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## A Better Way to Negotiate: Backward

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**"When you map a negotiation backward, you envision your preferred outcome and think in reverse about how to get there," says Harvard Business School professor and negotiation specialist James K. Sebenius. From *Negotiation*.**

by James K. Sebenius

How often have you heard that, when entering a negotiation, you should get your allies onboard first? Conventional wisdom, but not always the best advice. When the United States sought to build a global anti-Iraq coalition following Iraq's 1990 invasion of Kuwait, for instance, Israel appeared to be its strongest regional ally. Yet because Israel's formal membership might have kept numerous Arab states from joining the coalition, the U.S. government pointedly excluded the Israelis, starting negotiations elsewhere. Careful sequencing plus tacit Israeli membership avoided a potential setback.

Here's another bit of conventional wisdom on proper sequencing: "Get your own house in order first." Yet this was not the path that President George H. W. Bush followed in preparing for the first Gulf War. Instead of approaching Congress first, Bush committed U.S. troops to the region, built international political and military coalitions, and negotiated a U.N. Security Council Resolution authorizing "all necessary means" to eject Iraq from Kuwait. Only after these steps were taken did the Bush administration begin negotiating in earnest for congressional approval to use force in the Gulf.

Had Bush first approached a deeply skeptical Congress, agreement on the use of force would have been unlikely. A negative vote would have stymied any subsequent American efforts to build an international coalition. Getting the right players involved at the right moment opened the door to success. Getting the sequence wrong could have led to failure.

Though often overlooked, sequencing matters greatly in negotiation. Whether you're trying to get the "right" people to attend a charity event, invest in a new venture, or sign onto a complex deal, you'll face elaborate sequencing choices. With whom should you speak

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first? Whom next? Rules of thumb such as "allies first" or "negotiate internally, then externally" are unreliable guides. Yet a more effective approach, the logic of backward mapping, can help you choose your partners wisely—and negotiate in the right order.

### Sorting out the possibilities

When Steve Perlman was preparing to launch WebTV in 1996, he faced a critical sequencing dilemma. He had obtained seed funding, developed the technology to bring the Internet to ordinary television sets, created a prototype, and hired core technical and management team members. Now running desperately low on cash, Perlman had to contend with many potential deal partners, including VCs, angels, and industrial partners (as potential sources of cash); consumer electronics firms, Internet service providers (ISPs), and content providers (for possible alliances and partnerships); manufacturers (for manufacturing set-top boxes); non-U.S. licensees; and wholesale and retail distributors (for sales).

With his promising venture running on fumes, Perlman's next obvious negotiation might have been with venture capital firms for funding. Yet Perlman knew that, while VCs might have been willing to make small investments in his new firm, they were, at the time, quite wary of making major financial commitments to consumer electronics plays such as WebTV.

### To better understand the logic of backward mapping, consider the logic of project management.

Instead, Perlman mapped backward from his VC target, reasoning that WebTV's appeal and value to the VCs would be greatly enhanced by partnership with a prominent consumer electronics firm. Perlman started by pitching his product to Sony, his first choice, which initially turned him down. But he then

negotiated successfully with Philips and used the agreement to forge a complementary deal with Sony. With Sony and Philips onboard, Perlman was able to negotiate for VC money—at a far higher valuation. With this additional funding, Perlman had little difficulty threading a path of supporting agreements through manufacturers, wholesale and retail distribution channels, content providers, ISPs, and alliance partners abroad—and ultimately sold his young but thriving business to Microsoft for \$425 million.

### The logic of backward mapping

When you map a negotiation backward, you envision your preferred outcome and think in reverse about how to get there. Here are the basic steps:

1. Draw a "map" of the parties who are currently involved and those who might potentially get onboard, along with their interests and their no-deal options.
2. Estimate the difficulty and cost of gaining agreement with each party as well as the value of having that person or group onboard.
3. Identify key relationships among the parties: who influences whom, who tends to defer to whom, who owes something to whom, and so on.
4. Focus on the most-difficult-to-persuade player—your ultimate target or someone else who's critical to the deal. Ask these questions: Which prior agreement or agreements among which set of the other players—if such agreements were in place—would maximize the chances of the target saying yes on your terms? Whom would you like to have onboard when you initiate negotiations with the target?

5. Ask analogous questions about the player(s) at this next-to-final stage: Whom would you ideally like to have onboard to maximize the chances of the most difficult player at this stage saying "yes"? How can you win that party over?

Map backward in this fashion until you have found the most promising path through the cloud of possibilities.

To better understand the logic of backward mapping, consider the logic of project management. When deciding how to undertake a complex project, you focus first on your endpoint, then develop a critical path and a timeline by working backward to the present. A successfully completed project is comparable to a value-creating agreement supported by a sustainable coalition.

Once you begin applying the logic of backward mapping, you'll find yourself facing a number of questions: How can you identify critical players? Should your negotiations be secret or open, separate or collective? How can you avoid being harmed by the sequencing tactics of others? Here's some advice:

#### **Study patterns of influence and deference**

Would-be coalition builders learn quickly that approaching the most difficult—and perhaps most critical—party first may offer slim chances for a deal. To improve the odds, try to discern who influences the target player and to whom that player defers. In a 1993 *New Yorker* article, Sidney Blumenthal described how Bill Daley, then President Clinton's key strategist for congressional approval of the North American Free Trade Agreement, went about securing buy-in: "News might arrive that a representative who had been leaning toward yes had come out as a no.... When he heard the bad news, [Daley went into action].... 'Can we find the guy who can deliver the guy? We have to call the guy who calls the guy who calls the guy.'"

When David Lax, my coauthor on *3-D Negotiation: Creating and Claiming Value for the Long Term* (forthcoming from Harvard Business School Press), and I were advising a client who was seeking to sell his company, we counseled him against his choice to quickly open serious negotiations with a potential acquirer's CEO. Instead, we researched who the CEO would turn to regarding acquisitions. Of course, his CFO would be pivotal. Continuing to map backward, we turned up an analyst in the finance department whom the CFO deeply respected and who would almost certainly do the valuation work on this somewhat unorthodox deal. After initial contact with the CEO, we spent a great deal of time ensuring that the key analyst bought into the deal. When intensive negotiations finally began with the CEO, the groundwork had been laid. The CEO turned to his CFO, who turned to his key analyst, who made our case from the inside.



**James K. Sebenius**

#### **Outflank blockers**

While sequencing can build support for an ultimate deal, sometimes it is used to outflank potential opponents. For example, consider how Percy Barnevik brought about the merger of Asea and Brown Boveri, the Swedish and Swiss predecessors of ABB, the global engineering giant. In a 1991 interview in *Harvard Business Review*, he noted that:

We had no choice but to do it secretly and to do it quickly.... There were no lawyers, no auditors, no environmental investigations, and no due diligence. Sure, we tried to value assets as best we could. But ... we were absolutely convinced of the strategic merits.... Why the secrecy? Think of Sweden. Its industrial jewel, Asea—a 100-year-old company that had built much of the

country's infrastructure—was moving its headquarters out of Sweden.... I remember when we called the press conference in Stockholm on August 10. The news came as a complete surprise.... Then came the shock, the *fait accompli*. Th[en] ... we had to win over shareholders, the public, governments, and unions.

By choosing to secretly negotiate with a tiny group of each side's executives first, then with others, Barnevik generated an irreversible commitment to a preferred deal. This high-risk sequence sought to prevent factions such as unions and the Swedish government from blocking the deal. Had he started by trying for agreement with unions, the government, and shareholders, the process would have been thwarted and ABB would not exist.

### Manage information

Careful sequencing can help manage sensitive information. For a building developer worried about being squeezed on price if her intentions become public, the property acquisition sequence may depend on the likelihoods of different paths. Other factors involve the physical relationship of the parcels acquired to those remaining. Rather than waiting for a later acquisition, can the developer use parcels already obtained to push forward some version of the project? The answer to this question might drive the order of approach. Similar sequencing calculations face investors who seek to quietly purchase a series of blocks of stock for a possible acquisition or take positions in various debt securities to improve their position in a bankruptcy negotiation.

### Beware sneaky sequencers

Be cautious: others may try to pull devious sequencing moves on you. Most parents quickly wise up to the household version of this gambit: To get Dad to say "yes," Junior will claim that "Mom said it was OK," then scurry to tell Mom that Dad has given the green light.

**The secrecy that surrounds some sequenced deals can make them appear manipulative.**

Some children grow up to use these time-honored tactics in the workplace. For example, when a private equity firm negotiates with a major institutional investor, the investor might informally commit capital, relying on the supposed commitments of another investor known to be savvy. Knowing of this reliance, a

less-than-scrupulous firm may be tempted to keep the two negotiations separate, using Party A's alleged agreement as a reason for Party B to close—and vice versa. Advice: explicitly verify the assertions of anyone who claims to have secured a prior commitment from another negotiator—who may be under the false impression that you've already said "yes."

### Opening up the process

The secrecy that surrounds some sequenced deals can make them appear manipulative. By contrast, a group of negotiators who know and trust one another and who are skilled at joint problem solving may find that an open, collective process generates better, more creative options than a separated, sequential approach. Open negotiations can also enhance feelings of legitimacy and group ownership of an eventual agreement.

Yet relying on inclusive meetings can be risky. Interests and agendas may surface that are better dealt with privately in a careful order. Large, open meetings may help opponents to identify each other, meet, join forces, and thus mount a more powerful combined challenge.

With each negotiation, you should consider whether to create a private or public sequential strategy, launch a group process, or opt for a hybrid. When sequencing appears to have an advantage—in coalition building, managing sensitive information, and dealing with potential opponents—the logic of backward mapping will help guide your path. 

Reproduced with permission from "Mapping Backward: Negotiating in the Right Sequence," **Negotiation**, June 2004.

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**James K. Sebenius** specializes in analyzing and advising on complex negotiations. He holds the first Gordon Donaldson Professorship of Business Administration at Harvard Business School. He is coauthor with David Lax of *3-D Negotiation: Creating and Claiming Value for the Long Term* (forthcoming from Harvard Business School Press).

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**ABOUT FACULTY IN THIS ARTICLE:**

[James K. Sebenius](#) is the Gordon Donaldson Professor of Business Administration at Harvard Business School.

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