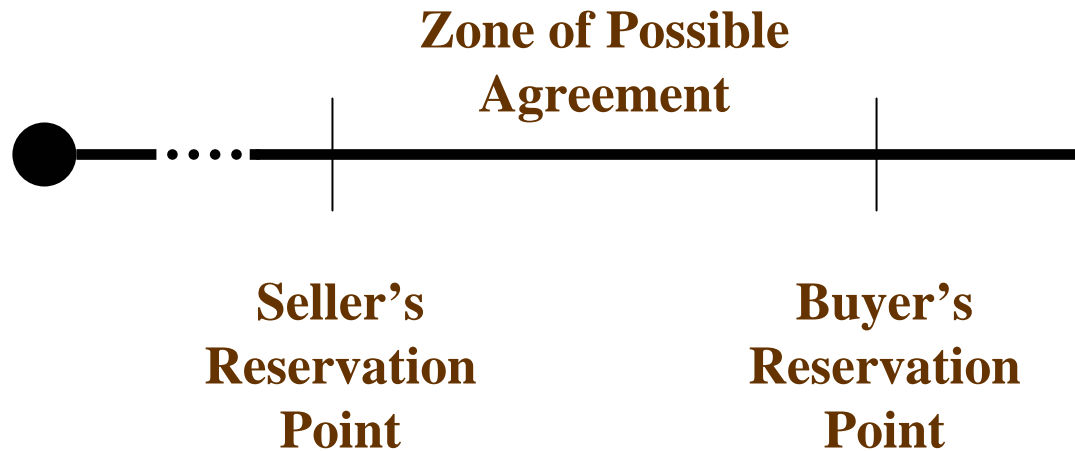


Bargaining Range

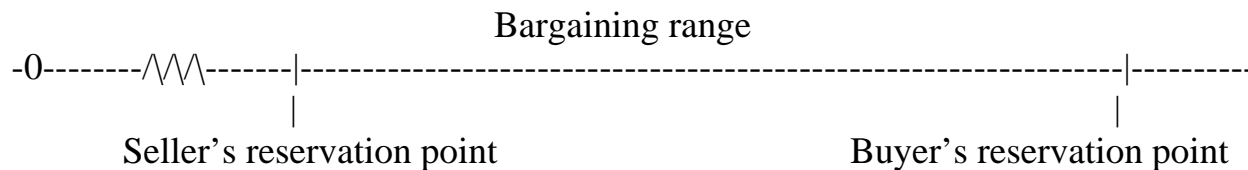


MORE TERMS IN NEGOTIATION

Reservation Point: the point at which the Best Alternative to a Negotiated Agreement (the **BATNA**) becomes preferable to starting or continuing a negotiation. In a sale—or in any negotiation—this is the point beyond which a party will not go.

Bargaining Range: The distance between the reservation points of the parties. This range can be positive or negative. If it is negative there will be no settlement unless one or both parties changes reservation points.

BUYING A HOUSE



Expanding the pie: The process of adding elements to a negotiation which help one or both sides to gain more—a basic task in making negotiations more integrative. These are usually elements which are valued differently by each party and often they have the characteristic that one side will gain a little, give up nothing or suffer only a small loss in return for great gain to the other. These elements can usually be added to almost any negotiation no matter how distributive the negotiation at first appears to be. As examples: the seller of a house may not care about taking the curtains or the lawn furniture. The buyer may greatly value these amenities because they will save a lot of time in moving in. The buyer might agree to a postponed moving date which does not affect him or her very much—in order to accommodate the seller's staying until the end of a school year. In return, the seller may not mind if the buyer sends loads of books that will be stored in the garage months before transfer takes place. Both buyer and seller may enjoy introducing the buyer to the neighbors. Both may greatly value respectful and honorable treatment from the other—which usually costs nothing.

Positions vs. Interests: A position is what you say you want or must have. Positional bargaining is usually distributive—and may be inefficient in the sense that value may be left on the table at the time of settlement because each party did not know what the other really wanted—but it may help one party gain more short-term profit. An interest is why you want what you want. Interest-based bargaining adds integrative potential.