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## Tool

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### **BATNA (Best Alternative to a Negotiated Agreement)**

#### **What It Is**

BATNA of Best Alternative to a Negotiated Agreement is an essential tool when preparing for a negotiation. Instead of identifying a “bottom line,” that is, the lowest or worst outcome that is acceptable to you, developing your BATNA invites you to imagine your best possible outcome if you fail to reach a negotiated agreement.

While having a clear and definite bottom line makes it easier to resist pressure and temptations in the moment and helps you coordinate with others negotiating on your behalf, there are several high costs to that approach:

- Committing to a bottom line limits your ability to benefit from what you learn during negotiations.
- It inhibits the imagination and reduces the incentive to invent tailor-made solutions that might reconcile differences in ways more advantageous to both sides.
- It focuses on just one variable, ignoring the range of other interests that might be in play.
- Bottoms lines are often set too high.
- They are also hard to change once you have made a firm mental commitment to them.

“In short,” in the words of Roger Fisher and William Ury

“...while adopting a bottom line may protect you from accepting a very bad agreement, it may keep you both from inventing and agreeing to a solution it would be wise to accept. An arbitrarily selected figure is no measure of what you should accept,”

A far better standard to measure the success of your negotiation is to establish a clear picture of the best alternative you have as a fallback if negotiations fail – your BATNA. Fisher and Ury again:

The reason you negotiate is to produce something better than the results you can obtain without negotiating. What are those results? What is the alternative? What is your BATNA – your Best Alternative To a Negotiated Agreement? *That* is the standard against which any proposed agreement should be measured.

## What to Use It For

- To develop at least one option to a negotiated agreement to allow you to assess your real situation.
- To protect yourself against both accepting an agreement you should reject or rejecting an agreement you should accept.

## How It Works

- Step 1. Brainstorm a list of actions you might conceivably take if no agreement is reached.
- Step 2. Review and iterate your list. Improve the more promising ideas and convert them into practical, do-able alternatives.
- Step 3. Select – tentatively! – the one of the more realistic options that seems best and develop a definite plan for how you would pursue it.
- Step 4. If your BATNA is especially attractive, you can consider revealing it to the other side if it is in your interest to let them know and – especially – if they do not recognize that you have other alternatives.
- Step 5. Consider the other side's BATNA and be open to the possibility that their BATNA looks better to them than any fair solution you can imagine. After all, if both parties have attractive BATNAs, the best outcome of the negotiation – for both parties – may well be to not reach agreement.
- Step 6. Be open to revising your BATNA (and your view of their BATNA) as negotiations proceed and as you gain more information.

## Example

### **An Example from *Getting to Yes***

What is true of negotiations between individuals is equally true for negotiations between organizations. The relative negotiating power of a large industry and small town trying to raise taxes on a factory is determined not by the relative size of their respective budgets, or their political clout, but by each side's best alternative. In one case, a small town negotiated a company with a factory just outside the town limits from a "goodwill" payment of \$30,000 a year to one of \$2,300,000 a year. How?

The town knew exactly what it would do if no agreement was reached: It would expand the town limits to include the factory and then tax the factory the full residential rate of some \$2,500,000 a year. The corporation had committed itself

to keeping the factory; it had developed no alternative to reaching agreement. At first glance the corporation seemed to have a great deal of power. It provided most of the jobs in the town, which was suffering economically; a factory shutdown or relocation would devastate the town. And the taxes the corporation was already paying helped provide the salaries of the very town leaders who were demanding more. Yet all of these assets, because they were not converted into a good BATNA, proved of little use. Having an attractive BATNA, the small town had more ability to affect the outcome of the negotiations than did one of the world's largest corporations.

### **Keep in Mind**

- “If the other side has big guns, you don’t want to turn the negotiation into a gunfight. The larger or more powerful the other side, the more you stand to benefit by negotiating on the merits. To the extent they have muscle and you have principle, the larger a role you can establish for principle the better off you are. Developing your BATNA can help you negotiate on the merits.” – Fisher and Ury
- “Developing your BATNA ...not only enables you to determine what is a minimally acceptable agreement, it will probably raise the minimum.” – Fisher and Ury
- “Developing your BATNA is perhaps the most effective course of action you can take in dealing with a seemingly more powerful negotiator.” – Fisher and Ury

### **Resources**

Roger Fisher and William Ury, *Getting to Yes: Negotiating Agreement Without Giving In*

William Ury, *Possible: How We Survive (and Thrive) in an Age of Conflict*