

Chapter 2

Strategy and Tactics of Distributive Bargaining

Fill in the Blank Questions

1. Distributive bargaining is basically a competition over who is going to get the most of a _____.
Answer: limited resource Page: 33
2. Whether or not one or both parties in a distributive bargaining situation achieve their objectives will depend upon the _____ and _____ they employ.
Answer: strategies, tactics Page: 33
3. The _____ is the point beyond which a person will not go and would rather break off negotiations.
Answer: resistance point Page: 35
4. The spread between the resistance points is called the _____.
Answer: bargaining range Page: 35
5. A _____ bargaining range occurs when the buyer's resistance point is above the seller's.
Answer: positive Page: 35, 36
6. _____ are important because they give the negotiator power to walk away from any negotiation when the emerging deal is not very good.
Answer: Alternatives Page: 36
7. The package of issues for negotiation is the _____.
Answer: bargaining mix. Page: 38
8. Central to planning the strategy and tactics for distributive bargaining is effectively locating the other party's _____.
Answer: resistance point Page: 39
9. The more attractive the other party's alternatives, the more likely he or she will be to maintain a _____ resistance point.
Answer: high Page: 41

10. _____ reduces the likelihood of making verbal slips or presenting any clues that the other side could use to draw conclusions.
Answer: Selective reticence Page: 44
11. Channeling all communication through a _____ reduces inadvertent revelation of information.
Answer: team spokesperson Page: 45
12. In some ways, the ultimate weapon in negotiation is to threaten to _____.
Answer: terminate negotiations Page: 47
13. Although disruptive action tactics can work, they may also produce _____ and escalation of _____.
Answer: anger, conflict Page: 48
14. _____ can be used to squeeze negotiations into the last remaining minutes of a meeting in order to extract concessions from one party.
Answer: Delay tactics Page: 48
15. To communicate the most effective message, a negotiator should try to send a consistent message through both an _____ and an _____.
Answer: opening offer, opening stance Page: 50
16. If one side is not prepared to make concessions, either the other must _____ or the negotiations will _____.
Answer: capitulate, deadlock Page: 51
17. An offer that may have been accepted had it emerged as a result of _____ may be rejected when it is presented as a *fait accompli*.
Answer: concession making Page: 52
18. Commitments exchange _____ for certainty of action.
Answer: flexibility Page: 54
19. Another way to strengthen a commitment is to _____ with one or more allies.
Answer: link Page: 56
20. A party changing his or her position after a commitment should be given every opportunity to retreat with _____.
Answer: dignity Page: 59

21. When acting as if the decision to close the deal has already been made, the negotiator is using the _____ method of closing the agreement.

Answer: assume the close Page: 61

22. Most hardball tactics are designed to either _____ the appearance of the bargaining position of the person using the tactic or to _____ the appearance of the options available to the other party.

Answer: enhance, detract from Page: 62

23. Good _____ is critical for defending against the lowball/highball (or all) hardball tactics.

Answer: preparation. Page: 65

24. The _____ tactic occurs when negotiators overwhelm the other party with so much information that they have trouble determining which information is real or important.

Answer: snow job Page: 69

25. _____ is a conflict situation wherein parties seek their own advantage through tactics including concealing information, attempting to mislead or using manipulative actions.

Answer: Distributive bargaining. Page: 70

True/False Questions

- T F 26. Distributive bargaining strategies are the only strategies that are effective in interdependent situations.

Answer: False Page: 33

- T F 27. Distributive bargaining strategies and tactics are useful when a negotiator wants to maximize the value obtained in a single deal.

Answer: True Page: 33

- T F 28. The resistance point is the point at which a negotiator would like to conclude negotiations.

Answer: False Page: 35

- T F 29. Each party's resistance point is openly stated at the conclusion of negotiations.

Answer: False Page: 35

- T F 30. Anything outside the bargaining range will be summarily rejected by one of the negotiators.

Answer: True Page: 35

T F 31. A negative bargaining range occurs when the buyer's resistance point is above the seller's.
Answer: False Page: 36

T F 32. Negotiations with a positive settlement range are obvious from the beginning.
Answer: False Page: 36

T F 33. A resistance point will be influenced by the cost an individual attaches to delay or difficulty in negotiation.
Answer: True Page: 40

T F 34. 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.
Answer: True Page: 41

T F 35. The first step for a negotiator completing a distributive bargaining negotiation is to obtain information about the other party's outcome values and resistance points.
Answer: False Page: 42

T F 36. In "calculated incompetence," the negotiator is intentionally given false or misleading information to reveal to the other party.
Answer: False Page: 44

T F 37. 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 favorable to the presenter than those that currently exist.
Answer: True Page: 45

T F 38. Studies indicate that negotiators who make low or modest opening offers get higher settlements than do those who make extreme opening offers.
Answer: False Page: 49

T F 39. Parties feel better about a settlement when negotiations involve a progression of concessions.
Answer: True Page: 52

T F 40. 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.
Answer: True Page: 53

- T F 41. A small concession late in negotiations may indicate that there is little room left to move.
Answer: True Page: 53
- T F 42. It is important to signal to the other party with either behavior or words that the concessions are almost over.
Answer: False Page: 54
- T F 43. One way negotiators may convey the message that "this is the last offer" is by making the last concession substantial.
Answer: True Page: 55
- T F 44. A public commitment statement means that the wider the audience, the less likely the commitment will be changed.
Answer: True Page: 56
- T F 45. All the advantages of a committed position work against a negotiator when the other party becomes committed, so it is important to try to prevent the other negotiator from becoming committed.
Answer: True Page: 59
- T F 46. Hardball tactics work most effectively against powerful, well-prepared negotiators.
Answer: False Page: 61
- T F 47. Hardball tactics are infallible if used properly.
Answer: False Page: 61
- T F 48. To respond to hardball tactics, a negotiator must identify the tactic quickly and understand what it is and how it works.
Answer: True Page: 62
- T F 49. The best response to the chicken tactic is to challenge the other party by responding with one's own chicken tactic, thereby calling the other's bluff.
Answer: False Page: 67
- T F 50. An effective means of countering the intimidation tactic is to ignore it.
Answer: True Page: 68

Multiple Choice Questions

51. 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.
 - E) None of the above describes distributive bargaining strategies.

Answer: D Page: 33

52. 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.
 - E) None of the above describes the target point.

Answer: A Page: 34

53. Starting points
- 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.
 - E) None of the above describes starting points.

Answer: A Page: 34

54. The objective of both parties in distributive bargaining is to obtain as much of which of the following as possible?
- A) bargaining range
 - B) resistance point
 - C) target point
 - D) bargaining mix
 - E) None of the above.

Answer: A Page: 37

55. The resistance point is established by the _____ expected from a particular outcome, which is in turn the product of the _____ and _____ of an outcome.
- A) cost, value, worth
 - B) value, worth, cost
 - C) value, cost and timeliness
 - D) cost, importance, value
 - E) None of the above.

Answer: B Page: 39

56. The more you can convince the other party that your costs of delay or aborting negotiations are _____, the more modest will be the other's resistance point.

- A) high
- B) modest
- C) extreme
- D) low
- E) None of the above.

Answer: D Page: 41

57. 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 by one of the following resistance points.

- A) high
- B) low
- C) modest
- D) extreme
- E) None of the above.

Answer: C Page: 41

58. A large majority of agreements in distributive bargaining are reached when the deadline is

- A) near.
- B) flexible.
- C) past.
- D) undefined.
- E) None of the above.

Answer: A Page: 47

59. Disruptive action tactics can cause

- A) embarrassment.
- B) increased costs.
- C) anger.
- D) escalation of conflict.
- E) Disruptive action tactics can cause all of the above.

Answer: E Page: 48

60. 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.
- E) All of the above describe the opening stance.

Answer: C Page: 50

61. 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.
E) The bargaining range is defined by all of the above.
Answer: D Page: 50
62. What action can be taken after the first round of offers?
A) hold firm
B) insist on the original position
C) make some concessions
D) make no concessions
E) All of the above.
Answer: E Page: 50
63. 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.
E) All of the above are actions that good distributive bargainers will take.
Answer: B Page: 52
64. Parties feel better about a settlement when negotiations involve a(n)
A) immediate settlement.
B) single round of concessions.
C) progression of concessions.
D) *fait accompli*.
E) All of the above.
Answer: C Page: 52
65. What statement about concessions is false?
A) Concessions are central to negotiations.
B) Concessions is another word for adjustments in position.
C) Concession making exposes the concession maker to some risk.
D) Reciprocating concessions is a haphazard process.
E) All of the above statements are true.
Answer: D Page: 53
66. Concession making
A) indicates an acknowledgment of the other party.
B) shows a movement toward the other's position.
C) implies a recognition of the legitimacy of the other party's position.
D) recognizes the other party's position.

E) All of the above are characteristics of concession making.

Answer: E Page: 53

67. 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.
- E) None of the above.

Answer: B Page: 53

68. Skilled negotiators may

- A) suggest different forms of a potential settlement that are worth about the same to them.
- B) recognize that not all issues are worth the same amount to both parties.
- C) frequently save a final small concession for near the end of the negotiation to "sweeten" the deal.
- D) make the last concession substantial to indicate that "this is the last offer".
- E) Skilled negotiators may take all of the above actions.

Answer: E Page: 54

69. A commitment

- A) should not be interpreted as a threat.
- B) postpones the threat of future action.
- C) is designed to increase both parties' choices to a portfolio of options.
- D) removes ambiguity about the actor's intended course of action.
- E) All of the above.

Answer: D Page: 55

70. A commitment statement should have a

- A) low degree of finality.
- B) high degree of specificity.
- C) an indefinite statement of consequences.
- D) a high degree of emotionality.
- E) None of the above should be included in a commitment statement.

Answer: B Page: 56

71. Negotiators who make threats

- A) are perceived as more powerful than negotiators who do not use threats.
- B) receive higher outcomes than negotiators who do not use threats.
- C) are perceived as more cooperative in distributive negotiations.
- D) should use detailed, complex statements of demands, conditions and consequences.
- E) All of the above describe negotiators who make threats.

Answer: A Page: 58

72. To prevent the other party from establishing a committed position, a negotiator could

- A) give them the opportunity to evaluate the matter fully.
- B) acknowledge the other's commitment.
- C) reiterate the commitment.
- D) make a joke about the commitment.
- E) None of the above should be used to prevent the other party from establishing a committed position.

Answer: D Page: 58

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.
 - E) Hardball tactics are designed to accomplish all of the above.

Answer: C Page: 61

74. Aggressive behavior tactics include
- A) the relentless push for further concessions.
 - B) asking for the best offer early in 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.
 - E) Aggressive behavior tactics include all of the above.

Answer: E Page: 68

75. The negotiator's basic strategy is to
- A) get information about the opposition and its positions.
 - B) reach the final settlement as close to the other's resistance point as possible.
 - C) convince members of the other party to change their minds about their ability to achieve their own goals.
 - D) promote his or her own objectives as desirable, necessary, and inevitable.
 - E) All of the above.

Answer: B Page: 70

Short Answer Essays

76. Define distributive bargaining.
Answer: A competition over who is going to get the most of a limited resource (often money).
Page: 33
77. List two situations when distributive bargaining strategies are useful.
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. Page: 33
78. A negative bargaining range occurs when:

Answer: The seller's resistance point is above the buyer's. Page: 36

79. How can a negotiation that begins with a negative bargaining range be resolved?

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. Page: 36

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

Answer: One party or the other may try to get out of the agreement later or try to recoup losses or get even. Page: 38

81. Define bargaining mix.

Answer: The package of issues for negotiation. Page: 38

82. What are the four important tactical tasks for a negotiator in a distributive bargaining situation?

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. Page: 41, 42

83. List several information sources one can use to indirectly assess the other party's resistance point.

Answer: Making direct observations, consulting readily available documents and publications, talking to knowledgeable experts. Page: 42

84. What is the simplest way to screen a position?

Answer: Say and do as little as possible. Page: 44

85. Define calculated incompetence.

Answer: The negotiating agent is not given all of the necessary information, making it impossible for information to be leaked. Page: 45

86. Define selective presentation.

Answer: Negotiators reveal only the facts necessary to support their case. Page: 45

87. What negative effect can be caused by using trivial items as distractions or magnifying minor issues?

Answer: The other person may become aware of this maneuver and concede on the minor points, thereby gaining the right to demand equally generous concessions on the central points. Page: 46

88. What are the three ways to manipulate the costs of delay in negotiation?

Answer: (1) Plan disruptive action; (2) ally with outsiders; (3) manipulate the scheduling of

- negotiations. Page: 47
89. Why is it advantageous to make an extreme opening offer?
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. Page: 49
90. What are the disadvantages of making a more extreme opening offer?
Answer: It may be summarily rejected by the other party, communicates an attitude of toughness that may be harmful to long term relationships. Page: 49
91. What characteristics of original offer, opening stance and opening concession would signal a position of firmness? Of flexibility?
Answer: Firmness: an extreme original offer, a determined opening stance, and a very small opening concession. Flexibility: a more moderate opening offer, a reasonable cooperative opening stance, and a more generous initial concession. Page: 51
92. What are the advantages of adopting a flexible position?
Answer: Can learn about the other party's outcome values and perceived possibilities. Establishes a cooperative rather than combative relationship hoping to get a better agreement. Keeps negotiations going. Page: 51
93. Discuss the importance of reciprocating (or not reciprocating) concessions.
Answer: Concession making indicates an acknowledgment of the other party and a movement toward the other's position. It implies a 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. Page: 52, 53
94. What is the disadvantage of letting the absence of further concessions convey the message of the final offer?
Answer: 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. Page: 55
95. Define commitment.
Answer: "Taking of a bargaining position with some explicit or implicit pledge regarding the future course of action." Page: 55
96. What are the three properties of commitment statements?

Answer: A high degree of finality, a high degree of specificity, and a clear statement of consequences. Page: 56

97. List ways to prevent the other party from establishing a committed position.

Answer: Deny them the opportunity to take the time to establish commitments, ignore or downplay the threat by not acknowledging the other's commitment or by making a joke about it, pretend that the other party's statement was not heard or was not understood. Page: 58

98. How can a negotiator abandon a committed position?

Answer: Word the commitment so that the conditions by which it applied have changed. Let the matter die silently. Make a tentative step in a direction previously excluded by the other's commitment. Restate the commitment in more general terms. Minimize any possible damage to his or her self-esteem or with constituent relationships. Page: 59

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

Answer: Harm to reputation, Losing the deal, Negative publicity, Dealing with the other party's revenge. Page: 62

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

Answer: ignore them, discuss them, respond in kind, 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. Page: 62, 63