



Book Secrets of Power Negotiating

Inside Secrets from a Master Negotiator

Roger Dawson
Career Press, 1999
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Recommendation

As you read Roger Dawson’s now-classic book, you’ll find yourself nodding your head saying, "Those guys used that gambit against me last week." And then you will say, "Never again!" This book is a rarity: A "Secrets of" book that actually provides you with useful tactics that you can employ in daily life and business. In fact, the knowledge you gain from this book will come in just as handy in everyday situations, like buying a car or setting your kid’s allowance, as it will when your business’ survival is at stake. While the secrets themselves can be reduced to common-sense approaches, many are intuitively brilliant, like the advice to flinch when you hear the other side’s first offer. *BooksInShort* recommends Dawson’s insights to all readers, because everyone can benefit from negotiating a better deal.

Take-Aways

- Win-win solutions are not reality.
- The key to success in power negotiations is making people on the other side feel that they have won.
- Power negotiation is governed by a set of rules called gambits.
- Power negotiation is like playing chess, except the other side doesn’t know the rules.
- Always ask for your MPP (maximum plausible position) at a start of a negotiation.
- Always appear shocked by the other side’s initial proposal.
- Nibbling is an effective technique to get a little extra after an agreement is reached.

- When desperate to sell something, try playing the reluctant-seller gambit.
- Use the appeal-to-higher-authority gambit to control the pace of a negotiation.
- Never offer to split the difference when you are close to an agreement.

Summary

The Win-Win Myth

You have probably heard that the objective of a negotiation is to create a win-win solution. The problem with win-win negotiation is that it just doesn't happen enough in the real world to make the concept meaningful.

In most negotiations, chances are that the other side is out for the same things as you. "Power Negotiators" understand this reality and use it to their advantage. Power negotiators use every ethical tactic at their disposal to win, but they respect the other side's feelings. A power negotiator's objective is to make the other side permanently feel that they have won.

“Flinch at proposals.”

When the negotiation is over, the power negotiator can say confidently that a relationship has been established or improved with the other side. You can only call yourself a power negotiator when this is your objective.

The Power Negotiating Game

Power negotiating is like playing chess. You play according to a set of rules. The difference is that, in power negotiating, the other side doesn't know the rules. You can use this knowledge advantage to make the other side respond in a predictable manner. In this respect, a skilled power negotiator understands that the outcome is more a function of science than of art.

“All serious buyers complain about the price.”

Strategic moves in the power negotiating game involve risk. They are similar to chess moves and therefore, they are called by the same name: gambits.

There are:

- Six beginning negotiating gambits.
- Seven middle negotiating gambits.
- Five ending negotiating gambits.

Beginning Negotiating Gambits

There are six beginning negotiating gambits:

1. **Ask for more than you expect to get** - This gambit gives you some negotiating room. If you are selling, you can always come down, but you can never go up in price. If you are buying, you can always go up, but you can never come down. Your asking price should be your maximum plausible position (MPP). Your MPP is the intersection of two factors, the most you can ask and the other side's belief in the plausibility of your position. In some instances your MPP should be higher than you would otherwise prefer. Your MPP should be higher when you know less about the other side for two reasons:
 - First, you may be off in your assumptions about them.
 - Second, if this is a new relationship, you will appear more cooperative if you make larger concessions.
2. **Never say "yes" to the first offer** - Psychology supports this gambit. Saying "yes" to the first offer triggers two responses in the other person's mind: "I could have done better" and "Something must be wrong." The reaction that "I could have done

better" is based upon the way the other person views your quick, easy agreement to the proposal. Price is not the issue.

"Something must be wrong" is a reaction based upon your knowledge that the offer should have been rejected. You immediately start asking why such a low offer was accepted.

3. **Flinch at proposals** - You should appear shocked by the other side's proposal. The other side is watching you for your reaction. Body language is critical here because most people believe what they see more than what they hear. If you do not flinch, then the other side will assume that what they offered is a possibility. Conversely, a concession often follows a flinch because it is a sign that you are negotiating. Even if you are on the telephone, you can still use shock and surprise as a means of flinching at the opposition's proposal.
4. **Avoid confrontational negotiation** - Arguing in the early stages of negotiation creates confrontation. Confrontation tends to lead to early deadlock. Instead of arguing, try the "feel, felt, found" formula whenever your counterparts throw unexpected hostility your way during a negotiating session:
 - The first step is to acknowledge how the other side feels about the situation.
 - The second step is to state that many others have felt the same way.
 - The final step is to state, "We have found that..."
5. **The reluctant seller and the reluctant buyer** - The reluctant seller is the person who says, "I never considered selling this boat." The reluctant buyer is doing the same thing, only in reverse. This gambit squeezes the other side's negotiating range before the negotiation even starts. This is a particularly powerful tool when you are desperate to sell.
6. **The vise technique** - This technique is deployed with the expression, "You have to do better than that." The technique is then followed by silence. Inexperienced negotiators will give away a significant portion of their negotiating range when they are confronted with the vise technique. Look for negotiated dollar concessions here, instead of percentages or gross amounts. Remember, a negotiated dollar is a bottom-line dollar. If you find that this technique is being used on you, respond with the counter gambit, "How much better do I need to do?"

Middle Negotiating Gambits

There are seven middle negotiating gambits:

1. **Countering the authority dodge** - The most frustrating experience you will have as a power negotiator is negotiating with people who claim that they don't have the authority to make a final decision. This tactic is designed to pressure you to commit to better terms because of your insecurity about the veto power of the "higher authority." This gives people using the dodge more breathing space because it delays a decision for as long as it takes to review the negotiations. You can counter this with the following gambits:
 - First, remove the person's ability to use higher authority before you make your proposal. Car dealers do this all the time when they say, "Is there any reason we can't do business today?"
 - If you cannot remove the higher authority, then appeal to the egos of the people you are facing. Ask them to agree to take it to the higher authority with a positive recommendation. Either they will agree or they will say no. In the latter case, you will learn what the potential objections are to your proposal. Either way you will be closer to acceptance than if you don't do anything to counteract their claims regarding an absent decision-maker.
2. **The declining value of services** - The key to this gambit is that the value of services goes down with time. Therefore, never make a concession and trust that the other side will make it up to you later. Negotiate the value of the concession today.
3. **Never offer to split the difference** - Splitting the difference is perceived as being the fair thing to do. It is not. Remember that a dollar earned in a negotiation is a bottom-line dollar. Instead, encourage the other person to offer to split the difference. This will move the other person's range higher. For instance, if you offered to do a remodeling job for \$30,000 and the buyer offered to pay you \$26,000 for the job, by getting the buyer to offer to split the difference you have moved the range for the job from \$26,000-\$30,000 to \$28,000-\$30,000. At this point, you can appeal to your higher authority and try to get them to split the difference for the new range or you can reluctantly agree to split the difference of the old range.
4. **The set-aside gambit** - Use this to handle an impasse, a point at which both sides are in complete disagreement over one issue. Ask the other side to set this issue aside while the negotiations continue on remaining issues. An example is a buyer says to you, "We are willing to talk to you, but you must have a prototype ready by the first of the month or let's not waste time

talking." You can respond by saying, "I understand how important that is to you, but let's set it aside for a minute and talk about other issues."

5. **Change an element of the negotiation** - Use this to handle a stalemate, when both sides are still talking but no progress is being made. The most important thing you can do under these circumstances is to change one of the elements of the negotiation. For instance, change the people on the negotiating team.
6. **Go for help** - In a deadlock, both sides are so frustrated that further discussion appears pointless. True deadlocks require third-party intervention to get the negotiations going again. If you have a deadlock, you need to bring in a mediator or an impartial arbitrator.
7. **Always ask for a trade-off** - This gambit applies to all concessions no matter how large or small. By asking for something in return, you accomplish two very important objectives:
 - First, "You elevate the value of the concession."
 - Second, you stop the grinding away process used by some negotiators.

Ending Negotiating Gambits

There are five ending negotiating gambits:

1. **Good guy / bad guy** - This is one of the best-known ending negotiation gambits. You've seen it on countless TV police shows. One police officer is rough on the suspect and then leaves the room; the other police officer tells the suspect that he cares about him and can help if he would only tell him what happened. Of course, the suspect must cooperate before the bad police officer comes back. Whenever there are two or more negotiators on one side, be aware of this gambit. The best defense to it is to let the players know you are aware they are using it.
2. **Nibbling** - The bit-by-bit nibble is a very prevalent gambit used after you have agreed on everything. The nibbler asks for something more, usually something that could not be gotten during the negotiations. Great salespeople are great nibblers. To stop nibbling, demonstrate the cost of the additional features, services or extended terms being requested. Making nibblers feel cheap, in a good-natured way, stops them in their tracks. Finally, negotiate details up-front so that you don't open the door to nibbling.
3. **Tapering concessions** - Never create a pattern of expectations in the other person's mind. Never make equal-sized concessions because the other side will keep on pushing. And never concede your negotiating range because the other person calls for a "last and final" proposal or claims that they don't like to negotiate.
4. **Withdrawing an offer** - When the other side is grinding the last penny out of you, consider this gambit. You accomplish it by backing off your last price concession or by withdrawing an offer to include freight, installation, training or extended terms. Use a higher authority as a bad guy to avoid direct confrontation when using this gambit.
5. **Positioning for easy acceptance** - When negotiating with someone who has experience, you may need to use this gambit. Employ it by making a small concession before the other person requests it. For example, offer a new employee a salary with a 90-day review to avoid confrontation over the amount of the salary. Remember that the timing of this gambit, not the concession, is the key.

Negotiating Principles

These negotiating principles are ethical and build success. Use them during all negotiations.

- Get the other side to commit first.
- Acting dumb is smart to obtain useful information.
- Don't let the other side write the contract
- Read the contract every time it is revised.
- Beware of funny money (look at actual dollars per year, not cents per day).
- People believe what they see in writing.
- Concentrate on the issues.

"Make the final concession a big one."

Always congratulate the other side.

About the Author

Roger Dawson was born in England, immigrated to California in 1962 and became a United States citizen 10 years later. Formerly the president of one of California’s largest real estate companies, he became a full-time author and professional speaker in 1982. His cassette program, *Secrets of Power Negotiating*, is the largest-selling business cassette program ever published. Several of his books have been main selections of major book clubs.
