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**Research Cover Sheet**

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## **An Analysis of M.H. Bazerman and M.A. Neale's *Negotiating Rationally***

In today's global polity and diversified workforce, negotiation skills are an integral part in any person's toolkit, but particularly for managers and leaders. Negotiations are complex and each requires careful evaluation based on its own characteristics.<sup>1</sup> Max Bazerman and Margaret Neale's *Negotiating Rationally* identifies common negotiation mistakes and discusses how to develop a rational strategy to avoid those common mistakes in two-party and multiple-party negotiations. This analysis will cover the authors' background and credentials; their approach in writing the book and its strengths and weaknesses; its application to the military; and its future use in my career.

### **Authors' Background and Credentials**

In addition to being the Straus Professor at the Harvard Business School, Bazerman is formally affiliated with the Kennedy School of Government, the Psychology Department, and the Program on Negotiation. He has authored, co-authored, or co-edited 19 books and over 200 research articles and chapters and was consistently named one of the top 40 authors, speakers, and teachers of management by Executive Excellence from 2002-2008. Bazerman's research focuses on decision making, negotiation, and ethics, and his consulting, teaching, and lecturing spans the globe from Argentina to the UK.<sup>2</sup>

Neale is the John G. McCoy-Banc One Corporation Professor of Organizations and Dispute Resolution. She has authored of over 70 articles on bargaining and negotiation, distributed work groups, and team composition, learning, and performance, and co-authored three books. Neale's research focuses primarily on negotiation and team performance and her work has extended judgment and decision-making research from cognitive psychology to the

field of negotiation. In particular, she studies cognitive and social processes that produce departures from effective negotiating behavior. Within the context of teams, her work explores aspects of team composition and group process that enhance the ability of teams to share the information necessary for learning and problem solving in both face-to-face and virtual team environments.<sup>3</sup>

### **Author's Approach/Book Strengths and Weaknesses**

While the book is nearly two decades old, the principles and ideas presented are still relevant today. The basis of the book boils down to two words – negotiating smarter.<sup>4</sup> In order to do so, Bazerman and Neale have capitalized on their psychology backgrounds and concisely summarized eight biases that can adversely impact negotiations. They provide the reader with the basic skills and background to recognize and overcome those biases in themselves and to detect them in the other party. This book is not solely based on their vast academic experience; it includes qualitative research from observing thousands of executives and relating those findings with similar previous research conducted by others in the field. Employing multiple of scenarios as a backdrop, i.e. the \$20 bill auction and RJR Nabisco attempted buyout, the authors emphasize that negotiation is a rational process that can be broken down into blocks. So, as you negotiate, make decisions, or try to resolve a dispute, be aware of cognitive biases that can obscure your judgment.

While there has been significant research directed toward identifying these cognitive biases and their impact on negotiator behavior, the book explores a negotiator's tendency to frame proposals in ways that reduce information gathering and analysis while directing options to a specific referent point. The authors conclude that in the context of a negotiation there is often little objective about the choice of a particular referent point. This referent point, used to

evaluate success or failure and gains or losses, can significantly influence the attractiveness of various outcomes. They also describe the impact of various frames and identify ways in which managers can guard against being unduly influenced by the frames of disputes. Managers can use frames to improve the potential for resolving disputes.

The book is designed into two sections, common mistakes in negotiation and rational framework for negotiation, and a third section that focuses on multilateral, complex negotiations making it easy for the reader to transition. In the first section, the book addressed information based on the Interest-Based Negotiation model and Trust, Information, Power and Options (TIPO) assessment that were extensively discussed in class and other readings from the course. In using the IBN model, parties cooperate, create value, and look for trade-offs, for all parties involved. Too often, both parties assume that anything that will benefit the other cannot be good for us. This book demonstrates that when compatible issues do present themselves, negotiations will fail to result in mutually preferred outcome or when neither party realizes the mutual benefits.<sup>5</sup>

While TIPO was addressed, I feel the authors could have consolidated the information and discussed each component upfront instead of interspersing them throughout the book. This would have given the novice reader a clearer picture of the essential elements that contribute to effective negotiations. I believe the topic of trust is just glazed over; despite the importance it plays in negotiation and conflict resolutions. Based on the extensive class discussions on the topic, one could inadvertently overlook this element not realizing the impact it could have on their interactions. Conversely, information is eluded to be the most important aspect of the TIPO assessment. While information is important, there are multiple risks that come with placing too much emphasis on it, to include the validity of that information. Additionally, the topic of

power, or positioning, is not adequately addressed. As discussed in the class room, understanding what type of power is present and whether that power can or is shared is essential to negotiations. Even if the other party has power over the other, focusing on shared interests and shift that power to result in a mutually-beneficial agreement. On the other hand, the topic of options is discussed in detail with the framing discussions.

In the second section, Bazerman and Neale outline general frameworks for thinking more rationally about negotiation because “there is no one-size-fits-all strategy that will guarantee success.”<sup>6</sup> The authors layout their prescriptive advice and guide the reader through the necessary steps to evaluate when and how to reach an agreement, and when to walk away—in both cases, producing outcomes that are in one’s own best interest. This is not to say that the outcomes are not mutually beneficial, but recognizing your and the other party’s Best Alternative to a Negotiated Agreement (BATNAs) and the bargaining zone (also known as zone of possible agreement, or ZOPA) you are operating in are important.<sup>7</sup> There will be times when irrational decisions or offers will be made by the other party, but the key is not to acknowledge and respond to those offers. Instead reframe the negotiations to focus on the mutual benefit of your alternative option providing as much information as needed to reduce the biases in effect.<sup>8</sup>

### **Thesis to Military Application/Personal Understanding**

A central theme of the book is that managers in a negotiation often fail to act rationally because of common mental errors or biases, and individuals need to monitor their own decisions for these biases and anticipate them in their competitors’ decisions.<sup>9</sup> This concept is easily transferrable to the military profession because of the increased need to work within more peer-based relationships and to communicate across service, joint, interagency, and coalition environments. These interactions will likely involve different priorities, interests and

agreements. Therefore having a basic understanding and being able to apply those negotiating skills to each individual situation will be invaluable.

According to AFDD 1-1, negotiations with others, often external to the organization, are an important aspect of operational competence. We are no longer operating in the old Strategic Air Command days where all the resources needed to execute a mission reside in one command. In our current joint operations environment, mission success requires cross-service communities. It is important to note that we are working in more purple environments and in theaters with limited resources which require communications and negotiations to accomplish the mission. By creating opportunities for a “win-win” or to share those limited resources is and will be our new normal.

From a military viewpoint, a more thorough discussion on power would be beneficial for the profession of arms. Power is quite relevant in the corporate world, and is an essential element of military order and discipline. The power one has over his/her subordinates and among peers will dictate how negotiations will be received. For example, as the chief of public affairs and the senior ranking military of the public affairs office at Peterson, I exercised position/legitimate power over my staff. However, as time progressed and my staff got to know my extensive background in the field and respected me as a colleague instead of the boss, I obtained expert and referent power from them.

It would have been beneficial to have negotiation skills before I held that position, because I negotiated and resolved several conflicts among staff members and with other agencies on base. Some of my staff members were critical thinkers and would challenge their supervisors and coworker continuously—often times it was due to a lack of trust. I would have to gather the facts and bring the two parties together by removing their anchors and focusing their attention

back on shared interests. As the most junior person on the commander's special staff, I had to provide counsel and advice to senior officers who had made decisions that were not necessarily in the commander's best interest. I had the task of convincing them otherwise by focusing their attention on shared interests and mutual benefits. At times, that was no easy feat.

### **Future Use of Book**

This book has been central to developing J. L. Kellogg Graduate School of Management at Northwestern and the Air Force Negotiation Center of Excellence education and training curriculums. Many of the biggest mistakes made in negotiation result not from answering questions incorrectly, but from never asking the right ones.<sup>10</sup> I have purchased and will have this book in my desk for years to come. The concepts, easy writing style, and design make this book a great teaching reference for any Airman. The lessons that are taught through the case studies are invaluable and can easily be recalled and applied to any situation. The orange story is a phenomenal example of how understanding each side's interests and their importance can lead to successful and rational negotiations.<sup>11</sup> In the story, two people needed the only available orange for different reasons. Compromising by splitting the orange would not meet the needs of either party. It was only after their interests were identified—one needed the orange for its zest for a cake, the other needed the orange for its juice—that the two parties rationally negotiated their dilemma. I highly recommend the course instructors continue using the material in the book in the course curriculum. The exercises and short stories are an added benefit to the course's design and the student's education.

Negotiation continues to move to the forefront of managerial interest in all walks of life...especially the military. With globalization and the nature and structure of managerial challenges evolves, negotiation skills become necessary and a skill set that must be honed

continuously. Based on the end notes in this book and other course material, considerable research has been conducted to determine how negotiators either fail to reach agreements that are in each party's best interest or leave them worse off.

As the title states, the book focuses specifically on negotiating rationally emphasizing how managers can negotiate more rationally--that is reach agreements that maximize the negotiator's interests. Unfortunately, our natural tendencies in negotiation and decision making contain biases reduce our ability to reach agreements that maximize our interests. Interests are key to success in negotiation. When parties begin to focus on positions versus interests, available options are reduced and negotiations come to an impasse. However, there is one negotiation aspect an executive or manager can control; that is how he or she makes decisions. Once you recognize that you cannot change the issues, the parties involved, or the negotiation environment, then you can direct your attention and focus on your only option—making effective, more rational decisions.

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<sup>1</sup> Bazerman and Neale, *Negotiating Rationally*, 1992, 171.

<sup>2</sup> Harvard Business School Faculty & Research - Max Bazerman n.d.

<sup>3</sup> Stanford Graduate School of Business Faculty Profile - Margaret A. Neale n.d.

<sup>4</sup> Bazerman and Neale , 4.

<sup>5</sup> *Ibid.*, 21.

<sup>6</sup> *Ibid.*, 73.

<sup>7</sup> *Ibid.*, 67, 73.

<sup>8</sup> *Ibid.*, 88.

<sup>9</sup> *Ibid.*, 168.

<sup>10</sup> *Ibid.*, 172.

<sup>11</sup> *Ibid.*, 75.

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