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NICK KOLENDA

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1

NEGOTIATION



GATHER BENCHMARK DATA BEFORE NEGOTIATING

Determine the type of deal that you should be receiving.

Without benchmark data, you risk accepting a bad offer.

- **Negotiating a Job?** Get data on salaries (e.g., PayScale, LinkedIn, recruiters).
- **Buying a Car?** Research your car's make, model, and year (e.g., Kelly Blue Book)
- **Hiring a Vendor?** Talk to other businesses in your industry.

Plus, you'll get these benefits:

- **Credibility.** Your counterpart won't feed you false information if they believe that you've done your homework.
- **Avoid Bias.** Managers are unaware of their biases — race, gender, personal, or even if they're having a bad day. Objective data can hold them accountable.
- **Stronger Position.** If you convey that you know your worth, counterparts will be less likely to take advantage of you.

YOU'VE APPLIED TO...



APPLE Marketing Manager



GOOGLE Senior Marketing Manager



AMAZON Digital Marketing Manager

ENHANCE YOUR BATNAS BEFORE A NEGOTIATION

Job seekers should interview at multiple companies to reduce reliance on a single company.

In any negotiation, you can boost your power in two ways:

1. **Importance.** Which party *needs* the agreement?
2. **Alternatives.** How many alternatives does each party have?

The second factor is called a BATNA: **Best Alternative to a Negotiated Agreement** (Fisher, Ury, & Patton, 2011).

You can boost your power by raising the (a) quantity, (b) quality, and (c) plausibility of your BATNAs (Kim, Pinkley, & Fragale, 2005).

Fisher, R., Ury, W. L., & Patton, B. (2011). *Getting to yes: Negotiating agreement without giving in*. Penguin.

Kim, P. H., Pinkley, R. L., & Fragale, A. R. (2005). Power dynamics in negotiation. *Academy of Management Review*, 30(4), 799-822.



BRING PASTRIES AND COFFEE TO A NEGOTIATION

This tactic seems cute — but it's devious.

Bringing pastries and coffee will do four things:

→ **Mimics Their Behavior.** Both of you will be eating — and this mimicry builds rapport (see Chartrand & Bargh, 1999). Research confirms that eating improves negotiations (Maddux, Mullen, & Galinsky, 2008; Balachandra, 2013).

→ **Provides an Unsolicited Favor.** Even if your counterpart hates pastries and coffee, this unsolicited favor will trigger an urge to reciprocate (Cialdini, 2006).

→ **Increases Their Glucose.** People behave aggressively if their glucose is low (Donohoe & Benton, 1999). Conversely, increasing glucose can boost cooperation (Denson, von Hippel, Kemp, & Teo, 2010). Pastries and coffee increase glucose levels, so they should reduce aggression (Lane, 2011).

→ **Activates Physical Warmth.** Our brain confuses physical warmth with personal warmth. Holding a warm beverage (e.g., coffee) boosts our interpersonal

warmth and cooperative behavior (Williams & Bargh, 2008).

Balachandra, L. (2013). Should you eat while you negotiate. *Harvard Business Review*.

Chartrand, T. L., & Bargh, J. A. (1999). The chameleon effect: the perception-behavior link and social interaction. *Journal of personality and social psychology*, 76(6), 893.

Cialdini, R. B. (2006). *Influence: the psychology of persuasion*, revised edition. New York: William Morrow.

Denson, T. F., von Hippel, W., Kemp, R. I., & Teo, L. S. (2010). Glucose consumption decreases impulsive aggression in response to provocation in aggressive individuals. *Journal of Experimental Social Psychology*, 46(6), 1023-1028.

Donohoe, R. T., & Benton, D. (1999). Blood glucose control and aggressiveness in females. *Personality and Individual Differences*, 26(5), 905-911.

Lane, J. D. (2011). Caffeine, glucose metabolism, and type 2 diabetes. *Journal of caffeine research*, 1(1), 23-28.

Maddux, W. W., Mullen, E., & Galinsky, A. D. (2008). Chameleons bake bigger pies and take bigger pieces: Strategic behavioral mimicry facilitates negotiation outcomes. *Journal of Experimental Social Psychology*, 44(2), 461-468.

Williams, L. E., & Bargh, J. A. (2008). Experiencing physical warmth promotes interpersonal warmth. *Science*, 322(5901), 606-607.



GIVE YOUR NEGOTIATION COUNTERPART A LOW SOFT CHAIR

Change the body language of your counterpart to reduce their power.

Why should you give a low, soft chair to your counterpart?

→ **Upward Angle.** Your counterpart will look up at you. Research confirms that even white rice seems more powerful with an upward perspective (Van Rompay, De Vries, Bontekoe, & Tanja-Dijkstra, 2012). If you're negotiating through video chat, perhaps you could achieve the same effect by tilting your camera upward.

→ **Contracted Posture.** Ideally, give them an awkward chair — small enough so that they need to cram into it. This posture triggers a biological response that weakens their power (Carney, Cuddy, & Yap, 2010).

→ **Flexible Negotiation.** Why a soft chair? Because a rigid chair will extract rigid behavior. In one study,

people who sat in hard chairs were more rigid while negotiating — their counteroffers were less flexible (Ackerman, Nocera, & Bargh, 2010). It seems weird, but refer to my book *The Tangled Mind* for the reasons behind this sensory confusion.

Ackerman, J. M., Nocera, C. C., & Bargh, J. A. (2010). Incidental haptic sensations influence social judgments and decisions. *Science*, 328(5986), 1712-1715.

Carney, D. R., Cuddy, A. J., & Yap, A. J. (2010). Power posing: Brief nonverbal displays affect neuroendocrine levels and risk tolerance. *Psychological science*, 21(10), 1363-1368.

Van Rompay, T. J., De Vries, P. W., Bontekoe, F., & Tanja-Dijkstra, K. (2012). Embodied product perception: Effects of verticality cues in advertising and packaging design on consumer impressions... *Psychology & Marketing*, 29(12), 919-928.



NEGOTIATE ON DAYS WITH NICE WEATHER

You feel happier in good weather, so you're more likely to help people.

Weather has a powerful effect on behavior.

→ **Good Weather Triggers Positive Behavior.**

People give larger tips and gratuity (Cunningham, 1979).

→ **Bad Weather Triggers Negative Behavior.**

People leave more negative reviews (Brandes & Dover, 2022).

Therefore, schedule your negotiation for a day that has nice weather.

If you *need* to negotiate during bad weather, discuss the weather beforehand. This discussion eliminates the negative effect because it orients people toward the reason behind their dampened mood (see Schwartz & Clore, 1983).

Cunningham, M. R. (1979). Weather, mood, and helping behavior: Quasi experiments with the sunshine samaritan. *Journal of personality and social psychology*, 37(11), 1947.

Schwarz, N., & Clore, G. L. (1983). Mood, misattribution, and judgments of well-being: informative and directive functions of affective states. *Journal of personality and social psychology*, 45(3), 513.

Brandes, L., & Dover, Y. (2022). Offline Context Affects Online Reviews: The Effect of Post-Consumption Weather. *Journal of Consumer Research*, 49(4), 595-615.



NEGOTIATE IN THE MORNINGS

Suggest an early time, perhaps 8:00 to 10:00am.

Early-morning negotiations are useful.

First, you'll have ample time to negotiate.

Second, if you can extract a longer investment of time, your counterpart will be more invested in finalizing an agreement (Malhotra & Bazerman, 2008).

Third, you trigger a *primacy effect*: Information early in a sequence will become entrenched in long-term memory (Murdock, 1962).

Strive to be the first candidate in any sequence of interviews. While managers choose the best candidate, your

interview will pop into their mind more easily – and they will misattribute this ease with a desire to hire you (see Whittlesea, 1993).

If an early time isn't possible, choose a later time (perhaps 4:00 to 5:00pm). If you can't be the first interview, strive to be the last interview to trigger a *recency effect*.

Malhotra, D., & Bazerman, M. H. (2008). Psychological influence in negotiation: An introduction long overdue. *Journal of Management*, 34(3), 509-531.

Murdock Jr, B. B. (1962). The serial position effect of free recall. *Journal of experimental psychology*, 64(5), 482.

Whittlesea, B. W. (1993). Illusions of familiarity. *Journal of Experimental Psychology: Learning, Memory, and Cognition*, 19(6), 1235.



DEPICT VISUAL BALANCE WITH YOUR COUNTERPART

Your list of perks should never seem visually longer.

**People care about relative value.
How much do they receive compared
to you?**

In one study, researchers asked people to participate in an experiment:

- One group was offered \$7.
- Another group was offered \$8 (but they were told that other participants were paid \$10).

The second group was less likely to participate, even

though they were offered more money (Blount & Bazerman, 1996).

In negotiations, you need a sense of equality. Your list of benefits should never seem visually longer (Petty & Cacioppo, 1984).

Blount, S., & Bazerman, M. H. (1996). The inconsistent evaluation of absolute versus comparative payoffs in labor supply and bargaining. *Journal of Economic Behavior & Organization*, 30(2), 227-240.

Petty, R. E., & Cacioppo, J. T. (1984). Source factors and the elaboration likelihood model of persuasion. *ACR North American Advances*.



ALWAYS COUNTER THE FIRST OFFER

Countering is good for both parties. Counterparts feel regret if you accept their first offer because it signals they could have received more.

Don't be greedy — but counter their first offer.

Countering is good for you *and* the counterpart. Why? Because they will be happier with the deal (Galinsky, Seiden, Kim, & Medvec, 2002).

If you accept their first offer, they feel regretful — as if they received a suboptimal deal. Countering will

make them happier with the final deal. Now, should you counter a counteroffer?

Never counter for the sake of countering. Compare this counteroffer to your benchmark data. What deal were you hoping to secure? If this offer is generous — and it matches your intended deal — then accept.

Galinsky, A. D., Seiden, V. L., Kim, P. H., & Medvec, V. H. (2002). The dissatisfaction of having your first offer accepted: The role of counterfactual thinking in negotiations. *Personality and Social Psychology Bulletin*, 28(2), 271-283.



PAUSE AFTER YOUR COUNTERPART MAKES AN OFFER

Your counterpart might interpret your silence as indecision, prompting them to interject and raise the offer.

Your counterpart made a generous offer that you don't want to counter. At this moment, pause for a few seconds before accepting.

Your silence will make them uncomfortable — and they might preemptively enhance their offer before you answer:

- **Them:** *How is \$85,000 for the salary?*
- **You:** *[pause for 5 seconds]*
- **Them:** *We could go up to \$90,000.*

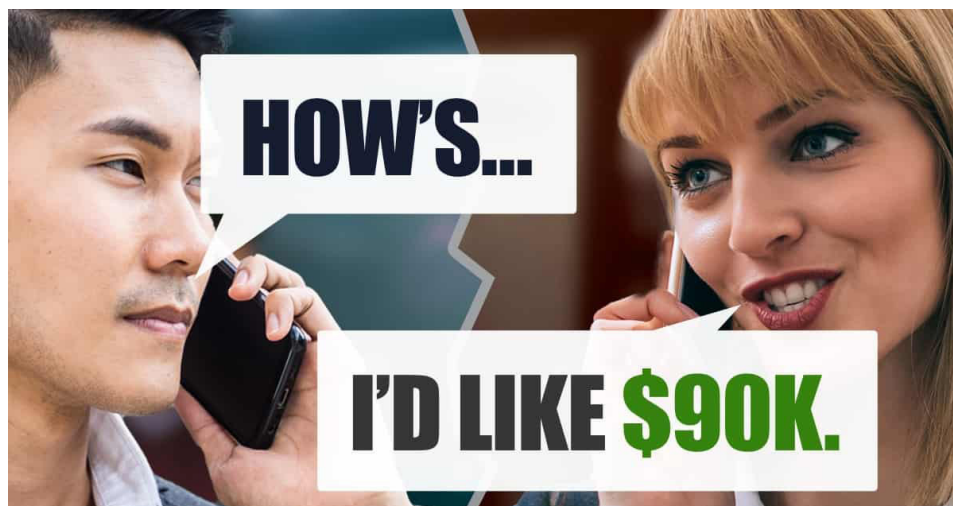
If they interject, then great. If not, then accept or

counter. Either way, your silence was simply a moment to ponder the offer.

If anything, immediate concessions can be harmful. Counterparts feel regretful, as if they are overvaluing your offer:

...concessions, especially immediate ones, will be interpreted as signaling a defective or overpriced object that the other party is trying to unload rather than a conciliatory move designed to aid the focal negotiator. (Kwon & Weingart, 2005, p. 4).

Kwon, S., & Weingart, L. R. (2008). Social motive expectations and the concession timing effect. In IACM 21st Annual Conference Paper.



MAKE THE FIRST OFFER DURING A NEGOTIATION

Request a high anchor so that your counterpart searches for the best qualities that would justify this cost.

Always make the first offer:

When I poll executives, more than three quarters believe that it's usually best not to make the first offer...There's only one problem with this assumption: it's wrong. One thorough analysis of negotiation experiments showed that every dollar higher in the first offer translates into about 50 cents more in the final agreement. (Grant, 2013).

Why?

First, your counterpart will focus on the best qualities about your offer.

...a high list price directed real estate agents' attention to the house's positive features (such as spacious rooms or a new roof) while pushing negative features (such as a small yard or an old furnace) to the back recesses of their minds. (Galinsky, 2004)

Negotiating a job offer? Request a high salary to orient this employer to look for your best qualities that justify this cost.

Second, you trigger an *anchoring effect* (see Epley & Gilovich, 2006).

Most employers are considering a range of salaries, such as \$70k - \$95k. Your requested salary (\$100k) will pull them to the higher end of their range (\$95k).

Without an anchor, your salary would settle near the midpoint of their range — in this case \$82.5k (which is \$12.5k less than you would have received).

CAVEATS

→ **Schmooze First.** Don't underestimate schmoozing: "schmoozing greases the wheels of sociality and commerce, allowing relationships and deals to develop despite the friction involved in negotiations. (Morris, Nadler, Kurtzberg, & Thompson, 2002, p. 99). Personal information (e.g., what's happening in your life) is particularly effective (Worthy, Albert, & Gay, 1969).

Epley, N., & Gilovich, T. (2006). The anchoring-and-adjustment heuristic: Why the adjustments are insufficient. *Psychological science*, 17(4), 311-318.

Galinsky, A. D. (2004). When to make the first offer in negotiations. Harvard Business School Working Knowledge.

Morris, M., Nadler, J., Kurtzberg, T., & Thompson, L. (2002). Schmooze or lose: Social friction and lubrication in e-mail negotiations. *Group Dynamics: Theory, Research, and Practice*, 6(1), 89.

Worthy, M., Gary, A. L., & Kahn, G. M. (1969). Self-disclosure as an exchange process. *Journal of personality and social psychology*, 13(1), 59.





SEPARATE ANY GAINS

Separate gains when possible so that they feel more impactful.

Which option is better:

- You find a \$20 bill
- You find a \$10 bill. Then another \$10 bill

Both are equal economically, but the second outcome *feels* better (Kahneman & Tversky, 1979).

Same with negotiations. Consider this benefit:

- The project will be completed under budget by May 3

You could adjust that single benefit into:

- The project will meet all quality requirements
- The project will be completed under budget
- The project will be completed by May 3

Voilà. One benefit has become three. Your deal will seem more valuable (Malhotra & Bazerman, 2008).

Malhotra, D., & Bazerman, M. H. (2008). Psychological influence in negotiation: An introduction long overdue. *Journal of Management*, 34(3), 509-531.

Kahneman, D., & Tversky, A. (1979). Prospect Theory: An Analysis of Decision under Risk. *Econometrica*, 47(2), 263-292.



ADDRESS ALL RELEVANT TERMS DURING A NEGOTIATION

Job negotiations involve more than just salary. Addressing all terms will help both parties find the best possible deal.

In negotiations, your biggest enemy is a fixed pie mentality.

Consider a job negotiation. The employer offers \$110,000. But you want \$130,000. With a fixed pie, at least one party needs to concede. Typically, both parties concede to the middle — in this case \$120,000.

But this final agreement is worse for both parties. With the right approach, your deals can be favorable to both parties.

How? Avoid fixating on a single metric (e.g., salary).

Instead, you need to address all terms. For job negotiations, address the terms beyond salary:

- Benefits
- Vacation days
- Commissions
- Working from home
- Scheduled raises
- Other perks

By listing all terms, your negotiation becomes more flexible. You might accept the \$110,000 salary if you can work from home for two days each week.

HOW TO APPLY

→ **Diagnose Unspoken Reasons.** Your boss tells you that a raise isn't doable. No reason. No explanation. Just...no. Always diagnose the reason: What's the issue? Budget? Timing? Performance? Once you get these answers, find a solution. When will the budget open up? When will the timing be better? What will it take to earn that raise?

→ **Address Terms Simultaneously.** Never address terms sequentially. Don't resolve salary, *then* commissions, *then* vacation days. Lump everything to maintain your bargaining power. You can concede in less important areas to receive value in more important areas.

→ **Rank Order Terms By Importance.** You might value commissions, while your employer can be flexible with commissions. Find areas of flexibility.

(see fig 1)





MENTION YOUR BATNAS DURING A NEGOTIATION

Your counterpart will negotiate less aggressively when they hear your alternative options.

Be honest with your BATNAs (DeRue, Conlon, Moon, & Willaby, 2009).

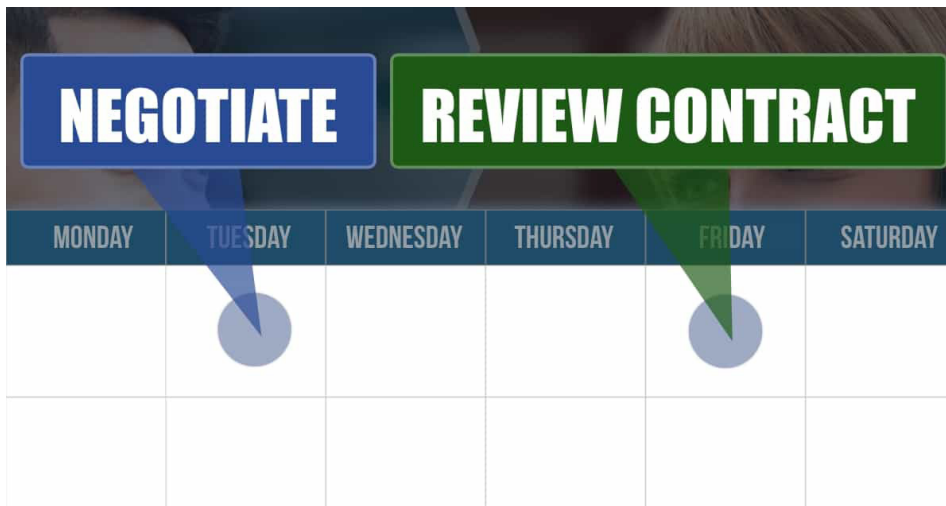
Negotiators who are perceived to have many (rather than few) alternatives (1) will be considered more attractive negotiation partners, (2) will be less likely to have others negotiate aggressively with them, (3) will more easily reach an agreement, and (4) will capture a higher percentage of the value in negotiations. (Malhotra & Bazerman, 2008)

Plus, this disclosure gets your counterpart to be honest as well (Collins & Miller, 1994). You'll hear a more accurate portrayal of their needs — which can lead to better outcomes for you *and* them.

Collins, N. L., & Miller, L. C. (1994). Self-disclosure and liking: a meta-analytic review. *Psychological bulletin*, 116(3), 457.

DeRue, D. S., Conlon, D. E., Moon, H., & Willaby, H. W. (2009). When is straightforwardness a liability in negotiations? The role of integrative potential and structural power. *Journal of Applied Psychology*, 94(4), 1032.

Malhotra, D., & Bazerman, M. H. (2008). Psychological influence in negotiation: An introduction long overdue. *Journal of Management*, 34(3), 509-531.



SCHEDULE A FUTURE INTERACTION BEFORE A NEGOTIATION

Your counterpart will negotiate less aggressively if you schedule a future time to meet.

Give your counterpart a reason to be cooperative.

People feel obligated to act favorably if they will be interacting with somebody again:

When social dilemmas involve repeated interaction over a period of time, people often develop a readiness for mutual cooperation... [This] implies that the only way to succeed is to get the other(s) to cooperate. (Pruitt, 1998, p. 474)

Even if you only meet once to negotiate, remind them of a future interaction:

- **Finalize Agreement.** You'll reconnect to review the contract (Murnighan & Roth, 1983).
- **Conferences.** You'll be seeing each other at industry events.
- **Future Projects.** You'll work with each other on new projects later.

Murnighan, J. K., & Roth, A. E. (1983). Expecting continued play in prisoner's dilemma games: A test of several models. *Journal of conflict resolution*, 27(2), 279-300.

Pruitt, D. G. (1998). Social conflict.



AVOID NEGOTIATION TERMINOLOGY

Even simple words like “accepting” and “rejecting” increase aggressive tendencies.

Negotiation has a bad reputation in Western cultures. It seems combative — only one winner can emerge.

This philosophy influenced negotiation styles. Rather than look for mutual gains, people fixate on defending and reinforcing their position — which weakens the final deal for both parties (Fisher, Ury, & Patton, 2011).

To earn the best deal, you need a cooperative mindset. How? Choose your words carefully.

Avoid words that frame the discussion as a negotiation. Even simple words like “accepting” and “rejecting”

increase aggressive tendencies (Larrick & Blount, 1997).

Use cooperative words (e.g., collaborate, brainstorm, work together). Even 1st person pronouns (e.g., us, we, our) boost cooperation (Perdue, Dovidio, Gurtman, & Tyler, 1990).

Larrick, R. P., & Blount, S. (1997). The claiming effect: Why players are more generous in social dilemmas than in ultimatum games. *Journal of Personality and Social Psychology*, 72(4), 810.

Perdue, C. W., Dovidio, J. F., Gurtman, M. B., & Tyler, R. B. (1990). Us and them: Social categorization and the process of intergroup bias. *Journal of personality and social psychology*, 59(3), 475.

Fisher, R., Ury, W. L., & Patton, B. (2011). *Getting to yes: Negotiating agreement without giving in*. Penguin.

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