

The 7 Deadly Sins of Negotiation

WE WILL LEARN

7 DEADLY SINS
OF
NEGOTIATION



THE DANGERS
OF THE 7
DEADLY SINS



HOW TO
AVOID THE
DANGERS

1. PRIDE

IT BLINDS US TO WEAKNESS

- ▶ PRIDE & ARROGANCE BLINDS US TO OUR WEAKNESS
 - ▶ WHAT ARE OUR WEAK SPOTS?
 - ▶ ROLEPLAYING AND RED TEAMING
 - ▶ WHAT TO SAY | HOW TO SAY | WHEN TO SAY | WHY TO SAY
- ▶ PRIDE & ARROGANCE RESULT IN MISTAKES – “I KNOW HOW TO DO THIS”
- ▶ DEVELOP A BEGINNER’S MIND
 - ▶ ATTITUDE OF OPENNESS | LACK OF PRECONCEPTIONS | CURIOSITY
- ▶ DON’T SHIRK THE FUNDAMENTALS

2. GREED

THE ULTIMATE ADDICTION

- ▶ *"My father said, 'You must never try to make all the money that's in the deal. Let the other fellow make some money too, because if you have the reputation for always making all the money, you won't have many deals.'" - J. Paul Getty*
- ▶ DRIVING FOR THE DOPAMINE HIT
- ▶ GREED - SELFISH DESIRE TO TAKE ALL THE VALUE IN THE DEAL
 - ▶ SHORT-SIGHTED | IRRISONSIBLE | EGO DRIVEN
- ▶ ZERO-SUM MINDSET
- ▶ WHAT ABOUT MUTUALLY BENEFICIAL NEGOTIATIONS?

3. LUST FOR POWER

QUESTIONING THE NEED FOR POWER

- ▶ LUST FOR POWER AND CONTROL DRIVES MYOPIC NEGOTIATIONS
- ▶ ACKNOWLEDGEMENT OF OUR EGO IS THE FIRST STEP – LABEL IT
- ▶ USE THE EGO OF THE COUNTERPARTY AS AN ASSET
- ▶ INITIATING CONVERSATIONS THROUGH CURIOUS CONVERSATION
 - ▶ IDENTIFYING ACCESS POINTS
 - ▶ QUESTION FUNNELING

4. ENVY

UNHEALTHY COMPARISONS

- ▶ PAIN CAUSED BY LACKING SOMETHING THAT SOMEONE ELSE HAS
- ▶ SOMETIMES WE OVER EMPHASIZE THE STRENGTH OF THE COUNTER PARTY
- ▶ “THEY HAVE MORE INFLUENCE | MORE ABILITY | MORE INFORMATION”
- ▶ BE REALISTIC ABOUT THE TRUE POSITION OF THE COUNTER PARTY
- ▶ THEY ARE LIKELY THINKING THE SAME

5. GLUTTONY

HOW MUCH IS ENOUGH?

- ▶ ALWAYS ASK FOR MORE - BUT NOT TOO MUCH
- ▶ THE DANGER OF EXTREME ANCHORING
- ▶ HOW MUCH IS ENOUGH AND THE CONCEPT OF BRACKETING
- ▶ THE DISCIPLINE TO STOP GRINDING

NEGOTIABLE ITEMS	WORST CASE	TARGET	BEST CASE

6. WRATH

CONTROLLING ANGER AND EMOTION

- ▶ ANGER REDUCES DECISION QUALITY
 - ▶ OUR EGO'S ARE FRAGILE
- ▶ IT'S OKAY TO HAVE EMOTION, BUT ONLY IF YOU CAN CONTROL IT
- ▶ SYSTEM 1 VS. SYSTEM 2 THINKING
 - ▶ SYSTEM 1 THINKING – AUTOMATIC, GUT DRIVEN DECISIONS
 - ▶ SYSTEM 2 THINKING – DELIBERATE AND MEASURED
- ▶ CONTROLLING ANGER AND FRUSTRATION THROUGH SLOW DOWN AND CURIOSITY

7. SLOTH

DOING THE WORK

- ▶ THE DANGER OF NOT PUTTING IN THE WORK
- ▶ PREPARATION AND PLANNING
 - ▶ NEEDS VS. WANTS | COMPANY KNOWLEDGE | MARKET KNOWLEDGE
- ▶ CONCESSION PLANNING
 - ▶ OBJECTIVE COST OF A CONCESSIONS | DETERMINING TRADING VALUE
- ▶ BATNA DEVELOPMENT
 - ▶ HAVING AN IDEA OF A BATNA IS NOT GOOD ENOUGH
- ▶ CHECKLIST BASED PROCESS

WE HAVE LEARNED

7 DEADLY SINS

1. PRIDE
2. GREED
3. LUST FOR POWER
4. ENVY
5. GLUTTONY
6. WRATH
7. SLOTH

DANGERS

1. BLIND US TO WEAKNESS
2. REDUCES POSSIBLE VALUE
3. MYOPIC DEALS
4. SUFFERING
5. REDUCES # OF DEALS
6. REDUCES DECISION QUALITY
7. NO PREPARATION

HOW TO AVOID

1. DEVELOP SHOSHIN
2. MUTUAL BENEFITS
3. GET CURIOUS
4. REALISM
5. DISCIPLINE
6. SLOW DOWN
7. HAVE A PROCESS FOR PREPARATION



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