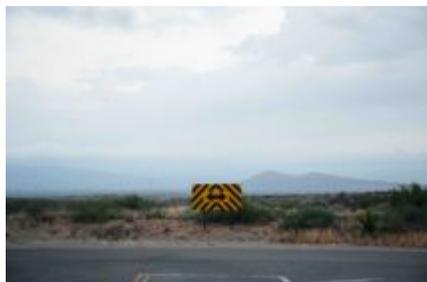




What is BATNA? How to Find Your Best Alternative to a Negotiated Agreement

Always know your BATNA when entering into a negotiation

BY GUHAN SUBRAMANIAN — ON MARCH 19TH, 2020 / BATNA



What is BATNA? The definition, or the ability to identify a negotiator's best alternative to a negotiated agreement, is among one of the many pieces of information negotiators seek when formulating dealmaking and negotiation strategies. If your current negotiation reaches an impasse, what's your best outside option?

Most seasoned negotiators understand the value of evaluating their BATNA, a concept that Roger Fisher, William Ury, and Bruce Patton introduced in their seminal book *Getting to Yes: Negotiating Agreement Without Giving In*.

A Classic Definition

Here's a classic illustration of the BATNA negotiation skills concept:

Negotiation skill or negotiation strategy? It's a bit of both – identifying a negotiator's BATNA is a necessary skill for developing the best strategies to use at the bargaining table.

Importance of BATNA for Negotiators at the Bargaining Table

When bargaining, take time out for an explicit translation process to ensure that you aren't giving up a good deal in hand for a BATNA in the bush.

For example, as the renewal deadline for Sam's homeowner's insurance policy approached, he decided to do a "market check" to compare prices. Sam's existing insurer – let's call it Acme – had been raising rates by 7% and 10% annually for the past three years, and Sam wasn't sure he was getting the best deal. He then found a carrier that offered a policy for 30% less than Acme's renewal rate.

Delighted, Sam came very close to switching to the new insurer. But after doing some digging (and receiving some self-interested guidance from Acme), Sam identified important coverage and term definitions buried deep in the legalese of the two policies. After going through a translation process to make the prices comparable, Sam realized that Acme, his current insurer, was offering him a better deal (see also, *Negotiation Skills – Three Sources of Power at the Bargaining Table* to learn more about power in negotiations and how BATNA helps negotiators to make solid strategies for the negotiation table).

The lesson: *Rather than assuming that the deal on the table matches your BATNA point by point, translate your BATNA to fully understand what it means for the current negotiation. To learn more, read *Know Your BATNA – The Power of Information in Negotiation*.*

How have you used any of these strategies in an important negotiation? Leave a comment below.

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Adapted from "Taking Your BATNA to the Next Level" by Guhan Subramanian in the January 2007 issue of the *Negotiation* newsletter.



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ROBERT L. MARCH 19, 2020

I recommend adding Ury's "Getting Past No" to the suggested resources.

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