



MASARYK UNIVERSITY FACULTY OF ECONOMICS AND ADMINISTRATION

Negotiation – Basic Tips

Jan Řezáč

02/05/2016

Content

- BATNA
- Anchoring
- Heuristics
- Model Example – multicultural negotiation

Best Alternative to a Negotiated Agreement

- The strategy calls for an alternate plan if the talks start to go out of control
- An example is for a buyer to request information from more suppliers before committing
- BATNA should include costs, feasibility, impact and consequences of your alternative

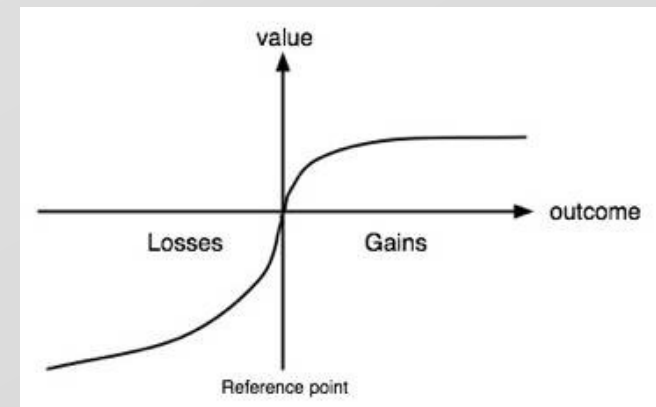
Anchoring

- Anchoring means that first perception lingers in mind, affecting later perceptions and decisions
- A typical example are companies setting price artificially higher, so they present normal price as a „discount“ compared to the initially high price
- This phenomenon holds even if the first anchoring number is completely random, and has a surprisingly large effect



Heuristics

- Heuristics (in psychology) is a practical method to solve problems or calculations not guaranteed to be optimal or perfect
- A typical example of people using heuristics is them trying to avoid losses
- This is useful to negotiators, as they might try to frame all decisions in positive way



Sources:

- *Getting to Yes: Negotiating Agreement Without Giving In*, Roger Fisher and William L. Ury. 1981
- Kahneman, D.; Tversky, A. (1979). "Prospect Theory: An Analysis of Decision under Risk". *Econometrica* 47 (2): 263–291.
- *Negotiation Genius: How to Overcome Obstacles and Achieve Brilliant Results at the Bargaining Table and Beyond*, Deepak Malhotra, Max H. Bazerman, 2008