

# Best Business Books 2006

**T**aken as a whole, the Best Business Books of 2006 reflect the political, social, technological, and economic churn that is reshaping the way business is done. In media, old and new forms of communication are both converging and coming into conflict. In governance, following Enron's example (we're still digesting it), the rules of the boardroom seem on the cusp of upheaval. In marketing, true accountability is replacing such fuzzy concepts as "mindshare." In warfare, mercenaries play an increasingly prominent role. Everywhere, the players, dynamics, and rules of traditional systems are in flux.

How can a corporate leader make sense of all this? Our reviewers, all eminent authors and thinkers in their fields, have singled out those books that incisively portray the causes and implications of the gyrations roiling today's business environment. As readers of our perennially popular "Best Business Books" feature already know, being able to see the patterns hidden behind events is one of the most useful powers for any leader. This year's best books — and the 11 essays in this section — can help identify patterns in the seemingly unpredictable.

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AnnaLee Saxenian, **The New Argonauts: Regional Advantage in a Global Economy**

Tim Flannery, **The Weather Makers: How Man Is Changing the Climate and What It Means for Life on Earth**

## Economics

David Warsh, **Knowledge and the Wealth of Nations: A Story of Economic Discovery**

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Michael J. Mauboussin, **More Than You Know: Finding Financial Wisdom in Unconventional Places**

## Marketing

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## Negotiation

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Jim Thomas, **Negotiate to Win: The 21 Rules for Successful Negotiating**

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## Strategy

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## Management

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Stanley Bing, **Rome, Inc.: The Rise and Fall of the First Multinational Corporation**

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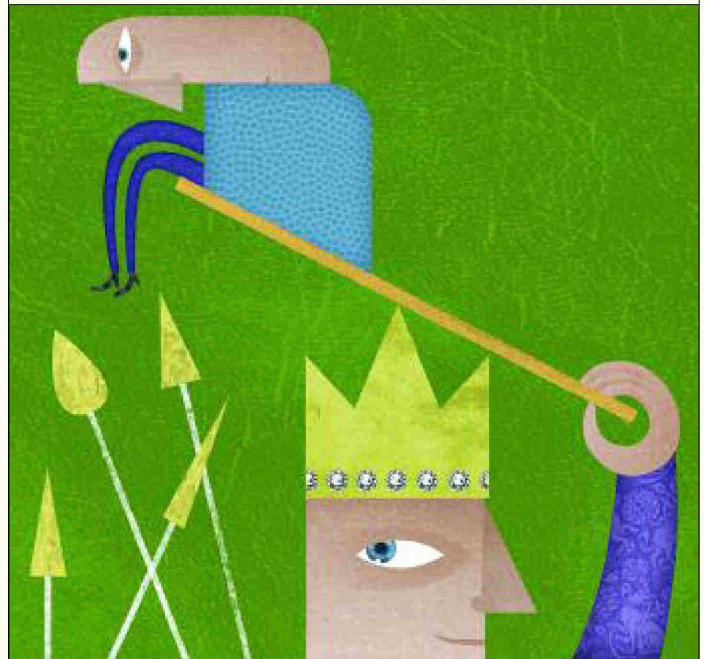
Warren G. Bennis and Robert Townsend, **Reinventing Leadership: Strategies to Empower the Organization**

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# Neg

## Art, Science, AND Wisdom, OR THE Logic OF Leverage

by Nikos Mourkogiannis



G. Richard Shell,  
**Bargaining for Advantage: Negotiation Strategies for Reasonable People**  
(Penguin, 2nd edition, 2006)

Jim Thomas,  
**Negotiate to Win: The 21 Rules for Successful Negotiating**  
(Collins, 2005)

Roger Fisher and Daniel Shapiro,  
**Beyond Reason: Using Emotions as You Negotiate**  
(Viking, 2005)

# otiation

**I**n 1689, the English House of Lords was debating what title to give Prince William of Orange, who had recently chased James II out of the country. Should he become king, regent, or prince consort? Prince William summoned a group of prominent lords to his apartments with this offer: Crown him king, or he and his army would go back to the Netherlands, James would return, and the lords' heads would be in severe danger. Bingo! Within two days, the House of Lords decided that king was the right job title.

Such stories have a peculiar fascination. There seems to be a kind of innate logic at play, an awareness of the “golden moment,” when one side's leverage is heightened. In more mundane terms, if you are negotiating a job, you are well positioned to negotiate the terms (including the job title) after the offer has been made (in William's case, after James had fled), but before you accept it (before a new constitutional settlement had been worked out). If only we could master that logic, we would maximize our chances of coming out on top in all the negotiations we undertake — in business, politics, private life. Hence the stream of negotiation books, which package that logic in different styles — reflective, analytical, or wisecracking.

Among these books, few have rivaled *Getting to Yes: Negotiating Agreement without Giving In* (Houghton Mifflin), the 1981 book written by Roger Fisher and William Ury. The original edition of *Getting to Yes* was developed at Harvard University's Negotiation Project, which introduced an approach that focuses on mutual interests and fairness, not on maintaining positions and winning the contest of will. That approach has been credited with helping political leaders resolve difficult conflicts around the world. (In the spirit of disclosure, I should add that in 1975 I designed and helped Roger Fisher teach the Harvard course that preceded the book.)

In the last year, however, a trio of books have been

published that are worthy of attention even alongside *Getting to Yes*. One displays the word *reasonable* on its cover, one has *win*, and the third features *emotion*. Readers may take their pick.

To distinguish these books, it is helpful to recognize that every negotiation involves three fundamental elements: art, science, and wisdom. Artistry is always involved, because negotiations can never be fully planned; the circumstances vary too much. At the heart of even the most mutually beneficial negotiation, there is always a haggle between two conflicting positions. A creative solution can clear a stalemate and produce agreement, but not by eliminating or resolving the conflict; rather, by suggesting new, acceptable concessions that make the conflict less intense. Making this happen is the art of negotiation.

The second element is science. Why would one person ever concede anything to another? Because the first person judges that without that concession, the second person will walk away from the deal. The leverage held by each of them can be determined analytically: It can be expressed as the difference between the expected cost of the concessions and the cost of a failure to reach agreement. The science of negotiation is the process of maximizing leverage — what strategists call advantage — by analyzing this difference in cost (which is subject to change at any moment).

The third fundamental element is wisdom. Every negotiation entails some wisdom. Otherwise, we would just have open conflict. Wisdom is the ability to observe the negotiation as it evolves, so that one can seize the opportune moment just as Prince William did. Wisdom also involves the ability to anticipate the negotiation's most likely results after the deal is struck.

Art, science, and wisdom are covered in all three books, but each treats them differently.

G. Richard Shell, as he acknowledges himself, is a “collaborative” negotiator, and at times he seems sanguine about the inevitable triumph of reason. Jim Thomas, author of *Negotiate to Win: The 21 Rules for Successful Negotiating*, has (as his book’s title suggests) a more competitive style. Brash and direct, he opens the book by telling the reader, “It’s not your imagination: Things really are getting tougher.” In a world of shrinking margins, formerly fat and happy Westerners will have to learn to pursue ruthless, frugal, competitive deals in the global bazaar, whether they like it or not, just to remain alive. He dismisses negotiators who aim to discover the true needs and interests of the other party. As he imagines it:

BUYER: “I want a 10% price rollback. *Now.*”

SELLER: “I hear what you are saying...but what are we really talking about? Is this a recognition thing for you? An empowerment thing? Do you feel my company has not treated you with enough respect in the past? Let’s be honest with each other.”

BUYER: “Thanks, pal, but if I’d wanted psychotherapy, I woulda’ called a shrink. I’m here to talk pricing. And I’m in a hurry. What’s it going to be?”

Mr. Thomas’s book is thus primarily about tactics in the core “science” process of negotiation: getting the other side to make concessions in a zero-sum game. He is somewhat skeptical about the “creative” side: It is important, he admits, but the returns should not be exaggerated. While Professor Shell’s book suffers from excessive complexity — it is chock-full of frameworks and structures, with four steps, four types of negotiation, five styles, six foundations, and no single organizing principle — Mr. Thomas’s book is refreshingly straightforward. He offers seven critical rules, four important but obvious rules, 10 “nice to do” rules, and a bit about ethics and special situations. To its credit, the book always explains the logic of its advice. It is not especially

original, but it is punchy, no-nonsense, and humane.

Although Mr. Thomas has a more competitive style than Professor Shell, he places just as much emphasis on the importance on relationships and is actually tougher on ethics, stating categorically that negotiators should never lie. As for wisdom, he admonishes the reader not to “hose” the other side — not to use every bit of leverage and every tactic in the book to get the best possible deal. Given widely prevalent norms of fair play, such “win-lose” deals really pay off only when there will be no subsequent relationship. Instead, the Thomas-guided negotiator seeks a win-win deal, meaning that both parties feel they have achieved their objectives even if they have not maximized their gain.

