coin might make someone feel like a loser, an argument could start, and in the end nobody would really feel satisfied.

Walking through the parking lot, Joe met his company's purchasing manager, Ed Laine. Joe was the head of the engineering design group for MicroWatt, a manufacturer of small electric motors. Ed reminded Joe that they had to settle a problem created by the engineers in Joe's department: the engineers were contacting vendors directly rather than going through MicroWatt's purchasing department. Joe knew that purchasing wanted all contacts with a vendor to go through them, but he also knew that his engineers badly needed technical information for design purposes and that waiting for the information to come through the purchasing department slowed things considerably. Ed Laine was aware of Joe's views about this problem, and Joe thought the two of them could probably find some way to resolve it if they really sat down to work on it. Joe and Ed were also both aware that upper management expected middle managers to settle differences among themselves; if this problem "went upstairs" to senior management, it would make both of them look bad.

Shortly after reaching his desk, Joe received a telephone call from an automobile salesman with whom he had been talking about a new car. The salesman asked whether Sue wanted to test-drive it. Joe wasn't quite sure that Sue would go along with his choice; Joe had picked out a sporty luxury import, and he expected Sue to say it was too expensive and not very fuel efficient. Joe was pleased with the latest offer the salesman had made on the price but thought he might still get a few more concessions out of him, so he introduced Sue's likely reluctance about the purchase, hoping that the resistance would put pressure on the salesman to lower the price and make the deal "unbeatable."

As soon as Joe hung up the phone, it rang again. It was Sue, calling to vent her frustration to Joe over some of the procedures at the local bank where she worked as a senior loan officer. Sue was frustrated working for an old “family-run” bank that was not very automated, heavily bureaucratic, and slow to respond to customer needs. Competitor banks were approving certain types of loans within three hours while Sue’s bank still took a week. Sue had just lost landing two big new loans because of the bank’s slowness and bureaucratic procedures—and the loss of the salary bonus that landing a big loan would bring. But whenever she tried to discuss the situation with the bank’s senior management, she was met with resistance and a lecture on the importance of the bank’s “traditional values.”

Most of Joe’s afternoon was taken up by the annual MicroWatt budget planning meeting. Joe hated these meetings. The people from the finance department came in and arbitrarily cut everyone’s figures by 30 percent, and then all the managers had to argue endlessly to try to get some of their new-project money reinstated. Joe had learned to work with a lot of people, some of whom he did not like very much, but these people from finance were the most arrogant and arbitrary number crunchers imaginable. He could not understand why the top brass did not see how much harm these people were doing to the engineering group’s research and development efforts. Joe considered himself a reasonable guy, but the way these people acted made him feel like he had to draw the line and fight it out for as long as it took.

In the evening, Sue and Joe attended a meeting of their town’s Conservation Commission, which, among other things, was charged with protecting the town’s streams, wetlands, and nature preserves. Sue is a member of the Conservation Commission, and Sue and Joe both strongly believe in sound environmental protection and management. This evening’s case involved a request by a real estate development firm to drain a swampy area and move a small creek into an underground pipe in order to build a new regional shopping mall. All projections showed that the new shopping mall would attract jobs and revenue to the area and considerably increase the town’s tax treasury. The new mall would keep more business in the community and discourage people from driving 15 miles to the current mall, but opponents—a coalition of local conservationists and businessmen—were concerned that the new mall would significantly hurt the downtown business district and do major harm to the natural wetland and its wildlife. The debate raged for three hours, and finally, the commission agreed to continue the hearings the following week.

As Joe and Sue drove home from the council meeting, they discussed the things they had been involved in that day. Each privately reflected that life is kind of strange—sometimes things go very smoothly and other times things seem much too complicated. As they went to sleep later, they each thought about how they might have approached certain situations differently during the day and were thankful they had a relationship where they could discuss things openly with each other. But they still didn’t know what they were going to do about that vacation . . . or that motor scooter.

Characteristics of a Negotiation Situation

The Joe and Sue Carter story highlights the variety of situations that can be handled by negotiation. Any of us might encounter one or more of these situations over the course of a few days or weeks. As we defined earlier, *negotiation* is a process by which two or more parties attempt to resolve their opposing interests. Thus, as we will point out later on this chapter, negotiation is one of several mechanisms by which people can resolve conflicts. Negotiation situations have fundamentally the same characteristics, whether they are peace negotiations between countries at war, business negotiations between buyer and seller or labor and management, or an angry guest trying to figure out how to get a hot shower before a critical interview. Those who have written extensively about negotiation argue that there are several characteristics common to all negotiation situations (see Lewicki, 1992; Rubin and Brown, 1975):

1. There are two or more parties—that is, two or more individuals, groups, or organizations. Although people can "negotiate" with themselves—as when someone debates in their head whether to spend a Saturday afternoon studying, playing tennis, or going to the football game—we consider negotiation as a process *between* individuals, within groups, and between groups.[2] In the Carter story, Joe negotiates with his wife, the purchasing manager, and the auto salesman, and Sue negotiates with her husband, the senior management at the bank, and the Conservation Commission, among others. Both still face an upcoming negotiation with the children about the vacation . . . and that motor scooter.
2. There is a conflict of needs and desires between two or more parties—that is, what one wants is not necessarily what the other one wants—and the parties must search for a way to resolve the conflict. Joe and Sue face negotiations over vacations, management of their children, budgets, automobiles, company procedures, and community practices for issuing building permits and preserving natural resources, among others.
3. The parties negotiate by *choice!* That is, they negotiate because they think they can get a better deal by negotiating than by simply accepting what the other side will voluntarily give them or let them have. Negotiation is largely a voluntary process. We negotiate because we think we can improve our outcome or result, compared with not negotiating or simply accepting what the other side offers. It is a strategy pursued by choice; seldom are we required to negotiate. There are times to negotiate and times not to negotiate (see Box 1.1 for examples of when we should not negotiate). Our experience is that most individuals in Western culture *do not negotiate enough*—that is, we assume a price or situation is nonnegotiable and don't even bother to ask or to make a counteroffer!
4. When we negotiate, we expect a "give-and-take" process that is fundamental to our understanding of the word "negotiation." We expect that both sides will modify or move away from their opening statements, requests, or demands. Although both parties may at first argue strenuously for what they want—each pushing the other side to move first—ultimately both sides will modify their opening position in order to reach an agreement. This movement may be toward the "middle" of their positions, called a compromise. However, truly creative negotiations may not require compromise; instead the parties may invent a solution that meets the objectives of *all* parties.

BOX 1.1 When You Shouldn't Negotiate

There are times when you should avoid negotiating. In these situations, stand your ground and you'll come out ahead.

When you'd lose the farm:

If you're in a situation where you could lose everything, choose other options rather than negotiate.

When you're sold out:

When you're running at capacity, don't deal. Raise your prices instead.

When the demands are unethical:

Don't negotiate if your counterpart asks for something you cannot support because it's illegal, unethical, or morally inappropriate—for example, either paying or accepting a bribe. When your character or your reputation is compromised, you lose in the long run.

When you don't care:

If you have no stake in the outcome, don't negotiate. You have everything to lose and nothing to gain.

When you don't have time:

When you're pressed for time, you may choose not to negotiate. If the time pressure works against you, you'll make mistakes, you give in too quickly, and you may fail to consider the implications of your concessions. When under the gun, you'll settle for less than you could otherwise get.

When they act in bad faith:

Stop the negotiation when your counterpart shows signs of acting in bad faith. If you can't trust their negotiating, you can't trust their agreement. In this case, negotiation is of little or no value. Stick to your guns and cover your position, or discredit them.

When waiting would improve your position:

Perhaps you'll have a new technology available soon. Maybe your financial situation will improve. Another opportunity may present itself. If the odds are good that you'll gain ground with a delay, wait.

When you're not prepared:

If you don't prepare, you'll think of all your best questions, responses, and concessions on the way home. Gathering your reconnaissance and rehearsing the negotiation will pay off handsomely. If you're not ready, just say "no."

Source: Conrad Levinson, Mark S. A. Smith, Orvel Ray Wilson, *Guerrilla Negotiating: Unconventional Weapons and Tactics to Get What You Want* (New York: John Wiley & Sons, Inc., 1999), pp. 22–23.

Of course, if the parties do NOT consider it a negotiation, then they don't necessarily expect to modify their position and engage in this give-and-take (see Box 1.2).

5. The parties prefer to negotiate and search for agreement rather than to fight openly, have one side dominate and the other capitulate, permanently break off contact, or take their dispute to a higher authority to resolve it. Negotiation occurs when the parties prefer to invent their own solution for resolving the conflict, when there is no fixed or established set of rules or procedures for how to resolve the conflict, or when they choose to bypass those rules. Organizations and systems invent policies

Sign in a New York Deli BOX 1.2

"For those of you who need to haggle over the price of your sandwich, we will gladly raise the price so we can give you a discount!"

and procedures for addressing and managing those procedures. Equipment rental services have a policy for what they should charge if a rental is kept too long. Normally, people just pay the fine. They might be able to negotiate a fee reduction, however, if they have a good excuse for why the video is being returned late. Similarly, attorneys negotiate or plea-bargain for their clients who would rather be assured of a negotiated settlement than take their chances with a judge and jury in the courtroom. Similarly, the courts may prefer to negotiate as well to clear the case off the docket, save money and assure some payment of a fine rather than risk having the defendant set free on some legal technicality. In the Carter story, Joe pursues negotiation, rather than letting his wife decide where to spend the vacation; pressures the salesman to reduce the price of the car, rather than paying the quoted price; and argues with the finance group about the impact of the budget cuts, rather than simply accepting them without question. Sue uses negotiation to try to change the bank's loan review procedures, rather than accepting the status quo, and she works to change the shopping mall site plan to make both conservationists and businesses happy, rather than letting others decide it or watch it go to court. But what about that motor scooter . . . ?

6. Successful negotiation involves the management of *tangibles* (e.g., the price or the terms of agreement) and *also* the resolution of *intangibles*. Intangible factors are the underlying psychological motivations that may directly or indirectly influence the parties during a negotiation. Some examples of intangibles are (a) the need to "win," beat the other party, or avoid losing to the other party; (b) the need to look "good," "competent," or "tough" to the people you represent; (c) the need to defend an important principle or precedent in a negotiation; and (d) the need to appear "fair," or "honorable" or to protect one's reputation; or (e) the need to maintain a good relationship with the other party after the negotiation is over, primarily by maintaining trust and reducing uncertainty (Saorin-Iborra, 2006). Intangibles are often rooted in personal values and emotions. Intangible factors can have an enormous influence on negotiation processes and outcomes; it is almost impossible to ignore intangibles because they affect our judgment about what is fair, or right, or appropriate in the resolution of the tangibles. For example, Joe may not want to make Ed Laine angry about the purchasing problem because he needs Ed's support in the upcoming budget negotiations, but Joe also doesn't want to look weak to his department's engineers, who expect him to support them. Thus, for Joe, the important intangibles are preserving his relationship with Ed Laine and looking strong and "tough" to his engineers.

Intangibles become a major problem in negotiation when negotiators fail to understand how they are affecting decision making or when they dominate negotiations on the tangibles. For example, see Box 1.3 about the problems that the urge to win can create for negotiators.