Donald Trump's Advice to Negotiators: Be Strategically Dramatic

BOX 4.1

In 1999, I began construction on the tallest residential tower in the world, Trump World Tower and the United Nations Plaza.

The location was terrific—the East Side of Manhattan, close to the United Nations, with both river views and city views. It was hot stuff, but not everyone was happy about it, especially some diplomats at the United Nations, who didn't want their 38-story building to be outclassed by our 90-story tower. According to CNN, UN secretary general Kofi Annan acknowledged talking with New York City mayor Rudy Giuliani about the project and how to stop it.

"It will not fit here," the Ukranian ambassador, Volodymyr Yel'chenko told CNN, "because it overshadows the United Nations complex."

When the protests became vocal, I used my own brand of diplomacy and refused to say anything critical of the United Nations. I predicted that many ambassadors and UN officials would end up buying apartments in the building. Sure enough, they have.

But as soon as we were in business, the city hit us with an enormous tax assessment, costing us over $100 million more than we thought we should pay. We decided to take the only action possible.

For four years, we fought this case. The city lawyers held their ground, and we held ours. We could have given up. It's not easy to take on the government and win, especially when the issue is taxes, but I knew we had a case.

Finally, after many conversations, we reached a settlement. The city agreed to cut our taxes 17 percent and give us the ten year tax abatement that we sought if we would agree to withdraw our lawsuit and subsidize 200 units of affordable housing in the Bronx.

The lawsuit saved us approximately $97 million. We never would have gotten any of it if we hadn't taken dramatic action.

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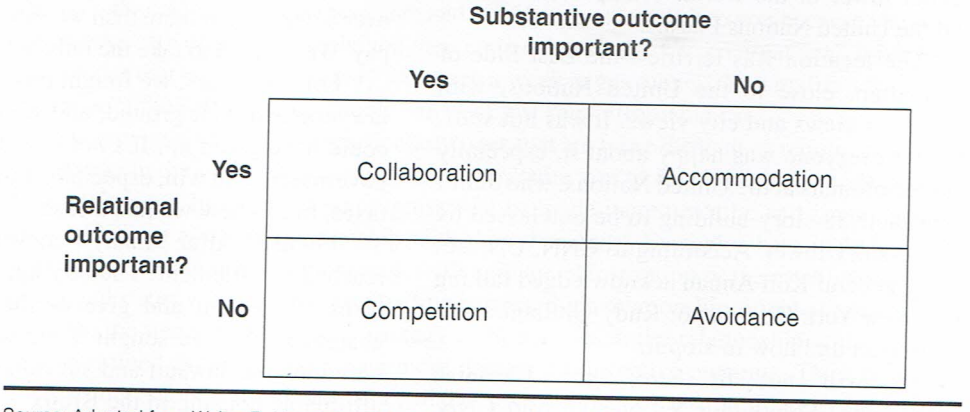
can be problematic for exactly this reason. Any reasonable strategy should also include processes for gaining information about the other party, and incorporating that information into the modification of a negotiation strategy is always useful. Therefore, while we are going to initially describe strategies as unilateral in nature, they should clearly evolve into ones that fully consider the impact of the other's strategy on one's own. For an example of a unilateral strategy, see Box 4.1.

The Dual Concerns Model as a Vehicle for Describing Negotiation Strategies

In Chapter 1, we used the dual concerns model to describe the basic orientation that people take toward conflict (Pruitt and Rubin, 1986). This model proposes that individuals in conflict have two levels of related concerns: a level of concern for their own outcomes, and a level of concern for the other's outcomes (refer back to Figure 1.3 in Chapter 1). Savage, Blair, and Sorenson (1989) propose a similar model for the choice of a negotiation strategy. According to this model, a negotiator's unilateral choice of strategy is reflected in the answers to two simple questions: (1) How much concern does the actor have for achieving the substantive outcomes at stake in this negotiation (substantive goals)? (2) How much concern does the negotiator have for the current and future quality of the relationship with the other party (relationship goals)? The answers to these questions result in the mix of alternative strategies presented in Figure 4.2.

FIGURE 4.2 | The Dual Concerns Model



Source: Adapted from Walter B. Newsom, "The Dual Concerns Model," *The Academy of Management Executive*, (Briarcliff Manor, New York: Academy of Management, 1989).

Alternative Situational Strategies The power of this model lies in requiring the negotiator to determine the relative importance and priority of the two dimensions in the desired settlement. As Figure 4.2 shows, answers to these two questions suggest at least four types of initial strategies for negotiators: avoidance, accommodation, competition, and collaboration. A strong interest in achieving *only* substantive outcomes—getting this deal, winning this negotiation, with little or no regard for the effect on the relationship or on subsequent exchanges with the other party—tends to support a competitive (distributive) strategy. A strong interest in achieving only the relationship goals—building, preserving, or enhancing a good relationship with the other party—suggests an accommodation strategy. If both substance and relationship are important, the negotiator should pursue a collaborative (integrative) strategy. Finally, if achieving neither substantive outcomes nor an enhanced relationship is important, the party might be best served by avoiding negotiation. Each of these different strategic approaches also has different implications for negotiation planning and preparation (see also Johnston, 1982). We discuss both nonengagement and engagement strategies next.

The Nonengagement Strategy: Avoidance Avoidance may serve a number of strategic negotiation purposes. In fact, there are many reasons negotiators might choose not to negotiate (similar to the reasons for conflict avoidance discussed in Chapter 1):

- If one is able to meet one's needs without negotiating at all, it may make sense to use an avoidance strategy.
- It simply may not be worth the time and effort to negotiate (although there are sometimes reasons to negotiate in such situations; see the section on accommodation below).
- The decision to negotiate is closely related to the attractiveness of available alternatives—the outcomes that can be achieved if negotiations don't work out.

Avoiding Negotiation May Get You What You Want, But at a High Cost

BOX 4.2

It's been a long night. Bill Gates, the founder of Microsoft, is sitting around with a group of friends. They're famished. Someone gets the idea to call Domino's Pizza for a late-night delivery. The owner–manager of Domino's answers the phone, but unfortunately the store has just closed. Disappointed, the caller is ready to hang up when someone in the group says, "Tell them you're Bill Gates and pay them a lot of money to deliver a pizza." Bill Gates hesitates. "Bill," someone prods, "what's it worth to you to have a pizza?" "Two hundred forty dollars," Gates responds. He gets on the phone and says, "OK, I'm Bill Gates and I'll pay you $240 to bring this pizza." They got the pizza.

Source: Roger J. Volkema, *The Negotiation Toolkit: How to Get Exactly What You Want in Any Business or Personal Situation*, (New York: AMACOM, 1999a), p. 6.

In Chapter 2, we discussed the role that resistance points play in defining a strategy and the possibility that alternative deals are available; in Chapters 2 and 3, we explored the key role of a BATNA in evaluating the value of a particular agreement. A negotiator with very strong alternatives has considerable power because he or she doesn't need this negotiation to succeed in order to achieve a satisfactory outcome. Having weak alternatives puts negotiators at a disadvantage. The presence of a good alternative can influence the decision about whether to avoid negotiation in two ways. First, the negotiator with a strong alternative may wish to avoid negotiation strictly on efficiency grounds—it is simply quicker and easier to take the alternative than to get involved in a negotiation. But having a weak alternative may also suggest avoiding negotiation—once negotiations begin, the pressure of the negotiation process may lead to a poor outcome, which the negotiator may feel obligated to accept because the alternative is also very poor. Alternatively, she or he might gain the desired outcome, but perhaps at a significant cost (see Box 4.2).

Active-Engagement Strategies: Accommodation, Competition, and Collaboration

Competition and collaboration were described extensively in the previous two chapters. Competition is described throughout this book as distributive or win–lose bargaining and collaboration as integrative or win–win negotiation.

Accommodation is as much a win–lose strategy as competition, although it has a decidedly different image—it involves an imbalance of outcomes, but in the opposite direction ("I lose, you win" as opposed to "I win, you lose"). As Figure 4.2 shows, an accommodative strategy may be appropriate when the negotiator considers the relationship outcome more important than the substantive outcome. In other words, the negotiator wants to let the other win, keep the other happy, or not endanger the relationship by pushing hard to achieve some goal on the substantive issues. This strategy is often used when the primary goal of the exchange is to build or strengthen the relationship (or the other party) and the negotiator is willing to sacrifice the outcome just to benefit the other party. An accommodative strategy may also be necessary if the negotiator expects the relationship to extend past a single negotiation episode. The idea is that if "I lose and you win" this time, over

multiple negotiations in the relationship the win–lose accounts will balance. In any long-term social relationship, it is probably healthy for one negotiator or the other to accept a suboptimal outcome in a given negotiation while expecting reciprocal accommodation (tit for tat) from the other negotiator in the future (Homans, 1961). Such reciprocity has been called the glue that holds social groups together (e.g., Cialdini, 2009). A negotiator in a long-term relationship with another party should be encouraged to consider accommodative moves early in the relationship building process—both to build trust with the other party as well as to be able to ask for "reciprocity" on those accommodations as the relationship develops.

How do these three strategies—competition, collaboration, and accommodation—differ? Table 4.1 (adapted from Johnston, 1982) summarizes the three types of strategies (distributive, integrative, and accommodative) and compares and contrasts them across a number of different dimensions.

In addition to their positive characteristics, as described in the table, each of these three negotiation strategies also has certain predictable drawbacks if the strategy is applied blindly, thoughtlessly, or inflexibly:

- Distributive strategies tend to create "we–they" or "superiority–inferiority" patterns and may lead to distortions in judgment regarding the other side's contributions and efforts, as well as to distortions in perceptions of the other side's motives, needs, and positions (see the discussion of framing biases in Chapter 6).
- If a negotiator pursues an integrative strategy without regard to the other's strategy, then the other may manipulate and exploit the collaborator and take advantage of the good faith and goodwill being demonstrated. Blind pursuit of an integrative process can also lead negotiators to cease being accountable to their constituencies in favor of pursuit of the negotiation process for its own sake (see Chapter 11 for a discussion of negotiator–constituency dynamics). For example, negotiators who approach the process with an aggressive "we can solve any problem" attitude may produce an agreement that is unacceptable to their constituency (e.g., their companies), which will then be rejected and force the negotiator to resume discussions that others thought were settled.
- Accommodative strategies may generate a pattern of repeatedly giving in to keep the other happy or to avoid a fight. This pattern establishes a precedent that is hard to break. It could also lead the other to a false sense of well-being due to the satisfaction that comes with the "harmony" of a good relationship, which may completely ignore the accumulating giveaways on substantive issues. Over time, this imbalance is unlikely to perpetuate, but efforts to stop the giving or restore the balance may be met with surprise and resentment from the other.

It is also useful to remember that in presenting these strategies, we are describing pure forms that do not capture the mixture of issues and motivations that actually characterize the evolution of most actual negotiation strategies (Lax and Sebenius, 1986). Just as most conflicts are neither purely competitive nor purely cooperative, most negotiation strategies reflect a variety of goals, intentions, and situational constraints that tend to make any "pure" strategy difficult to follow.