

## **Why Use BATNA (Best Alternative to a Negotiated Agreement)?**

*By Edrie Greer, Ph.D., Global Knowledge Instructor*

Negotiation is one of the oldest problem-solving methods in the world. It's a basic means of getting what you want, when you and the opposing side share some common interests yet differ in others.

A good negotiation method should protect you from making a bad agreement or rejecting one that you should accept. For example, if you implement a bottom line – by establishing in advance your worst acceptable outcome, such as the lowest price you'd accept for an item you're selling – you're limiting your options if circumstances should change during the negotiation, and you may not get the best possible agreement.

### **What is BATNA?**

BATNA (Best Alternative To a Negotiated Agreement) is a term developed by Roger Fisher and William Ury of the Harvard Negotiation Project. In the absence of a deal, it is the preferred course of action you should take. It's a hefty concept that can make your negotiations more successful, especially when the other side is more powerful and/or has a stronger bargaining position.

You negotiate to obtain something from another party that is more valuable than what you get by not negotiating. Knowing your BATNA allows you to understand how much it will cost you if you fail to come to an agreement. For example, if you're a car salesperson who is close to reaching your end-of-month quota (and that trip to Hawaii incentive) your cost of not agreeing to a deal proposed by a savvy customer will be high. Your BATNA will not be favorable, so you might be more willing to continue negotiations.

Knowing your BATNA, instead of guessing what it might be, keeps you from being too optimistic about your alternatives. You might not fully understand the impact of a disgruntled employee who sues your company or an agitated spouse who hotly contests a divorce. It also can help you avoid agreeing too readily because you are uncertain what will happen if negotiations break off.

### **Knowing Your BATNA Pays Off**

Your BATNA allows you to determine the point at which you can say no to an unfavorable proposal. If your BATNA is strong, you can negotiate for more favorable terms. For example, if you've been offered a new job but you also have other offers, then you're in a better position to negotiate the salary involved. In contrast, a weak or unknown BATNA means you don't have much bargaining power. If you haven't researched the salaries in your field for someone with your knowledge and experience, or those salaries are simply lower than what you are

being offered, then you may have no choice but to accept the salary that is on the table.

If the opposing side knows your BATNA is poor, then it has more leverage in the negotiation. On the other hand, disclosing a BATNA to the other side can make sense if your BATNA is extremely attractive and/or the other side erroneously thinks they have you over a barrel.

## **How to Use BATNA to Strengthen Your Negotiating Position**

Here's how you can strengthen your position using BATNA:

1. You can improve your BATNA.
2. You can determine the other side's BATNA.
3. You can weaken the other side's BATNA.

To improve your BATNA, brainstorm and research other options that might be available should the negotiation not occur. For example, if you're a contractor trying to finalize a deal with a potential client, and you have no other work lined up (a poor BATNA), then pursue other options to secure additional clients.

If you want to know the other side's BATNA, research their most likely options. You can do this by consulting company reports, contacting your sources within that industry, determining their strategic goals, and even seeing what you can learn from any member of the negotiating team through informal discussions or slips of the tongue at the table. Often, a negotiating team will overestimate their BATNA. On the other hand, you may find that they hold all of the cards because the cost to them for not coming to an agreement may be extremely low.

If the other side appears to have a strong BATNA, look for ways to weaken it. Say you want to buy an antique desk at the local flea market. You and the seller know it's worth between \$50 and \$75. But the seller tells you she won't take less than \$125 for it because \$100 is what another potential buyer has already offered her that day. (The seller thinks that \$100 is her BATNA.) But you heard the exchange and you really want this desk. So you play hardball by telling the other potential buyer that there is another similar desk on the next aisle and he buys that one instead because he likes it better. You have now weakened the seller's BATNA – or even eliminated it – which would result in your getting the desk for a much lower price. If the seller will still speak to you, that is.

When both sides have good BATNAs, then it may not make sense for you to negotiate in the first place; unless it's to mutually explore potential options beneficial to both parties.

Knowing your BATNA before you begin a negotiation will give you additional power to get what you want. The more easily you can walk away from a negotiation, the more influence you will exert during the process.

---

## Sources

- Harvard Business School Publishing. *Negotiation*. Boston: Harvard Business School Publishing, 2003
- Fisher, Roger and William Ury. *Getting to Yes: Negotiating Agreement Without Giving In*. New York: Penguin, 2003

## About the author

Dr. Edrie Greer has taught communication and negotiation techniques for Global Knowledge for several years. She brings more than 20 years of experience in adult education, instructional design, educational technology, instructor development, and media production to her work. Dr. Greer holds a Ph. D. in the Sociology of Religion from the New Thought Theological Seminary, a Master of Science in Continuing and Vocational Education, and a Bachelor of Science in Life Sciences Communication from the University of Wisconsin-Madison.

This article was originally published in Global Knowledge's *Management in Motion* e-newsletter. Global Knowledge ([www.globalknowledge.com/PMILocal](http://www.globalknowledge.com/PMILocal)) delivers comprehensive hands-on project management, business process, and professional skills training. Visit our Knowledge Center for free white papers, webinars, and more.

© Copyright 2006, Global Knowledge. All rights reserved.