



# The Don Hutson Report

Global Expert on Sales & Negotiations

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## Boost Your Bargaining Power

Part 5 of an 8-part series on “Negotiations”

**In this report**, we will cover “Bargaining Chips” and the positions we want to establish early in each negotiation. From the very beginning, it is important to give the other side solid signals about the significance we attach to certain chips.

**As Sun Tzu said** centuries ago in his work, *The Art of War*, “Every battle is won or lost before it’s ever fought”. He was obviously playing off of the importance of planning. Effective planning is rule number one in negotiation preparation!

**Bargaining Chips are** defined as factors in a negotiation which often vary in importance to each of the sides at the table. You need to establish the value of each chip in advance. This enables you to qualify them in importance and designate such by descriptors (e.g. Red, Blue, or Green). Some negotiators may be prepared to make concessions on some issues of lesser importance to them while fighting vigorously for others based on the perceived value to their side.

**We recommend labeling** all bargaining chips using the colors Red, Blue, or Green. The chips are then defined as follows:

1. **Red Chips** – These are issues that are not to be violated. They may be subject to laws or regulations, company policy, or your boss’s directive. If they are ever compromised to any degree, it should be only in dire situations.
2. **Blue Chips** – These are issues you very much want to capture. Blue chips can be the difference between an excellent outcome and one that is only fair. You want to work hard to get your Blue Chips. All of your negotiations planning should include this effort as a priority.
3. **Green Chips** – These are issues that would be nice to have, but you could give them up. As they are of lesser importance to you, keep in mind that they still have value associated with them. They could even be a Blue Chip to the person across the

table. Don't just use them as a "throw away item". Hold on to them for as long as practical.

**In your planning process**, devote quality time to considering the value of each chip you can think of that might come into play in the upcoming negotiation. Write down the value points associated with each and the potential positive and negative outcomes that would accrue to you when you capture them or give them up. The great negotiators have this information carefully clarified before they go into a negotiation.

**Another thing** the most skilled negotiators do is ask key questions. The answer to each will provide clear signals as to how much value the other side attaches to an issue. The ultimate win is when you give up a Green Chip to them but gain a Blue Chip in return! Keep in mind that different parties may have different values attached to the same chip, which is the reason you want to gain as much clarity as possible in the beginning.

**Some have said** that negotiating is like playing a high stakes chess game, because gaining the most desirable results is usually based on careful planning and effective strategizing.

**Some examples** of playing with chips can be very simple. Remember when Br'er Rabbit said "You can do anything but please don't throw me in the briar patch!" He did not reveal that the briar patch was the safest place he could go. They threw him in and he was happy! And some ploys with chips can be so complicated that we don't even recognize the ramifications until after the negotiation is over!

***So here are your takeaways on this negotiation topic to keep in mind:***

1. Devote sufficient time to negotiation planning so that you go in with confidence and have a good handle on the dynamics of all chips.
2. Anticipate various outcomes so that you can competently assess all chips and their value to your side.
3. Give substantive thought to what you think the other sides' positions will be. Past experience with them can be very helpful if available. Remember that the best predictor of *future* behavior is *past* behavior.
4. Keep your overall strategy in mind as you discuss chips. For example, you don't want to damage a long-term collaborative relationship by overplaying your attempt to get a Blue Chip. You might win the battle and lose the war.
5. Similarly, if in a competitive negotiation, don't be reluctant to work hard to get that Blue Chip, even if you have to assert yourself to get it. Remember that competitive encounters are customarily "win-lose", and there is not much of a relationship, if any, in place anyway.
6. Keep in mind to establish value on Green Chips, even if you plan to give them up. This way you might well get more in return for it.

**Plan, strategize, and anticipate responses** from the other side and you will win your share of the most valuable chips!

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