

9-1-2013

## Riverton Press: An Exercise in Principled Negotiation

Joe Seltzer  
*LaSalle University*

Follow this and additional works at: <https://scholarship.shu.edu/omj>



Part of the [Organizational Behavior and Theory Commons](#), and the [Organizational Communication Commons](#)

---

### Recommended Citation

Seltzer, Joe (2013) "Riverton Press: An Exercise in Principled Negotiation," *Organization Management Journal*: Vol. 10: Iss. 3, Article 5.

Available at: <https://scholarship.shu.edu/omj/vol10/iss3/5>

# Riverton Press: An Exercise in Principled Negotiation

Joe Seltzer<sup>1</sup>

<sup>1</sup>Management and Leadership Department, LaSalle University, Philadelphia, Pennsylvania, USA

---

**Negotiation is coming into increased use as a topic in business schools, with an emphasis on new approaches such as principled negotiation (Fisher, Ury, & Patton, 2011). This provides an alternative to the “position-based” negotiations of the labor–management tradition that used primarily distributive bargaining. While the literature has expanded, there seems to be a shortage of experiential exercises that work well. I present the “Riverton Press,” which is a two-person role-play that asks participants to negotiate using the ideas of principled negotiation. A short summary of the theory of principled negotiation, teaching notes, examples of classroom use and student responses, and complete materials for the exercise are provided. Students show evidence of increased understanding of principled negotiations and ability to use the method more effectively after doing the role-play and classroom debrief. *Organization Management Journal*, 10: 173–182, 2013. doi: 10.1080/15416518.2013.831703**

---

**Keywords** principled negotiation; integrative bargaining; experiential activities; role-play

## INTRODUCTION

Thompson (2009) argues that negotiation is a core management competency and also that many people are ineffective negotiators. While typically universities have courses in management, leadership, human resources, and/or organizational behavior that include concepts of negotiation or managing conflict, and a number of schools further offer individual electives in negotiation, many of these courses do not help build negotiation skills. Usually there is a discussion of “distributive” versus “integrative” bargaining. Distributive bargaining involves allocation of scarce resources between parties. Each individual negotiates within a “bargaining range.” Only if the two bargaining ranges overlap (a “positive bargaining zone”) is it likely that the parties will come to an agreement (see Thompson, 2009). Integrative bargaining is an entirely different approach in which the two parties agree to work together for problem solving

---

The author would like to thank Dr. Joan Weiner for a suggestion that led to the development of this role-play and to Dr. Kathleen Kane for many helpful suggestions on earlier versions of this article.

Address correspondence to Joe Seltzer, Management and Leadership Department, LaSalle University, 1900 W. Olney Ave., Philadelphia, PA 19141, USA. E-mail: seltzer@lasalle.edu

and, hopefully, create new alternatives that benefit both parties beyond what they could achieve with distributive bargaining. A positive relationship between the parties can help create conditions for integrative bargaining. Similarly, adding more issues to the negotiation can help the parties move away from a “win–lose” approach. Ideally the parties can “expand the pie” so that there is more to divide. That could mean gaining additional resources, creating additional options or alternatives to consider, or recognizing that the parties do not have necessarily have opposed interests and objectives. Thompson (2009, pp. 81–92) suggests several strategies to create integrative negotiations: taking the other party’s perspective, asking questions about their interests and priorities, providing information about your own interests and priorities, unbundling issues or creating new issues, making package deals rather than single-issue offers, making multiple offers that are equivalent, structuring contingency contracts, and making presettlement settlements and postsettlement settlements.

Kirgis (2012) critiques the dichotomy of distributive versus integrative bargaining and instead suggests that we should look at “three dimensions of negotiating behavior: *issues* over which the parties are bargaining, the *objectives* the parties have (how they measure success), and the *tactics* used.” Simply stated, there is a range of types of negotiations rather than just two; different methods will be effective, based on these dimensions.

*Issues* primarily has to do with considerations of whether the negotiation involves one or more concerns, the current relationship of the parties and the likelihood of future negotiations. In the simplest distributive example, a buyer and a seller have to agree on a price for a transaction. This involves “slicing the pie” in what is effectively a zero-sum game for both parties. Each defines a “target price,” a “BATNA” (best alternative to a negotiated agreement), and a “reservation price.” If there is a “positive bargaining zone,” an agreement is likely that divides the buyer’s and seller’s surpluses (for a detailed discussion see Thompson, 2009). Expanding this example, the two parties might take an adversarial or a problem-solving approach (i.e., an “integrative” expansion of the pie) based on the likelihood that they would be negotiating again. Alternatively, Craver (2010) describes a “competitive problem solver” who seeks to expand cooperative surplus by value-creating trades and then attempts to maximize individual gain—that is, as Kirgis (2012)

notes, expanding the pie and trying to eat all of it. More complex negotiations have to do with multiple issues to be negotiated and/or ongoing or expected future relationships between the parties and require different approaches.

*Objectives* are the parties' goals. Again, this can range from maximizing individual gain to focusing on fairness and objective criteria (see Fisher, Ury, & Patton, 2011) and is likely to change due to specific circumstances of the negotiation. Another way to describe this is to compare cooperative versus collaborative goals for the parties.

*Tactics* are the methods used in the negotiation to accomplish the parties' objectives. Kirgis (2012) suggests picking tactics that are effective given the situation. Several books by Ury and others (Fisher & Ury, 1983; Fisher, Ury, & Patton, 2011; Ury, 1991) provide the basis of a new form of negotiation based on collaborative or integrative bargaining (see Lewicki, Weiss, & Lewin, 1992). Neese (1999) says:

Principled negotiation works well because it is outwardly focused. Standard positional bargaining, on the other hand, focuses on entirely on the self. The first establishes common bonds and a shared search for solutions. The latter produces isolation and engenders ultimatums. Either may result in agreement, but the first builds relationships for the future while the second often leads to resentment and distrust. (p. 1)

Key elements in principled negotiation involve looking for more than one issue to negotiate (i.e., increasing the chances of trade-offs that create value), creating new options (i.e., expanding the pie), focusing on interests rather than positions (Fisher et al., 2011), and "selling the future" (i.e., a positive outcome of this negotiation will lead to the increased likelihood of future negotiations; Neese, 1999).

Ury (1991) discusses how to deal with another party who does not want to use principled negotiations: for example, when the other doesn't understand the process of principled negotiation, or see the benefit of this type of negotiation or when negative emotions predominate; alternatively, if the other person believes they have more power and can win the negotiation, that person may not be willing to use principled negotiation. Ury suggests as a goal "not to win over the opponent, but to win him over" (p. 145) Instead, he suggests a strategy for "breakthrough negotiations":

1. Control your own behavior, don't react to the emotions, "go to the balcony."
2. Defuse negative emotions, break through resistance, "disarm your opponent," "step to their side."
3. Create a favorable negotiating climate, don't bargain from positions, "change the game," "reframe."
4. Bridge the gap of his interests and yours, "make it easy to say yes."
5. "Make it hard to say no," use your power without making the opponent your enemy, "bring them to their senses, not their knees," help your opponent understand that the best way to "win" is to negotiate (see Ury, 1991).

Principled negotiation is an increasingly utilized strategy in business organizations and the legal profession (McClendon, Burke, & Willey, 2010) and has come into use in such widely disparate fields as baseball collective bargaining (Hanson, 2008), physicians denying patient requests (Paternitti et al., 2010), hostage negotiation (Baruch & Zarse, 2012), public health (Burke & Friedman, 2011), construction (Chow, Cheung, & Yiu, 2012), and peace negotiations (Sharpiro, 2012). Similarly, principled negotiation is widely discussed in business schools; however, experiential exercises to help teach business students these new methods for negotiation are somewhat limited in number.<sup>1</sup> For example, the classic exercise on negotiation is the Ugli Orange (in Bowen, Lewicki, Hall, & Hall, 1997), where two persons are given roles that ask them to negotiate with a fruit importer who controls most of the world's supply of a rare fruit, the Ugli Orange. The two can talk for a while before being given the chance to bid competitively on the oranges. Frequently used are distributive strategies such as each taking half of the number of available oranges or trying to convince the other party that one's own company has a greater need for the oranges. An integrative strategy is also possible, if the two parties share enough information to learn that one person only wants the juice of the oranges and the other only wants the rind. While this is an interesting exercise to help students see the value of integrative bargaining, the Ugli Orange does little to help them learn behaviors to carry on such negotiations. I have created a role-play that explicitly asks the students to use principled negotiation to address a complex negotiation problem.

### THE RIVERTON PRESS EXERCISE

Briefly, Dale and Pat have decided to end a 10-year business relationship and sell the small print shop in Iowa from which they also published the *Riverton Review*, a literary magazine. They would like to use a principled negotiation process to divide the assets of the business. The student reads the role-play instructions for either Dale or Pat and works in a small group to develop a negotiation plan based on ideas of principled negotiation. Some information is known to both (e.g., Dale's desire to work in New York City, Pat's coming marriage to the only child of the wealthy owner of a car dealership in Riverton, available assets such as an old printing press, substantial cash from the sale of the building) and some is known only to one (e.g., Dale's opportunity for a job in New York, Pat's friend who would buy the inventory of the print shop and press). Some assets are easy to divide (e.g., Dale wants the laptop, Pat wants the desk, and there is cash in the bank), while others appear unique (e.g., an old lithograph, reprint rights to published work). If clever, students are able to create options to ensure that each party's needs are met. Both parties are primed to use principled negotiation and are given a short time to negotiate. The students do the role-play in pairs and the class discusses the outcome in the context of the framework of principled negotiation. The reader may find

it helpful to look at the role-plays in Appendixes B and C before continuing to read this article.

### TEACHING PRINCIPLED NEGOTIATION

Appendix A is a class handout entitled “Notes on Principled Negotiation” and can form the basis of a short lecture that emphasizes the following:

1. Prepare by identifying and prioritizing your own interests, needs, and objectives and your best guess of those of the other party. Also determine your best alternative to a negotiated agreement (a BATNA) and a walk-away position.
2. Set the table for negotiations by focusing on the goal of mutual gains toward “produc[ing] an agreement that meets the needs of both sides while improving or at least maintaining personal relationships” (Neese, 1999). “Sell the future” by showing the potential inherent in reaching an agreement (Neese, 1999). Establish mutually agreed-upon objective criteria for decision making (e.g., use existing standards, precedents).
3. Begin the negotiation and collect information by sharing information, asking questions, and listening carefully. Focus on interests rather than positions, identify superordinate goals, and try to understand the other party’s perspective and constraints. Look for common ground and points of agreement, not disagreement.
4. Complete the negotiation by gaining a broad perspective, defining success in terms of gains rather than losses, and inventing new options for mutual gain. The best negotiations build relationships for the future.

After the lecture, the Riverton Press exercise provides an opportunity for students to practice principled negotiation. It fits well into a 50-minute class period or can run for longer.

#### Notes on Running the Exercise

If you use the exercise in a 50-minute class, provide background reading or a lecture in the previous class. In a 75-minute or longer class, you can do the lecture immediately before running the exercise (see Table 1 for a schedule of the exercise).

With a small class it is possible to divide the class in half and have two groups for prenegotiation discussion. With a larger class, I recommend creating several groups (each sized four to six) to discuss the plan for negotiations. Then pair the students and have them do the role-play. When most of the groups have finished, announce that one more minute remains. Groups do not all have to finish, although most will.

After the role-play, begin the discussion by asking: What was the final agreement? Get several groups to report. You might focus on two issues. Who will edit the *Riverton Review*? Both Dale and Pat want to, but the current options have only one editor. Second, if both are willing to share information, they will learn that they have about a dozen old lithographs that are probably worth about \$1,500 each. Without sharing information, Dale

will get only one and Pat will get the others, but not know their value.

Ask: How much did you share information with the other person? Have several groups report. For mutual problem solving, it is essential that there be an open communication. I often do another role-play (Seltzer & Smither, 2007) before Riverton Press and ask students to compare the extent to which they used collaborative bargaining (Thomas, 1992) in each role-play. Typically, most say that they followed principled negotiation more completely in the Riverton Press role-play and give examples of listening better, looking for the other’s interests, and creating alternative approaches.

The lithographs provide an opportunity to discuss an ethical dilemma. If you are Dale, you know that the lithograph in the office is worth \$1,500. Should you share this information with Pat? If you keep the information secret, you are likely to get the lithograph for a small amount. If you tell Pat, you can expect a split or \$750. On the other hand, for principled negotiation to be successful, sharing information is critical to creating new options. You can discuss how different pairs handled this issue.

A third question is: Did you use principled negotiation? How? Students will have filled out a worksheet (Appendix D) that, in effect, provides a summary of the elements of principled negotiation. Students can identify the parts that they successfully used during the negotiation. For example, in the basement, there is an old printing press. Dale found a buyer, but the person has a problem paying right away. Further, the equipment has to be moved immediately in order to sell the building. This is a good opportunity to discuss the concept of a BATNA, as Pat knows the press could be sold for several hundred dollars as scrap. Thus, any arrangement that generates either cash or a reasonable likelihood of future payment that is more than the scrap value is worth taking. Various additional negotiation strategies can also be discussed, which provides a nice review and reinforcement of the topic of principled negotiation.

#### An Optimum Solution

While it isn’t necessary for pairs to reach an optimum solution, it might be helpful for the instructor to think about what it would look like. In the negotiation, Dale and Pat can divide the assets as they wish, in order to get to an agreement. I suggest the total assets are about \$94,800.

1. Pat and Dale split the \$35,000 in cash in some manner.
2. They sell the inventory of paper and print shop customer list to Pat’s friend for \$4,000.
3. They sell the rights to the Austin book for \$25,000 and a job for Dale.
4. The rest of the assets of the *Riverton Review* and Riverton Press are either sold to Pat’s friend for \$10,000 (or some reduced amount because the Austin book is no longer included) or sold to Somerton for \$5,000 with the understanding in either case that Pat will edit the *Riverton Review*.

TABLE 1  
Schedule for Riverton Press: An exercise in principled negotiation

Purpose:  
 1. To introduce the topic of principled negotiation.  
 2. Students will increase their understanding of key elements of principled negotiation including focusing on interests rather than positions, creating value, developing new alternatives, adding issues to the negotiation.  
 3. Students will better understand when principled negotiation is an appropriate tactic and will develop their skill to use it effectively.

Group size:  
 Pairs of students in almost any size class will work. Allow longer for debriefing in a larger class.

Appropriate audience:  
 Works well with undergraduate students as well as with graduate students (e.g., evening, full-time, or executive MBA students)

Time required:  
 45–60 minutes if you do the lecture on principled negotiations in a previous class.

Preparation by students: Read text or notes on principled negotiation (see Appendix A).

Preparation by instructor:  
 Lecture on principled negotiations in previous class or beginning of class. Provide a copy of “Notes on Principled Negotiation” (Appendix A) for each student.  
 Make one copy of each role, the “Plan for Principled Negotiation,” and final agreement forms for each pair of students (see Appendixes B to E).

	Unit time	Total time
Exercise schedule:		
1. Split class in half and distribute cases to read. Half of class gets the role for Dale, the other half gets the role for Pat (Appendixes B and C).	5 min	5 min
2. Groups from each side of the class begin discussion of how to plan for a principled negotiation. If the class is large, break into smaller groups on each half of the class (about four to six people per group). Use the Notes on Principled Negotiation and Worksheet form to help develop a plan (Appendixes A and D).	15 min	20 min
3. Have students form pairs across the halves of the class and do the role-play. Record their agreement on the Final Agreement form (Appendix E).	10–15 min	35–40 min
4. Discuss the results with the whole class. Use the questions below to guide discussion. a. What was the final agreement? b. How much did you share information with the other person? c. Did you use principled negotiation? How?	10–25 min	45–60 min

5. Dale gets the laptop (value \$800), Pat gets the oak desk, and they sell the rest of the office furniture and the desktop and printer for whatever amount they can get (possibly \$500).
6. The old printing press is offered to the person Dale knows. While the \$2,000 has some strings attached, you might get a deposit greater than the salvage value with the agreement to take the printing press immediately and pay the remainder over time. This makes a good example to explain BATNA.

7. Dale and Pat each keep a lithograph (\$3,000). The 11 lithographs worth a potential \$1,500 each will be sold, adding \$16,500 to the total assets.

**Experience With the Exercise**

Students have responded well to the exercise. Their initial plan from the worksheet and group discussion usually identified the primary need for Dale to have the opportunity to get to

New York with a job. A secondary need is for substantial cash. Additional needs for a laptop and a desire for the lithograph in the office are more minor. Pat's needs are simpler—the desire to continue to edit the *Riverton Review* is predominant. Pat also wishes to get on with his or her life and may be willing to help Dale get on with his or her life. If both would like to remain friends, this can motivate each party to use a more collaborative process for resolving the conflict. While both parties can identify their own needs, they can only guess at the other's needs. Thus, they will need a strategy to find this out. The worksheet (Appendix D) helps students develop this strategy, which they typically use in the role-play, at least to an extent. Groups do not need to complete the entire worksheet, just do about the first seven items.

There has been good discussion after the role-play, and when asked, the students have said that they liked and learned from the exercise. In a rather unscientific survey in my most recent class, 19 of 27 part-time MBA students said they “agreed” and the remaining 8 “strongly agreed” with the statement, “After doing the Riverton Press, I had a better understanding of principled negotiation.” When asked to comment on what was effective, responses included:

- The example was challenging because it presented many factors to consider which I believe are true to a real-life negotiation situation.
- It gave me a sense of what my interests were and trying to find a way to solve the problem and make everyone happy.
- It was a complex case study with multiple points of negotiation to consider.
- Forced me to prioritize my needs and interests.
- Taking a step back and listening to the other person and then seeing what they were willing to give up to get what they ultimately wanted.
- The detailed planning of what each person wanted to achieve from the agreement made it easier to be open and honest with the other party.
- Looking for points of agreement helped resolve the time of discussion.
- Seeing the amount of effort it takes in order to come to an agreement.
- Related to my job and helped me think of things to do when talking to my COO [chief operating officer].<sup>2</sup>

There were also four suggestions for improvement that have been incorporated into the role-play.

I have used the exercise with undergraduates and with part-time MBA, full-time MBA, and executive MBA students. For the latter group, my time estimates were short because the exercise created so much useful discussion. In practice, I allowed the executive teams to prepare for about 45 (rather than 15) minutes. The part-time MBA students took about 20 minutes to plan and were generally more collaborative than in a previous exercise on negotiation. Most pairs reached an agreement, usually because

Pat allowed Dale to take the job in New York. In a few cases, a side payment was made to Pat to compensate for the loss of income as editor. However, with the lithographs, only about one-third of the pairs shared enough information for both parties to realize that there were extra lithographs in the basement and that they likely had substantial value.

With executive MBA students, the discussions were much richer and the outcomes more creative. Four different options were developed among the six pairs in a course, including the idea of approaching Somerton Press to renegotiate. This was based on the assumption that Somerton Press really only wanted the rights to the Austin book and would settle either without Riverton Press or with allowing Pat to be a co-editor (see role-plays in Appendixes B and C for more explanation). If Somerton agreed to take only the Austin book, Pat was still able to have his or her needs met, as was Dale. Further, it was possible to sell some of Riverton Press's assets to Pat's friend to maximize their cash. While all executive MBAs shared information, again only about one-third disclosed about the lithographs.

The classroom discussion has tended to bring out the ways in which principled negotiation work. Student response has indicated that they understand the process of principled negotiation. At the end of the discussion, I usually briefly summarize the key points of principled negotiation (see Appendix A).

Dr. Kathleen Kane, a colleague of mine at the University of San Francisco, has been using the Riverside Press for several years in a course in negotiation. The course assignment is to write two papers. The second of these is to write about the student's experiences in a full-day conflict simulation. Dr. Kane said that students often bring up that they used their learning of the importance of sharing information (from Riverside Press) in doing the simulation. Dr. Kane explained that in her course, she distributes the Dale and Pat roles at random and gives the students a week to prepare and plan. However, the students don't know who they will negotiate with until the following week. She reports that while some students use primarily distributive bargaining, most are willing to share some information and work toward creative outcomes that go beyond the written roles (to “expand the pie”). To debrief, Dr. Kane asks each pair to describe their negotiation, outcome, and level of satisfaction. While all are initially satisfied, many become less so when they hear how others handled the situation. When both parties are involved in the final outcome (e.g., both will edit the *Riverton Review*, plan to do future things together), there is the highest level of satisfaction. When the participants worked toward severing all ties and not expecting to ever see each other again, they also reported being the least satisfied. Students described in their papers (without prompts) that they came to understand that the relationship between the parties was really important in negotiations. Several said it was the first time they really understood this idea. Dr. Kane commented that she felt that two key elements of the success of this exercise were that students really had to prep for the exercise (which was presented about two-thirds of the way through the course) and that seeing

how different dyads handled the same roles was where the most important learning occurred. Similarly, I have found that in the full-time MBA class (which is a 1½-credit course, rather than a single session on conflict management and negotiation) students apply what they have learned in Riverton Press to a later assignment: individual negotiations in which students attempt to trade for increasingly valuable objects. To be very successful, they need to find ways of “expanding the pie.” For example, one student knew that a neighbor who was gardening using an old and broken shovel would be willing to trade for a better shovel. The student located a friend with an extra shovel who was willing to make a trade for a small item. Then taking the shovel to the neighbor, the student was able to get a more “valuable” item (a generator) in return because the neighbor no longer needed it.

Riverton Press is an easy-to-use exercise in principled negotiation that helps students learn and practice applying this concept. The complete materials for the exercise are included as appendices.

## NOTES

1. Additional resources for negotiation are available at Harvard’s Program on Negotiation ([www.pon.harvard.edu/category/research\\_projects/negotiation-pedagogy-program-on-negotiation](http://www.pon.harvard.edu/category/research_projects/negotiation-pedagogy-program-on-negotiation)) and Northwestern’s Dispute Resolution Center ([www.negotiationexercises.com](http://www.negotiationexercises.com)).

2. Selected comments by students in MBA 810, December 2012.

## REFERENCES

- Baruch, M., & Zarse, N. (2012). Components in a hostage negotiation training curriculum. *Journal of Police Crisis Negotiations*, 12(1), 39–50.
- Bowen, D. D., Lewicki, R. J., Hall, D. T., & Hall, F. S. (1997). *Experiences in organizations* (4th ed.). New York, NY: Wiley.
- Burke, R. G., & Friedman, L. H. (Eds.). (2011). *Essentials of management and leadership in public health*. Sudbury, MA: Jones & Bartlett.
- Chow, P. T., Cheung, S. O., & Yiu, T. W. (2012). A cusp catastrophe model of withdrawal in construction project dispute negotiations. *Automation in Construction*, 22, 597–604.
- Craver, C. (2012). The inherent tension between value creation and value claiming during bargaining interactions. *Cardozo Journal of Conflict Resolution* 12(1), 1–18.
- Fisher, R., & Ury, W. (1983). *Getting to yes: Negotiating agreement without giving in*. New York, NY: Penguin Books.
- Fisher, R., Ury, W., & Patton, B. (2011). *Getting to yes: Negotiating agreement without giving in* (3rd ed.). New York, NY: Penguin.
- Hanson, A. (2008). The trend toward principled negotiations in Major League Baseball collective bargaining. *Sports Law Journal*, 15, 221–246.
- Kirgis, P. F. (2012). Hard bargaining in the classroom: Realistic simulated negotiations and student values. *Negotiation Journal*, 28(1), 93–115.
- Lewicki, R. J., Weiss, S. E., & Lewin, D. (1992). Models of conflict, negotiation and third party intervention: A review and synthesis. *Journal of Organizational Behavior*, 13(3), 209–252.
- McClendon, B., Burke, D. D., & Willey, L. (2010). The art of negotiation: What the twenty-first century business student should know. *Journal of Legal Studies Education*, 27(2), 277–319.
- Neese, T. (1999, July 26). Learning the art of principled negotiation. *Journal Record*, Oklahoma City, OK, p. 1.
- Paterniti, D. A., Fancher, T. L., Cipri, C. S., Timmermans, J. S., & Kravitz, R. L. (2010). Getting to “no”: Strategies primary care physicians use to deny patient requests. *Archives of Internal Medicine*, 170(4), 381–388.
- Seltzer, J., & Smither, J. W. (2007). “Where there is a will . . .”: A new exercise to explore distributive and integrative conflict management. *Organization Management Journal*, 4(3), 259–286.
- Shapiro, P. L. (2012). *Encyclopedia of peace psychology*. New York, NY: Wiley.
- Thomas, K. (1992). Conflict and conflict management: Reflections and update. *Journal of Organizational Behavior*, 13(3), 263–275.
- Thompson, L. L. (2009). *The mind and heart of the negotiator* (4th ed.). Upper Saddle River, NJ: Prentice Hall.
- Ury, W. (1991). *Getting past no: Negotiating agreement without*. New York, NY: Bantam.

## APPENDIX A: NOTES ON PRINCIPLED NEGOTIATION

- 1. Prepare.** McRae (2005) suggests “Come to the table incredibly well-prepared.” You need to: (a) identify your own interests and prioritize them, (b) identify what you need from the negotiation, (c) make a list of objectives and prioritize them (Augustine, 1997), (d) try to understand the other party’s interests, (e) attempt to understand the other party’s emotional issues and real objectives (Augustine, 1997), and (f) decide what you will do if an agreement can’t be reached. Note that your power in a negotiation will increase proportionately to the viability of your alternatives, so determine your best alternative to a negotiated agreement (a BATNA). A well-defined BATNA will give you needed perspective to avoid accepting an agreement you should reject, and help you make the most of your assets. (g) Write down in advance your walk-away position. Augustine (1997) says that “the hardest thing in negotiating is not to get caught up in the spirit of the chase.”
- 2. Set the table for negotiations.** Principled negotiation works well because it is outwardly focused. Standard positional bargaining, on the other hand, focuses entirely on self. You want to keep focused on the goal of mutual gains toward “produc[ing] an agreement that meets the needs of both sides while improving or at least maintaining personal relationships” (Neese, 1999). Ideally, you can establish a teamwork relationship in which both parties will cooperate and jointly solve the problem underlying the negotiation. You also need to “sell the future” by showing the potential inherent in reaching an agreement (Neese, 1999). Finally, it is helpful to establish mutually agreed-upon objective criteria for decision making (e.g., use existing standards, precedents).
- 3. Begin the negotiation.** You want to collect as much information as possible. You do this by sharing information, asking questions and listening carefully. (Much of the following is taken directly from or builds on Fisher and Ury [1983], Fisher et al. [2011], and Ury [1991].)
  - (a) Focus on interests, not positions.** Reframe the discussion to try to identify interests.
  - (b) If possible, establish superordinate or overarching goals** that are important to both parties.
  - (c) Try to depersonalize** the issue by separating the people from the problem. Be aware of and “own” your feelings, work to control your emotions (Augustine, 1997). Use active listening to help the other party share their feelings. (Fisher, et. al., 2001)
  - (d) Ask questions** (Byrnes, 1987) and listen carefully. Neese (1999) says that “statements generate resistance, whereas

questions generate answers and information that can lead to agreement.”

4. **Step to their side.** Negotiators often fail to achieve results because they channel too much effort into selling their own position and too little into understanding the other party’s perspective. Inaccurate assumptions about the other side’s motivations can lead negotiators to propose solutions to the wrong problems, needlessly give away value, or derail deals altogether (Malhotra & Bazerman, 2007). You want to figure out what constraints the other party faces. Often when the other party’s behavior appears unreasonable, his or her hands are tied somehow, and you can best reach agreement by helping overcome those limitations. You want to try to work with the other party by looking for common ground and points of agreement, not disagreement.
5. **Complete the negotiation.** Find ways to move toward an agreement.
  - (a) **Go to the balcony.** Get a broad perspective on the negotiation, focus on getting at least part of what you want, step back from “hardball” negotiations.
  - (b) **Acknowledge** the other party’s negotiating points, agreeing when possible (a small wins strategy).
  - (c) **Define success in terms of gains, not losses.** Provide tentative options in terms that address the other party’s interests and resolve issues that may present an obstacle to agreement (Augustine, 1997; Neese, 1999). Go more slowly if necessary. Make trade-offs of what is cheap to you and valuable to the other. Help the other side to agree (Augustine, 1997; Byrnes, 1987). Fisher et al. (1991) describes this as “build a golden bridge.”
  - (d) **Invent new options for mutual gains.** Work with the other party to generate a variety of options. Separate the brainstorming from the decision-making process; be creative about solutions that meet mutual interests and needs (Fisher et al., 1991). Other ideas: (i) obtain added resources, (ii) cost cutting increases available resources, (iii) provide “nonspecific compensation” by trading issues or paying using an unrelated issue. For example, when looking for a new job and negotiating salary, realize that other nonmonetary things (e.g., flexibility of schedule, educational benefits) can be traded for salary (Pruitt, 1983).
6. **Finalize the deal.** Make sure there is understanding and agreement on solutions. If a deal appears lost, stay at the table and keep trying to learn more. Even if you don’t agree, thank the other party at the conclusion of the negotiation. The best negotiations build relationships for the future. McRae (2005) suggests using a third party to find additional options and “postsettlement settlements.”
7. **Implementation mind set.** Ertel (2004) suggests, “Companies must remember that the best deals don’t end at the negotiating table—they begin there” (p. 63). To do so requires several new approaches that help create

conditions for long run success: 1. Start with the end in mind. 2. Help your counterpart prepare. 3. Treat alignment as a shared responsibility. 4. Send one unified message. 5. Manage the negotiation like a business exercise (Ertel, 2004).

## References

- Augustine, N. R. (1997). *Augustine’s travels*. New York, NY: AMACOM Books.
- Byrnes, J. F. (1987). Ten guidelines for effective negotiating. *Business Horizons*, 30(3), 7–13.
- Ertel, D. (2004). Getting past yes: Negotiating as if implementation mattered. *Harvard Business Review*, 82(11), 60–68.
- Fisher, R., & Ury, W. (1983). *Getting to yes: Negotiating agreement without giving in*. New York, NY: Penguin.
- Fisher, R., Ury, W., & Patton, B. (2011). *Getting to yes: Negotiating agreement without giving in* (3rd ed.). New York, NY: Penguin.
- Malhotra, D., & Bazerman, M. H. (2007). Investigative negotiation. *Harvard Business Review*, 85(9), 72.
- McRae, B. (2005, May/June). The seven strategies of master negotiators. *Ivey Business Journal Online*, p. 1
- Neese, T. (1999, July 26). Learning the art of principled negotiation. *Journal Record*, Oklahoma City, OK, p. 1.
- Pruitt, D. G. (1983). Achieving integrative agreements. In M. H. Bazerman & R. J. Lewicki (Eds.), *Negotiating in organizations* (pp. 35–50). Beverly Hills, CA: Sage.
- Ury, W. (1991). *Getting past no: Negotiating your way from confrontation to cooperation*. New York, NY: Bantam.

## APPENDIX B: RIVERTON PRESS—ROLE FOR DALE

Dale and Pat were college roommates at the Columbia University and both English majors. They fantasized about starting a publishing house. Dale was from Riverton, a small town in Iowa. While in high school, Dale had worked at the local print shop operated by Mr. Harrison. After graduating from college, Dale, wanting to help care for a recently widowed mother, returned to Riverton. A few months later Mr. Harrison died and a niece who lived in Oregon inherited the business. Dale heard that she wanted to sell and convinced Pat that they could go into business together. They were able to buy the property and equipment very cheaply and Pat moved to Riverton. They attracted some customers as the only place in town for small custom printing jobs and photocopying. As planned, Dale and Pat began to edit and publish a small poetry and literary magazine (*Riverton Review*) that was well received, but struggled financially. Over time, they published some books using the name “Riverton Press” by authors who had originally submitted to the *Riverton Review*. This created a small, but steady income through sales over the Internet. So for the 10 years since the business was founded, Dale and Pat have been able to make a marginal living although neither has saved much.

For the last year, Dale and Pat have argued about continuing the magazine. Dale wants to do it online, but Pat wants it to be in print. This disagreement brought out many long-standing tensions in their relationship. In the last few months, several additional things have happened to Dale and Pat. Dale's mother died last year and Dale no longer has a reason to stay in Riverton. Dale has been dreaming of returning to New York City and working for a big publisher. On the other hand, Pat has been dating Lee for several years and recently was engaged. Lee is the only child of the wealthy owner of the car dealership in Riverton, who has offered Pat a marketing job in the business. Finally, the store next door to the print shop wants to expand and offered last month to buy the building. They want a decision this week. It would be enough to pay off the mortgage with a profit of about \$25,000 after taxes. So Dale and Pat decided to end their business relationship. Today, they need to figure out how to divide their corporate assets, which are:

1. There is about \$10,000 in the bank account, plus \$25,000 from the sale of the building.
2. There is about \$20,000 in inventory of paper, printing materials, and supplies (which possibly could be sold for \$2,000 if there was a buyer, otherwise it is not worth much).
3. The assets of Riverton Press, including back copies of the magazine and a small inventory of books (a total of about \$15,000, might be sold for about \$1,500 if there was a buyer), as well as the rights to reprint the magazine and books in the future.
4. There are two computers (one old desktop worth maybe \$100 and a new laptop worth \$800) and a printer (worth \$200). The larger laser printer and color printer for the print shop were leased and the lease expires in two months.
5. There is some office furniture and several cabinets, but these are quite old and probably worth at most a total of \$200.
6. There are "customer lists" on the computer that represent all of the people who have used the services of the print shop, have purchased books, or subscribe to the journal.
7. In the basement there is some old printing equipment and other things that are left over from when Mr. Harrison owned the print shop.

Dale is happy to have the chance to finally leave Riverton. Somerton Press, a large publisher in New York, contacted Dale a month ago about buying the rights to reprint a book by John Austin, who eight years ago was an unknown writer who had published his first few poems in the magazine and sent Riverton Press his first book. They have been selling a few hundred copies a year, but Austin's recent second book was published by Somerton Press and has become popular. They tried to buy the rights to the first book and Dale took advantage of the opportunity to try to get a job with the company. The initial offer was \$50,000 for the reprint rights. Dale offered to sell the whole of Riverton Press provided that Dale could also have a job at Somerton as an editor. Somerton continued to negotiate, clearly wanting this one book and being willing to hire Dale based on

past editorial experience. In the end, an offer was made for \$25,000 for the rights to the Austin book, with Somerton hiring Dale (at a salary of \$60,000 a year) for a variety of editorial duties in New York City including editing the *Riverton Review* as an online publication. They also reluctantly agreed to buy the rights to the other books and the *Riverton Review* and the inventory of back issues and books for an additional \$5,000. Dale hasn't told Pat about any of this yet.

Dale would like to generate as much cash as possible from the sale of the business to have significant savings when going to New York City. Dale has a really old computer at home and wants the new laptop. Dale does like the old lithograph of a train that Mr. Harrison had framed and hanging on the wall of the print shop. When recently watching "The Antiques Road Show" on TV, Dale saw a similar print that was valued at \$1,500. Dale also knows someone interested in buying the old press Mr. Harrison used. They collect old printing equipment and have offered \$2,000, but can't get the money together for four months. The problem is that the press is in the basement and would need to be stored for a few months. The business next door wants to start construction soon. Dale would like to sell, but mostly wants to get out of town quickly.

Both Dale and Pat are glad that Dale is planning to move so they can go on with separate lives. They would like the relationship to end in a pleasant manner. Both took a course in "principled negotiation" at Columbia years ago, and would like to use this technique to help divide the corporate assets.

PLEASE PLAN A PROCESS FOR DALE AND PAT'S DISCUSSION USING THE CONCEPTS OF PRINCIPLED NEGOTIATION. Fill out the first seven items on the worksheet.

#### APPENDIX C: RIVERTON PRESS—ROLE FOR PAT

Dale and Pat were college roommates at the Columbia University and both English majors. They fantasized about starting a publishing house. Dale was from Riverton, a small town in Iowa. While in high school Dale had worked at the local print shop operated by Mr. Harrison. After graduating from college, Dale, wanting to help care for a recently widowed mother, returned to Riverton. A few months later Mr. Harrison died and a niece who lived in Oregon inherited the business. Dale heard that she wanted to sell and convinced Pat that they could go into business together. They were able to buy the property and equipment very cheaply and Pat moved to Riverton. They attracted some customers as the only place in town for small custom printing jobs and photocopying. As planned, Dale and Pat began to edit and publish a small poetry and literary magazine (*Riverton Review*) that was well received, but struggled financially. Over time, they published some books using the name "Riverton Press" by authors who had originally submitted to the *Riverton Review*. This created a small, but steady income through sales over the Internet. So for the 10 years since the business was founded, Dale and Pat have been able to make a marginal living although neither has saved much.

For the last year, Dale and Pat have argued about continuing the magazine. Dale wants to do it online, but Pat wants it to be in print. This disagreement brought out many long-standing tensions in their relationship. In the last few months, several additional things have happened to Dale and Pat. Dale's mother died last year and Dale no longer has a reason to stay in Riverton. Dale has been dreaming of returning to New York City and working for a big publisher. On the other hand, Pat has been dating Lee for several years and recently was engaged. Lee is the only child of the wealthy owner of the car dealership in Riverton who has offered Pat a marketing job in the business. Finally, the store next door to the print shop wants to expand and offered last month to buy the building. They want a decision this week. It would be enough to pay off the mortgage with a profit of about \$25,000 after taxes. So Dale and Pat decided to end their business relationship. Today, they need to figure out how to divide their corporate assets, which are:

1. There is about \$10,000 in the bank account, plus \$25,000 from the sale of the building.
2. There is about \$20,000 in inventory of paper, printing materials and supplies (which possibly could be sold for \$2,000 if there was a buyer, otherwise it is not worth much).
3. The assets of Riverton Press, including back copies of the magazine and a small inventory of books (a total of about \$15,000, might be sold for about \$1,500 if there was a buyer), as well as the rights to reprint the magazine and books in the future.
4. There are two computers (one old desktop worth maybe \$100 and a new laptop worth \$800) and a printer (worth \$200). The larger laser printer and color printer for the print shop were leased and the lease expires in two months.
5. There is some office furniture and several cabinets, but these are quite old and probably worth at most a total of \$200.
6. There are "customer lists" on the computer that represent all of the people who have used the services of the print shop, have purchased books, or subscribe to the journal.
7. In the basement there is some old printing equipment and other things that are left over from when Mr. Harrison owned the print shop.

Pat is happy in Riverton and looking forward to a new life with a spouse and a different type of job. The last few years have really been a struggle, although editing the *Riverton Review* has been the only bright spot. While Pat and Dale used to share editorial duties, for the last four years, it has been mostly Pat's job. Pat has a friend in a nearby city, who runs a print shop and offered to pay \$4,000 for the inventory of supplies and the print shop customer list and an additional \$10,000 to take over the complete Riverton Press including reprint rights, inventory, and subscriber's list. This is way more than Pat thought they could get and the best part is that Pat could continue to edit the *Riverton Review* at a small salary. Pat doesn't so much care about the money, but would really like to continue as editor. Pat hasn't told Dale about any of this yet.

Pat doesn't care about the computer or printer since there will be one at the future father-in-law's business, but would like the old oak rolltop desk that Mr. Harrison used to use. It is rather worn, but to Pat, quite nice. Pat doesn't care about the other office furniture or things in the basement, although does believe that the old printing press is quite heavy and could probably be sold for scrap for several hundred dollars. Pat likes the old lithograph of a train that Mr. Harrison had framed and hanging on the wall of the print shop. However, if Dale wants it, Pat isn't going to argue, especially since Pat found an old box with at least a dozen more similar lithographs in the basement.

Both Dale and Pat are glad that Dale is planning to move away so they can go on with separate lives. They would like the relationship to end in a pleasant manner. Both took a course in "principled negotiation" at Columbia years ago, and would like to use this technique to help divide the corporate assets.

PLEASE PLAN A PROCESS FOR DALE AND PAT'S DISCUSSION USING THE CONCEPTS OF PRINCIPLED NEGOTIATION. Fill out the first seven items on the worksheet.

#### APPENDIX D: WORKSHEET: PLAN FOR PRINCIPLED NEGOTIATION

What will you do to include the following issues in your plan? **Write answers for at least the first seven items.**

**Prepare**—own interests

**Prepare**—own needs, objectives, and priorities

**Prepare**—other's interests and needs

**Prepare**—BATNA

**Prepare**—walk away position

**Set the table for negotiations**—mutual goals

**Set the table for negotiations**—objective criteria

**Begin the negotiation**—focus on interests

(Continued)

(Continued)

---

**Begin the negotiation**—superordinate goals  
**Begin the negotiation**—depersonalize  
**Begin the negotiation**—ask questions  
**Begin the negotiation**—step to their side  
**Complete the negotiation**—go to the balcony  
**Complete the negotiation**—acknowledge other  
**Complete the negotiation**—define success by gains  
**Complete the negotiation**—invent new options  
**Finalizing the deal**—make sure there is understanding  
**Implementation**

---

#### APPENDIX E: RIVERTON PRESS—FINAL AGREEMENT

---

Item	Describe how each item will be handled
Cash from bank account, sale of building, sale of other assets	
Inventory of paper, printing materials and supplies	
The assets of Riverton Press, including back copies of the magazine and a small inventory of books as well as the rights to reprint the magazine and books in the future.	
Office furniture	
Desktop computer	
Laptop computer	
Printer	
Customer lists	
Old printing equipment in basement	
Any other things in the building	

---

#### ABOUT THE AUTHOR

**Joe Seltzer** is Professor of Management at La Salle University, where he has taught courses in organizational behavior and managerial skills for the past 36 years. A past president of the Eastern Academy of Management, he currently serves as president of the Organizational Behavior Teaching Society. He is a fellow of both organizations. Dr. Seltzer has published a

number of papers and experiential activities in a variety of journals, including the *Academy of Management Journal*, *Journal of Management Education*, and *Organization Management Journal*. Current interests in research and consulting include leadership, building effective teams, and innovative approaches to teaching. He may be reached at [seltzer@lasalle.edu](mailto:seltzer@lasalle.edu).