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# Stop Labelling Negotiations as Win-Win or Win-Lose



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**Too many people have an either naïve or fatalist view of these terms, which have become so misunderstood that we should perhaps even discard them.**

Negotiators often describe their negotiations as win-win or win-lose. These terms have become ubiquitous and it is hard to find any negotiator who has not heard of them. Despite all that has been said on the topic, the concept remains misunderstood. Unfortunately, when negotiators use the expressions win-win or win-lose to label situations, they often limit their appreciation of the possibilities.

Once negotiators have labelled a situation as win-lose , they become more fatalist. They assume that the negotiation context is rigid, a zero-sum game, and that inevitably someone has to lose. This view motivates many negotiators to believe that they have no choice but to use power and be aggressive to get what they want, and in doing so they often enact a self-fulfilling prophecy.

For example, when negotiators assume or accept that a negotiation is win-lose, they often see the counterparty as an enemy and the value as limited. They then refrain from sharing information that could otherwise create new solutions and expand the value for all.

## **Splitting the orange**

Roger Fisher, in his classic negotiation book *Getting to Yes*, tells what has now become the famous “orange story”. In this story, two young sisters fight over the last orange in the house. There is only one orange, both sisters want it, and thus the negotiation seems to be a win-lose situation. Naturally, the two sisters are fighting over it, until their mum comes around, splits the orange in half, and hands each daughter a half-orange.

If the situation were indeed win-lose, the story would be over. However, the sisters behave differently after they receive their half-orange. The younger one peels hers, throws away the peel, and eats the fruit. The older sister peels her half of the orange, throws away the fruit, and bakes an orange cake that has only half the peel required by the recipe.

This story is told in negotiation classes around the world to demonstrate the difference between positions and interests. “Positions” stands for the rigid demand for a single and favourite solution, and “interests” is the value one truly seeks in whatever form it can be delivered.

For me, this story means so much more. It shows that what one initially considers a win-lose situation can be negotiated into a win-win. In the orange story, the younger sister could have got all of the fruit and the older sister all of the peel.

Moving from positions (“I want the orange”) to interests (“I want to eat” vs “I want to bake a cake”) would have unravelled the negotiation knot and led to a great solution where both sisters would move from a potential 50 percent satisfaction in the half-orange deal to 100 percent satisfaction each if they traded peel and fruit.

The orange story is a great negotiation illustration that replicates itself millions of times a day in negotiations all over the world. As such, the question then becomes: Was that negotiation a win-lose or a win-win situation (provided we still want to use these terms)? It clearly was win-lose if you consider that each sister only got half of what she wanted. It clearly

was win-win if you consider that they could have traded peel and fruit, but just failed to find this solution. I would like to argue that it was neither.

The situation merely was a platform for the parties to choose how to negotiate. I prefer to think that the situation was not a static win-lose or win-win independent of the sisters' choices. Ultimately, their choices were what led to different outcomes.

### **Focus on choices**

Since the sisters approached the negotiation with the assumption that it was win-lose and their only choices were to yell louder, use more force or appeal to mummy to get what they wanted, that is exactly what happened. If, however, they assumed that there was potential for them to not want exactly the same thing, they might have asked a few more questions, exchanged a bit of information, and found novel solutions. In sum, the situation was not win-lose or win-win, because it depends on how the negotiators approached their challenge.

The negotiators' choices have a massive impact on how any negotiation develops. To assume that a situation is win-lose or win-win is to limit one's perception of reality as if the future was rigid and pre-defined. By focusing on the choices instead, the future is ours to shape depending on what we say and how we behave, again on our choices.

Hence, to call a situation win-lose or win-win leads to fatalism, which potentially multiplies negotiation blind spots and results in underperformance. The best negotiators retain at all times the ability to see all possible scenarios emerge from any given situation depending on their different choices.

If I choose to use power (a.k.a., win-lose choice or strategy), I am more likely to generate resistance and lower information sharing or value creation. If however, I do not use power (a.k.a., win-win choice or strategy), the counterparty is less likely to fear me, and thus more likely to share information and work with me to identify intelligent solutions to our challenges and sometimes even new sources of value.

As such, the best negotiators constantly feel empowered to reframe any given situation and don't lose sight of their many options to push the negotiation in desirable directions. They never become a puppet to other

people's framing or the assumed rigidity and fatalism of any given situation.

### **Win-lose doesn't exist**

Similarly, negotiators should understand that there is no such thing as a win-lose outcome. When negotiators close a deal, it's because they found the deal good enough or at least better than no deal at all. Maybe they didn't get everything they wanted, but they didn't lose either. Else they would have walked away. In the unlikely case they cannot walk away, then it means that the deal offered, as bad as it may be, is still better than nothing.

Win-lose is merely a narrowing factor in your perception of the frame in a situation. Take an extreme example to illustrate this point: If someone points a gun at you and says, "Your wallet or your life", the moment you hand over your wallet, it's still a win for you as compared to losing your life.

Negotiators can have extremely unrealistic expectations of what a good deal is supposed to be and are bound to be frustrated. A deal that is worse than their expectations does not mean that they did not win. Imagine a football team that expects to win a game by 20-0. While not impossible, it is an extremely unrealistic expectation. If the team then wins by a 5-0 score, they did not lose, though they may feel frustrated. But that is just relative to their extremely unrealistic expectations.

Besides, no negotiator has to walk into a negotiation and accept that it will only be a win-win if they satisfy the extremely unrealistic expectations of the counterparty. If, in our negotiation, we can help the counterparty get something, marginally or significantly, better than a no-deal scenario, they are likely to accept the deal, and that should be considered a win for both sides or just a deal.

To see or qualify outcomes as win-lose is to accept an impossible burden that gives the counterparty the "right" to ask for the moon and that only giving them the moon will avoid a win-lose outcome. Any deal that closes is win-win, and thus to call it a win-win deal is an oxymoron. Just call it a deal. If it were truly win-lose, then there would be no deal.

### **Up to us to shape reality**

Win-lose (power) or win-win (no power) at the end of the day are strategic and tactical negotiation choices. To see them as outcomes or situations only restrains our abilities to generate superior deals.

Going forward, how about we call things as they are, infuse a bit more optimism in our ability to negotiate successfully, and expand our assumptions and creativity in the process:

- A win-win situation becomes a clear positive-sum situation.
- A win-lose situation becomes a potential positive-sum situation.
- A win-win outcome becomes an outcome. You can then qualify if it satisfied your interests well, not so well, but save any mistake, it was better than each party's BATNA (best alternative to a negotiated agreement).

This also means that a win-lose or lose-lose outcome agreed upon by both parties does not exist, unless it is the result of coercion or mistakes.

Words shape thoughts and create reality. Reshape your foundational negotiation words and you will reshape your negotiations.

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#### **About the author(s)**

**Horacio Falcao** is a Professor of Management Practice in Decision Sciences at INSEAD and the author of **Value Negotiation: How to Finally Get the Win-Win Right**. He is also the programme director of INSEAD's **Negotiation Dynamics** and two **Certificates in Negotiation** (Advanced & Online), part of the school's suite of Executive Education programmes.