Beyond the deal: Wage a “negotiation campaign”

By strategizing on multiple fronts, you can achieve your ultimate target agreement.

By James K. Sebenius

When Richard Holbrooke took office as U.S. ambassador to the United Nations in August 1999, unpaid U.S. dues to the United Nations, accumulated over a decade, had reached a billion dollars. These arrears had increasingly poisoned U.S.-U.N. relations. Holbrooke made a negotiated resolution to this stubborn issue his highest priority. His ultimate target deal required General Assembly consensus by December 2000 on payment of the arrears, along with a restructuring of U.N. member financial obligations, to be implemented through U.S. legislation.

Holbrooke and his team undertook hundreds of individual negotiations that built toward their ultimate target deal, but his negotiating strategy can be usefully conceptualized and mapped as a “campaign” with three broad “fronts”: Washington (the U.S. executive branch and the Congress), New York (U.N headquarters and various countries’ U.N. missions), and abroad (national capitals worldwide). Not only did Holbrooke negotiate extensively within each front, but the fronts had to be orchestrated artfully with respect to one another.

In contrast to the sweeping spectrum of this story, the “unit of analysis” that negotiation scholars primarily examine is the individual deal. With this focus, they analyze the process by which parties interact, their deeper interests, their communication patterns, possible agreements, and other factors that may influence the outcome of a specific interaction.

While doing one deal well requires a certain set of skills; designing and executing the type of broader negotiation campaign that Holbrooke launched requires artfully putting a number of deals together, often on multiple fronts, to realize a larger result, typically an ultimate target agreement with sufficient support to make it stick. When the unit of analysis shifts from the individual deal to the campaign, a new set of challenges arises. Working with colleagues David Lax and Ron Fortgang through the lens of “3D Negotiation”—setup, deal design, and tactics—I have developed the concept of the negotiation campaign and have been exploring its potential value and the skills required for a campaign to be effective. Through our analysis of a number of cases, public and private, large scale and small, the campaign concept has evolved as a distinctive form of negotiation setup.

Returning to our opening story, in Washington, Holbrooke and his team negotiated inside the Clinton administration and with numerous senators and representatives to foster passage of the “Helms-Biden” legislation, which would provide funds for U.S. dues conditional on the United Nations’ taking certain actions. In parallel New York talks, Holbrooke and his team negotiated not only with powerful Security Council members, but also with dozens of smaller countries’ representatives. In pivotal moves linking the New York and Washington fronts, when Holbrooke judged the time to be ripe, he brought influential U.N. ambassadors to Washington to interact...
with key senators, then arranged for Senator Jesse Helms to speak to the U.N. Security Council, a highly symbolic gesture for a senator known for his antipathy toward the United Nations. Meanwhile, U.S. diplomats from Seoul to the Czech Republic, coordinated by Holbrooke and his team, engaged their counterparts on the dues issue.

Negotiations within the three broad fronts converged in a brutal all-night session near the December 2000 deadline. After Holbrooke described the resulting agreement at a Senate Foreign Relations Committee hearing, senators on both sides of the political aisle gave him a standing ovation.

The need to negotiate multiple related deals, as Holbrooke did, is not new to negotiation theory or practice. For example, linkage has long been a useful concept, though mainly as a way to exert leverage from one area on another or to assemble a beneficial package of smaller deals. Similarly, coalition building sometimes requires multiple deals, often assembled through careful sequencing. Such concepts can help in multideal situations, but negotiators can find special value in thinking in terms of campaigns, with fronts that must combine to generate enough support for ultimate target agreements.

**Orchestrating a negotiation campaign**

To get a more detailed feel for the campaign concept, consider the process of orchestrating a large-scale sale. As an example, if Boeing were to sell new 787 Dreamliners to Air India, the *Financial Times* might carry a photo of two smiling CEOs inking the contract. A naive understanding of this transaction might involve two monolithic entities, Boeing and Air India, hammering out the deal, possibly overcoming a price gap and cross-cultural differences.

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1. Envision the ultimate target deal. What is the ultimate target deal and which parties must support it? Will a single authoritative “yes” do the trick or does lasting success require a larger coalition of support?

2. Identify key parties. Mapping backward from the ultimate target deal, what internal and external parties must be involved, and which of these could possibly be involved in various supporting—or opposing—negotiations?

3. Identify fronts. On what bases can these dozens of actually and potentially involved parties be grouped into a manageable number of fronts? Are the parties of a similar kind or in similar sectors (e.g., all financial players or all from Japan)? Are they organizationally related (e.g., staff from different agencies of a state government)? Do they share key interests? Are there other attributes that would make it useful to group several individual parties for the purposes of campaign strategy?

Although a front can consist of an individual party, it will more often be a collection of parties that simplifies strategic reasoning about the complex whole. Negotiations will be necessary both within fronts and among them. From Boeing’s vantage, three core fronts in its campaign, all of which would be fiercely contested by competitors, would be:

- The company front: negotiating within Air India to gain support and approval from the engineering, operations, finance, and marketing divisions, as well as top executives and the board of directors.
- The external financial front: coordinating between Boeing and Air India financial executives to negotiate with Indian banks in tandem with a major U.S. bank, and major aircraft-leasing companies to arrange attractive financing and guarantees for the ultimate purchase.
- The political-national front: because Air India is part of a state-owned entity, the purchase of 787 aircraft would involve political

Campaigning to build a new venture

In 1996, as he prepared to launch WebTV, founder Steve Perlman faced daunting barriers to success after obtaining seed funding, developing the technology to bring the web to ordinary television sets, creating a prototype, and hiring core team members. Running desperately low on cash, with limited time to focus on a cluster of potential negotiations, he conceptualized several possible campaign fronts, each with multiple potential negotiating partners. The main fronts included:

- The financial front (venture capital [VC] firms, wealthy “angel” investors, and industrial partners).
- The content provider front (television networks, studios, etc.).
- The distribution front (wholesale and retail channels, Internet service providers [ISPs], etc.).
- The manufacturing front (branded and contract consumer electronics manufacturers).

Perlman’s ultimate campaign target — the goal of his negotiations within and among these fronts — was a complementary network of related agreements that would launch and grow his new venture.

Dissecting Perlman’s campaign approach reveals its inner logic. With his promising new venture running on financial fumes, an obvious immediate focus might have been VC firms or other funding sources. Unfortu-nately, these potential sources were then quite skeptical of consumer electronics investments such as Perlman’s. “Mapping backward” from his VC target, Perlman reasoned that the value of WebTV on the financial front would be greatly enhanced by first getting a prominent consumer electronics firm on board.

The consumer electronics front mainly consisted of two competing parties, Sony and Philips. After his first choice, Sony, turned him down, Perlman was able to get Philips on board. He then used Philips to reopen talks and forge a complementary deal with Sony. Next, Perlman refocused his efforts on the financial front. With Sony’s and Philips’s support boosting WebTV’s value, he successfully negotiated for much more VC money than he could have secured had he concentrated first on the financial front.

With this new money in hand, Perlman could thread a fairly straightforward path of supporting agreements through the remaining fronts, including manufacturers, wholesale and retail distribution channels, content providers, ISPs, and alliance partners abroad. Ultimately, what Perlman viewed as a long-term campaign had an unexpectedly quick finale when Bill Gates expressed keen interest and Perlman negotiated the sale of his young, thriving business to Microsoft.
negotiations that likely would require Boeing to partner with Indian manufacturers to supply a certain number of domestic components for the planes and to negotiate the creation of local maintenance and pilot-training organizations.

4. **Assess any interdependencies among fronts.** Are the fronts largely independent of one another or can they affect one another, whether positively or negatively? For example, is provisional agreement at the corporate and political levels helpful or even necessary for successful financial negotiations, or vice versa? Does progress or backsliding in negotiations within one front change the odds of success for negotiations in other fronts? If so, how?

5. **Prepare to negotiate among fronts.** How should the broader fronts be orchestrated with respect to one another so they come together to best set up the ultimate target deal? For example, should Boeing primarily negotiate with the various fronts sequentially or simultaneously? If sequentially, what is the most promising order of emphasis? Should negotiations within each front be undertaken quietly and privately, or very publicly?

A great deal of analysis and conceptual development, much of which I and others are currently researching, is needed to answer these kinds of questions for different campaigns. (The sidebar on the previous page illustrates a small-scale campaign used to get a new business venture up and running.)

In essence, whenever a number of individual agreements must be aggregated to gain sufficient support for an ultimate target agreement, it may be useful to craft a broader negotiation campaign within which a more manageable number of fronts can be orchestrated. As the most promising campaign architecture emerges, it will clarify and guide what otherwise might be dozens of ad hoc or even chaotic individual negotiations.

**Bottom line:** Don’t just do a bunch of deals, hoping they add up; instead, design and wage a carefully structured negotiation campaign.

One of my friends has benefited from her trust in a not-for-profit Internet website called CouchSurfing.com. CouchSurfing connects travelers with locals who have couches that they’re willing to share for free with overnight guests. Members use the service to “come together for cultural exchange, friendship, and learning experiences,” as well as to find a soft place to rest their heads.

Over a million people worldwide have used CouchSurfing’s services, and it’s easy to see how the site creates value by connecting travelers with otherwise empty couches. My friend has successfully “couch surfed” on many occasions. Approaching my fifty-fifth birthday, I personally can’t imagine trusting strangers enough to use this service (let alone sleeping overnight on a couch). Nonetheless, I respect the positive benefits that are generated thanks to the trust that others place in the concept.

Here’s another story of travel and trust, from a different friend of mine. This friend was standing outside the Manchester, England, airport with his three traveling companions, looking for a taxi to take them to the local train station. They already had tickets for a train ride to London, which would be several hours long. A group of taxi drivers was gathered outside the airport. Upon being asked for a short ride to the train station, one of drivers told the group that the trains were on strike, and he offered to drive them to London for 300 pounds. As someone in the group was about to accept, my friend said to his wife, “Don’t let him load the luggage yet.” He ran into the airport, up to the information booth, and quickly asked whether there was a train strike. Back outside, he pulled his friends away from the taxi with the news that there was no strike: the driver’s claim was a scam. My friend’s cynicism kept his group from getting taken for a ride.

Obviously, these two stories are strikingly different. My first friend created value by trusting strangers, and the second friend avoided being ripped off thanks to his cynicism. When faced with a choice between trust and cynicism, both friends made wise decisions.

In many contexts, however, we get it wrong. Negotiators often must choose between trusting the other party and being cynical of his motives. The consequences of such decisions can be serious: trust too much, and you’ll lose big; be overly skeptical, and you could forgo significant gains. In this article, I examine the benefits and the limits of communication as a means of helping you decide whether or not to trust.

The good news about trust

Imagine that a seller and a potential buyer are negotiating over an unusual piece of land. The land is beautiful, but far removed from normal amenities. As a consequence, there are few potential buyers. Thus, market indicators of the land’s value are weak at best; price estimates could fall anywhere from $1 million to $2 million.

The seller and the potential buyer, both sophisticated negotiators, have thought about their alternatives and decided on their reservation values—that is, the most the buyer will pay and the least the seller will accept. The potential buyer has decided that he won’t pay more than

Research illuminates the paradoxical effects of negotiator communication on trust-building.

By Max H. Bazerman

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project. How did negotiators in our study solve this type of problem? By engaging in a fairly typical pattern of human interaction.

First, it turns out that negotiators care about the outcomes of others; in fact, we often want our counterparts to do well. When this is the case, we relax our strategic concerns a bit, and the quality of the information exchange between the parties improves.

Second, negotiators care about their reputations. So if being strategic would require you to misrepresent your position in your dialogue with the other side, you are likely to be willing to forgo strategic benefits in order to maintain your reputation, both in your eyes and from the other side’s perspective.

Third, negotiators correctly believe that acting with integrity increases the likelihood that the other side will respond with integrity. Thus, honesty can be seen as a good investment that prompts positive behavior from the other side.

Finally, negotiators enjoy reaching agreement and tend to view impasse as a negative outcome. Because of this, most of us are willing to give up some expected financial benefit in order to make sure we land the deal.

Interestingly, 50 years ago, Nobel Prize–winning economist Thomas Schelling, wary of the predictions of economic models, noted in his book *The Strategy of Conflict* (Harvard University Press, 1960) that negotiators “can do better than a purely deductive game theory would predict.” Indeed, the good news is that we can expect negotiators to be more trusting than a fully rational analysis would predict; the nature of communication between parties plays a critical role.

**When cynicism dominates**

What about cynicism? When do negotiators tend to be skeptical of the other party’s claims?

In fact, just as communication prompts trust in some situations, it can trigger cynicism in others. Consider this “hidden-card game” between a seller and a buyer, which Harvard Business School researcher Eyal Ert and I adapted from economist Ariel Rubinstein: A deck of 100 cards includes all values between $1 and $100, in dollar increments. The seller starts by randomly drawing two cards from the deck. After being told the value of the lower of the two cards, the buyer must decide whether to buy the two cards from the seller at a fixed cost of $100. The cards’ value to the buyer is the sum of the two cards. The seller is rewarded a fixed amount ($10) if the buyer buys the cards. Thus, the seller’s goal is to sell the cards regardless of their value. The buyer, on the other hand, only wants to buy the cards when their sum exceeds $100.

Some quick arithmetic shows that a risk-neutral buyer should buy the cards whenever the value of the lower card exceeds 33, since at 34, all values for the other card between 35 and 100 are equally likely, making the sum of the two cards anywhere between 69 and 134, for an expected value of $101.50.

Ert and I examined how buyers reacted when they saw that the lower card was 40. In this case, all values for the combination of the two cards between 81 and 140 are equally likely, which implies an expected value of $110.50.

We first considered what happened when the seller was a computer negotiating with the potential buyer with no opportunity for communication. We also looked at buyers’ decisions when the seller was another human being and the two parties had the opportunity...

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**Bet you didn’t know...**

Expressions of gratitude have a number of positive effects, such as helping us savor positive experiences, manage stress, and strengthen relationships, researchers have found. In negotiation and other contexts, showing gratitude also motivates those we thank to keep on giving.

In a series of experiments, researchers Adam M. Grant and Francesca Gino examined why expressions of gratitude motivate helpful acts. In one experiment, student participants were asked to edit another student’s job application cover letter. Students who were thanked for their help felt socially valued, such that they were more than twice as likely as those who were not thanked to help edit a second cover letter for the same person.

 Helpers’ sense of being socially valued had more impact on their future willingness to help than did any positive mood or sense of competence that was generated by being thanked. The results show the power of a simple thank-you to inspire cooperation.


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to interact via e-mail. In our study, most buyers accepted the offer of a lower card of $40 from computer sellers. However, that acceptance rate dropped significantly when a human seller who could communicate directly with the buyer made the same offer.

Why the difference? Essentially, communication with human sellers made the potential buyers cynical about sellers’ claims, such that they assumed the worst about the value of the hidden card. In their e-mail communications, buyers wrote messages such as “I think you’re lying,” and “Yeah, right, why should I believe you?” These buyers made cynical inferences because they were dealing with a human opponent rather than a computerized one.

Overall, buyers’ cynicism worked against them. Regardless of whether they were dealing with a person or a computer, they would have been better off always accepting the cards when the lower card was equal to $40. Interestingly, we also found that sellers believed that communicating with buyers would help them close the deal. They were wrong: cynicism turned out to be the main outcome of their communication with buyers.

**Striking the right balance**

So, should you trust or be cynical? There’s no easy answer, as these study results show, and as my two traveling friends demonstrated in the real world. Moreover, some of us naturally lean toward being too trusting, and others tend to be too cynical.

It is clear, however, that in negotiation, you would be wise to think carefully about the decisions and motives of the other party so that you can understand what the situation looks like from his perspective. This may help you identify when reasons to trust exist and when you have cause to be cynical. More specifically, don’t automatically be cynical just because you’re talking to a human rather than a machine. Your goal should be to understand the strategic behavior of others without destroying human opportunities for trust-building.

Finally, note that you need not rely on your intuition when it comes to judging someone’s trustworthiness. In our electronically connected economy, it is usually costless to collect information that will help you evaluate whether to trust. For instance, the actively used rating system on CouchSurfing facilitates trust by allowing couch surfers to vouch for the safety and goodwill of couch owners. When you are approaching a new counterpart, I encourage you to take the time to consider means of communication—both in person and online—that can help you increase trust and reduce cynicism to create greater value for society at large.

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### 4 takeaways about trust and cynicism

1. **To prompt positive behavior from counterparts, be honest.**
2. **Remember that most people will pass up value to reach agreement.**
3. **Instead of viewing communication skeptically, look at it as a trust-building tool.**
4. **Collect information about claims rather than relying on intuition.**

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**When anger backfires**

When a negotiation counterpart lashes out at you in anger, you may find yourself backing away from your demands—though perhaps not if you’re from an East Asian culture.

In three recent experiments, Hajo Adam and colleagues found that expressions of anger yielded smaller concessions from Asian and Asian American negotiators than from European American negotiators. The researchers traced this effect to outbursts of anger being viewed as relatively appropriate among European Americans but relatively inappropriate among Asians and Asian Americans.

The results suggest that displays of anger may backfire in distributive negotiations (those in which one side’s gain is the other side’s loss) with East Asians. As an example, President Bill Clinton’s trade negotiations with Japan in the early 1990s were widely viewed to have failed because the Japanese were put off by Clinton’s aggressive, combative tone.

I am about to begin a negotiation whose subject matter is squarely within my area of responsibility at my company. However, the dollar amounts at stake are so large that I’m tempted to kick it upstairs to my boss, or at least involve my boss directly in the negotiation. What are the pros and cons of doing so?

There are, of course, some times when the boss ought to be brought into a negotiation, but you should consider two important risks before doing so.

First, “kicking it upstairs” clearly signals to the other side that there are limits to your ability or authority to get things done. Even worse, this move might suggest that you perceive a problem with the relationship across the table at your level and you need “Mom” or “Dad” in the room to get things back on track. These signals can have negative repercussions down the road. For example, once your counterpart has dealt directly with your boss, he might start bringing your boss in more frequently for future negotiations. This would reduce your credibility and blur previously clear-cut channels of communication. This puts your boss in a difficult position too: either she accepts the invitation to stay involved or risks insulting a potentially important customer or supplier. In sum, once you’ve let this genie out of the bottle, it’s virtually impossible to get it back in, so be aware of the risks!

A second, more subtle problem is that bringing in the boss signals vulnerability in the current negotiation. The instant the other side sees your boss in the room, they’ll say to themselves: “This deal must be so important to them that they had to bring in the big guns!” Suddenly the perceived bargaining range has widened, and not in a way that favors you. The negotiation may be important, even vital, for your organization, but there is usually little to gain from confirming this fact in the other side’s minds from the outset.

As a counterpoint to these concerns, some bosses will push hard to get in on high-stakes negotiations, believing they should be leading the negotiation team for the company’s most important deals. Your challenge is to resist this easy way out and instead use your boss strategically. For example, when the boss in charge of a particular product visits your region, it makes sense to have him visit your major customers with you. But the goal is to make personal connections at multiple levels between your organizations, not to try to negotiate the terms of a specific deal.

In general, the better approach is to negotiate at your level as much as possible. Keep your boss in the loop and seek her guidance on specific negotiation points. If you reach an impasse, consider threatening to invoke bosses on both sides, rather than just on yours. For example: “It feels like we’re stuck. Do you think it would be worthwhile to kick this upstairs to our respective bosses to sort out?” This threat alone might get talks back on track at your level.

If all else fails, bring your boss in to help you reach the finish line, but play that card only after you have exhausted all other options. Good luck!

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