

Chapter 2 Preparation: Building the Foundation for Negotiating

Multiple Choice

1. What percentage of the negotiation process should be devoted to preparation?

- A. Twenty.
- B. Forty.
- C. Sixty.
- D. Eighty.

ANS: (D)

2. The strategic planning stage of preparation includes:

- A. Defining the situation, establishing the desired goals, formulating a strategy and creating a script.
- B. Defining the situation, establishing the desired goals, formulating a strategy and deciding how to implement the strategy.
- C. Defining the situation, establishing the desired goals, creating a script and deciding how to implement the strategy.
- D. Defining the situation, establishing the desired goals, creating a script and deciding how to implement the negotiation outcome.

ANS: (B)

3. Considering questions such as, “Will you be negotiating a deal, settling a dispute or making a team decision? Will you negotiate with this party once or multiple times? Will you negotiate publicly or privately?” define the:

- A. Obligations of the interaction.
- B. Environment or context.
- C. Nature of the interaction.
- D. Resources and constraints.

ANS: (C)

4. Negotiators who are highly concerned with achieving their substantive goals but have significantly less concern for the relationship or for the other party’s substantive goals are likely to adopt:

- A. A distributive strategy.
- B. An integrative strategy.
- C. An interest-based strategy.
- D. A principled strategy.

ANS: (A)

5. Issues are:

- A. The points that must be addressed.
- B. The points on which there is no agreement between parties.
- C. Defined after the parties meet for the first time.
- D. Not part of the bargaining mix.

ANS: (A)

6. The basic problem in most negotiations is:

- A. Conflicting issues.
- B. Conflicting positions.
- C. Conflicting interests.
- D. Conflicting goals.

ANS: (C)

7. Which one of the responses to the following phrase is *false*? A Best Alternative To a Negotiated Agreement (BATNA):

- A. Decreases your bargaining power.
- B. Increases your bargaining power.
- C. Helps negotiators determine their resistance points.
- D. Can be quantified.

ANS: (A)

8. Electronic negotiations make testing assumptions:

- A. A moot point.
- B. Easier.
- C. More difficult.
- D. Even more critical than in face-to-face negotiations.

ANS: (C)

9. A 'wise agreement' is one that:

- A. Satisfies the interests of both parties.
- B. Satisfies the demands of both parties.
- C. Satisfies the goals of both parties.
- D. Is implemented fairly.

ANS: (A)

10. Labor markets, unemployment rates, workforce demographics and financial markets are examples of negotiation:

- A. Issues.
- B. Resources.
- C. Constraints.
- D. Context.

ANS: (D)

11. Relative power influences the negotiation _____ a negotiator chooses.

- A. Resources.
- B. Constraints.
- C. Tactics.
- D. Environment.

ANS: (C)

12. The bargaining mix, target points, BATNA and resistance points are determined during the _____ component of preparing for the negotiation.

- A. Strategic planning.
- B. Framework establishment.
- C. Framework operationalizing.
- D. Goal-setting.

ANS: (C)

13. Testing assumptions refers to:

- A. Meeting with the other party to validate the accuracy of information that you found in their public documents.
- B. Meeting with a knowledgeable third party to validate the accuracy of information that you found in in the other party's public documents.
- C. Meeting with your stakeholders to validate the accuracy of information that you found in the other party's public documents.
- D. Meeting with the other party to validate the estimates and hunches you made during your analysis of the party.

ANS: (D)

14. Identifying the problem to be solved, opportunity to be mined, dispute to be settled or team decision to be made are all elements of:

- A. Defining the situation.
- B. Establishing goals.
- C. Strategy formulation.
- D. Defining your interests.

ANS: (A)

15. The *zone of possible agreement* (ZOPA) is the range between:

- A. Your BATNA and your opening offer.
- B. Your resistance points.
- C. Your BATNA and the other party's opening offer.
- D. Your resistance point and the other party's resistance point.

ANS: (B)

True/False

16. To achieve the greatest gains, negotiators should stick to the script they created during the preparation phase.

ANS: False

17. Negotiation preparation includes obtaining information about the *other* party's needs, strategy and goals.

ANS: True

18. Preserving the relationship is a desirable goal in all types of negotiations.

ANS: False

19. Substantive, relationship and process goals are interdependent.

ANS: True

20. Substantive and relationship goals help determine which strategy and tactics to use.

ANS: True

21. Interests are the motives underlying your positions.

ANS: True

22. Aspiration levels or target points are artificially high goals that you use as a starting point for the negotiation.

ANS: False

23. It is possible for a Best Alternative To a Negotiated Agreement (BATNA) to be worse than not reaching an agreement with the other party.

ANS: True

24. The *dilemma of honesty* argues that the other party may take advantage of you if you believe too much of what he or she tells you, but you may not be able to reach an agreement if you believe too little.

ANS: False

10. The party who needs the other most has the most bargaining power.

ANS: False

Short Answer Essay

25. Explain why preparation is such a critical step in the negotiation process.

ANS: Preparation results in more successful negotiation outcomes. Negotiators who prepare thoroughly are less likely to be overconfident, make mistakes, agree to lesser terms, see weaknesses instead of strengths, lower their demands or objectives before they even meet with the other party, try to make others happy at their own expense, and mistake toughness for effectiveness. It engenders confidence and positive beliefs about negotiations, and helps negotiators determine whether negotiation is an appropriate tool

for managing a given situation, establish appropriate goals and objectives, formulate appropriate strategies and effectively implement their strategies.

26. Explain how negotiators go about *defining the situation* during the preparation process.

ANS: To define the situation during the negotiation preparation process, negotiators gather and examine relevant information by inspecting documents and records, interviewing witnesses, talking with constituents and others who may affect or be affected by the negotiation, and by considering any bargaining history between the parties to discover past successes and failures.

27. What is the difference between a strategy and a tactic?

ANS: A strategy is the “how to” component of the negotiation. It is the plan or process by which negotiators attempt to achieve their goals. Tactics are the specific, short-term actions that the negotiator uses to implement the broader strategy.

28. Describe several sources of information that negotiators can use to analyze the other party.

ANS: If the other party has negotiated in the past, negotiators can use existing records that document the process, strategies and tactics that the other party used and are likely to repeat, demands that were unmet (which will likely be raised again), dissatisfaction with the way a previous negotiation was implemented, and how a particular policy, practice or contract provision has evolved over time. Public information such as communications during shareholder meetings, announcements and financial reports, and asking people who previously negotiated with the other party about their negotiation experience also help negotiators analyze the other party.