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**A Tribute to Our Founder**

**Ancient & Traditional Approaches to  
Dispute Resolution – What Modern  
Practitioners Can Learn**

**Listening Past Labels**

## NEGOTIATION

**Negotiation Preparation: How, and What, To Prepare**

By James Reiman

Every book and every lecture on how to improve negotiation results emphasizes the need to prepare. Indeed, in my book, *Negotiation Simplified: A Framework and Process for Understanding and Improving Negotiation Results*, I describe preparation as absolutely critical to achieving better results, and I devote nearly half of the book to preparation. It's that important!

While nearly all negotiation authors and lecturers talk about the need for preparation, what is often omitted is a clear explanation of what to prepare, and how to go about the process of preparing. Perhaps because every negotiation is unique, the “what” and “how” to prepare are often given short shrift, justified by the explanation that what you prepare and how you prepare is case-specific.

True: all negotiations are unique. However, there are elements common to all negotiations, and these common elements create a framework for preparing for every negotiation. This article will identify the common elements (goals/needs/wants; people; timing; mechanics; strategy and tactics) and set out a thought process and questions to be asked (and answered) when preparing for a negotiation. For simplicity, I describe the thought process as a series of six steps.

Before describing the preparation steps, however, one must understand just what a negotiation is, and the difference between haggling and negotiating.

Haggling is what happens in the flea market when the vendor asks a price of 10 for an item whose objective value is 5. The buyer, knowing the objective value is 5, counters with an offer of 1, and the vendor and buyer then throw numbers back and forth until an acceptable price (usually between 4 and 6) is agreed upon.

Negotiations, unlike haggling, are reason-based exchanges of information. Each party states their positions and the reasons for their positions, and the parties then engage in a discussion with the goal of finding common ground and securing for themselves and their counterpart all of the “things” each needs to make a deal.

Consider a negotiation wherein the buyer cannot proceed because the seller's price is too high. Rather than blindly tossing numbers back and forth, negotiators work to understand the underpinnings of each other's price number. They know that a product's price is the result of a combination of costs:

material costs; delivery costs; storage costs; financing costs; sales commissions; profit. . . . Negotiators strive to understand the components of the price so that, by addressing the parts rather than the whole, solutions may be identified which permit a final number to be agreed upon.

For example, if a seller has a delivery cost of X, and the buyer has a means of accepting delivery at a place that will not result in the seller bearing that delivery cost, the cost of delivery may be used to reduce the cost to be paid by the buyer, thus permitting a lower price and both parties achieving their cost need. Or a larger quantity might result in economies of scale, thereby permitting a lower price.

Successful negotiators understand that a negotiation is a problem-solving exercise: by solving their counterpart's problems (finding solutions that permit their counterpart to secure all of their needs), they solve their own problems. This is accomplished through dialogue: a reason-based discussion.

So, to prepare for a negotiation rather than a haggling exercise, you prepare by identifying anticipated problems and potential solutions. You create an environment conducive to dialogue. You identify the necessary facts and reasons for your positions, determine how best to relate those facts and reasons to your counterpart, and determine how best to counter the reasons and facts that you anticipate hearing from your counterpart.

With that preface, the preparation steps follow.

**Step 1: Identify Your Goals, Needs and Wants**

You start by identifying, with laser focus and crystal clarity, the goal of the negotiation. What is the result that you want to achieve?

If negotiating a merger/acquisition transaction, for example, to say that the goal is to buy Company X is not sufficient. Yes – the goal is to buy Company X, but why? Why do you want to acquire Company X? Is it X's intellectual property? Its market share? A particular department of key employees? How will the transaction be accretive to the purchaser?

Assume that you want to buy Company X because it owns a particular patent that you require. Is your goal to buy the company, or to secure the rights to the patent? Do you need or even want the company? What is the value of the patent

alone, the value of the company without the patent, and the value of the company with the patent?

You need to identify your goal with the precision of the patent . . . or the company. Think about each deal in terms of goals, needs and wants. Your “goal” is the big picture result: purchasing the patent, or purchasing the company which includes the patent.

Your “needs” are everything that you must secure to achieve your goal. If the goal is to purchase the company with the patent, then the patent being included as an asset of the company is a need. Needs are those “things” that if not part of the deal or not secured on the terms required will result in a decision not to proceed and to saying “no deal.” In short, “needs” are *must have* items. All needs must be identified, and the reason for each need’s necessity to be understood is an essential element of the goal.

“Wants” are everything else: everything that would be nice to have but are not critical to the deal. For example, color. If negotiating the purchase of a car, and you’d really like a red car but don’t hate blue cars, and there’s only a blue car available, if all of your needs are met, you’ll proceed and buy a blue car. Color, in this example, is a “want.” Other wants might be time or place of delivery and non-essential options.

So, step 1 is to identify your goal with laser precision and each and every need that must be secured to achieve your goal.

Step 1a is to identify all of your wants; all of those things that would be nice to have but are not critical to the deal.

Step 1b is to value each want. The reason you do this is because it is more common than not that your counterpart values the wants differently than you. Great deals are the result of trading items of low value to you and high value to your counterpart for items of high value to you and low value to your counterpart. Returning to the car purchase example, the goal is to purchase a car. Assume that the make, model, and price are all needs, and each has been agreed. The wants are color (you prefer red but will accept white or blue), time of delivery (today would be great, but you can accept next week or the following week), and place of delivery. By ascribing a value to each want, you prioritize the wants so that you may more effectively trade them to make a great deal

Assume that you really want the red car, so you give it a value of 10. Blue or white are OK, so you give those colors a value of 5. You don’t care whether you take delivery of the car today, or next week, so you value time of delivery (1). The car dealer has red, blue and white cars, and doesn’t care what color they sell you, so they value the color red (5). Time of delivery is important to the dealer, however, so they value time of delivery next week (10), and today (5). You and the

dealer can both secure the highest value deal by you agreeing to buy a red car with delivery next week. By identifying the values of each want during your preparation, you are better able to trade effectively to get the highest value deal.

As part of step 1b, valuing your wants, many find it helpful to separate those wants that are especially desired, your “Big Wants,” from your other wants, and to rank your Big Wants in terms of priority. Doing so helps keep you focused on those wants that you’d really really like to have, but which are not needs.

Finally, step 1c: to the extent that you can, you identify and predict your counterpart’s goals, needs and wants, and the value your counterpart places on each want.

## Step 2: Identify All People

While a negotiation may be between companies, or between a company and a government, remember always that negotiations are first and foremost reasoned-based discussions by *people*. Companies and governments are legal constructs. They may be “people” in the legal world, but not in the real world. People, not companies or governments, say yes or no. People, not companies or governments, determine goals, needs and wants.

And people, not companies or governments, decide what is important and what may be conceded.

Therefore, step 2 is to identify all relevant people.

People fall into three buckets: decision makers, influencers, and those with interests.

Decision makers are just that – those who have decisional authority. Influencers are those who do not have decisional authority, but who influence the decision making of the decision makers. Think of a living parent and founder of a family business now operated by one of the children. Whether the parent approves or disproves the deal and how it came about will impact the decision and decision-making process of the decision maker. Such people are influencers. Finally, there are those with interests. These people have a stake in the decision, but no direct decisional authority or influence. Those with interests might be minority shareholders, employees, or neighbors of a planned plant expansion.

All people need to be identified, and to the extent possible each person’s goals, needs and wants need to be understood and their wants prioritized, or value quantified.

## Step 3: Assess the Timing

Step 3 is often ignored, but it is of the utmost importance. One must ask two questions: “Should we negotiate, and if so, when?” Like most things in life, timing is critical. Step 3,

therefore, is to determine whether the timing is correct for the negotiation.

Ask: Are all people ready, willing, and able to negotiate? Are all the necessary people available, not only to participate but to give the time and attention to the matter to be negotiated that is required? Is moving forward expeditiously, or delaying matters, more likely to lead to a positive outcome? Is there a time that is more propitious?

#### Step 4: Mechanics

Like Step 3, Step 4 is often given short shrift by the unskilled negotiator. Think of this step as the “how” and “where” of the negotiation.

The “how:” This is the process by which the negotiation will be conducted. Will the decision makers negotiate directly, or will they have subordinates negotiate and then step in to conclude the deal? Who will be “in the room?” The negotiators only, or the negotiators plus advisors such as counsel, bankers, etc.? Will there be a single negotiator for each side, or will each side have teams? If teams, how will the roles be allocated? Will the negotiation be a single event, or a series of meetings? How should the media or news and information during the negotiation be managed?

There are infinite possibilities with respect to the “how” question, but the process often has a significant impact on the ultimate result. All permutations need to be considered, and the issue requires the same care and analysis as the other three steps.

Regarding the “where:” think of the “where” in terms of logistics. Will the negotiation be in-person or virtual? If in-person, where? Is the physical room appropriate? Is it comfortable, or too comfortable? Is it sufficiently private? Is there access to the necessary technology for referencing data, displaying presentations, or communicating with persons not on-site? Are there travel restrictions or necessary visas required?

If virtual, whose conferencing technology will be used? Does the technology provide the required security, bandwidth, etc.? How will documents or data be shared during the negotiation?

#### Steps 5 and 6: Strategy and Tactics

Steps 1 through 4 constitute the foundation of one’s preparation. Once you’ve determined your (and to the extent that you can) your counterpart’s goals, needs and wants; once you’ve identified all relevant people (and to the extent that you can) their goals, needs and wants; and once you’ve determined that the time is ripe and the process and logistics of the negotiation, you devise your strategy and tactics.

Strategy is the overall plan that you will employ during the negotiation. Tactics are the means by which you execute your strategy. For example, assume that you determine that your strategy should be to project strength and power. Your tactics could be aggressiveness, or firmness, or a demonstration of your greater financial capabilities.

Whatever strategy and tactics you select, remember always that what matters is not how you perceive yourself and what you say or project. Rather, what matters is how you are perceived by your counterpart, and how and what you say or project will resonate with your counterpart. Asserting power, for example, may feel good and might be effective if used against you, but will it be effective, or counterproductive, when employed against your counterpart?

When developing strategy and tactics, consider always the people that you’ve identified, and those who may influence them and those who have interests that the decision makers care about. The art of negotiation is understanding the people with whom you’re negotiating and communicating effectively and constructively. Your strategy and tactics are the means by which you effect your communication.

#### Conclusion

You prepare for a negotiation by first understanding *your* goals, needs and wants, and then identifying the relevant people and anticipating *their* goals, needs and wants. Next, you determine the best time to negotiate, and the process and mechanics of the negotiation that will result in the highest likelihood of success. Finally, you consider how best to communicate that which you determine to communicate. Remember always, a negotiation is a dialogue and problem-solving exercise. You prepare by understanding your problems and your counterpart’s problems, and figuring out how best to engage in a conversation to solve those problems.

*A companion worksheet to this article may be found on the author’s book and negotiation websites (<https://reimannegotiations.com>, and <https://reimannegotiations.com>). The worksheet is a simple one-page (front and back) form on which you can jot down your goal, needs, and wants; all people; your strategy and tactics; and other matters.*

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