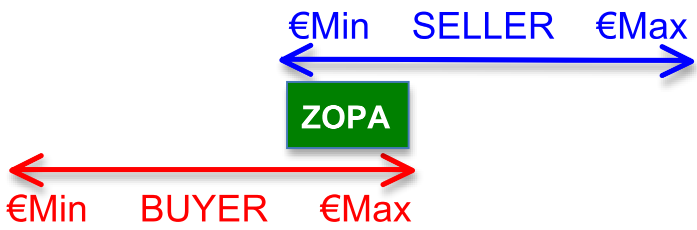
ZOPA

ZOPA refers to the ‘Zone of Potential Agreement’ that exists between two negotiating parties.

If no ZOPA exists then it is unlikely, though not impossible, that an agreement can be made. Imagine, for example, that the only variable is price; the seller is not willing to sell for less than €10,000, and the buyer is not willing to pay more than €9,000, then a deal does not appear to be possible; a state of ‘stale mate’ exists.

In the case below a deal is possible, as the seller’s minimum price is below the maximum the buyer is prepared to pay.



However, in most negotiations there are far more variables involved, and so a deal may be possible where no ZOPA appears to exist for one particular variable.

The seller may be prepared to accept less if the buyer were to buy in cash on the spot, allow the seller to remove the CD interchanger unit and cash in the value of the remaining vehicle excise duty (road tax). The buyer may be prepared to pay more if the seller were to deliver the car to him/her, fit it with newer tyres, allow staged payments over a six month period or provide an extended warranty.

Successful negotiators deal with multiple variables simultaneously, and make trades between them. It can take time but it’s worth it. The eventual deal results in an effective configuration of agreements within ZOPAs for multiple variables.

But what if no ZOPA exists? Well, there are still things that can be done:

- One or both parties will need to exercise their BATNA (see separate card), effectively ‘walking away’ to an alternative (different) solution
- One of the parties realises, or is persuaded by the other, that their BATNA is not as good as they first thought, and accepts the best deal they can get
- One party was pretending to have a BATNA, and is now stuck; they either accept the deal or walk away to a much worse situation!
- One person changes their max/min threshold; their ‘walk away point’
- One or both have been lying about their ZOPA; they are both now stuck!
- Both parties decide to ‘split the difference’ in the interests of clinching a deal