



Negotiation Choices

Note: Please do not begin this workbook until asked to do so. After that, turn to the subsequent pages when asked.

Objective: Negotiation often presents us with choices about how best to achieve our goals. This short exercise is intended to illuminate different ways of thinking about those decisions.

Instructions: Each of the scenarios that follow offers three optional approaches. While none may be exactly what you would do, choose the one that comes closest to how you would respond. Be prepared to explain your reasoning and why your chosen option is superior to the two alternatives. You will also be asked for your estimate about how other people with whom you typically negotiate would likely respond in the same situation. Specifically, for each of the scenarios:

1. Circle the approach that is closest to what you would do. Put an "X" on the alternative that you regard as least desirable.
2. Estimate how other negotiators would likely respond. If you expect that everyone else you encounter would choose option "B" in a given scenario, then simply put 100% on that line and 0% on both lines "A" and "C." By contrast, if you expect that people's opinions would be equally split, you would put 33% on each line.

Professor Michael Wheeler prepared this material as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

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SCENARIO ONE

Imagine the following situation. You've been looking for a second home, nothing fancy, just someplace to get away and relax. You've done a thorough search in the region. Everything that meets your needs costs at least \$200,000, sometimes much more. But you've just stumbled upon a handsome cabin by a small pond. The hand-painted sign, says "For Sale by Owner/Inquire Within."

The elderly owner shows you around. The place is perfect. When it comes to talking price, the person apologizes and explains that they are moving back to the city to be close to their grandchildren. Living there will be much more expensive, they explain, so they need to get every penny they can. You are shocked, then, when they only ask \$150,000 - which is way under market value. Assuming you can protect yourself against any and all unpleasant surprises - a lien on the property, for example, or environmental problems - what would you do?

Part 1: Circle the option that comes closest to what you would do. Put an X on the least desirable option.

- a. Quickly accept the seller's asking price.
- b. Counter-offer a somewhat lower price, knowing that you can always accept at \$150,000 if necessary.
- c. Inform the seller that you'd like to buy the house, but you believe that they have undervalued it.

Part 2: Now, estimate what percentage of the people with whom you negotiate would choose particular options. Your total should equal 100 percent.

- a. ___ Quickly accept the seller's asking price.
- b. ___ Counter-offer a somewhat lower price, knowing that you can always accept at \$150,000 if necessary.
- c. ___ Inform the seller that you'd like to buy the house, but you believe that they have undervalued it.

Please do not turn to SCENARIO TWO (on page 3) until asked to do so.

SCENARIO TWO

Assume that you bought the rustic cabin for an acceptable price. Now flash forward a few years. You've enjoyed the place immensely, but have learned that a motorcycle racetrack will be built nearby in just a few months. The track will meet all environmental and land use regulations, but there is no doubt that you'll hear the noise especially on weekends. It's time, therefore, to move on.

An eager couple, driving an expensive car, has toured the property and appears ready to make an offer. One of them asks, "Why would you ever want to sell such a beautiful place?" Which of the following comes closest to how you would respond?

Part 1: Circle the option that comes closest to what you would do. Put an X on the least desirable option.

- a. "You know, ever since I put up the for sale sign, I've been thinking the same thing myself."
- b. "I'm worried that the noise from the new motorcycle track may be disturbing."
- c. "Oh, I guess it just feels like time to try something new."

Part 2: Now, estimate what percentage of the people with whom you negotiate would choose particular options. Your total should equal 100 percent.

- a. ____ "You know, ever since I put up the for sale sign, I've been thinking the same thing myself."
- b. ____ "I'm worried that the noise from the new motorcycle track may be disturbing."
- c. ____ "Oh, I guess it just feels like time to try something new."

Please do not turn to SCENARIO THREE (on page 4) until asked to do so.

SCENARIO THREE

Now let's change the context a bit. Assume that you've been negotiating the sale of some property owned by your company. The buyer has made an attractive offer that you have orally accepted. Your boss is pleased with the terms as they stand but has suggested that you go back to buyer and tell them that they have to sweeten the offer just a bit in order to get "buy-in" back at the office. "No harm in asking," your boss says. What would you do?

Part 1: Circle the option that comes closest to what you would do. Put an X on the least desirable option.

- a. Tell your boss that you've already given your word to the buyer and that you're uncomfortable going back on it.
- b. Do exactly what your boss suggests. It's a common bargaining tactic, after all.
- c. Meet with the buyer and ask if they can sweeten the price, though make it clear that this isn't a deal breaker.

Part 2: Now, estimate what percentage of the people with whom you negotiate would choose particular options. (Your total should equal 100 percent.)

- a. ___ Tell your boss that you've already given your word to the buyer and that you're uncomfortable going back on it.
- b. ___ Do exactly what your boss suggests. It's a common bargaining tactic, after all.
- c. ___ Meet with the buyer and ask if they can sweeten the price, though make it clear that this isn't a deal breaker.