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CORRECT ANSWERS ARE LOCATED IN THE 2ND HALF OF THIS DOC.

TRUE/FALSE - Write 'T' if the statement is true and 'F' if the statement is false.

1) Distributive bargaining is basically a competition over who is going to get the most of a limited resource.
   - ◎ true
   - ◎ false

2) Whether or not one or both parties in a distributive bargaining situation achieve their objectives will depend upon the strategy and tactics they employ.
   - ◎ true
   - ◎ false

3) Many people use distributive bargaining strategies and tactics almost exclusively, negotiators *don't* need to understand how to counter their effects.
   - ◎ true
   - ◎ false

4) The *resistance point* is the point beyond which a person will not go and would rather break off negotiations.
   - ◎ true
   - ◎ false

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5) The spread between the resistance points is called *the bargaining agreement*.
   - ◎ true
   - ◎ false

6) A *positive* bargaining zone occurs when the buyer's resistance point is above that of the seller.
   - ◎ true
   - ◎ false

7) Alternatives are important because they give the negotiator the power to walk away from any negotiation when the emerging deal is not very good.
   - ◎ true
   - ◎ false

8) The objective of both parties in negotiation is to obtain as little of the bargaining zone as possible for themselves.
   - ◎ true
   - ◎ false

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9) Central to planning the strategy and tactics for distributive bargaining is effectively locating the other party's resistance point.
- ◎ true
- ◎ false

10) The more attractive the other party's alternatives, the more likely he or she will be to maintain a low resistance point.
- ◎ true
- ◎ false

11) A resistance point will be influenced, in part, by the cost an individual attaches to delay negotiation.
- ◎ true
- ◎ false

12) The lower the other party's estimate of your cost of delay or impasse, the stronger the other party's resistance point will be.
- ◎ true
- ◎ false

13) The less the other party values an issue, the lower his or her resistance point will be.
- ◎ true
- ◎ false

14) If the other party sees that you need a settlement quickly and cannot defer it, the more modest the other's resistance point will be.
- ◎ true
- ◎ false

15) Reticence increases the likelihood of making verbal slips or presenting any clues that the other side could use to draw conclusions.
- ◎ true
- ◎ false

16) Boulwarism is a take-it-or-leave-it approach often used in labour relations.
- ◎ true
- ◎ false

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17) Concealment is the most general screening activity.
- ◎ true
- ◎ false

18) Channelling all communication through a team spokesperson increases the risk of inadvertently revealing information.
- ◎ true
- ◎ false

19) In some ways, the ultimate weapon in negotiation is to threaten to *terminate negotiations*.
- ◎ true
- ◎ false

20) Schedule manipulation can be used to squeeze negotiations into the last remaining minutes of a meeting in order to extract concessions from one party.
- ◎ true
- ◎ false

21) To communicate the most effective message, a negotiator should try to send a consistent message through both the opening offer and stance.
- ◎ true
- ◎ false

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22) If one side is not prepared to make concessions, the other must capitulate or the negotiations will deadlock.
- ◎ true
- ◎ false

23) An offer that may have been rejected had it emerged as a result of concession making may be accepted when it is presented as a *fait accompli*.
- ◎ true
- ◎ false

24) When acting as if the decision to close the deal has already been made, the negotiator is using the "assume-the-close" tactic of closing the agreement.
- ◎ true
- ◎ false

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25) Splitting the difference is perhaps the least popular closing tactic.
- ◎ true
- ◎ false

26) To encourage further concessions from the other side, negotiators sometimes link their concessions to a prior concession made by the other.
- ◎ true
- ◎ false

27) Most hardball tactics are designed to either enhance the appearance of the bargaining position of the person using the tactic or to detract from the appearance of the options available to the other party.
- ◎ true
- ◎ false

28) The "snow job" tactic occurs when negotiators overwhelm the other party with so much information that they have trouble determining which information is real or important.
- ◎ true
- ◎ false

29) Aggressive tactics include a relentless push for further concessions.
- ◎ true
- ◎ false

30) Ignoring a hardball tactic always gives the appearance of a weak response.
- ◎ true
- ◎ false

31) Distributive bargaining strategies are the only strategies that are effective in interdependent situations.
- ◎ true
- ◎ false

32) Distributive bargaining strategies and tactics are quite useful when a negotiator wants to maximize the value obtained in a single deal.
- ◎ true
- ◎ false

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33) The resistance point is the point at which a negotiator would like to conclude negotiations.
- ◎ true
- ◎ false

34) Each party's resistance point is openly stated at the conclusion of negotiations.
- ◎ true
- ◎ false

35) Anything outside the bargaining zone will be summarily rejected by one of the negotiators.
- ◎ true
- ◎ false

36) A negative bargaining range occurs when the buyer's resistance point is above the seller's.
- ◎ true
- ◎ false

37) Negotiations that begin with a negative bargaining range are likely to stalemate.
- ◎ true
- ◎ false

38) Negotiations with a positive settlement range are obvious from the beginning.
- ◎ true
- ◎ false

39) A resistance point will be influenced by the cost an individual attaches to delay or difficulty in negotiation.
- ◎ true
- ◎ false

40) The more you can do to convince the other party that his or her costs of delay or aborting negotiations will be costly, the more likely he or she will be to establish a modest resistance point.
- ◎ true
- ◎ false

41) The first step for a negotiator is to obtain information about the other party's outcome values and resistance points.
- ◎ true
- ◎ false

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42) In "calculated incompetence," the negotiator is intentionally given false or misleading information to reveal to the other party.
- ◎ true
- ◎ false

43) Selective presentation can be used to lead the other party to form the desired impression of your resistance point or to open up new possibilities for agreement that are more favourable to the presenter than those that currently exist.
- ◎ true
- ◎ false

44) Studies indicate that negotiators who make low or modest opening offers get higher settlements than do those who make extreme opening offers.
- ◎ true
- ◎ false

45) Parties feel better about a settlement when negotiations involve a progression of concessions.
- ◎ true
- ◎ false

46) If a major concession has been made on a significant point, it is expected that the return offer will be on the same item or one of similar weight and comparable magnitude.
- ◎ true
- ◎ false

47) A small concession late in negotiations may indicate that there is little room left to move.
- ◎ true
- ◎ false

48) It is important to signal to the other party with either behaviour or words that the concessions are almost over.
- ◎ true
- ◎ false

49) One way negotiators may convey the message that "this is the last offer" is by making the last concession substantial.
- ◎ true
- ◎ false

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50) Hardball tactics work most effectively against powerful, well-prepared negotiators.
- ◎ true
- ◎ false

51) Hardball tactics are infallible if used properly.
- ◎ true
- ◎ false

52) To respond to hardball tactics, a negotiator must identify the tactic quickly and understand what it is and how it works.
- ◎ true
- ◎ false

53) The "snow job" tactic occurs when negotiators give the other party too little information.
- ◎ true
- ◎ false

54) Aggressive tactics include pushing for further concessions, asking for the best offer early, and asking the other party to explain and justify his or her proposals item by item.
- ◎ true
- ◎ false

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55) An effective strategy for dealing with intimidation is to use a team to negotiate with the other party.
- ◎ true
- ◎ false

MULTIPLE CHOICE - Choose the one alternative that best completes the statement or answers the question.

56) Distributive bargaining strategies:
- A) are the most efficient negotiating strategies to use.
- B) are used in all interdependent relationships.
- C) are useful in maintaining long term relationships.
- D) can cause negotiators to ignore what the parties have in common.

57) The target point is the
- A) point at which a negotiator would like to conclude negotiations.
- B) negotiator's bottom line.
- C) first offer a negotiator quotes to his opponent.
- D) initial price set by the seller.

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58) Starting points (or initial offers):
A) are usually contained in the opening statements each negotiator makes.
B) are usually learned or inferred as negotiations get under way.
C) are not known to the other party.
D) are given up as concessions are made.

59) The objective of both parties in distributive bargaining is to obtain as much of what as possible?
A) Bargaining range
B) Resistance point
C) Target point
D) Bargaining mix

60) What is expected from a particular outcome when the resistance point is established?
A) Costs
B) Value
C) Timeliness
D) Importance

61) The more you can convince the other party that your costs of delay or aborting negotiations are _____, the more modest the other's resistance point will be.
A) high
B) modest
C) extreme
D) low

62) The more you can convince the other that you value a particular outcome outside the other's bargaining range, the more pressure you put on the other party to set a(n) _____ resistance point.
A) High
B) Low
C) Modest
D) Extreme

63) Research and practical experience suggest that a large majority of agreements in distributive bargaining are reached when the deadline is:
A) near.
B) flexible.
C) past.
D) undefined.

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64) Disruptive action tactics can cause all of the following, ***except***?
- A) Embarrassment
- B) Increased costs
- C) Anger
- D) Mutual satisfaction

65) The opening stance is:
- A) another name for the first round of concessions.
- B) the first price that a buyer quotes to a seller.
- C) the attitude to adopt during the negotiation.
- D) a package of concessions.

66) The bargaining range is defined by:
- A) the opening stance and the initial concession.
- B) the initial round of concessions.
- C) the bargaining mix and the opening stance.
- D) the opening offer and the counteroffer.

67) All of the following actions are possible after the first round of offers, ***except***?
- A) Hold firm
- B) Insist on the original positionTBEXAM.COM
- C) Make some concessions
- D) Make a revised first round offer

68) Good distributive bargainers will:
- A) begin negotiations with the other party with an opening offer close to their own resistance point.
- B) ensure that there is enough room in the bargaining range to make some concessions.
- C) accept an offer that is presented as a *fait accompli*.
- D) immediately identify the other party's target point.

69) What of the following statements about concessions is **incorrect**?
- A) Concessions are central to negotiations.
- B) Concession is another word for adjustments in position.
- C) Concession making exposes the concession maker to some risk.
- D) Reciprocating concessions is a haphazard process.

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70) Parties feel better about a settlement when negotiations involve a(n):
A) immediate settlement.
B) a single round of concessions.
C) progression of concessions.
D) *fait accompli*.

71) All of the following are true regarding the making of concessions in a negotiation, ***except***?
A) Concessions indicate an acknowledgment of the other party's objectives.
B) Concessions show a movement toward the other's position.
C) Concessions imply a recognition of the legitimacy of the other party's position.
D) Concessions are a statement of the failure to recognize the other party's position.

72) When successive concessions get smaller, the most obvious message is that:
A) the negotiator is reaching the fatigue point.
B) the resistance point is being reached.
C) the concession maker's position is weakening.
D) the negotiator has passed the resistance point.

73) Hardball tactics are designed to:
A) be used primarily against powerful negotiators.
B) clarify the user's adherence to a distributive bargaining approach.
C) pressure targeted parties to do things they would not otherwise do.
D) eliminate risk for the person using the tactic.

74) Aggressive behaviour tactics include all of the following, ***except***?
A) The relentless push for further concessions.
B) Asking for the best offer at the end of negotiations.
C) Asking the other party to explain and justify their proposals item by item.
D) Forcing the other side to make many concessions to reach an agreement.

75) The "snow job" tactic occurs when:
A) the other party acts cool and aloof
B) negotiations are perceived to be unethical
C) negotiators overwhelm the other party with too much information
D) negotiations refuse to offer concessions

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76) A(n) _____ contains an extremely tight deadline to pressure the other party to agree quickly.
A) snow job
B) sweet deal
C) exploding offer
D) incompetent concession

77) The most popular closing tactic is:
A) the exploding offer
B) split the difference
C) sweeteners
D) assume the close

78) Which of the following hardball tactics is based on the theory that the use of extreme offers will cause the other party to re-evaluate his or her own opening offer and move closer to or beyond their resistance point?
A) Good Cop/Bad Cop
B) Bogey
C) Lowball/Highball
D) The Nibble

79) Which of the following hardball tactics pretends that an issue of little or no importance to them when in reality the issue is very important?
A) Good Cop/Bad Cop
B) Bogey
C) Lowball/Highball
D) The Nibble

80) Negotiators using the _____ tactic ask for a proportionally small concession on an item that hasn't been discussed previously to close the deal.
A) Good Cop/Bad Cop
B) Bogey
C) Nibble
D) Lowball/Highball

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SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

81) Define distributive bargaining.

82) List two situations when distributive bargaining strategies are useful.

83) Under what conditions does a negative bargaining range occur?

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84) How can a negotiation that begins with a negative bargaining range be resolved?

85) Define BATNA.

86) What can happen when one or both parties do not think they got the best agreement possible?

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87) What are the four important tactical tasks for a negotiator in a distributive bargaining situation?

88) What is the simplest way to screen a position?

89) Define calculated incompetence.

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90) Define selective presentation.

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91) Describe the use of emotional reaction.

92) What are the three ways to manipulate the costs of delay in negotiation?

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93) Why is it advantageous to make an extreme opening offer?

94) What are the disadvantages of making a more extreme opening offer?

95) What characteristics of the original offer, opening stance and opening concession signal a position of firmness? Of flexibility?

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96) What are the advantages of adopting a flexible position?

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97) Discuss the importance of reciprocating (or not reciprocating) concessions.

98) What is the disadvantage of letting the absence of further concessions convey the message of the final offer?

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99) What are the risks involved when using hardball tactics?

100) What are the strategies for responding to hardball tactics?

101) "The higher the other party's estimate of your cost of delay or impasse, the stronger the other party's resistance point will be". Explain.

102) In a short essay, defend or refute the following statement: "The less the other party values an issue, the higher his or her resistance point will be".

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Answer Key

Test name: Chapter 02

1) TRUE
2) TRUE
3) FALSE
4) TRUE
5) FALSE
6) TRUE
7) TRUE
8) FALSE
9) TRUE
10) FALSE
11) TRUE
12) FALSE
13) TRUE
14) TRUE
15) FALSE
16) TRUE
17) TRUE
18) FALSE
19) TRUE
20) TRUE
21) TRUE
22) TRUE
23) FALSE
24) TRUE
25) FALSE
26) TRUE
27) TRUE
28) TRUE
29) TRUE
30) FALSE
31) FALSE
32) TRUE
33) FALSE
34) FALSE
35) TRUE
36) FALSE
37) TRUE

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38) FALSE
39) TRUE
40) TRUE
41) FALSE
42) FALSE
43) TRUE
44) FALSE
45) TRUE
46) TRUE
47) TRUE
48) TRUE
49) TRUE
50) FALSE
51) FALSE
52) TRUE
53) FALSE
54) TRUE
55) TRUE
56) D
57) A
58) A
59) A
60) B
61) D
62) C
63) A
64) D
65) C
66) D
67) D
68) B
69) D
70) C
71) D
72) B
73) C
74) B
75) C
76) C
77) B

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78) C
79) B
80) C
81) Short Answer
A competition over who is going to get the most of a limited resource (can be money, time, people, etc.)

82) Short Answer
When a negotiator wants to maximize the value obtained in a single deal and when the relationship with the other party is not important.

83) Short Answer
The seller's resistance point is above the buyer's.

84) Short Answer
If one or both parties are persuaded to change their resistance points, or if someone else forces a solution upon them that one or both parties dislike.

85) Short Answer
Best Alternative to a Negotiated Agreement.

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86) Short Answer
One party or the other may try to get out of the agreement later, try to recoup their losses, or get even.

87) Short Answer
(1) Assess the other party's outcome values and the costs of terminating negotiations; (2) manage the other party's impression of one's own outcome values; (3) modify the other party's perception of his or her own outcome values; (4) manipulate the actual costs of delaying or aborting negotiations.

88) Short Answer
Say and do as little as possible.

89) Short Answer
The negotiating agent is not given all of the necessary information, making it impossible for information to be leaked.

90) Short Answer
Negotiators reveal only the facts necessary to support their case.

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91) Short Answer
Another form of direct action negotiators can take to provide information about what is important to them. Powerful displays allow negotiators to claim more value.

92) Short Answer
(1) Plan disruptive action; (2) ally with outsiders; (3) manipulate the scheduling of negotiations.

93) Short Answer
Gives more room for movement in negotiation and therefore more time to learn the other party's priorities. May create the impression that there is a long way to go before a reasonable settlement will be achieved and more concessions than originally intended may have to be made to bridge the difference between the two opening positions.

94) Short Answer
It may be summarily rejected by the other party, and it communicates an attitude of toughness that may be harmful to long term relationships.

95) Short Answer
Firmness: an extreme original offer, a determined opening stance, and a very small opening concession. Flexibility: a more moderate opening offer, a reasonable co-operative opening stance, and a more generous initial concession.

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96) Short Answer
Can learn about the other party's outcome values and perceived possibilities. Establishes a co-operative rather than combative relationship, hoping to get a better agreement. Keep negotiations going.

97) Short Answer
Concession making indicates an acknowledgment of the other party and a movement toward the other's position. It implies recognition of that position and its legitimacy. If the other party does not reciprocate, the concession maker may appear to be weaker by having given up something and received nothing in return. If the giver has made a major concession on a significant point, it is expected that the return offer will be on the same item or one of similar weight and somewhat comparable magnitude. To make an additional concession when none has been received (or when what was given was inadequate) can imply weakness and can squander valuable maneuvering room.

98) Short Answer

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The other party may not recognize at first that the last offer was the final one and might volunteer a further concession to get the other to respond. Finding that no further concession results, the other party may feel betrayed and perceive that the pattern of concession-counter concession was violated.

99) Short Answer
Harm to reputation, losing the deal, negative publicity, and dealing with the other party's revenge.

100) Short Answer
Ignore them, discuss them, respond in kind, and co-opt the other party. Also discussed in the text but not listed specifically: preparation, familiarity with hardball tactics, identification and discussing the tactics, halting the negotiation process, team negotiations.

101) Short Answer
If the other party sees that you need a settlement quickly and cannot defer it, he or she can seize this advantage and press for a better outcome. Expectations will rise and the other party will set a more demanding resistance point. The more you can convince the other that your costs of delay or aborting negotiations are low (that you are in no hurry and can wait forever), the more modest the other's resistance point will be.

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102) Short Answer
The less the other party values an issue, the *lower* his or her resistance point will be.

The resistance point may soften as the person reduces how valuable he or she considers that issue. If you can convince the other party that a current negotiating position will not have the desired outcome or that the present position is not as attractive as the other believes, then he or she will adjust the resistance point.

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Chapter 2
Strategy and Tactics of Distributive Bargaining

Distributive bargaining is sometimes called competitive, or win-lose, bargaining. In a distributive bargaining situation, the goals of one party are usually in fundamental and direct conflict with the goals of the other party. Resources are fixed and limited, and both parties want to maximize their share. One important strategy is to guard information carefully—one party tries to give information to the other party only when it provides a strategic advantage. Meanwhile, it is highly desirable to get information from the other party to improve negotiation power. Distributive bargaining is basically a competition over who is going to get the most of a limited resource, which is often money. Whether or not one or both parties achieve their objectives will depend on the strategies and tactics they employ.

Learning Objectives

The main purpose of this chapter is to provide an overview of distributive situations and the strategies you can use to negotiate your way through them. After reading the chapter you should be able to:

LO1. Recognize distributive bargaining situations,
LO2. Explain the importance of goals and targets, reservation points, and alternatives,
LO3. Describe the varied tactical approaches used in distributive situations, and
LO4. Recognize and defend yourself from hardball tactics used by others.

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I. The Distributive Bargaining Situation (LO1)

A. Distributive bargaining strategies and tactics are useful when a negotiator wants to maximize the value obtained in a single deal, when the relationship with the other party is not important, and when they are at the claiming value stage of negotiations.

1. The *target point* is the point at which a negotiator would like to conclude negotiations; sometimes referred to as a negotiator's *aspiration*.
2. The *resistance point* is a negotiator's bottom line – the point at which a negotiator is indifferent to a deal. The resistance point is the most he/she will pay as a buyer (for a seller, it's the smallest amount he or she will settle for). Sometimes referred to as a *reservation price.*
3. The *asking price* is the initial price set by the seller, or the first number quoted by the seller.
4. Both parties to a negotiation should establish their starting, target, and resistance points before beginning a negotiation.

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5. The spreads between the resistance points, called the *bargaining zone* or *zone of potential agreement,* are very important. It is the area where actual bargaining takes place. When the buyer's resistance point is above the seller's, she is minimally willing to pay more than he is minimally willing to sell for, there is a *positive bargaining zone.* When the reverse is true there is a *negative bargaining zone.*

B. The Role of Alternatives to a Negotiated Agreement

1. In some negotiations, the parties have only two fundamental choices:
   (1) Reach a deal with the other party
   (2) No settlement at all

2. In other negotiations, one or both parties may have the possibility of an alternative deal with another party.
   (1) When good alternatives are available, negotiators are less likely to take unnecessary risks.
   (2) Negotiators who have stronger BATNAs will have more power throughout the negotiation and accordingly should be able to achieve more of their goals.
   (3) Alternatives give negotiators the power to walk away from any negotiation when the emerging deal is not very good.

C. Settlement Point TBEXAM.COM

a. For agreement to occur, both parties must believe that the settlement, although perhaps less desirable than they would prefer, is the best that they can get (within a positive bargaining zone).

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II. Fundamental Strategies (LO2)

A. Four fundamental strategies are available:

1. Push for a settlement close to the seller's resistance point, thereby yielding the largest part of the settlement range for the buyer.
2. Convince the seller to change his/her resistance point by influencing the seller's beliefs about the value of the unit, thereby increasing the bargaining range.
3. If a negative settlement range exists, try to convince the seller to reduce his/her resistance point to create a positive settlement zone or change your own resistance point to create an overlap.
4. Convince the seller to believe that this settlement is the best possible.

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B. Two important tasks in a distributive bargaining situation.
   a. Discovering the other party's resistance point.
   b. Influencing the other party's resistance point.

C. Discovering the Other Party's Resistance Point

1. The more you can learn about the other party's target, resistance point, motives, feelings of confidence, and so on, the more able you will be to strike a favourable agreement.
2. You do not want the other party to know your resistance point. Because each side wants to obtain some information and to conceal others, and because each side knows that the other also wants to obtain and conceal information, communication can become complex.

D. Influencing the Other Party's Resistance Point

1. The following factors are important in attempting to influencing the other party's resistance point:
   a. The value the other attaches to a particular outcome;
   b. The costs the other attaches to delay or difficulty in negotiations;
   c. The cost the other attaches to having the negotiations aborted.

2. A significant factor in shaping the other person's understanding of what is possible is the other's understanding of your situation. Consider the following:
   a. The more you can convince the other that your costs of delay or aborting negotiations are low, the more modest the other's resistance point will be.
   b. The more you can convince the other party that an impasse will be costly, the more likely he/she will be to establish a modest resistance point. In contrast, the more attractive the other party's alternatives, the more likely he/she will be to set a high resistance point.
   c. If you can convince the other party that a current negotiating position will not have the desired outcome or that the present position is not as attractive as the other believes, then he/she will adjust the resistance point.
   d. The more the other party believes that you value an issue the lower their resistance.

III. Tactical Tasks (LO3)

A. There are four important tactical tasks for a negotiator in a distributive situation to consider:

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1. Assess the other party's target, resistance point and cost of terminating negotiations.
   a. Indirect assessment means determining what information an individual likely used to set target and resistance points and how he/she interpreted this information.
   b. Direct assessment is when the other party provides information. When pushed to the absolute limit and in need of a quick settlement, the other party may explain the facts quite clearly.

2. Manage the other party's impressions.
   a. *Screening activities* – say as little as possible. Instead, use words to ask the other negotiator questions.
   b. Direct action to alter impressions:
      (1) *Selective presentation*: negotiators reveal only the facts necessary to support their case. Lead the other party to form the desired impression of their resistance point or to create new possibilities for agreement that are more favorable than those that currently exist.
      (2) *Emotional reaction* to facts, proposals and possible outcomes (e.g., 'a flinch'). Letting a negotiation counterpart see your negative reaction to an offer, as long as it isn't too intense, increases the likelihood that you will claim more value.

3. Modify the other party's perceptions of his or her own target, resistance point, and cost of terminating negotiation.
   (1) Make outcomes appear less attractive.
   (2) Make the cost of obtaining outcomes appear higher.
   (3) Make demands and positions appear more or less attractive to the other party – whichever suits your needs.
   (4) Interpret for the other party what the outcomes of his or her proposal will really be highlighting something that has been overlooked).
   (5) Conceal information.

4. Manipulate the actual costs of delaying or terminating negotiations.
   a. *Planning disruptive action*: Increasing the costs of not reaching a negotiated agreement.
   b. *Forming an alliance with outsiders* who can somehow influence the outcome of the negotiation.
   c. *Manipulating the scheduling of negotiations* can put the other party at a considerable disadvantage by enhancing your position.

IV. Positions Taken During Negotiation

A. *Opening offer*

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1. Making the first offer in a distributive deal is often advantageous to the negotiator making the offer because he or she can *anchor* a negotiation. An ambitious or exaggerated opening offer can be advantageous because:
   a. It gives the negotiator room for movement thereby giving him or her time to learn about the other party's priorities.
   b. May create an impression in the other party's mind that:
      (1) There is a long way to go before a reasonable settlement will be achieved
      (2) A greater number of concessions may have to be made to bridge the difference between the two opening positions
      (3) The other party may have incorrectly estimated his or her own resistance point.

2. Two disadvantages of an ambitious opening offer:
   a. Potential rejection by the other party.
   b. The perception of a "tough" attitude that can harm a long-term relationship.

3. *Phantom Anchors*
   a. Provide economic benefits by reducing the magnitude of the counteroffers made by the opposing side (more value claimed by the party making the initial offer).
   b. People who use this technique are also perceived as more manipulative, which may impact reputation and relationships.

B. An *opening stance* is the attitude the negotiator will adopt during a negotiation (competitive, belligerent, moderate, etc.). To communicate effectively, a negotiator should try to send a consistent message through both the opening offer and in their stance.

C. An opening offer is usually met with a counteroffer. *Initial concessions* define the initial bargaining range. The first concession conveys a message, frequently a symbolic one, to the other party about how you will proceed.

D. *Role of concessions* – negotiations would not exist without them. There is ample data to show that parties feel better about a settlement when the negotiation involved a progression of concessions than without concessions.

E. The *pattern of concession making* during a negotiation contains valuable information, though not always easy to interpret. Due to symbolic nature of concessions and that they are often reciprocated, it is important to consider how large and how many concessions to make. When successive concessions get

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smaller, the obvious message is that the concession maker's position is getting firmer and that the resistance point is being approached.

F. *Final offers* - a negotiator wants to convey the message that there is no further room for movement. One way to accomplish this is to make the last concessions substantial.

G. *Closing the Deal*
   1. *Provide alternatives* – rather than making a single final offer, provide two or three alternative packages for the other party that are roughly equal in value.
   2. *Assume the close* – having a general discussion about the needs and positions of the buyer, then act as if the decision to purchase something has already been made.
   3. *Split the difference* – the most popular tactic used; used when an agreement is close, suggesting that the parties split the difference.
   4. *Exploding offers* – an offer that contains an extremely tight deadline in order to pressure the other party to agree quickly. The purpose of an exploding offer is to convince the other party to accept the settlement and to stop considering outcomes.
   5. *Sweeteners* – negotiators need to include the sweetener in their negotiation plans or they may concede too much during the close.

V. Hardball Tactics (LO4)

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A. Dealing with typical hardball tactics – there are several choices about how to respond.

   1. Ignore them
   2. Discuss/label them
   3. Respond in kind
   4. Co-opt/befriend the other party

B. Typical Hardball Tactics

   1. Good Cop/Bad Cop
      a. Weaknesses:
         (1) Relatively transparent
         (2) Difficult to enact – typically alienates targeted party and requires more energy toward making the tactic work smoothly than toward accomplishing the negotiation goals.

   2. Lowball/Highball – starting with a ridiculously low (or high) opening offer that will never be achieved.

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a. Risk in using this tactic:
   (1) The other party will think it is a waste of time to negotiate and stop the process.
b. Strategies for using this tactic – good preparation:
   (1) Insist that the other party start with a reasonable opening offer and refuse to negotiate further until the other side does so.
   (2) State your understanding of the general market value of the item being discussed and support with facts and figures, thus showing the other party that you won't be tricked.
   (3) Threaten to leave the negotiation, showing dissatisfaction in the other party in using this tactic.
   (4) Respond with an extreme counter offer.

3. Bogey – pretending an issue of little or no importance is quite important.
   a. Weaknesses:
      (1) Fundamentally deceptive and can be difficult to enact – can lead to both negotiators arguing against their true wishes.
      (2) Can be difficult to change gracefully and accept an offer in completely the opposite direction.
   b. Best way to deal with this tactic – good preparation:
      (1) Probing with questions about why the other party wants a particular outcome.
      (2) Not conceding too much after the other party completely reverses a position.

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4. The Nibble – a small concession sought close to the end of the deal.
   a. Weaknesses in using the nibble:
      (1) Feeling that the party using the nibble did not bargain in good faith.
   b. Combating the nibble tactic:
      (1) Respond to each nibble with the question "What else do you want?"
      (2) Have your own nibbles prepared to offer in exchange.

5. Intimidation
   a. An attempt to force the other party to agree by means of an emotional ploy. Negotiators intimidate by:
      (1) Using anger/fear
      (2) Increasing the appearance of legitimacy
      (3) Guilt

6. Aggressive Behavior
   a. Aggressive tactics include:
      (1) Relentless push for further concessions
      (2) Asking for the best offer early in negotiations

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(3) Asking the other party to explain and justify his/her proposals item by item or line by line.

b. Dealing with aggressive behaviour:
(1) Halt the negotiations to discuss the negotiation process itself.
(2) Having a team to counter aggressive tactics from the other party.
(3) Good preparation and understanding of both your own and the other party's needs and interests together.

7. Snow Job – overwhelm the other party with so much information that they have trouble determining which facts are real/important and which are included merely as distractions.
a. Countering a snow job – strong preparation:
(1) Do not be afraid to ask questions until you receive an answer you understand.
(2) If the matter is highly technical, negotiators may suggest that technical experts get together to discuss the technical issues.
(3) Listen carefully to the other party and identify consistent and inconsistent information, probing for further information after identifying an inconsistency.

Chapter Summary and Key Learning Points

In this chapter we examined the basic structure of competitive or distributive bargaining situations and some of the strategies and tactics used in distributive bargaining. As you prepare for, and navigate through, distributive situations, there are a number of things you should keep in mind:

1. Preparation is key. This advice is so important that we devote a whole chapter (Chapter 4) to it.
2. Analyze your target, reservation point, and BATNA before you negotiate.
3. Focus on trying to determine your counterpart's target, reservation point, and BATNA.
4. If you are prepared, and it is possible, make the opening offer. Even if it is not possible to make the opening offer, remember that anchoring is a powerful tool that influences final outcomes.
5. Use concessions symbolically. Decreases in concession size indicate that you are approaching your limits. You should also remember not to make unilateral concessions; if you concede, make sure your counterpart knows they are expected to concede as well.
6. Watch for hardball tactics and don't be swayed by them. Remember, for most tactics the best defence is preparation. Keeping your cool and signalling that you know what you are doing go a long towards minimizing the effect of hardball tactics

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