

The Psychology of Negotiation



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Negotiation

“If you know the enemy and know yourself, you need not fear the result of a hundred battles. If you know yourself but not the enemy, for every victory gained you will also suffer a defeat. If you know neither the enemy nor yourself, you will succumb in every battle.”

Sun Tzu, The Art of War

Introduction

Successful negotiation requires a high degree of self-awareness, interpersonal skills, and emotional intelligence.

Many negotiation systems emphasize strategy and logical analysis. However, without a deep understanding of the emotional dynamics driving your counterpart's behavior, negotiation techniques are often ineffective or counterproductive.

Despite the use of the opening quote from the "Art of War", empathy is more important to negotiation than aggression. In this context, empathy is the ability to take the perspective of another person. When we employ empathy, we take the time to imagine what our counterpart is thinking and feeling. What does this negotiation mean to them? What emotions are they motivated by? What are their blind spots and how could they get in the way? What feelings are they seeking through the negotiation?

Self-empathy is also required to be an effective negotiator.

This type of empathy allows us to bring awareness and acceptance to all parts of ourselves. Instead of rejecting uncomfortable emotions that arise during a negotiation, self-empathy allows us to integrate all our experiences, giving us a competitive advantage by using emotions as a source of information and intelligence. By bringing mindfulness to our own experience, we can be honest about our own blind spots and motivations and operate at our highest possible capacity.



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Negotiation is Emotionally Driven

All negotiations are emotionally driven. When we focus too much on specific strategies or desired outcomes, we lose sight of the bigger picture. Whether it is a hostage negotiation, the sale of a business, or an argument with our spouse about the dishes, emotions always drive our behavior.

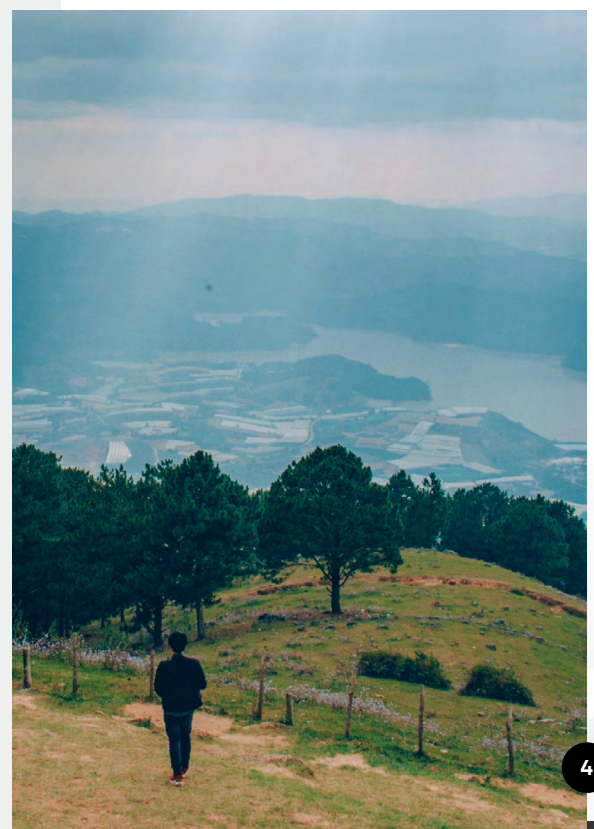
The Nobel prize-winning psychologist and economist Daniel Kahneman outlined the significant role of emotions in decision-making, particularly in situations where people act against their own financial interests due to a sense of fairness. One notable study he refers to examines how individuals respond when offered a monetary split with another person.

In this study, two individuals are given \$100 and are tasked with deciding how to divide it between themselves. Rational economic theory would suggest that both parties should strive to maximize their own financial gains. However, Kahneman's research reveals that individuals often deviate from this rational path when faced with a perceived lack of fairness.

For instance, let's say Person A is offered \$100 and has the authority to propose a division of the money with Person B. If person B rejects the offer, both participants will receive no money and the experiment will end. According to fairness norms, an equitable split would be for Person A to offer a 50-50 division. However, the study found that if Person A proposes a highly skewed split,



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such as offering only \$10 to Person B and keeping \$90 for themselves, Person B is likely to reject the offer out of a sense of unfairness. In this case, Person B receives \$0 when they could have received \$10 because their sense of fairness overrode their financial self-interest.

Even though accepting the offer would still result in a financial gain for Person B, their emotional response to the unfair treatment influences their decision. The desire for fairness and the emotional response associated with perceived injustice can override pure rationality and financial self-interest.

This example illustrates how emotions shape decision-making, even when financial interests are at stake. Kahneman's research highlights that people are not purely driven by reason or self-interest but are deeply influenced by their emotional responses. To effectively negotiate, we must not let our own emotions sabotage our efforts, and we must understand what emotions are driving our counterpart.



Internal Family Systems: A New Model of the Psyche

There are numerous models of the psyche that can help us during a negotiation. An accurate map of the mind is crucial during a negotiation as it helps us make sense of our own experience and understand the perspective of our counterpart.

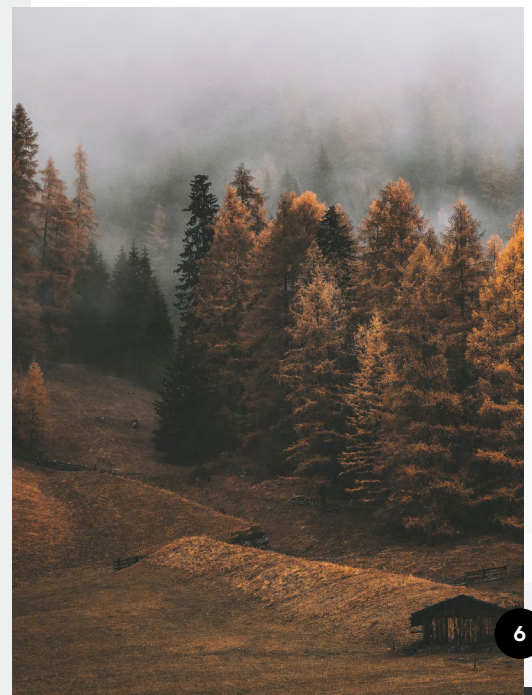
A good model of the psyche must account for conscious and unconscious motivations, blind spots, conflicting feelings, repressed emotion, thinking patterns, and higher capacities that transcend the limited sense of self. The more we know about our own internal landscape and that of our counterpart, the more successful we can be in a negotiation.

IFS, or Internal Family Systems, is an evidence-based therapeutic system that fits these criteria and is an ideal psychological model to use during a negotiation. According to IFS, every person has various parts, each with their own unique perspectives, desires, and blind spots. These parts can be thought of as distinct subpersonalities or sub-identities within the larger whole of an individual's self.

In IFS, the "Self" represents the core, undamaged, and compassionate essence of a person. The Self is seen as the unifying force that can lead to healing and transformation. It is characterized by qualities such as curiosity, openness, and clarity. When we are operating out of the Self, we can navigate challenging situations with wisdom and compassion.



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Each part within a person's internal system has its own beliefs, emotions, memories, and motivations. Some parts may be protective, aiming to keep the individual safe, while others may be wounded or carry unresolved emotions from past experiences. Parts can manifest in various ways, such as inner critics, pleasers, or inner children.

IFS emphasizes the importance of being aware of these different parts and developing a compassionate relationship with them. By acknowledging and understanding these parts, individuals can navigate their internal landscape more effectively. Rather than trying to suppress or ignore parts, IFS encourages individuals to listen to their parts' concerns and needs with curiosity and empathy.

The IFS approach to therapy is revolutionary because it proposes that an individual learns to accept all parts of themselves. Even parts that we would normally judge as problematic, such as an inner critic or addict are just attempting to make us happy and keep us safe. All parts have “benign intent”, but sometimes they become confused or misdirected because of painful life experiences.

The psychotherapist Bruce Tift says that most people learn to become “divided against themselves” when they reject certain parts of their experience as unacceptable. This rejection creates tension and emotional blockages. When we learn to bring awareness and compassion to these parts, they begin to transform, and shift from enemies to allies. For example, an inner critic learns to focus its discerning attention in more positive directions, or an inner addict finds healthy habits like exercise or meditation.



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Below are examples of parts that may arise in a negotiation:



The Inner Critic:

In a business deal or negotiation, the Inner Critic might manifest as a part that constantly evaluates and doubts one's abilities or the potential outcome. It may voice self-critical thoughts, such as "You're not skilled enough to close this deal" or "You'll make a mistake and ruin everything." This part can create self-doubt and undermine confidence, potentially hindering effective decision-making or taking necessary risks.



The Achiever:

The Achiever part is driven by a strong desire for success and recognition. In a business deal or negotiation, this part may push for ambitious goals and strive to outperform others. It may manifest itself as a competitive drive to secure the best terms or gain an advantage. While the Achiever can be motivating, it is important to balance its influence with other considerations, so it doesn't blind us. The achiever part is often driven by a sense of inadequacy and has the mistaken view that external success will heal this wound.



The Doubter:

The Doubter part is characterized by skepticism and a tendency to question the information or intentions of the other party. It may manifest as a cautious approach to the negotiation, seeking thorough evidence or verification before making decisions. The Doubter can be valuable in identifying potential risks or hidden agendas, but it's important to maintain a collaborative mindset and not let excessive doubt hinder progress.



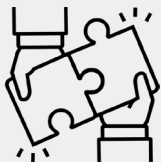
The Negotiator:

The Negotiator part is skilled in finding common ground, seeking win-win solutions, and maintaining constructive communication. It may manifest as a diplomatic and strategic approach to the negotiation, considering the needs and interests of both parties. The Negotiator part is adept at managing conflicts, exploring compromises, and building rapport to reach mutually beneficial agreements.



The Perfectionist:

The Perfectionist part in a business deal or negotiation may set excessively high standards or expectations. It may focus on every detail, striving for flawlessness or insisting on rigid terms. While attention to detail is important, the Perfectionist part may hinder progress by prolonging the negotiation process or preventing flexibility. Balancing precision with pragmatism is crucial to achieve a successful outcome.



The Collaborator:

The Collaborator part embodies a cooperative and relationship-oriented approach. It seeks to build trust, foster open communication, and find shared interests. This part may manifest as actively listening, acknowledging the other party's concerns, and suggesting creative solutions that benefit both sides. The Collaborator strives for long-term partnerships rather than quick wins, promoting mutual success and sustainability. However, this part may be naïve to your counterparts who are not negotiating in good faith and are trying to take advantage of you.

Using IFS is helpful in negotiations because it allows us to operate at our highest capacity. Often, a certain part gets triggered and takes over the negotiation process. By learning to integrate all our parts, we can learn to shift our state and use whatever parts are most helpful. Additionally, we sometimes ignore parts that have important information to tell us because we don't like what they have to say. For example, we might have an intuitive part give us a gut feeling that something is wrong during a negotiation, or that our counterpart is not telling us the truth. If we don't know how to access this information, we miss out on valuable insights that could have a significant impact on the negotiation.

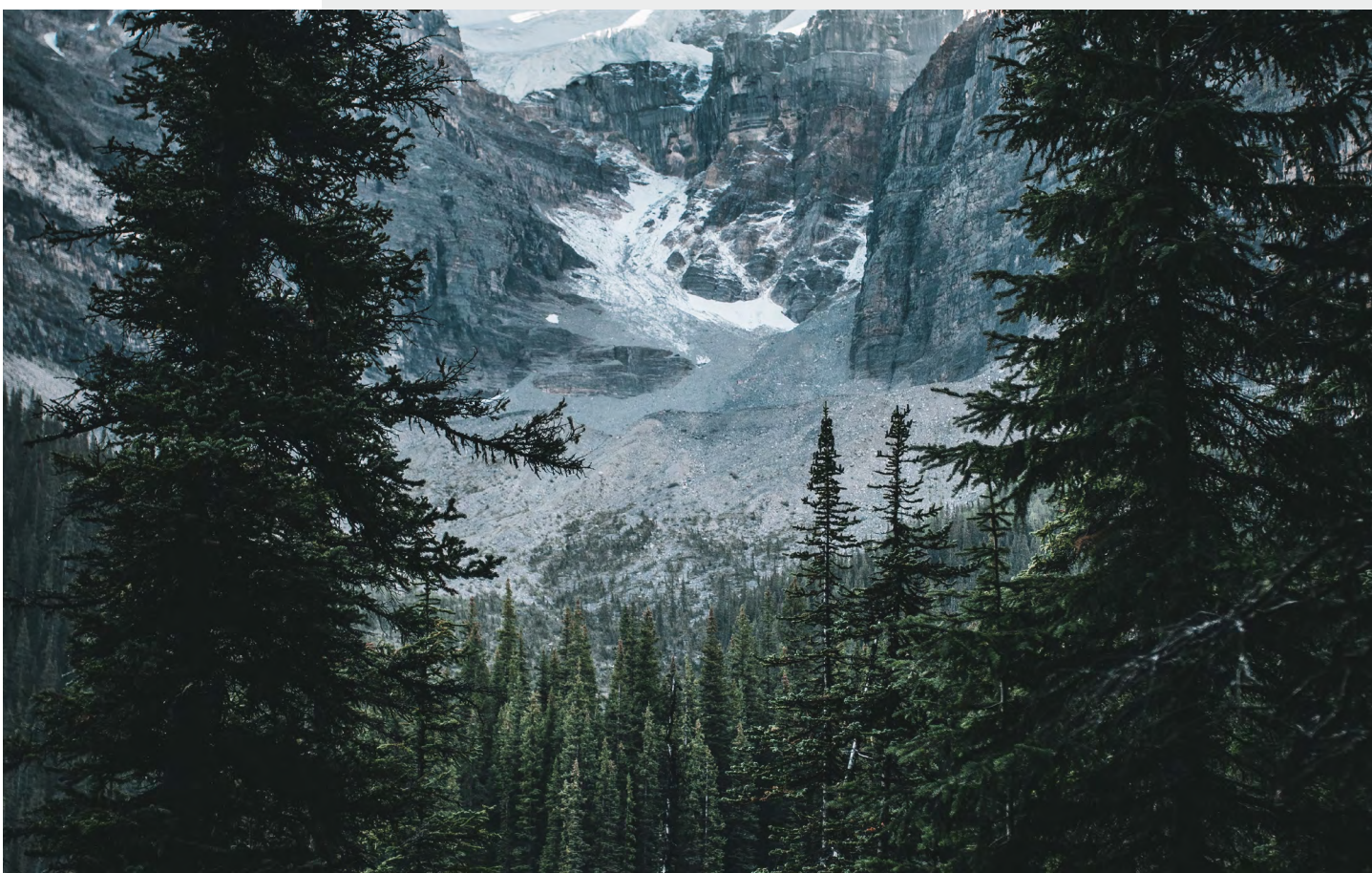
It is also helpful to understand what parts are motivating our counterpart. If they are motivated by loss aversion, then we should focus our communications on comforting that part. If they are motivated by a need to feel that they won, then it is advantageous to allow that part to feel like a winner instead of battling against it.

Using a parts model in negotiation gives us opportunities to skillfully work with what is arising in the moment. Instead of trying to push away certain parts (in ourselves or others), we simply work with what is arising. If our counterpart has a big ego, we don't fight it, we use it as leverage. If they have an anxious part, we find a different approach. This approach is like psychological jiu-jitsu: we go with the flow of what is in front of us and use every situation and emotion as a source of leverage or momentum towards our goal.

Negotiations fall apart when both parties let immature or unconscious parts dictate their behavior and dialogue. This can result in power struggles, a clash of egos, and a breakdown in communication. Fortunately, even one person learning to make a shift and skillfully work with their parts can be enough to change the dynamic and make progress towards a resolution.



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During a negotiation, slow down and use mindfulness to reflect on these questions:

1. Which parts of mine are driving the negotiation process? What parts seem to be driving my counterpart?
2. What are the blind spots of those parts?
3. On an emotional level, what do these parts need?
4. How can I structure the negotiation or my communication to better speak to the needs of these parts?

Fear in Negotiation

Fear is arguably the most important emotion in a negotiation. Fear triggers a series of physiological and cognitive responses in the brain that can significantly impact perception and logical thinking. When fear is activated, the amygdala, a key brain structure involved in emotional processing, becomes highly engaged. This activation leads to a narrowed focus of attention, where the brain prioritizes detecting potential threats and survival-related information. As a result, perceptual awareness becomes limited, with attention directed primarily towards the source of fear.

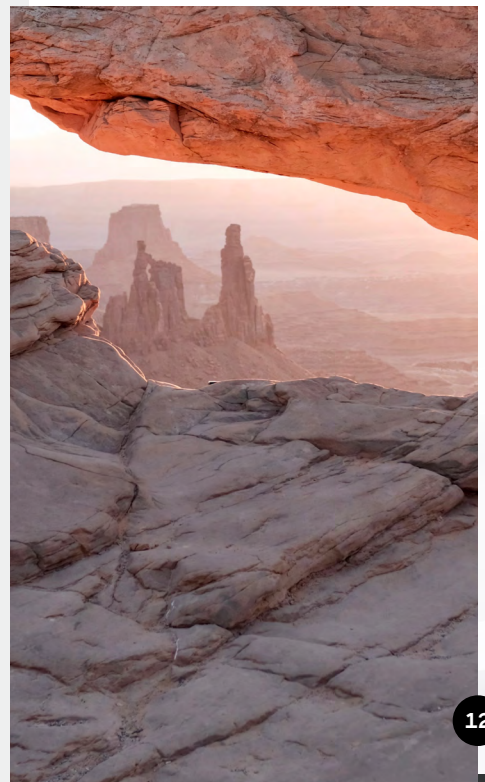
Additionally, fear triggers the release of stress hormones, such as cortisol, which further influences cognitive processes. These hormones can impair higher-level cognitive functions, including logical thinking and problem-solving, as the brain shifts into a survival-oriented mode rather than engaging in rational and analytical thought processes. Fear limits our ability to see alternative perspectives and locks us into a set way of thinking.

Fear can impede negotiations because of its rationality-inhibiting nature. It is common for people to become fearful during negotiations and to make decisions or concessions that are not in their best interest. It is extremely common for people to have intense fear about even entering a negotiation. A balanced approach to working with fear has two elements. First, we learn to tolerate fear, listen to it, and even embrace it. Fear contains extremely valuable information that is usually trying to protect us. With time, we can learn to make fear a potent ally during the negotiation process.

Second, we evaluate our thinking patterns rationally. Cognitive Behavioral Therapy (CBT) is particularly helpful for rationally examining our thoughts. There are numerous well-studied cognitive distortions that distort our perception of reality when we are fearful. Learning these distortions and how to counteract them tempers our fear and keeps us grounded in high-stakes negotiations.



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CBT and Fear Analysis

CBT is a therapeutic approach that can be highly effective in helping individuals evaluate and manage their fears. In CBT, our thoughts, emotions, and behaviors are interconnected. By working specifically with our thinking patterns, we can change our emotions and behavior. Here's how CBT can help evaluate fears rationally:



Identifying Negative Thoughts:

CBT encourages individuals to become aware of their negative thoughts and beliefs that underlie their fear. Through self-reflection and guidance from a therapist or coach, individuals learn to identify automatic negative thoughts, such as catastrophic thinking or overestimating the likelihood of negative outcomes. By recognizing these thoughts, they can begin to evaluate them more objectively. If you are not working with someone, listing your negative thoughts in writing will help to externalize them.



Examining Evidence:

Once negative thoughts related to fear are identified, CBT guides individuals to examine the evidence supporting or contradicting those thoughts. This rational examination involves gathering facts and considering alternative explanations or perspectives. By objectively evaluating the evidence, individuals can challenge and reframe their fearful thoughts, reducing their impact.



Testing Assumptions:

CBT encourages individuals to test the accuracy and validity of their fear-related assumptions. This involves engaging in behavioral experiments or exposure exercises that gradually expose individuals to feared situations or stimuli. By confronting their fears in a controlled manner, individuals can gather firsthand evidence that challenges their initial assumptions, helping to reduce the intensity of fear responses.



Most people focus on why they are afraid to negotiate. Usually, these fears are unfounded. We may have the sense that we will hurt a relationship or lose an opportunity if we try to negotiate. These are logical concerns that can easily be addressed. By negotiating skillfully and with tact, we can easily avoid possible negative outcomes. After we have planned to avoid the possible negative outcomes, we can then use fear as a motivating factor. Instead of focusing on what might go wrong by entering a negotiation, we can contemplate what we might lose by not negotiating. This allows us to use fear to fuel our negotiation rather than impede us.

Journaling questions during for a negotiation:

1. What am I most afraid of about this negotiation?
2. What is the likelihood this fear would come true?
3. What are the methods I could use to decrease the likelihood of this happening?
4. If this worst-case scenario happens, how could I remedy it?
5. How might I be overestimating the likelihood of the worst-case scenario?
6. What are the risks of not negotiating? What is the worst-case scenario if I avoid negotiating?

Knowing Your Counterpart

The single most important skill in understanding your counterpart is listening. Good listeners create an atmosphere of safety and collaboration that are ideal for productive negotiations. Listening will allow you to understand the deeper emotional needs of your counterpart.

Fortunately, there are numerous techniques that can be employed to be a better listener. Good listeners give their counterpart plenty of time and space to talk and are better at eliciting information and building rapport. Specific listening skills that support negotiations include\



Reflective Listening:

Repeat or rephrase what the person has said to show understanding and encourage further exploration of their thoughts and feelings.

Example: "So what I'm hearing is that you're feeling overwhelmed by your workload and it's causing a lot of stress in your life."



Open-Ended Questions:

Ask questions that cannot be answered with a simple "yes" or "no" to promote deeper reflection and elaboration.

Example: "Can you tell me more about what led you to this decision?"



Summarizing:

Summarize key points of the conversation to demonstrate active listening and help the person gain clarity and perspective.

Example: "Let me make sure I understand. You're saying that you've been feeling isolated and disconnected from your friends lately, and you're not sure why."



Empathetic Listening:

Focus on understanding the other person's emotions and needs without judgment or personalizing their experience.

Example: "It sounds like you're feeling hurt and betrayed by what happened, and you just want to be heard and understood."



Nonjudgmental Listening:

Suspend evaluations or criticisms and strive to create a safe space for the person to express themselves fully.

Example: "I want you to know that I'm here to listen without judging you, no matter what you choose to share."



Paraphrasing:

Restate the person's message in your own words to ensure accurate understanding and facilitate effective communication.

Example: "If I understand correctly, you're saying that you feel unappreciated and undervalued at work, and it's affecting your motivation."



Mindful Listening:

Be fully present and engaged in the conversation, paying attention to the person's words, tone, and non-verbal cues.

Example: "You have my undivided attention".



Silences:

Allow for periods of silence, which can provide the person with space to reflect, process, or continue sharing.

Example: Pauses and gives the person time to gather their thoughts or express themselves without interruption.



Clarifying:

Seek clarification when something is unclear or ambiguous, ensuring accurate comprehension and avoiding misunderstandings.

Example: "I want to make sure I'm understanding correctly. Are you saying that you felt excluded from the group activity?"



Validation:

Acknowledge the person's feelings and experiences as valid and worthy of attention, fostering trust and connection.

Example: "It's completely understandable that you're feeling frustrated and upset after experiencing such a setback."



By actively listening and understanding the emotions and needs of our counterpart, we can build rapport and create a more collaborative and productive negotiation environment. Empathy and active listening allow us to see beyond the surface and uncover the underlying motivations and desires of both parties, leading to more successful negotiations.

A good rule of thumb is that your counterpart should be speaking more than you for the bulk of the negotiation. Experiment and see if you can get your counterpart to speak 80% of the time while you speak only 20% of the time.

Questions:

1. What is motivating my counterpart to negotiate?
2. What is still unknown to me about my counterpart that would help the negotiation? What questions can I ask to learn more?
3. Does my counterpart feel comfortable, safe, and understood?
4. What questions and listening techniques have been the most effective so far? How can I employ these more?



Final Thoughts

Negotiation is a delicate balance of strategy, listening, and emotional intelligence. With practice, negotiation can become something that is enjoyable and rewarding. To gain confidence with negotiation, it is helpful to practice as much as possible. Start with low-stakes negotiations first and learn from your mistakes. Spend more time listening, mirroring, and asking open-ended questions and see how people respond. Investing in your negotiation skills has an incredibly high ROI as it is invaluable in numerous personal and professional settings.

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About the Author



Bill Belanger has worked as a psychotherapist, entrepreneur, and coach. Bill has studied numerous mind training disciplines from various traditions. As a psychotherapist, he has studied developmental psychology, CBT, ACT, IFS, Somatic Psychotherapy, Attachment-based interventions, and numerous other modalities. Bill has also studied Buddhist Psychology for close to 20 years, in monasteries in Nepal, Bhutan, and Thailand, and in the US with various teachers.

As a coach and founder at Integrated Mind Training, Bill offers individual coaching, workshops, and consulting. His work focuses on bringing his clients the best practices from various domains in a simple and accessible way. His style is collaborative and focuses on empowering his clients to develop their own wisdom and intuition. Bill provides negotiation consultation to individuals and organizations.