

# 53

## THREAT OF REPUTATIONAL DAMAGE



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Having rinsed a large bunch of coriander under the tap, Philip was chopping it for the meal that he and his wife were planning for their dinner party with another two couples that evening. As he did so, he mixed it in with the curry that he had prepared the day before. It was the final step in preparation.

Only then did he witness something horrific.

Recoiling in horror, he let out a scream as he saw half a green insect, about 3 inches in length (which would probably have been 5 inches before the chopping), attempt to fly out of the remaining pile of the coriander leaves that he was just about to chop. The first half of the leaves, which he had already mixed into the curry, presumably contained the dismembered parts of the second half of the beast including its belly, abdomen and hind legs.

Hearing his scream, Jackie, his wife, came running down the stairs, imagining that he had chopped off a finger.

Within a minute, and extremely gingerly, the pair had captured the still writhing half-insect in a glass jar, secured the lid, and thought about what to do next... whilst the insect shuffled off its mortal coil.

They could not possibly serve the curry to their four guests, who were arriving in two hours, and as they were both proud of their Indian culinary skills there was no way they could create a curry from first principles in time. Neither could they imagine enjoying a curry that they know contains half a locust, cicada, preying mantis or whatever it was!

So the only option was to go and get a take-away from a great Indian restaurant that they had used several times before.

Jackie set to work scanning the menu to put together a take-away order.

Philip, meanwhile, set off in his car to the supermarket, with a jam jar firmly wedged in the car's cup-holder, his jaw firmly secured in a stern expression demanding an explanation and compensation. He planned his approach during the drive.

**Philip** *'I need to speak to the store manager urgently, there has been a serious issue.'*

After a minute waiting...

**Manager** *'Sir, what seems to be the problem?'*

Philip described what had happened, and produced the jar containing the ugly creature – well half of it at least!

Looking concerned, the manager took the jar from Philip and called over a colleague, asking her to take the jar out to the storeroom and have it 'destroyed'.

**Manager** *'I'm really sorry sir. I'll get one of my colleagues to fetch you a fresh bunch of coriander, and as a gesture of goodwill I will give you a store credit of £5.00.'*

**Philip** *'What! – are you joking? I've just chopped half a horrible, large, unidentified, ugly green insect into the curry that I was preparing for a dinner party tonight. You will have to do better than that.'*

The manager, now looking uncomfortable, and aware that other customers were milling around and looking on changed his offer.

**Manager** *'Okay, I understand. I can offer you £20 in compensation, that's the limit I am allowed to go to.'*

**Philip** *'Well let me tell you the limit that I am prepared to go to. I want £50 and not a penny less, plus the replacement coriander, or the limit I go to is the end of the high street where the local newspaper office is located, and I will be reporting this to a journalist. You have my word on that.'*

**Manager** [Calling over a supervisor] *'Sharon, will you please give this gentleman £50 out of your till. I will explain later.'*

## INSIGHTS AND LEARNING

In this simple episode there are many negotiation principles and tactics that are readily identified.

- **Flinch** – as a genuine result of the shock at discovering the dismembered insect. Note, in this case the flinch was genuine. In some negotiation situations the other party may pretend/act out a flinch in order to unsettle the counter party and to signal that what has just been proposed is way out of the negotiation range, a ridiculous suggestion or in some other way totally unacceptable.
- **Revulsion** – on realising that half of the insect had been chopped into food that was due to be eaten that evening. In negotiations one party may signal either verbally or non-verbally, in ascending scale of rejection... their disinclination, displeasure, dislike, distaste, disgust, or even admit to feeling sick, when offered or shown something - for example a dress or a jacket in a shop, a meal served in a restaurant, a room to rent or a car in a showroom with sickly upholstery.
- **Highest Authority** – Philip did not try to negotiate with customer services or someone at the checkout, but instead demanded to see the most senior person in the supermarket. He decided this as part of his planning on the drive to the shop.
- **Physical Evidence** – a picture paints a thousand words, and real physical evidence is even more powerful. If you can show, via photographic evidence, the damage to a suitcase for example, or even better demonstrate by taking it back into the shop, then the fact that damage has occurred is irrefutable. In Philip's case the physical evidence was even more powerful and compelling as it tapped into emotions such as revulsion and a need to quickly hide the evidence from other shoppers.
- **Damage Limitation** – the store manager offered to replace the product and give a gesture of goodwill for the inconvenience – albeit a pitifully small gesture. The store manager should have known better, not least because it's common sense, and to be expected, that some form of goodwill gesture should be forthcoming. Replacing the coriander was only the starting point of damage limitation as it only brings the situation back to where it was before the incident.

In a negotiation where something goes badly wrong then it is usually not sufficient simply to put it right; there needs to be something else to compensate. For example, if you check into a hotel room and the next morning find the room infested with cockroaches, simply being moved to a different room for day two will do nothing to compensate for the sickly feeling of sharing the room on the first night with some unwelcome, unfriendly, dirty non-invited guests.

Damage limitation requires much more, so the other party feels, if not exactly overjoyed, at least satisfied that it has been resolved professionally, appropriately and the 'settlement' was fair.

- **Significant concession** – the store manager very quickly increased his offer by 400%. Clearly the manager felt he needed to improve his offer, and maybe by jumping very quickly to his limit of authority he thought that what to him was a 'big' increase, would be enough to quieten and satisfy the customer quickly to 'contain' the issue. Sadly not in this case.

When making a concession, the general rule is to make small concessions, and slowly, and to tie any concession you do offer to a move on some variable from the other party. E.g. *'Sir, if you promise to leave quietly then, even though I am not officially allowed to, I will quadruple my offer to £20 – is that acceptable to you?'*

In this case these rules probably do not apply because the power is massively in the hands of the customer, and we're only talking about a few pounds, not hundreds of thousands, so in the grand scheme of things the store manager will no doubt value his and his store's reputation many hundreds or thousands of times more than £20 and a bunch of herbs.

- **Threat** – Philip demanded £50 plus a bunch of coriander, otherwise he would ensure the story was printed in the local paper for thousands of local customers to read. Threat is a very powerful negotiation tactic, though one to be used sparingly, and always wisely. Of course it depends on the situation and the relative power balance between the two parties. In this case Philip was probably justified to use threat, further confirmed by the fact that he got what he wanted and quickly - without resorting to physical violence! This is linked to another tactic called...
- **Laying Down a Gauntlet** – meaning that one party says to the other... *'Look, if you do this then we've got a deal. If not, then the deal is off – which is it to be?'* A gauntlet is an

armoured glove, so by laying down a gauntlet you are effectively offering your hand to seal a deal. In this case Philip put the responsibility firmly on the shoulders of the store manager to accept his offer, and the incident would be over; a very attractive 'escape route' for the manager in this case. This tactic is sometimes also referred to as **Onus Transfer** i.e. effectively saying 'it's up to you – what's your decision?'

- **Creativity** and looking for **Alternatives** – as Philip's wife quickly sourced another source of good quality Indian cuisine. OK, it's hardly a mind-blowingly creative solution; in fact it's very obvious given the limited amount of time available. However what it does illustrate is the importance of having a **BATNA** (Best Alternative to No Agreement), in every negotiation situation. A BATNA gives you power; not having a BATNA leaves you helpless, hapless, and hopeless and you're guaranteed to come out with a bad deal.
- **Planning** – finally, whilst this incident happened and was over within just 20 minutes, and time was against Philip and Jackie, it is still important to reinforce the importance of taking a few minutes to think, to plan your approach, and to consider things such as your position, your sources of power, the anticipated position of the other party (supermarket manager), their sources of power, and what you might do as a fall-back strategy if you don't get a satisfactory resolution. Jackie had sorted out the BATNA, Philip had the threat of going to the newspaper hanging in the air, and he had also planned to raise his voice in the shop and cause a fuss for others to see and hear if the manager was not conciliatory or was challenging him in some way.

### **Post-script:**

The evening went very well, the take-away curry was delicious and both Philip and Jackie had an interesting story with which to amuse their guests.

The insect was not so lucky!

## HOW CAN I USE THIS?

When life hands you a 'lemon' you need to make 'lemonade'.

In this case the power was clearly in the hands of Philip and he knew it.

Before you enter any negotiation, even small inconsequential ones like this, it's important to do an assessment of the power that you have and the power that you think the other party has, and as indicated above, think through a number of possible reactions from the other person, and what you might do in each instance.

In the coriander case it may only take a minute or two to do this thinking and you would do it in your head, maybe whilst driving to the supermarket. In larger, more consequential negotiations you should do it on paper and make an assessment of which sources of power are most significant, who has what sources, and A) what can you do to further increase the number and strength of your sources of power and, B) what can you do to diminish the strength and number of sources of power of the counter-party.

Secondly, consider the part that emotion and emotional reactions can have in negotiations. Just like threat, emotion is a powerful force that can be communicated both verbally and non-verbally. It can work for you, but equally, it can go horribly wrong so you need to be ready for that because when emotions run high the 'rule book' goes out of the window.

Examples of verbal use of emotion might be appealing to reason and fairness, making the other party feel guilty about what they are asking for or the conditions they are placing on the table or appealing to the relationship that both parties have built up over the years.

At the other end of the scale are more 'negative' emotions such as becoming irritated, showing or expressing frustration, raising your voice, throwing your notes down on the table or demonstrating your anger in other ways.

As with threat, you need to be very careful with how, where and when you use emotion. Screaming at someone across a restaurant table is probably not a good idea, it's certainly not professional, and is likely to be counter-productive as it simply demonstrates that you are out of control. Rather than cave in to such irrational behaviour the most likely response is

that the other party will get up and quietly walk away from the table and out of the restaurant – leaving you feeling stupid and embarrassed as everyone else looks on. Not only have you not reached your goal, and damaged a relationship in the process, you will have to pick up the bill for the meal!

In the ‘Insights and Learning’ section above, several important points were made about numbers such as price, concessions, conditionality of concessions, and how and by how much and when to move if you do deem a concession necessary. There is no need to repeat those points here.

We will finish this section however by stating that in any negotiation, no matter how strongly you feel about an issue, no matter how angry or upset you are, there is no excuse... absolutely no excuse, for setting out to humiliate, embarrass or otherwise demean the other party in public.

If you need to express extreme emotions or make serious threats then, firstly I would hope that the occasions on which such tactics are required are very rare, and secondly that you would do this face-to-face, and in private.

Philip might have achieved his objective by shouting at the store manager in front of other customers, but he did not need to. If he had, I imagine that even if he got what he wanted he would have felt bad about his behaviour for several days afterwards and may even have felt compelled to go back to the store to apologise.

The store manager is a human being, they need to be able to sleep at night... and so do you!

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