

# • Negotiation

Decision-Making and Communication Strategies That Deliver Results

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NEGOTIATION STRATEGY 4

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## NEGOTIATION STRATEGY

# Negotiating in Three Dimensions

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BY JAMES K. SEBENIUS

**N**O MATTER HOW MANY RIGHT MOVES you make at the table—however skillfully you read body language, frame arguments, make offers and counteroffers—doing so at the wrong table can undercut your results. Not only should you negotiate right, you should do the right negotiation. Sometimes this means looking with new eyes for a more promising table.

For example, the owners of a niche packaging company that boasted an innovative technology and a novel product were deep in price negotiations to sell the company to one of three potential industry buyers, all larger packaging operations. The owners' first instinct had been to persuade their bankers of the need for a higher valuation, refine their at-the-table negotiating tactics for dealing with each major player, and try to spark a bidding war.

But my colleague David Lax and I urged the company's owners to rethink this approach. "Why not look for a new, potentially more profitable negotiating table?" we asked. Our analysis suggested that one of their major customers, a large consumer goods firm, might value exclusive access to the company's technologies and innovative packaging products vis-à-vis other consumer products companies.

The company's managers opened negotiations with the consumer goods firm. In doing so, they uncovered a completely new source of potential value—and a much higher potential selling price. They also increased pressure on the larger packaging companies to up their offers, because they would all lose competitive position if the deal went through. By moving to a new table, the company's owners greatly improved their options.

At the outset of the sale process, this niche player negotiated, however skillfully, at the wrong table. Lax and I recently developed a "3-D" approach to address this challenge and a broad range of related issues. You've undoubtedly encountered the first two dimensions of negotiation, staples of managerial training. The third, however, may be less familiar.

- 1-D negotiation focuses on interpersonal skills and tactics at the table. 1-D advice typically teaches you to foster a more effective process, enhance relationships, develop cultural sensitivity, and make better moves and countermoves.
- 2-D negotiation stresses deal design and value creation. 2-D advice adds the art and science of diagnos-

