

Let's Make a Deal

Consultant Jim Thomas explains why Americans are among the world's worst negotiators—and offers some tips to improve their haggling skills.

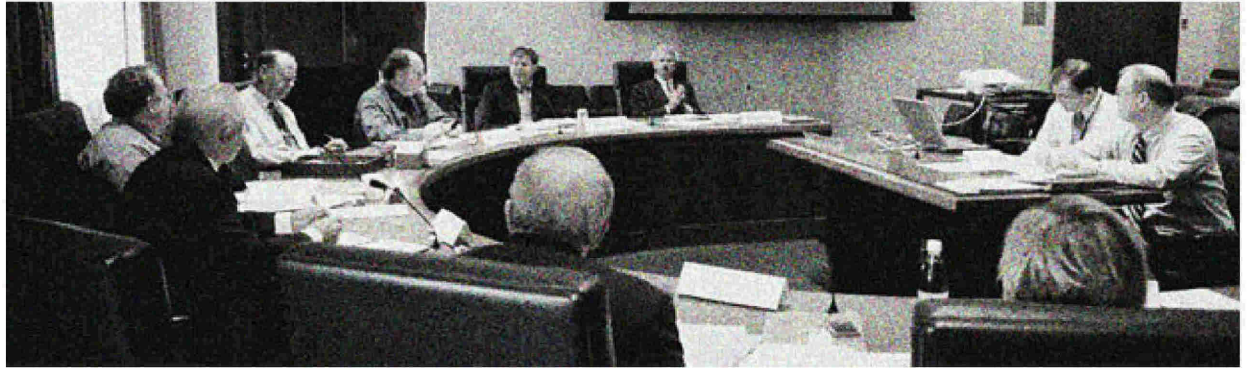


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WEB EXCLUSIVE

By Jennifer Barrett

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Nov. 16, 2005 - We usually associate negotiations with business deals, job offers and car purchases. But Jim Thomas argues that bargaining is part of practically every human activity. In his new book "Negotiate to Win" (Collins), he predicts that the role of haggling in our daily lives will become even more pronounced with the rise of globalism and new management and work trends (like collaborative alliances and partnerships with other businesses, for example, that require regular renegotiations of burdens, benefits, roles and responsibilities). That may be a problem for Americans, whom he ranks among the worst negotiators in the world.

In his book, Thomas, who has been practicing and teaching negotiations for a quarter-century, offers 21 rules to improve Westerners' negotiating skills and gives several more reasons why honing those skills is so important. NEWSWEEK's Jennifer Barrett asked Thomas for some tips. Excerpts:

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NEWSWEEK: What's the biggest mistake people make when negotiating?

Jim Thomas: I think we assume that if we are generous the other side will reciprocate with generosity. Historically, if we gave someone something, they were in our debt. They felt a social obligation to reciprocate. Maybe today with friends and family, that still does work. But, generally, 'you owe me one' counts for nothing today. Maybe it's shrinking margins or commercial desperation... As margins get tinier there's more pressure to maximize them. Suddenly, negotiating an extra quarter point or half point can be the critical difference between being successful and being underwater. But our cultural instincts have not caught up yet to the seriousness of the matter.



Americans have been taught that negotiating is déclass , says Jim Thomas

Why are Americans such bad negotiators?

There hasn't been any real research done in this area, so it's not entirely clear as to why. There have probably been about

500 theories raised—everything from impatience to fear of

conflict to fear of failure to geographic isolation, to our Puritan ethic... The reason I mention it in the book is because Americans find the whole topic so stressful. I can explain to them, this is why it's so uncomfortable: there is no cultural hook to hang it on. [They've] been taught that negotiating is d class .

Is this natural reluctance to bargain unique to Americans?

I think it's unique to Western societies: the United States and Western Europe and maybe Australia. Germans are awful. They don't bargain. The French are a little more tolerant. It's further south, in Greece and Turkey, where it comes back to life... My mandate is not to figure out why [Westerners] are bad negotiators but to help them get over it. I don't expect everyone to love to negotiate, but when it does come around, having a formula helps you to overcome your anxiety.

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What's the most important thing to keep in mind when negotiating?

Remember to trade concessions. That's crucial in terms of the other side saving face. Get in the habit of saying: `Okay, but if I agree to this, I need this from you,' or 'If I agree, then I can't do this other thing we talked about.' Another important thing is not to put the final price on the table at the beginning of the negotiation. Why not put out a higher price? Some people worry that you're lying if you ask for more than you expect. But if you say `I would *like* X amount' even if you don't expect to get it, that's being honest. Don't say: `I *have* to have this. This is the bottom line.' That will hurt your credibility, especially if you back down eventually.

It's also important to treat all the issues as a package... If you close the door on each part of the negotiation, you are bleeding leverage all the way along. You should be able to reopen any issue until you get an overall package in place that you are happy with. Our instinct is to settle point one then move to point two. But that's dangerous. A lot of the rules are counterintuitive—for us, anyway. But once you practice a few times, it becomes more comfortable.