

Negotiation



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Negotiation and Decision-Making Strategies That Deliver Results

ACROSS THE TABLE

Want the Best Deal Possible? Cultivate a Cooperative Reputation

It's a myth that competitive negotiators win big. Our evidence shows that collaboration is a far more effective strategy.

BY CATHERINE TINSLEY AND KATHLEEN O'CONNOR

WHETHER YOU'RE BARGAINING ON BEHALF of yourself, others, or your organization, your reputation can critically affect the quality of the deal. Smart negotiators understand this and give a great deal of thought to the type of reputation they wish to develop.

"It is important for me to have the currency of a good reputation," Black Entertainment Television founder and CEO Robert Johnson tells Michael Benoliel in Benoliel's book *Done Deal* (Platinum Press, 2006). "Being candid, honest, and forthright about my intentions generates

future opportunities for doing business, because...your counterparts are going to come to you with deals." Meanwhile, eschewing such cooperative qualities, Viacom chairman Sumner Redstone has cultivated a reputation as a tough competitor—someone driven to win at any cost.

Whereas Johnson apparently believes in the value of a reputation for cooperation, Redstone prefers to signal the considerable risks of competing against him. Who has the right attitude? Should you try to cultivate a reputation as an honest, cooperative negotiator or as a tough, ruthless competitor? In this article, we'll present evidence from our recent research to explain why a cooperative reputation will serve you best in most negotiations—and offer some advice on constructing one.

Collaboration and value creation

In negotiation, different types of reputations serve different purposes. When you're haggling over just one issue, such as the price of a used car or a computer installation, one party's win is typically the other party's loss. In such distributive negotiations, where each party is trying to claim the biggest piece of a fixed pie, a reputation as a tough bargainer can be an effective means of undermining a competitor's confidence and power.

Yet consider that most negotiations involve more than one issue. Indeed, even in seemingly single-issue negotiations, parties can bring a whole range of issues to the table, such as financing terms, delivery timing, or related services. Such negotiations are characterized by *integrative potential*, or the possibility of identifying common interests and beneficial tradeoffs.

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Wise Negotiators Know When to Say "I'm Sorry"

A sincere, well-timed apology can dramatically improve outcomes. Here's why.

BY MAURICE E. SCHWEITZER

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Don't assume you have as much power as you need. Focus on situational dynamics and increase your leverage.

BY RUSSELL KOROBKIN

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Poise Under Pressure: The Well-Balanced Negotiator

Some deal makers never seem to lose their cool. To become like them, you must learn to embrace paradox.

BY MICHAEL WHEELER

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Ask both members of a cohabitating couple what percentage of the housework they do, and the summed estimates are likely to exceed 100%, professor Michael Ross of the University of Waterloo found. Similarly, negotiators typically claim more credit for ideas, suggestions, trade-offs, and concessions than they deserve. The unfortunate flip side of this phenomenon is that your counterpart may be so focused on his own contributions that he overlooks your cooperative overtures, including your most painful concessions. If your counterpart doesn't value your efforts, it is unlikely he will describe you as cooperative to others.

How can you firm up your reputation as a cooperative negotiator once the deal is done? First, try offering what negotiation scholar Howard Raiffa has termed a *post-settlement settlement*. With a satisfactory agreement in hand, parties can continue to explore ways to make the deal even better. Because both sides must agree to any subsequent changes, there is little risk in making suggestions; if you fail to make further progress, you can proceed

with the existing agreement. A post-settlement settlement can cement your cooperative reputation by conveying a willingness to improve the other side's outcomes.

Finally, remember that negotiations can be quite challenging, filled with flashes of anger and frustration. Reaching a deal that both sides find acceptable is an achievement worth celebrating. Don't forget to express enthusiasm for the outcome, appreciation for the other party's cooperation, and interest in working together again. If your counterpart leaves the table feeling positive about the experience, she is likely to speak well of you in the future. ✧

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