The Competitor

Issue 4 | 2025

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Spock vs. Homer: Two Views of Human Nature

Imagine two negotiators. One is Mr. Spock from Star Trek: cool, logical, emotionless. In a matter of seconds, he calculates the optimal strategy, weighs all options rationally, and maximizes his utility with mathematical precision. The other is Homer Simpson: impulsive, emotional, easily distracted. He is impressed by a free coffee, reacts to time pressure with panic, and accepts offers because they feel good - not because they are good.

These two figures embody a fundamental tension that runs through every negotiation: the contrast between the *Homo Oeconomicus* of classical economics and the real human being of behavioral economics. Spock represents the ideal of game theory fully informed, perfectly rational, free of cognitive biases. Homer stands for reality boundedly rational, influenced by emotions, susceptible to systematic thinking errors.

The good news: both perspectives are useful. Game theory provides an analytical framework for understanding negotiation situations and developing optimal strategies. Behavioral economics explains why people deviate from these optimal strategies and how these deviations can be used deliberately. Those who master both worlds negotiate more successfully.

The World of Mr. Spock: Game Theory as a Compass

Game theory is the science of strategic decision-making. It analyzes situations in which the outcome depends not only on one's own actions, but also on the decisions of others - exactly what negotiations are about. Its strength lies in clarity: it identifies rational solutions, highlights equilibria, and makes incentive structures transparent.

Take the ultimatum game as an example. Two people must divide into ten euros. One proposes a split, the other accepts or rejects. If rejected, both get nothing. The game-theoretical solution is clear: the proposer should keep nine euros and offer one euro. For the recipient, one euro is still better than nothing, so acceptance is rational.

But this reveals the limits of a purely rational model: in reality, such unequal splits are regularly rejected. People have a sense of fairness that goes beyond pure utility maximization. On average, the split is around 40/60, far from the game-theoretical prediction.

Does this mean game theory is useless? Quite the opposite. As economist Joan Robinson once noted: a model that captures the full complexity of reality would be as useful as a map at a scale of 1:1. The value of game theory lies precisely in its simplification. It provides reference solutions that help us understand why reality deviates and where the levers are to influence outcomes.

The World of Homer Simpson: Behavioral Economics as a Reality Check

Behavioral economics, shaped primarily by Daniel Kahneman and Amos Tversky, has systematically documented how people make decisions. The findings are sobering for anyone who believes in Homo Oeconomicus and illuminating for anyone who wants to understand humans.

People think in two systems: System 1 is fast, intuitive, emotional - Homer's domain. System 2 is slow, analytical, rational - Spock's territory. The problem is that System 1 dominates most decisions, even when we believe we are acting rationally. We use heuristics mental shortcuts that often work but can produce systematic errors.

The anchoring effect causes us to align numbers with arbitrary reference points. Loss aversion makes us risk-averse with gains and risk-seeking with losses. The principle of reciprocity compels us to return favors - even unsolicited ones. Social proof guides us by the behavior of others, especially in uncertain situations. These patterns are not weaknesses to be overcome - they are part of human nature.

Synthesis: Strategy Meets Psychology

The most successful negotiators are neither pure Spocks nor pure Homers. They combine the analytical framework of game theory with the psychological understanding of behavioral economics. They know what the rational solution would be - and they understand why people deviate from it.

Game theory helps distinguish real levers from mere arguments. A lever changes the negotiation position - through competitive alternatives, volume bundling, or make-or-buy options. An argument merely appeals to fairness or morality without changing incentives. Those who understand this distinction negotiate more effectively.

Behavioral economics provides the tools to deliberately influence human behavior. BJ Fogg's B=MAP model shows that behavior occurs when motivation, ability, and prompt come together. Robert Cialdini's six principles - reciprocity, social proof, consistency, scarcity, authority, and liking are proven psychological levers that operate in every negotiation.

Practical Implications

For negotiation practice, this synthesis means three things.

First: question myths. Many common negotiation practices are based on intuitive assumptions that do not withstand systematic scrutiny. Game theory helps expose these myths - whether it is overestimating cost calculations as negotiation levers or prematurely eliminating supposedly weak competitors.

Second: build structures. Negotiation excellence cannot be reduced to individuals. It must be anchored in the organization - through skilled buyers, supportive leadership, integrated specialist functions, and clear processes. The Onion Model shows how this structure can be built from the inside out.

Third: design behavior. Every negotiation is ultimately an attempt to influence behavior. Behavioral design provides the tools: define target behavior precisely, increase motivation, reduce friction, optimize prompts. Those who master these principles can deliberately shape decision situations.

A Look Ahead

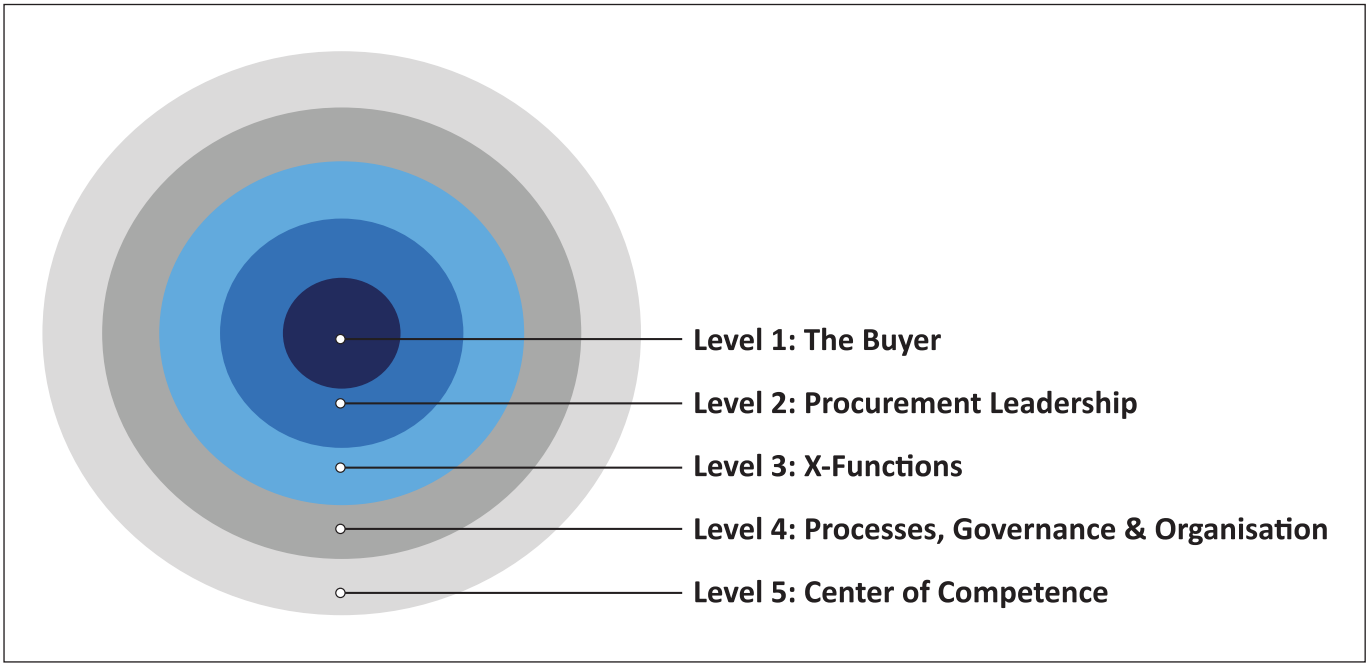
The following articles explore these three dimensions in greater depth. The first article addresses six widespread myths and fallacies in negotiations - and shows how game-theoretical thinking leads to better decisions. The second article focuses on how excellence negotiation can be sustainably embedded within the organization. The third article introduces the principles of behavioral design and demonstrates how human behavior can be systematically influenced.

Together, these articles form a toolbox for anyone who does not want to leave negotiations to chance. In the end, it is not about being Spock or Homer. It is about combining Spock's analytical sharpness with Homer's understanding of human weaknesses - and applying both deliberately.

Anchoring Negotiation Excellence Sustainably

A Model for Systematic Capability Development in Procurement

Many companies invest in negotiation training and external consulting to improve their procurement results. But what happens once the consultants have left the building? How can organizations ensure that newly learned methods do not gradually fade away? The answer lies in systematically embedding negotiation excellence across multiple organizational levels. The Onion Model provides a structured approach for this purpose, ranging from the core - the individual buyer - to the outermost layer - the Center of Excellence.



The Onion Model: From the Inside Out

The basic idea of the model is simple yet powerful: the structural anchoring of negotiation capability becomes stronger the more layers are built from the inside outward. Each additional layer increases penetration and efficiency within the organization. The sequence is critical: it is not possible to start

with the outer layers if the inner layers are not sufficiently mature. A Center of Excellence without competent buyers at its core is ineffective.

Layer 1: The Buyer

At the core of the model are the individual buyers. They are the ones who drive every negotiation and ultimately must bring it to a successful conclusion. Three areas of competence are critical at this level.

Methodological competence across all negotiation formats: A buyer must master different negotiation methods, from classic bilateral negotiations to competition-based mechanism design approaches. Anyone who knows only one method lacks the agility required to manage the entire portfolio optimally.

Project management skills: Especially in mechanism design, processes are highly precise. Everything converges on a specific negotiation and award date by which all preparations must be completed. Unlike traditional negotiations, where adjustments can still be made along the way, mechanism design requires excellent time management and project control.

Strategic thinking: Ideally, methodological competence aligns with a well-thought-out category strategy. Those who understand the value of competition can design long-term measures to enable competition-intensive negotiation methods.

Layer 2: Procurement Leadership as an Enabler

No buyer operates in a vacuum. Processes and structures must enable effective negotiations. This is where procurement leadership comes into play - typically the CPO or head of procurement.

Procurement leadership should maintain an overarching view of which major negotiations are coming up in the next six to twelve months. It must possess methodological expertise itself and serve as the first point of contact for buyers when coordination with specialist functions is required. Its role is to provide backing and support to procurement.

An important aspect is the principal- agent problem: buyers do not automatically have the strongest incentive to conduct every negotiation using the optimal method. Mechanism design is often more demanding for the buyer than a simple sequence of negotiations. If compensation structures are designed to spread savings over time, it may appear more attractive to achieve several small wins rather than pushing a supplier to its pain threshold in one decisive negotiation. Procurement leadership must understand these incentives and conflicts of interest and manage them accordingly.

Equally important is the visibility of negotiation successes. These successes are the value drivers needed to convince top management to allocate certain resources and, if necessary, to bring specialist functions into line when conflicts arise.

Layer 3: Integration of Specialist Functions

Mechanism design represents the extreme case in which the organization must be involved. Negotiation dynamics can only be created collectively. Specialist functions such as engineering, production, or quality are not always financially incentivized—a supplier change initially means additional work for them.

The task here is to establish a shared understanding. Lifecycle and total cost evaluation must be embedded in such a way that a certain routine emerges in monetizing decision-relevant dimensions. In large OEMs, decision-matrix templates are often so clearly defined that the entire methodology does not need to be re-explained every time.

A critical issue is direct communication channels between specialist functions and potential suppliers. If negotiations are already being conducted there, this can impair the later procurement process. Specialist functions should therefore be familiar with a clear communication strategy: which information may be shared, and which steps are upcoming processes? At the same time, technical experts can later act as valuable members of the negotiation team when it comes to specific services or quality standards.

Layer 4: Processes, Governance, and Organization

At this level, the focus is on structures that function independently of individual people. The key lies in reversing the process logically and establishing a clear negotiation mandate.

The typical sourcing committee, which traditionally sits at the end of the process, should be moved as far forward as possible. Procurement then receives a clear negotiation mandate and can conduct the negotiation - regardless of its format - independently. This avoids late-stage surprises and enables consistent negotiation management.

Conflicts of objectives between functions must be addressed. If procurement is incentivized to achieve savings that may involve supplier changes, this creates additional workload for engineering or quality functions when qualifying new partners. From an overall perspective, this makes sense because the savings justify the effort, but incentives must be aligned accordingly. Procurement leadership must act as an orchestrator and enable organization-wide balancing of interests.

A common problem is that strategic buyers spend too much time on operational tasks. As a result, they are forced to compromise methodologically - often due to lack of time or insufficient access to appropriate training. A clear separation between operational and strategic activities is therefore a critical enabler. Especially in category management, the strategic component must be able to take priority.

Layer 5: The Center of Excellence

Once all previous layers are mature - methodologically trained buyers, competent procurement leadership, integrated specialist functions, and robust processes - it becomes feasible to consider a Center of Excellence. This unit provides additional support throughout the entire negotiation process.

A Center of Excellence functions like an in-house consulting unit. It possesses normative and in-depth methodological expertise and can execute complex formats such as combinatorial auctions or supplier days across multiple categories. The experts involved are experienced in dealing with critical suppliers and in strategic communication.

One key advantage is that the Center of Excellence removes the operational buyer from the line of fire. When intensive mechanism design negotiations are conducted, this helps protect the long-term

relationship between buyer and supplier. The buyer can rely on a specialized team to handle the aggressive phase of the negotiation.

Finally, the Center of Excellence serves as a knowledge repository: experiences from different negotiations, information about specific suppliers, a pool of arguments used in negotiations, and insights from cost engineering analysis of this can be systematically documented and leveraged for future negotiations.

The Path to Implementation

Implementation always starts at the core the individual buyers. Through training and pilot projects, they are placed in the strongest possible position. A methodologically capable buyer can, in principle, carry out many of these activities alone but in a less structured and less sustainable way.

For lasting anchoring, additional layers are required. These must develop over time. Building a Center of Excellence is typically a multi-year initiative that only makes sense if the fundamentals are firmly in place.

Conclusion: Sustainability Through Structure

The Onion Model provides a clear roadmap for sustainably embedding negotiation excellence. The key lies in the correct sequence: only when the core is strong can additional layers be built. Each layer increases organizational penetration and makes the organization more resilient to personnel changes.

Building these structures requires time and commitment. However, the investment pays off: companies that systematically anchor negotiation excellence achieve not only better results in individual negotiations they create a capability that endures even when individual employees leave the organization or external consultants are no longer available.

Six Myths and Fallacies in Negotiations

Why Game Theory and Strategic Thinking Make the Difference

Negotiations are part of everyday business life. Whether it is supplier contracts, price adjustments, or long-term partnerships, the quality of negotiation execution plays a decisive role in economic success. Nevertheless, numerous myths and fallacies persist in practice, leading to suboptimal outcomes. This article examines six widespread misconceptions and shows how game-theoretical thinking can lead to better negotiation results.

The Importance of Theoretical Models

A common objection to the use of game theory in negotiations is that models are unrealistic and therefore of limited value. Consider the classic ultimatum game from behavioral economics: two people must divide into ten euros. One person proposes the split; the other can accept or reject it. If the offer is rejected, both receive nothing. The purely rational solution would be for the proposer to keep nine euros and offer one euro - after all, one euro is still better than nothing.

However, a different picture emerges. On average, the split is around 40/60. People have a sense of fairness that goes beyond pure rationality. Does this mean that theoretical models are useless? Quite the opposite. As the economist Joan Robinson aptly put it, a model that captured the full complexity of reality would be as useful as a map at a scale of 1:1.

The value of models lies in identifying essential relationships and drawing abstract conclusions. They provide reference solutions that help us understand why reality differs and how we can shape the framework conditions to steer outcomes in the desired direction.

The Zone of Possible Agreements

A central concept for successful negotiations is ZOPA, the Zone of Possible Agreements. For a negotiation to succeed, the buyer's maximum willingness to pay must be higher than the minimum price the seller is willing to accept. All solutions within this zone represent potential win–win situations.

In practice, however, deviations from optimal solutions are common. The reasons usually lie in lack of information, cognitive biases, or divergent incentives among the parties involved. In complex negotiations, one rarely deals with a single decision-maker, but rather with representatives of different interest groups and their incentives do not always align.

Myth 1: Cost Calculations Are Negotiation Levers

Many buyers believe that a detailed cost breakdown proving a high supplier margin is an effective negotiation tool. This belief reflects a fundamental error in thinking: it is essential to strictly distinguish between levers and arguments. A real lever fundamentally changes the counterparty's negotiation position. Examples include genuine competitive alternatives, volume bundling, changes to specifications, or make-or-buy decisions. An argument, by contrast- such as "your margin is too high" is merely an appeal without real power. It appeals to fairness, morality, or shared history, but does not change the supplier's negotiation position.

The key insight is this: buyers must develop real levers and deploy them deliberately. Arguments alone are reasons for demands without consequences.

Myth 2: The Incumbent Supplier Is Cheap Because New Ones Are More Expensive

A widespread misconception is the assumption that the incumbent supplier's price is acceptable because competitors submit higher bids. This conclusion ignores fundamental market dynamics.

The incumbent supplier has a significant information advantage: it knows the customer, the requirements, and the historical price development. New suppliers, by contrast, face risks and uncertainties. Their initial offers inevitably include risk premiums that an established supplier does not need to factor in. The fact that new suppliers appear more expensive is therefore not proof of the fairness of the incumbent price, it is a natural consequence of the market.

The solution lies in reducing the incumbent supplier's information advantage and creating genuine comparability, for example, through a structured total-cost-of-ownership approach that monetizes all relevant differences.

Myth 3: Weak Competitors Should Be Eliminated Early

The common practice of retaining only realistic candidates in negotiations initially appears efficient. Game theory, however, shows that this strategy sacrifices significant value potential.

The decisive question is: would the buyer accept the performance of a weaker supplier at a price of zero? If the answer is yes, there is clearly a price that compensates for the disadvantages of switching suppliers. Every competitor that remains in the race increases competitive intensity and, with it, the potential negotiation outcome.

The strongest negotiation lever is exclusion itself. In a negotiation, the probability of winning increases with each competitor that is eliminated. Suppliers are willing to make substantial concessions to

avoid being excluded. By strategically keeping all bidders in the competition, this lever remains intact and can unfold its maximum effect.

Myth 4: Attractive Offers Under Time Pressure Should Be Accepted

Suppliers frequently use a proven tactic: they present a seemingly attractive offer combined with significant time pressure. The message is: "This offer is only valid until tomorrow." Many buyers feel compelled to accept quickly because of the apparent concession.

This is where the principle of reciprocity comes into play with a deeply rooted psychological pattern. When someone gives us something, we feel obliged to give something in return. Experienced sales professionals exploit this deliberately. It is no coincidence that a well-known recommendation is to not accept a coffee from the car salesperson.

The correct response to such tactics lies in preparation. Negotiation rules should be communicated in advance: there are no final offers without a structured negotiation, and every offer is evaluated according to the same criteria. A one-time discount under time pressure is not a genuine negotiation success, it may simply legitimize an inflated starting price.

Myth 5: An Indexed Old Price Is a Fair New Price

Many companies use indexation clauses to simplify price adjustments. The logic seems compelling: the old price plus inflation equals the new price. However, this approach has a critical flaw.

If the original price was poorly negotiated and already above market level, indexation permanently legitimizes this inflated price. A flawed baseline leads to permanently flawed results. Indexation does not give the supplier the right to pass on cost increases if the base price was not competitive to begin with.

The recommendation is therefore clear: regularly review existing prices, conduct market comparisons, and re-tender if necessary. Only in this way can it be ensured that the price base is truly competitive.

Myth 6: Suppliers Know the Competitive Landscape Precisely

A common assumption in negotiations is that suppliers have an excellent understanding of the competitive landscape and price their offers accordingly. Reality, however, paints a different picture: sales organizations regularly overestimate their own market position and underestimate competitive threats.

This misjudgment leads to inflated offers. The objective must therefore be to create real competition and, above all, to demonstrate its credibility. Suppliers must understand that switching is not only theoretically possible, but practically feasible.

The instruments for achieving this are diverse: professional tenders with clear lot structures, transparent pricing models including switching costs, unambiguous negotiation rules without post-negotia-

tions, and documented top-management commitment to implementing the results. When suppliers understand that the mechanism and the bids alone determine the winner, their behavior changes fundamentally.

Conclusion: Structure Beats Intuition

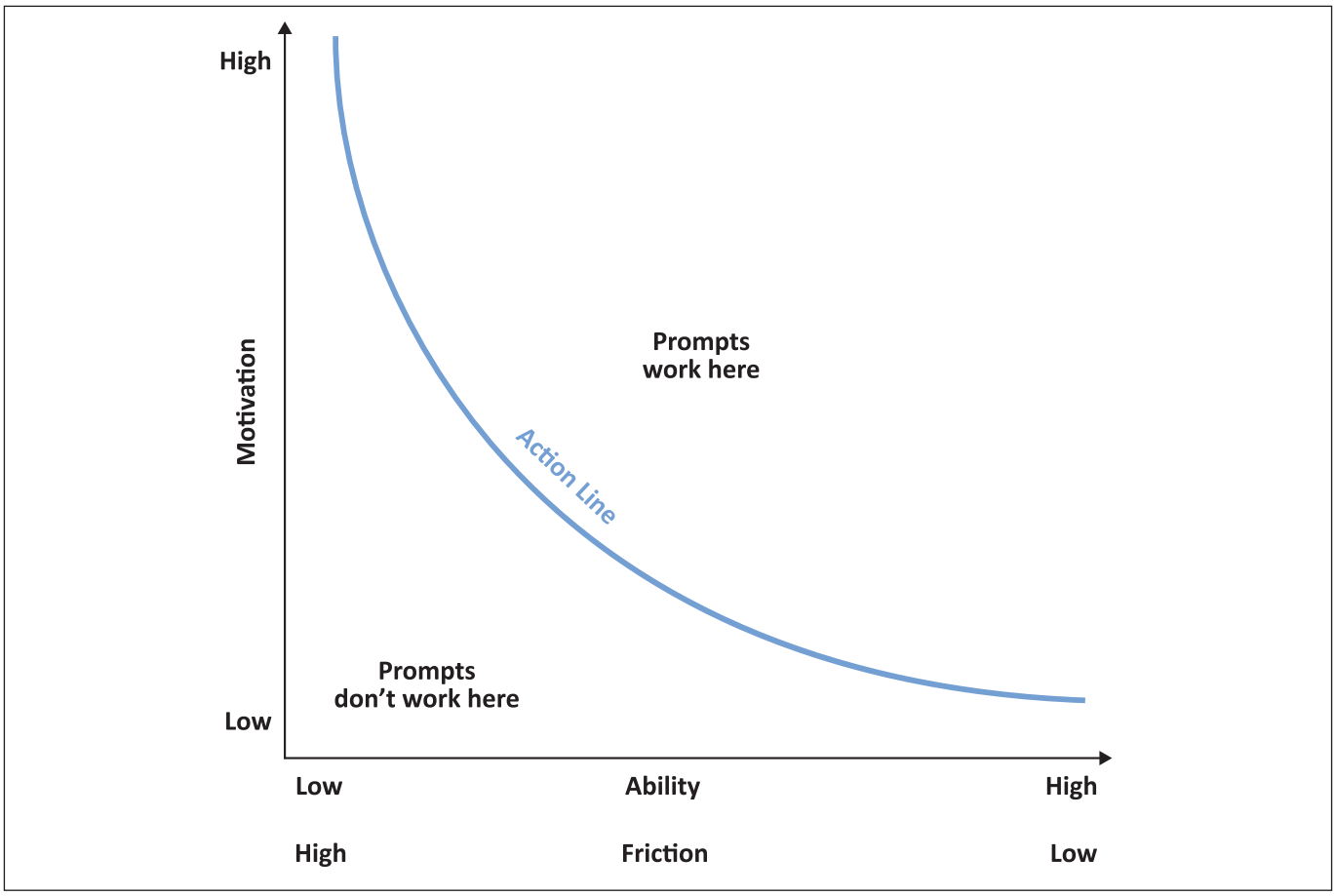
All six myths described share one common feature: they are based on intuitive assumptions that do not withstand systematic scrutiny. Successful negotiation requires an understanding of incentive structures, a consistent distinction between levers and arguments, and the strategic design of the negotiation process.

Game theory provides the conceptual framework for this. It makes it possible to adopt the perspectives of all parties involved, understand their incentives, and design mechanisms that lead to better outcomes. Those who internalize these principles will be systematically more successful in negotiations than those who rely on intuition and conventional practices.

Behavioral Design: Deliberately Influencing Behavior

The B=MAP Model and the Six Principles of Persuasion

Why do people behave the way they do? And how can desired behavior be systematically encouraged? These questions lie at the heart of behavioral design, a discipline that translates insights from behavioral psychology and decision science into practical design principles. Two models have proven particularly effective in this context: the B=MAP model developed by BJ Fogg and the six principles of persuasion formulated by Robert Cialdini. Together, they form a powerful toolkit for anyone seeking to understand and influence behavior, whether in sales, marketing, leadership, or negotiations.



B=MAP Model: The Formula for Behavior

BJ Fogg, a behavioral scientist at Stanford University, developed an elegant formula with his model: Behavior = Motivation × Ability × Prompt.

In simple terms, behavior occurs when motivation, ability, and a trigger are present at the same time. If even one of these three factors is missing, the action will not occur.

Motivation describes how strongly a person wants to act. The core motivators are universal: pleasure and pain, hope and fear, social acceptance and rejection, economic advantage, and loss aversion. Anyone seeking to influence behavior must understand which of these motivators are particularly effective for the target audience.

Ability refers to the perceived ease of performing an action. The greater the friction, the less likely the action. Friction can arise from various factors: time required, financial cost, physical effort, cognitive load, or social deviation. A behavior perceived as difficult, time-consuming, or socially unusual has a low likelihood of success, even when motivation is high.

Prompt is the trigger that initiates the action at the decisive moment. Prompts can be external - such as notification, a phone call, or an email - or internal, arising from habits or emotions. Without a prompt, no action occurs, even if motivation and ability are present.

The Action Line: When Prompts Work

The B=MAP model visualizes the relationship between motivation and ability with a curved line the Action Line. Above this line, a prompt leads to the desired behavior. Below it, the prompt has no effect.

The practical implication is crucial: if specific behavior is triggered, there are two levers that reduce friction or increase motivation. Experience shows that it is often easier and more sustainable to reduce friction than to increase motivation. A complicated checkout process will not be offset even by highly attractive discounts. A simple process, by contrast, can work even with moderate motivation.

From Theory to Practice: The Four-Step Framework

To systematically bring about desired behavior, a structured four-step approach is recommended.

Step 1: Define the target behavior.

Who exactly should act? In which role, and in what context? The desired behavior must be formulated concretely and observably, as a single action, not as an outcome. The formula is: Person X does Y in context Z. The target behavior is then broken down into micro-behaviors, no more than five to ten individual steps, arranged chronologically. This level of granularity makes it possible to optimize each step individually.

Step 2: Increase motivation.

Dopamine and anticipation are powerful levers: anticipation motivates more strongly than the reward itself. Near-term rewards should be visualized, for example, a simple message such as delivered

tomorrow. Along with the customer journey, moments of happiness can be highlighted - from first access, through progress, to results and application. Eight basic needs can be addressed deliberately: enjoyment, safety, comfort, recognition, care, competition, connection, and avoidance of fear. Social proof that others are already performing the behavior is particularly effective when expressed specifically. Baby steps increase compliance: small commitments lead to larger ones. Soft CTAs such as check availability instead of buying now lower the barrier for undecided users. Finally, scarcity - through time, quantity, or uniqueness - should be presented factually, for example via countdowns or remaining stock indicators.

Step 3: Increase ability.

Distractions must be removed and options reduced. The Jenga technique helps here: eliminate everything that does not contribute to the target behavior. Ideally, no more than three to five options should remain. Decision aids such as categorizations, filters, and wizards support decision-making, quick filters increase decisions by 25 percent. Defaults and autofill speed up processes: autocomplete makes forms 30 percent faster. Progress bars and success cues provide feedback and reassure users. Reversibility reduces fear of making wrong decisions: return options, undo functions, and trial periods should be prominently displayed. The principle Don't Make Me Think means: no jargon, write from the user's perspective, and remove the need for calculations. Instead of six miles, say six minutes by car. Conversely, undesirable behavior can be discouraged through ethically acceptable friction, for example, password confirmations for critical actions.

Step 4: Optimize prompts.

Attention must be captured through stopping power and visual interruption. Competing prompts should be removed and distractions minimized. Affordance means that the action is visually suggested, a button must look clickable. The desired behavior should be explicitly named: schedule an appointment now instead of learning more. Curiosity arises from opening an information gap or showcasing an exceptional benefit. A simple question offers a low-threshold entry point. The principle of the unfinished journey leverages the human tendency to want to complete what has already been started.

The Six Principles of Persuasion According to Cialdini

In addition to the B=MAP model, Robert Cialdini's six principles provide a framework for the psychological levers that guide decisions. These principles are universally effective and can be applied in almost any context.

Reciprocity: Those who receive something feel obliged to give something in return. This principle is deeply rooted in human psychology. A gift, a favor, or valuable information creates a sense of indebtedness that seeks balance. In a business context, this can be activated through free consultations, samples, or valuable insights.

Social Proof: People look to the behavior of others to decide what to do, especially in situations of uncertainty and when others are like them. Testimonials, case studies, user numbers, and reviews are classic applications of this principle. The more specific and relatable the reference group, the stronger the effect.

Consistency: We want to appear consistent. Once we have said yes, we tend to stick with it to avoid appearing contradictory. The foot-in-the-door technique leverages this principle: small commitments lead to larger ones. Those who have publicly taken a position are likely to defend it.

Scarcity: Things appear more valuable when they are less available. Limited editions, time-bound offers, or exclusive access activate this principle. Credibility is crucial, artificial scarcity is quickly recognized and can trigger resistance.

Authority: People rely on credible experts and neutral sources to decide what to do. Titles, certifications, awards, and expert status increase persuasive power. Citing independent studies or recognized institutions also falls under this principle.

Unity and Liking: We say yes to people who are like us, and to those we like. Shared identities, common values, and personal sympathy increase the willingness to cooperate. In a business context, this means emphasizing common ground, showing genuine interest, and building trust.

Integrating Both Models

The B=MAP model and Cialdini's principles complement each other perfectly. While B=MAP provides the structural framework - motivation, ability, and prompt - the six principles offer concrete psychological levers for increasing motivation. Reciprocity, social proof, and scarcity raise motivation. Authority and consistency reduce perceived friction by providing security and orientation. Unity and liking to create the emotional foundation for any interaction.

Conclusion: Understanding Behavior, Designing Behavior

Behavioral design is not manipulation; it is the deliberate shaping of decision environments. The models presented help us understand human behavior and create conditions that make desired behavior more likely. In sales, negotiations, leadership, or marketing, those who understand and apply these principles will achieve systematically better results.

The key lies in systematic application: define target behavior precisely, break it down into micro-behaviors, increase motivation, reduce friction, optimize prompts, and use the six psychological principles as a practical toolkit. In this way, intuitive action becomes structured behavior design.

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Questions, feedback, criticism, topic ideas or new signups?

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