

Book review

Split the Pie: A Radical New Way to Negotiate by Barry Nalebuff (2022). HarperCollins. ISBN 9780063135482(hardcover).

Reviewed by Claude Cellich, Vice president International Institute in Geneva

In his book, the author introduces a radical new way of splitting the difference. His approach differs from the traditional way of splitting the difference 50-50. To split the difference, negotiators must first agree to frame the problem correctly. The author argues that the best way to satisfy each party is not to divide the pie evenly but first to expand the pie. For this to happen, negotiators have to develop their respective BATNAs. The author suggests that giving what the other party wants, will likely make it give you what you want. This assumes that both parties trust each other, share information and are willing to create options to expand the pie. For this to happen it is essential that each party sees things from the other party's perspective rather than seeing things from one's own perspective. In other words, put yourself in the other person's shoes to have a better understanding what the other party interests are¹. This requires both sides to move from being egocentric to allocentric.

Expanding the pie by creating additional value where both sides benefit calls for advance preparation including identifying potential objections, finding appropriate counterarguments, knowing what is valuable to the other party and less valuable to you in order to trade concessions and estimate one's BATNA. In other words, each party strives to gain over their collective BATNAs. Negotiators need to remember that BATNA is not static but dynamic and can change when interacting with the other party as new information becomes available as well as the influencing external factors.

As far as estimating one's BATNA as well as the other side's BATNA is concerned, the author could have given greater importance to intangibles. For example, negotiators can consider various intangibles such as goodwill, brand image, reputation, trademarks, software, patents and so on. These intangibles are likely to grow faster than tangibles due to market sophistication, digital technologies and globalization². Although it is more difficult to put a price on intangibles, they are useful trade-offs to break an impasse as well as increasing the number of options thereby expanding the zone of agreement.

Throughout the book, the reader is provided with examples illustrating how 2 or more parties can reach agreement by dividing additional value from an expanded pie. Moreover, he describes how he negotiated the sale of his company producing Honest Tea to Coca-Cola and his second one (Kombrewcha) to AB InBev. These two examples show how a small firm negotiating with a large one can negotiate successfully by being well prepared, expanding the pie and dividing the additional value.

In his book, the author has expanded our knowledge concerning how to split the pie by developing a radical new way of negotiating. His novel approach should be part and parcel of any courses or handbooks as it would contribute to negotiating agreements between two or more parties that are mutually beneficial.

References

1. Fisher, R. & Ury, W. (1991). *Getting to Yes: Negotiating agreement without giving in* (2nd ed). New York, NY: Penguin Books.
2. Cellich, Claude (2021). *Creative Solutions to Global Business Negotiations*, (3rd ed). Business Expert Press, NY.