

# **SPLIT THE PIE**

## **A Radical New Way to Negotiate**

### **BARRY NALEBUFF**

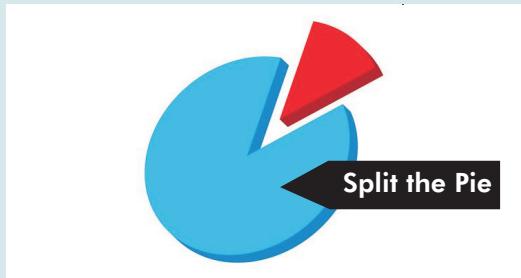
**BARRY NALEBUFF** is a professor at Yale's School of Management, where he has taught for more than thirty years. He is an expert in game theory, and has written several books including *Thinking Strategically*, *The Art of Strategy*, and *Mission in a Bottle*. He has advised numerous firms in major M&A transactions, and is the founder of several ventures including Honest Tea, Kombrewcha, and Real Made Foods. Dr. Nalebuff's *Introduction to Negotiation* course (teaching the Split the Pie methodology) has more than 350,000 enrolled students at Yale and online at Coursera. He is a graduate of MIT and Oxford University.

The website for this book is at: [www.SplitThePie.com](http://www.SplitThePie.com).

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**MAIN IDEA**

The best way to negotiate anything is always to reach an agreement to "split the pie" – to work together to grow a massive pie, and then share the added value created 50-50. This is a highly motivational way to negotiate.



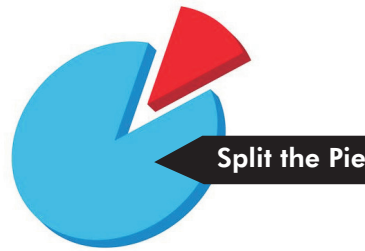
Most negotiations tend to obsess over who is bringing what to the agreement, but in a way that's almost irrelevant. Without the involvement of both parties, there won't be any pie created, and therefore both parties should prosper evenly.

The Split the Pie negotiation methodology is:

- 1 Start with good GROUND RULES
- 2 Agree to SPLIT THE PIE & COSTS 50:50
- 3 Work together to SOLVE PROBLEMS
- 4 Collaborate to MAKE a GIANT PIE
- 5 Let everyone ENJOY HALF the PIE

*"In a nutshell, negotiation is about creating and capturing value. The radical part of the pie framework is the conclusion that the pie should be divided evenly. That doesn't mean both sides end up with the same amount. What is evenly divided is not the total but only the additional value created by the agreement, namely the negotiation pie."*

– Barry Nalebuff



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**1. Start with good GROUND RULES** . . . . . Pages 2 - 3

Negotiations are always stressful for everyone. The best way to approach them is to have some good, principled ground rules. Commit to using "the pie" approach in negotiating, where everyone focuses on the additional value created by agreeing to work together.

**2. Agree to SPLIT THE PIE & COSTS fairly** . . . . . Pages 3 - 4

The essence of the split the pie methodology is not only do you agree to an even split of the pie, you also agree to a 50:50 split of the costs as well. In the pie framework, everything has to be symmetric. It's the only fair outcome.

**3. Work together to SOLVE PROBLEMS** . . . . . Page 5

Negotiations can be complex, especially when there are more than two parties involved, when one side obviously cares more, or when the size of the pie is uncertain. Just remember the pie framework still applies. It can be adapted and applied to any and all negotiations.

**4. Collaborate to MAKE a GIANT PIE** . . . . . Page 6

It's helpful in a negotiation to think of the pie as something that can be made bigger or smaller, depending on what the negotiators do. Good negotiations are never zero-sum, but collaborations to work together to grow a massive pie and enjoy that. The key to getting more in a negotiation is to help the other side get what they want.

**5. Let everyone ENJOY HALF the PIE** . . . . . Pages 7 - 8

Great negotiators aren't interested in squeezing every last bit of juice out of every deal. They change the game by figuring out how to make a massive pie, and then cutting everyone in on the action. Figure out how to make the pie big, let everyone enjoy half, and you'll get a great reputation as a negotiator. Sell and use the pie approach in every negotiation.