**Case Study:**

1. Interests:

Interests are the hope, fears and concerns of the negotiators. Interests are not negotiable or quantifiable – they are WHY they are negotiating. Interests are what motivates the negotiator to choose one solution over another.

1. Issues:

Issues are the agenda items in the negotiation. They are quantifiable and negotiable. Issues deliver the interests of the negotiators. Issues are WHAT the negotiators are going to negotiate.

Interests differ from Issues as Interests are not negotiable. They are not prioritised, they have no ranges, no numbers, no targets and are not flexible. Interests are why you want something, not what you want, like issues.

1. Tradable:

Tradables are items over which the negotiator has discretion, which can be used to widen the focus of the deal. They can be traded for movement on other issues. In distributive bargaining, using tradables can make the negotiation easier by removing the single-issue, zero sum problem.

1. Negotiation Planner:

The Negotiation Preparation Planner is a tool used to prepare a negotiation by outlining the Interests, Issues, Priorities and Positions.

Negotiable issues are prioritised because negotiators have varying degrees of preference for what they want and it is these differences in value of each issue which gives the negotiators trading possibilities when it comes to proposing and bargaining.

Issues can be prioritised as High (must get or no deal), Medium (would like to get within ranges or it puts pressure on the viability of the deal) and Low (would like to get, but will not affect the deal).

Entry and Exit points are assigned to each issue. They are the ranges within which a negotiator is prepared to deal. Entry point is where they are willing to start the negotiation and the exit point is the point beyond which they are unwilling (or even unable) to deal.

Entry points should be defensible and credible.

1. Proposals:

A proposal is a tentative solution. It has 2 parts: it has a condition, which can be vague or specific in nature, and an offer which is always vague. An effective proposal is always in the assertive conditional format “if you give me something that I want, then I **could** give you something that you want.”

In the proposal, the negotiator is suggesting what wants they **COULD** trade. It is an assertive statement and never asked as a question.

1. Distributive Bargaining:

Distributive bargaining is where there is a single issue to be negotiated. The negotiation is complicated by the fact that there is nothing to trade movement for, so each party feels ‘psychic pain’ when unilateral movement is required to reach agreement. It is a Zero-sum dynamic.

Each party has their own entry and exit point for the single issue. Entry point is where the negotiators want to start the negotiation and Exit point is as far as they can go before they must exit the negotiation. They will know each other’s Entry point, but never know the other negotiator’s Exit point.

The shaded area is the settlement range. If there is a gap between the exit prices, no negotiation is possible (see Figure1). If there is an overlap, then a negotiation is possible (see Figure 2). This is called the settlement range.

1. Constructive Debate:

Debate is the second phase of the negotiation and takes on average 80% of the time in a negotiation. During the debate phase it is necessary for the negotiators to exchange information, understand each other’s positions and issues without giving out information about how far they are willing to move.

There can be problems during debate when one or both sides use destructive debate behaviours.

Destructive debate behaviours include: Arguing, Interrupting, Threats, Attack/Blame, Irritate, Point Score, Blocking, Insults.

The problem with any of these behaviours is that they cause a negative reaction from both sides, often leading to a breakdown in communication. And if it is not stopped before it is too late, it can result in a deadlock.

Constructive debate behaviours include: Summaries, Active Listening, Questions, Assurances, Signals.

By having a constructive open debate, Marcus can explain to Petrov his position and with assurances and signals he can allay any fears that this will affect their future relationship – as long as the problem is dealt with. By listening to the problem and assuring that it will be rectified without a blame/attack cycle, they will both be able to resolve the situation amicably.

**Essay Question:**

1. Culture

According to Hofstede, culture is defined as the collective programming of the mind which separates one individual group from another. Culture is that complex whole which includes beliefs, knowledge, art, tradition, law and any other capabilities acquired by man as a member of a society.

There are two views on culture:

1) The Cultural Relativists who believes that to do business worldwide, it is necessary to have knowledge of the culture of the other party you are negotiating with.

2) The Cultural Universalists who assets the assumptions of the Cultural Relativists, believes that while general awareness of the culture may be beneficial, your competence in negotiation skills is more important.

It is advised that negotiators must concentrate on their negotiation skills and prepare for negotiation four phases (Preparation, Debate, Proposal and Bargain) instead of trying and learning up on cultural differences.

According to Hofstede:

• Power Distance – Degree to which people can tolerate inequality in physical and mental characteristics, social status and prestige, political power. There is high power in countries like India and Philippines and less in Denmark and New Zealand.

• Uncertainty Avoidance – Degree to which people prefer or can deal with ambiguity. We all are uncertain about the future.

• Masculinity Vs. Femininity – Masculine cultures are aggressive than the caring feminine cultures. Japan has a high rate of masculine cultures and Netherlands has a high rate of feminine cultures.

• Individuality Vs. Collectivity – Individual cultures (like USA) give less importance to relationships than collectivist cultures (Pakistan).

Hofstede also found that employees believe promotions are based on influence and not ability.

According to Trompenaars:

• Universalism Vs. Particularism (rules rather than relationships)

• Individuality Vs. Collectivity (individual versus group)

• Specific or Diffuse (range of involvement)

• Neutral or Emotional (range of feelings expressed)

• Achievement or Ascription (how status is accorded)

Hofstede drawbacks are:

• He did a study of IBM workers but did not include minority group (example, Dalits of India). IBM workers were white collared people.

• A lot of his differences have changed in 40 years because of political change (example, Masculinity vs. Femininity).

Researchers have asked negotiators not to base your negotiation on culture.

For example, Fang, a Chinese, developed four negotiation processes like Gavin Kennedy’s 4 stage process. Fang has just given different names to his process. His use of ploys is also like the ones used in the 4 stage process.



These three overlapping. Behaviours is at the front because it’s the most obvious of all. We can hear, see things people do. Attitudes can be hidden. People speak of trust only to deceive.

Behind our attitudes are firm beliefs handed down generation to generation.

Behaviours can be Arbitrary, Attitudes can be Contradictory and Beliefs can be Hypocritical.

1. P.D

The prisoner’s dilemma game explores the risks of trust and the suffering of non-optimal or negative outcomes of defection. In the original prisoner’s dilemma (PD) game, two prisoners, arrested on the suspicion of a serious crime, are given these options: (they are put in separate cells with no possibility for communication):

1. If you confess and your partner does not, you go free and he gets 20 years in prison (this option is given to both the prisoners)
2. If both confesses, they both get 10 years in prison
3. If none of them confess, they both get 3 years in prison (charged for minor crime)

So what should you do? The dilemma is that you do not know what the other will do. Should you choose to cooperate (joint-gain) or defect (do what is best for you)? What will your partner do? Even if communication were allowed, as in the red-blue game after round 4 and 8, you can still not be sure that your partner will not defect. So you do not risk not confessing, which would produce the optimal solution (win-win) in the PD game, 3 years in prison. Instead you both confess, because of the risk in this one round game and both end up doing 10 years in prison which is far away from a Nash solution (win-win).

In multiple round games, as in the red-blue game, Axelrod devises the Tit-for-Tat strategy as the recommended. This strategy says:

1. Always open with cooperation (blue play)
2. Then reward/punish based on what the other player plays in the previous round (if he plays red, you play red – if he plays blue, you play blue)
3. Forgive immediately (when the other player switches to blue)

The players can then learn how to reach a joint-gain solution (Nash solution or win-win solutions).

**OR**

The original prisoner’s dilemma type games explored the tension between coping with the risks of co-ordination and suffering from the lower or negative pay-offs from defection. The games can be played without content (the red and blue game) or with content through a short scenario (the original prisoner’s dilemma game, or the currency game, etc.). Over forty years, an abundance of literature has appeared analysing the games and their derivatives (Game Theory) and they are applied in a variety of disciplines, as well as in negotiation studies. While the question specifies the prisoner’s dilemma game, it would be acceptable to discuss the other games as long as they have a structure based on the prisoner’s dilemma type of games (e.g. currency, red versus blue, war and peace, etc.).

First, a brief description of a prisoner’s dilemma game is required, with some understanding shown of the underlying structure of the game rather than merely describing it in great detail (and describing all known prisoner dilemma games in detail does not gain marks). In essence, prisoner’s dilemma is about the risks of trust and the choice of behaviours prompted by defensive intentions to protect from exploitation and aggressive intentions to exploit. It shows that because of these risks, players acting independently are often led to choices (or plays) which produce sub-optimal outcomes (lose-lose; lose-win; win-lose) compared to what they could have achieved if they had been able to co-ordinate their choices (win-win).

Describe the original scenario for Prisoner’s Dilemma (the numbers representing the payoffs vary between accounts and are less important than understanding the nature of the dilemma).

In the original scenario of the two prisoners, each prisoner is told that the terms and outcomes of a possible deal are possible when they make a choice between confessing to the crime and not confessing. The dilemma is: what should a prisoner do? On the face of it, the choice of confessing (defection) and not confessing is easy; both of them should not confess because this has the minimum risk, and, if they could safely coordinate their choices to deliver a win-win outcome, this choice would be best for both of them. But the game precludes safe co-ordination and as neither prisoner can be sure what his partner will do, they cannot formulate an optimum or safe win-win strategy.

Hence they are in a dilemma: ‘If my partner thinks I will not confess, he may not confess too, to our mutual (win-win) benefit, or will he confess (i.e. defect) to my certain disadvantage? If, however, he is likely to defect by confessing, should I stick to my choice of not confessing or should I change my mind and confess? ‘What is my partner thinking about, what I think he is thinking about, what I am thinking he is thinking……….?

The players are driven to a sub-optimal play not because they want to but because they must. Defection is forced upon them because they think the other will defect (protection of self). Trust to achieve a win-win is overwhelmed by the risks of trust (them losing and their partner winning).

In negotiation there are similar dilemmas and similar problems of trust. We negotiate because we do not know the outcome that is satisfactory to both parties – we know what may be satisfactory to us and we also know that whatever that satisfactory outcome is, we would be even happier with a deal that is even more satisfactory to us. Caution is advisable but suspicion breeds self-protection and a failure to co-ordinate by delivering the fruits of co-ordination.

The concept of win-win outcomes is in widespread use in negotiation literature. The win-win or Nash outcome is available but rarely occurs because players are driven either by self-protection (‘I’ll play red because I believe my partner will play red’) or by exploitation (‘I’ll play red because I am sure my partner will play blue’). Or in the scenario above the question: ‘I’ll play red because my partner has no choice but to play Blue under the terms of our contract’. This amounts to ‘I defect not because I must but because I want to’. The outcome is predictable. The act of playing red is self-fulfilling. If both play red they confirm the self-protection motive; if one plays blue and loses to red play, they switch to red play to protect themselves. The player who played red to exploit the victim now faces the prospect that his partner is alerted to his exploitative intentions which will force the blue player to switch to red in retaliation. The road to a lose-lose outcome is wide and slippery. At the first opportunity the other player stops doing business with the red player and meanwhile bad mouths that player at every opportunity with other business people.

In one-off exchanges, red play predominates because trust is perceived to be too risky. Playing red in a multi-round game, such as red-blue, the prevalence of blue play by one of the players in the first round increases to just under half of the players, but red is still the choice of just over half of the players. Many partners manage to agree on mutual blue play before the game is over but the rest get stuck into a red-red cycle and end up with lower positive scores than they needed to (i.e. well short of a Nash solution).

On the whole, over enough negotiations, players apparently learn from the disadvantages of protective defection and intentional exploitation to find ways of co-operating to produce win-win outcomes, and the evolution of blue-blue play ensures that negotiated outcomes in the longer run produce better results than the alternatives. Win-win negotiation successes dominate exploitative and coercive distribution of whatever is at stake – which is why, over the long run, negotiation is more closely associated with wealth creation and harmonious relations than its alternatives. Negotiators can be trained to play blue-blue.

1. Red/ Blue/ Purple Behaviors and how to deal with each best

Assertive purple proposal language centres on conditionality, or in the IF-THEN format: ‘If you do this for me, then I will **consider** doing that for you’. While loose proposal language is better than making no proposals at all, assertive proposal language is better all round. Unassertive language sends the wrong signals, namely that you are unsure of your case, that you are not fully committed to your stance, and that you will retreat if pushed. What you invite you provoke.

Weak unassertive language uses words such as ‘I would like’, ‘I wish’, and I hope’, and it often gets the conditionality principle round the wrong way. For example, instead of making a proposal statement (IF you...Then I...) it asks a proposal question: IF I...will you? But asking a proposal question invites a refusal or a conditional acceptance, which squeezes out another concession (‘Only if you...’).

In a negotiation with an aggressive red-style negotiator, weak language is positively fatal. The red stylist exploits weaker negotiators. Weak language encourages anybody with a proclivity for red behaviour to be more red than usual.

The two extremes of style are Red (‘more for me means less for you’) and Blue (‘less for me means more for you’). Effective negotiators work in the purple style of conditional bargaining. This means they are assertive (but not aggressive) and accommodating (but not submissive). The use of assertive purple conditionality (‘IF-THEN’) is appropriate in dealing with either extreme (including devious) red and extreme blue. The recommended strategy for dealing with red players in the red-blue game, uses tit-for-tat, which is a purple strategy, because the blue player responds with a red only if the other player plays red and with a blue play always when the red player switches to blue.

The bombastic, aggressive red stylist - usually wanting something for nothing - is unable to intimidate the assertive purple stylist who insists on applying the principle of: ‘give me some of what I want and I will give you some of what you want’. A normally extreme blue stylist - the submissive, the cringing and the weak - expects little from the negotiation and usually is not disappointed. But assertive purple stylists do not behave differently with submissive types - to do so would be to exploit them in the way a red stylist attempts. By consistently applying the conditionality principle of ‘IF-THEN’, the submissive is treated no differently. For once they are treated as partners and they are offered something back for what they give in exchange. This leaves the assertive purple negotiator up against another assertive purple negotiator. As both negotiators are using the same conditionality principle (IF-THEN), they experience no problems of understanding what each is about. Both insist on getting something specific back for what they give and both formulate their tentative proposals in the same way. Negotiations can proceed to a conclusion without either of them being exploited (though the terms they settle upon can vary).

1. Why RED play

Just over half of the players play red in round 1. They do so for two main reasons: (1) to protect themselves against the expected red play of the other player, or (2) to take advantage of expected blue play by the other player. This arises from the nature of the interaction: you are not only dependent on what you do but also on what your partner does.

Most players appear to believe that their partners will play red – in which case it is rational to play red to minimise your losses – or that your partner will play blue and that, therefore, it is rational to play red to exploit your partner’s play and gain maximum points. Most people appear to act rationally by playing red in order to minimise losses and maximise gains.

This is only rational, however, for a one round game. Most people playing red appear to forget the consequences for red play over more than one round of the game – their partner will notice when they lose points and will likely retaliate in subsequent rounds. Blue players in round 1 who lose points from their partner’s red play will generally switch to red play thereafter, meaning that both players lose points.

Players cannot be sure what their partner will play. If it is rational for them to play red, so it will be rational for their partners, and it if is interpreted this way, it remains rational to play red oneself. But if players feel obliged to play red to protect themselves, how can they move from red-red play to blue-blue play? The opportunities to communicate after rounds 4 and 8 can help here. Each can pledge to the other to play blue in the following rounds. But how can you be sure that your partner will carry out his/her pledge? You can’t, which is why some players continue to defect and play red. They feel they cannot risk being exploited, so they play red again, contrary to his/her pledge and this induces mutual defection, lowering both total scores below what they would have been if only each had kept to his/her pledges.

Red players are said to defect ‘not because they want to, but because they must’. Hence, few players achieve blue-blue maximum scores (about 8 per cent in practice).

In the original prisoners’ dilemma game, the optimal choice for both prisoners is not to confess, but the dilemma arises because neither can be sure that his partner will not defect and confess. Hence, both confess, making it worse for both of them than if they had both not confessed.

Parties feel they have good reason not to trust their partners – both are tempted to defect and both succumb to the temptation if only because they believe their partner will succumb and they cannot risk that they won’t.

Axlerod, suggests the best way to play the game is to play **Tit-for-Tat.** There are 3 rules to follow:

1) Always start with a Blue to co-operate

2) Play what the other party played in the previous round

3) Immediate forgiveness/punishment.

The effect over enough rounds is that most parties will switch to Blue/Blue.

1. Principle Negotiation and 4-Phase Negotiation

Four Phases approach to negotiation has been reached to after the observations and research of negotiations taking place worldwide and throughout the years. It’s a derived approach and it conducts a four phase process:

1. Preparation: In this stage, negotiators collect data of what exactly their interests and issues are. They then define their list of tradables and prioritise each one and finally set the entry and exit point of each one. A good thing to be done is to also predict the other party’s enquiries and his position.

2. Debate: In this stage, negotiators communicate and discuss their needs. Debate is not about reaching an agreement but is about communicating and knowing if an agreement can occur. Constructive behavior is important in this stage. Signalling is the bridge to proposal.

3. Proposal: Signalling hints the preparedness of the party to move on. A proposal should be conditional, vague, assertive and it’s only tentative. Summarising then leads to the next step that is the Bargaining phase.

4. Bargain: This is the final agreement that should be specific and clear. It’s important to have all the issues linked here.

Fisher and Ury then conducted the Principled Negotiation that is designed approach that isn’t based on practical research and observation. Principled Negotiation isn’t a process of negotiation like the four phases but instead, its main aim is getting a deal. Principled Negotiation’s main rules are:

1. Separate people from issues: Fisher and Ury believe that negotiation is about the issues and not the people and that’s why we need to separate them. But this in fact is impractical in real life because it requires a lot of co-operation from the two parties.

2. Focus on interests and not positions: Fisher and Ury are right to a certain extent. Sometimes people focus a lot on positions and they hardly want to do anything about them to the extent that they forget about their interests. But we cannot just ignore the positions because we cannot separate why we need something from what we need. This isn’t practical too and we will need to tackle the position again at the end.

3. Identify other tradables or issues: In fact that a really good strategy. Identifying tradables will lead to having more options. Brainstorming on other solutions is very beneficial because you will have more room to link tradables and exchange them.

4. Base Negotiation on an objective standard: This can be really logical in any legal issue but impossible in commercial negotiation because it becomes exposed to subjectivity. Each party has its own definition of the objective standard so instead of fighting over positions, we will be fighting over who has the more correct objective criteria.

Although Fisher and Ury’s Principled Negotiation has various constructive solutions like looking for more tradables and focusing on interests, it is not enough at all and has a lot of flaws. **Principled Negotiation is missing practicality and testing**. It’s a designed method that hasn’t been tested very well. Unlike the four phases approach that is derived from observations and testing. Principled Negotiation can in fact be given as advice but it’s not a complete process that someone can abide by to reach a successful negotiation like the four phases approach.

**OR: ONLY 4-PHASE**

The 4-phase approach was created by Gavin Kennedy after research into the negotiation process. Each negotiation consists of Prepare, Debate, Propose and Bargain. Each phase of the negotiation process has specific skills that help the negotiator become more effective in their negotiations. The phases are nonlinear, and it is possible to move back and forward through the phases many times during a negotiation.

The Preparation phase can also be described as **‘What do we want?’**.

The negotiation then moves on to the second phase, Debate, which can also be described as **‘What do they want?’**. In this phase the negotiators exchange information to find out what each other wants. It is imperative to understand each other’s wants, so that trade possibilities are recognised.

Propose is the third phase, and can be described as **‘What wants could we trade?**’. A proposal is a tentative solution. It has two parts: it has a condition, which can be vague or specific in nature, and an offer which is always vague. An effective proposal is always in the assertive conditional format ‘if you give me something that I want, then I could give you something that you want’.

In the proposal the negotiator is suggesting what wants they **COULD** trade. It is an assertive statement and never asked as a question.

Bargain is the fourth phase and can be described as **‘What wants will we trade?’**. A bargain is a specific solution, again using the conditional format: “If you give me x, then I will give you y.” In bargaining, unlike proposing, both the condition and the offer are specific.



Once the bargaining phase has been concluded (and therefore a deal agreed), it is imperative that the parties agree what has been agreed to avoid any misunderstandings once they have left the bargaining table.

**OR: ONLY PRINCIPLE NEGOTIATION**

Principle Negotiation supports four prescriptions:

1. Separate the people from the problem.

2. Focus on interests, not positions.

3. Generate options for mutual gain.

4. Insist on objective criteria.

Separating the people from a problem is good advice because people can sometimes get in the way of a deal. They are too emotionally committed to one solution (theirs) over anybody else’s. Also, our own attitude to the negotiation can be influenced by our feelings towards the other party. However, people are important in negotiation and ignoring this truth and rigidly applying this prescription could undermine a negotiation process and the outcome.

Similarly with the second prescription – to focus on interests and not positions – when negotiators are stuck in a positional standoff, it is good advice to park to one side the positions each are taking while we consider the interests of each side. Interests are why somebody wants something and positions are what they want. By looking at their interests – and our own – we might find another way of solving the problem. The problem is that a standoff is not solved automatically by applying this prescription, particularly when our interests are in conflict to such an extent that they are mutually exclusive.

Searching for options for mutual gain is always good advice. It is the one prescription of Principled Negotiation that would be difficult to fault. The more options we generate the more likely we shall be able to find a mutually satisfactory solution.

Lastly, the insistence on objective criteria to choose between the options sounds better in principle than in application. It reflects the legal training of the authors of Principled Negotiation (Roger Fisher and Bill Ury). Legal definitions of criteria are carefully crafted by legislators and scrutinised by the courts but remain controversial – the prosecution and the defence argue intensely about whether criteria for guilt has been proved, i.e. whether the objective criteria of law has been met.

1. Debates

Debate takes on average 80% of the time in a negotiation. During the debate phase it is necessary for the negotiators to exchange information, understand each others positions and issues without giving out information about how far they are willing to move.

There can be problems during debate when one or both sides use destructive debate behaviours. Destructive debate behaviours include: Arguing, Interrupting, Threats, Attack/Blame, Irritate, Point Score, Blocking, Insults.

The problem with any of these behaviours is that they cause a negative reaction from both sides, often leading to a breakdown in communication. And if it’s not stopped before it’s too late, it can result in a deadlock.

The purpose of debate is to exchange information and that is best done using constructive debate behaviours, such as:

Establishing a rapport with the other negotiator is a good way to build a relationship where the easy flow of information is possible.

**Questions** are important to enhance the negotiators understanding of each other. Asking open questions (e.g. why is that important to you?) is more effective and constructive than closed questions (e.g. is that your best offer?). Listening to the answers is even more important.

**Summaries** can be used to confirm agreements, confirm disagreements and even just to confirm what has been discussed. They can also be used to neutralise any arguments by returning instead to summarizing what can be agreed, rather than focusing on what cannot.

**Neutral Statements** are informative without being judgmental so can help the exchange of information without it turning into an argument.

**Assurances** are a simple verbal device to motivate someone to work towards your objectives. They can neutralise problems and help to create the rapport in the debate. For example “I am sure that we can sort this problem out”.

1. Personality

Rubin and Brown (1975) identified two variables to determine the personality of negotiators: interpersonal (sociability towards other people) and motivational (competitive or co-operative) orientations, giving four basic personality types: collaborators; competitors; accommodators; and avoiders. Negotiators are alleged to be one of the four types:



Formed into a matrix this produced four personality styles: collaborator, competitor, avoider and accommodator.

Avoiders prefer to avoid conflict, strictly follow rules and regulations, avoid decisions, stick to the status quo, don’t like change and have poor social skills.

Accommodators are relationship-oriented, want to be liked, smooth over tensions, prefer ingratiation to confrontation and look for compromises, being generous with concessions.

Collaborators are results-oriented and seek good relationships. They do not dominate but are pragmatic and seek consensus. They can be good ‘fixers’ (even slightly Machiavellian) and willingly take time to solve a problem with others.

Competitors prefer power to relationships to get decisions. They are very results driven, are given to ploys, tricks and threat postures, and not given to pointless social graces.

The personality theory was also advanced by Gottchalk where he looked at 4 personalities that negotiate, the tough, warm, number cruncher and dealer.

Tough – This personality wants to win at all costs and displays red tactics while negotiating. Most for me and less for him/her.

Warm – This personality cares more about relationships and people. People are more important than the deal. This personality is willing to give away tradables for nothing, so long as they can keep the relationship.

Numbers – This personality avoids people. They avoid decision making, hiding behind facts, statistics, and procedures while negotiating.

Dealer – This personality is pragmatic, it exhibits the purple style of negotiating, using conditionality while dealing with tradables. ‘If you give me this THEN I will consider giving you that’.

Most people display a mixture of types at different times, with a one-type predominance. All personality types negotiate.

Negotiations in pairs = 16 combinations (4 types). Teams compound combinations problem. Difficult to identify personality influences on negotiation.

Problems: Personality testing can take hours and can take an expert to correctly identify them. Identifying personality types is very difficult to achieve accurately. Even if achieved, how to match personalities? If personalities can be over-ridden, why concern oneself with personality? If personality has an influence, it is only in the opening sessions and is quickly displaced by reactions to each other’s behaviours.

How people behave cannot be hidden from view; what is driving them can. There is more than enough mileage in observing behaviour – believe what people do, not what they say they will do – to make personality profiling redundant, with very few instances where it would be advantageous to invest the time and energy required to assess personality profiles of the other negotiators for it to work.

Negotiators using the Purple behavioural trait can cope with any negotiator’s personality

1. Signaling

Negotiators manage their movement from initial positions on the negotiable issues towards agreement with the other party who starts with different initial positions on the same issues. Every negotiation starts with at least two initial solutions to every problem.

The problem of movement is worsened by the usual rhetoric associated with opening statements, which can create another barrier to movement.

How then to unfreeze deadlock? Signalling is one helpful device, which is common to everyday dialogue and is used by negotiators either to initiate movement through signalling or to respond to signals to follow with movement. How can signals initiate movement without giving in? The key to initiating movement lies in the use of language. Initial positions are often stated in the absolutes of ‘no’, ‘never’, ‘impossible’, ‘cannot be considered’, ‘absolutely essential’, ‘no surrender’, ‘no comprise is possible’, ‘no way’, ‘over my dead body’, ‘cannot be less than’, ‘not an inch’, ‘till hell freezes over’, and so on. This language conveys our determination and asserts the strength of our case. Conducting negotiations in the media makes it even more difficult because public stances are made to intimidate the other side and to reassure our constituency, and they are difficult to modify without serious loss of face.

Signals seek receptivity to the idea of possible movement and assurance that a signal will not be treated as if the signaller is about to ride the slippery slope to surrender. Signals carry a heavy price if they are taken as such by the receiver, who might re-double verbal pressure on the signaller. Frustrated signallers might retreat the stance of ‘no movement’ if they feel taken advantage of.

Signalling by qualifying absolute language is commonplace. ‘Impossible’ becomes ‘difficult’; ‘never’ becomes ‘not normally’; ‘won’t’ becomes ‘unlikely’; ‘cannot’ becomes ‘in current circumstances’, and so on. (Similar examples are acceptable.)

Signals invite the exploration of the signalled shift or other potential shifts in emphasis. They do not expose the negotiator to a too hasty commitment to move. It’s not effective to quote a price, for example, and immediately to add that if the price is unacceptable to the listener that you are ‘prepared to offer other prices’. If the listener rejects the signal outright (‘I am not changing the circumstances’), the signaler is no worse off because no commitment to move was made. Signals can become a bridge to a proposal if they are reciprocated by exploration of what has been implied by the signal.

1. Ploys & WHY ploys

Examples from real negotiations will attract discretionary marks.

Identification of red manipulative behaviour (briefly contrasted with blue behaviour but not an in-depth exposition) is essential: aggression, open coercion, threatening, bullying, ‘taking’, etc. Identification of ‘devious’ red behaviour – the act of gaining red outcomes from hiding your red intentions.

Defining the purpose of manipulation: to influence the perceptions of the outcome and lower these expectations so that the red manipulator gains more than the other player (‘more for me means less for you’). As these ‘gains’ (even if only short-term) can be significant, the red manipulator has an economic incentive to behave in this manner.

Most candidates describe the three most famous ploys, reproduced in the text, namely The ‘Bogey’, the ‘Krunch’ and the ‘Nibble’. Many candidates list others (e.g. ‘Russian Front’, ‘Good guy/Bad guy’, ‘Mother Hubbard’, ‘Salami’, etc.).

There are three types of ploy namely:

1) Dominance Ploys: This is used at the start of the negotiations and includes bullying the other opponents to give traded concessions and concede more. They are aggressive and dominant people. They set the tone and the tempo of the negotiation.

Types of Dominance Ploys

• Pre-Conditions – Keeping some conditions without which a deal will not be completed. It’s like you got to accept these condition before we start to negotiate.

• Non-Negotiable – This is a strong dominance ploy where you manipulate the other negotiator by saying this issue is non-negotiable.

• Rigging the Agenda

2) Shaping Ploys: These ploys are used in the middle of the negotiations. They help to shape the deal in their favour.

Types of shaping ploys are:

• The Krunch – Where the buyer tells the seller that ‘you can do better than this’. Krunch by Chester Karrass usually works as the sellers have actually padded up their prices from before. The seller can use persuasion on the buyer to counter this ploy.

• The Bogey – This happens when the buyers says to the seller ‘I really like your product but it’s out of my budget’ and tries to bring down the price. The seller can counter the Bogey by checking its flexibility and offering him/her a cheaper product.

• The Nibble – In the essay question, this ploy is used by the salesman on Mr & Mrs Janek. Here you demand little of many things so that it becomes big. You slice here and there to achieve your objective. Seller nibble by providing inferior merchandise, delivering late and charging extra. Buyers nibble by taking discounts not earned, by paying late and asking for extra invoices.

• Tough Guy/Soft Guy

• Miscellaneous Ploys are Salami (taking small slices), Add on, Limited Authority, Sell cheap get famous and Russian Front (present someone with two choices – other choice bad than the first).

3) Closing Ploys: These are known as the pressure ploys and used at the end of the Negotiation.

Types of closing ploys are:

• Quivering Quill – Just when the agreement is to be endorsed, you add another concession for it to be completed. For example, ‘Oh! If you add the laptop bag too, I shall endorse the cheque right now.’

• Yes, but – Trying to add something else into the deal.

• Now or Never

• Take it or Leave it

• Splitting the difference – Asking the other negotiator to move 50%.

People sometimes are difficult because they have found out that their difficult behaviour gives them what they want. They link their behaviour with the outcomes they seek. Their difficult behaviour makes the journey towards the agreement difficult.

There are Blue ploys to counter Red ploys (use of purple behaviour of IF-THEN).

1. Decision Making

Negotiation is one among several ways of making decisions. It is not appropriate in all circumstances, nor is it a better means of making a decision than others.

Negotiation is a widely used option where conditions for it exist. These conditions normally include the mutual dependence of each decision-maker on the other. If someone needs your consent for you to do something he/she wants you to do and to which you cannot unilaterally say ‘no,’ nor can he/she make you do it, it may be possible to negotiate something that meets both your own and that person’s concerns. This usually involves you getting something, tangible or intangible, in return for your consent. But if you have nothing to trade – he/she does not need anything you have, including your consent, nor does he/she have anything in his/her gift that would persuade you to consent – then negotiation is unlikely to be appropriate.

Negotiation is the process by which we obtain what we want from someone who wants something from us. It is a two-way transaction. It is about exchanging something for something. Because negotiation takes time and, perhaps, considerable effort, it should be used only when the likely outcome justifies the ‘costs’ in terms of time and effort. Spending thirty minutes in a retail shop negotiating to get a cent off from the price of a packet of rice, suggests you value your time to be worth 2 cents an hour.

Negotiation is not about a foregone conclusion; the outcomes may vary considerably. They are not predictable. When you need someone’s consent, negotiation may be appropriate (you could try persuasion first).

Other decision making methods include: Persuasion, Saying No, Chance, Problem Solving, Arbitration, Mediation, Coercion, Instruction and Giving In.

One party to a decision can simply reject it. ‘No’ is an appropriate decision in some circumstances (when you cannot accept the proposal but you can endure the consequences of rejecting it) and not in others (when you cannot endure the consequences of rejection – such as in a Russian Front ploy).

You could try persuasion, which is what most selling skills are about. Probably the first thing everybody tries. Sometimes it works; as often it does not. Some methods of persuasion are more successful than others (showing how somebody will benefit from the decision is better than rubbing their noses in how much it will hurt them if they reject it). There are also the various techniques of influencing skills.

Persuasion may be least costly when it works, but time consuming when it does not. Rejection of a persuasive effort may provoke bad feelings, especially when a party feels its efforts have been rejected out of malice or some other negative motivation.

Problem solving is often given greater credence than it merits in practice. The ideal of problem solving is excellent and it can be made to work providing the parties to the decision agree that they share the problem – so that it becomes a joint problem with a joint solution – and that the parties trust each other in all respects. If either condition is absent, it may end in tears and reversion to some other method.

Principled Negotiation is one such problem solving method (brief elaboration is worth extra marks).

You could toss a coin or its equivalent – and many do. This leaves the outcome to chance and not to the influence of the parties. If you are indifferent between the proposed outcomes or you have no other option, then a 50 per cent chance of an outcome you want to happen may not unduly worry you. But where the stakes are high, you have a lot of risk by allowing chance to determine what you get.

It is possible to resort to arbitration, providing you can agree on the arbiter(s) and the method to use, such as pendulum, panel or individual arbitration (brief exposition of these systems is worth extra marks).

Arbitration takes the decision out of the hands of the parties and hands it to ‘neutral’ third party. Neutrality is not always possible and arbitration may be abused. A party can deliberately deadlock a negotiation in order to get the final decision passed to arbitration. If the Arbiter improves on the other party’s last offer, then the party that deliberately deadlocked to invoke arbitration has done better than it would have got by accepting the ‘final’ offer. They also can respond by rejecting the arbiter’s decision but this may not help them if the arbiter sticks with the decision.

The coercive method applied to decision-making is a risky strategy – it can result in compliance with the enforcer’s demands, or result in retaliation with counter-coercion (perhaps violence). There are times when coercion is probably effective, such as when the party has the means and the will to enforce compliance, but coercion is damaging of relationships and may result in a steadily worsening situation.

Instruction is a legitimate method of decision making, provided the person instructed accepts the instruction and has the means to carry it out. You do not need to negotiate or even discuss every instruction that you give with the people who are paid to carry them out. The main point of a supervisor – supervised relationship is the economy of a decision making process by which those who are normally contracted to accept instruction will in fact implement instructions without further ado.

It is also possible that a decision could be made to postpone a decision on the substantive issue(s). This sometimes buries the issue in delay and prevarication. Sometimes an inquiry, for example, can bury the issue in boredom – by the time the decision is announced (if it ever is), most people have forgotten its relevance.

The important thing to remember is that no single decision making method is superior in all circumstance to another. It all depends on the circumstances.

1. Negotiation Styles

The four styles of negotiation are aggressive or devious Red, and submissive or assertive Blue. Erik is aggressive Red (‘more for me means less for you’) and he intends to get the biggest share of anything going; James is assertive blue (‘give me some of what I want and I shall give you some of what you want’); Stuart appears to lack confidence and may tend to being submissive Blue (‘I don’t mind less for me, as long as I get something’).



The safest negotiating language is assertive Purple. ‘Give me this that I want and I shall give you this that you want’, which is how James negotiates, and how Ruby should negotiate with all three of them.

Assertive proposal language centres on the IF–THEN format: If you do ...X... for me, Then I shall consider doing ...Y... for you. Unassertive language gives the wrong signal to Erik, namely that you are not sure of your case, that you are not fully committed to your offered solutions and that, perhaps, you will retreat if pushed or resisted. It invites what is provoked, so Erik will push. Stuart’s use of weak submissive words such as ‘like’, ‘wish’, and ‘hope’. He often gets the conditionality

principle round the wrong way. For example, if instead of making an assertive proposal statement such as ‘IF-you...Then-I’, he asks a proposal question: IF I...will You?, he invites a refusal aimed at squeezing out another concession (‘Only if you....).

Weak language convinces few negotiators of Stuart’s seriousness. In negotiations with an aggressive redstyle negotiator like Erik, it can be positively fatal. The red stylists like Erik exploit weaker negotiators.

Weak language encourages those in the habit of using red behaviour to be more red than usual. The two extremes of style are aggressive Red (‘more for me means less for you’) and submissive Blue (‘more for you means less for me’). Effective negotiators are able to work in the face of red or blue behaviour, because they combine red offers with blue conditions, or the Purple style. This means they can be assertive but short of aggressive and accommodating but short of submissive. The use of assertive conditionality (‘IF–THEN’) is appropriate in dealing with either extreme of red and blue and the moderate ranges between them. The recommended strategy for dealing with red players, uses tit-for-tat, which in the Red–Blue game is a where an assertive blue player responds with a red play if the red player plays red, and responds with a blue play if and when the red player switches to blue.

The more devious red stylist is charming, devious, manipulative – also wants something for nothing but he/she cannot ruffle the insistence of the assertive blue (also know as Purple), who insists on assertive conditionality. As the conditionality principle is about making assertive Purple conditional proposals, devious red stylists are stuck with either revealing their red nature or in accepting that the decision is going to be made only by trading (IF–THEN).

A normally extreme blue stylist – the submissive, the cringing and the weak – expects little from the negotiation and usually is not disappointed. But assertive blue stylists do not behave differently with submissive types – to do so would be to exploit them in the way a red stylist attempts. By consistently applying the conditionality principle of ‘IF–THEN’, the submissive is treated no differently. They are treated as partners and they are offered something back for what they give in exchange. By showing the submissive how to trade conditionally, they also learn how to stand up to the red stylists who normally dominate them.

This leaves the assertive blue negotiator up against another assertive blue negotiator. As both are using the same conditionality principle (IF–THEN), they experience no problems of understanding what each is about. Both expect to get something back for what they give and both formulate their tentative proposals in the same way. Negotiations can proceed to a conclusion without either of them being exploited (though the terms they settle upon can vary).

1. Distributive Bargaining

The Distributive Bargaining problem can be best described as a single issue negotiation. This can arise when there is only one issue on the table, either because there is only one issue to start with or because the elimination of all the other issues leaves one left to be determined.

As in the case above, a seller may negotiate with a buyer the price of something – the price of a set of display boards – that cannot be sub-divided. Accepting that there is a range between the Entry and Exit prices of the buyers and the sellers, we have the classic distributive bargain.



A movement of the seller towards the buyer’s price is a zero-sum transaction; what the seller loses the buyer gains. All such movements cause ‘psychic pain’ to the party that moves towards the other because ‘losses’ are keenly felt. Hence negotiators tend to resist movement when they can.

Assuming there is an overlap in the Exit points of the parties we have a settlement range.



The existence of a settlement range does not ameliorate the psychic pain, though its existence is better than its absence (i.e., a ‘Gap’). It enables an agreement to be reached somewhere within the settlement range. However, what causes movement from the negotiator’s Entry price towards the Exit price may have little intrinsic merit. It could be any of many reasons to do with time, other pressures, fatigue, anxiety to get a deal, wishing to please someone, acting from fear, and so on.

A problem with single issue distributive bargaining carries over from these considerations. Taking several issues separately in the same deal it could be (and often is) the case that movements agreed towards the other party’s entry price are made independent of the requirements for movement on the other issues and, in retrospect, where more movement is required on the single issue being negotiated later it may be that the negotiator has ‘run out’ of room for further movement even though such room was available on the earlier issues but is now ‘used up’. In short, earlier movements or ‘concessions’ were ‘wasted’ that would be very useful on the later issues.

This problem could be averted by linking all issues as required to negotiate movement within the affordable budget for movement. In this approach, the concept of negotiable tradables is introduced. A tradable is anything that the parties have discretion over and which one of the parties values more than the other. In effect, the tradable introduces a sub-issue, which is linked to the main issue. If several tradables are introduced, there are several sub-issues or associated issues in negotiation and not just a single issue. The trade-off is not just movement along a single dimension, but movement among the several tradables. The more tradables (or just one) adds greater flexibility for movement. It reduces the psychic pain of ‘giving in’ by associating movement on issue 1 with compensatory movement on issue (or tradable) 2.

In this case, if Isobel wants to increase her chances of a successful negotiation she should consider listing some possible tradables (payment method, ex-display model, older model, free sim card, tripod, camera bag, etc.) and using them in her negotiation with Mr Morrice.