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Agreement Written by CFI Team Read Time 4 minutes What is BATNA?To keep learning and advancing
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Leadership Excel CFI For Teams Financial Services Corporate Finance Professional Services For
Employers Support Help IThe term BATNA was originally used by Roger Fisher and William Ury in their
1981 book entitled "Getting to Yes: Negotiating Without Giving In." BATNA – BEst Alternative to a
Negotiated Agreement Importance of BATNA BATNA is often used in negotiation tactics and should
always be considered before a negotiation takes place. It is never wise to enter into a serious negotiation
without knowing your BATNA. The value of knowing your best alternative to a negotiated agreement is
that: It provides an alternative if negotiations fall through. It provides negotiating power. It determines
your reservation point (the worst price you are willing to accept). Illustration of BATNA The following
diagram illustrates each party's best alternative to a negotiated agreement (seller and buyer): BATNA –
Illustration Where: ZOPA stands for "Zone Of Potential Agreement."The relevant information is illustrated
below: In the diagram above, if Tom demands a price higher than \$7,500, Colin will take his business
elsewhere. Identifying Your BATNA As illustrated in the example above, having a best alternative to a
negotiated agreement before entering into negotiations is important. Here is a process developed by
Harvard Law School to develop the best alternative to a negotiated agreement: List all alternatives to the
current negotiation – what could you do if negotiations fall through? After determining your BATNA,
calculate the lowest-valued deal that you're willing to accept. FAQ Legal Community Member Community
What's New Resources Podcast Logo (C) 2015 to 2024 CFI Education Inc. It is defined as the most
advantageous alternative that a negotiating party can take if negotiations fail and an agreement cannot
be made. It is the overlap between the seller's and buyer's settlement range. Seller's settlement range is a
biddable range acceptable to the seller.