

Negotiation Lessons From Former Wiseguy, Michael Franzese

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Abstract

Thirteen years after his release from a federal penitentiary and after successfully walking away from a life in the Mafia, former crime boss Michael Franzese sat down with interviewers to discuss negotiation. The interviewers focused on the application of current academic thought to the unique negotiations in a Mafia-run business setting. The interviewers found a very competitive environment in the Mafia businesses, as was to be expected. However, an unexpected finding was that one of the most successful negotiators in this competitive environment was not competitive, but collaborative. In fact, the anecdotes related here will demonstrate that Mr. Franzese was a very successful negotiator in part, because he was a collaborative negotiator.

Keywords

conflict management, negotiations, power and politics

The pendulum of negotiation thought through the years has swung from competitive and aggressive to cooperative and finally to collaborative. Scholars have made a case for each of these schools of thought, with each idea replacing the former as the “right” method of negotiating to achieve a desirable outcome. We contend that each of these ideas has merit based on the situation or context, and that the best negotiators will find and use the tool that is most appropriate, deftly switching between negotiation styles. To see this in a real-world context, we look to the negotiations conducted by Michael Franzese, a leader of the Colombo crime family. According to a federal report, he was quite a successful negotiator: Franzese earned more money for the Mafia than anyone had since Al Capone (Rowan & Kupfer, 1986).

Negotiation interactions can be conceptualized into either competitive or collaborative—but not to the extent that they are exclusive to these categories. Negotiations can’t be separated into all competitive or all collaborative but contain aspects of both that depend on the negotiator’s frame (Neale & Bazerman, 1992; Thompson, 2015). Much of the recent literature on negotiation has focused both scholars and practitioners on collaborative process as the most effective method to achieve gains (Diamond, 2010; Mnookin, Peppet, & Tulumello, 2000), eschewing the competitive approach as negative. There are a number of books and studies that would support the idea that negotiation should be collaborative in nature if one is to maximize gain, however, this interview demonstrates that in practice, a purely collaborative negotiation isn’t always the right strategy.

Although negotiation was initially conceptualized as a competitive game of give and take (Axelrod, 1984), negotiation thought has been influenced since the 1980s by Roger Fisher’s ideas presented in the book, *Getting to Yes* (Fisher & Ury, 1981). Fisher argues against a solely competitive focus in negotiation thinking and supports a collaborative ideal in negotiation. This ideal has grown and transformed into the current thought embodied in Stuart Diamond’s (2010) recent book, *Getting More*, which rejects competitive negotiation for a collaborative and human focused interaction. Diamond goes so far as to argue against most of the positions that negotiation scholars describe—aspiration, reservation, and Best Alternative To a Negotiated Agreement (BATNA) (Thompson, 2015)—saying that walking away from a negotiation or even having an alternative is a failure of the process allowing the negotiators to break off and exit without a solution.

Both the competitive view and Diamond’s view are restrictive and don’t allow for contextual or individual differences. Research by Kern, Brett, and Weingart (2005) is instructive, in that, they find the collaborative motive leads to positive outcomes, moderated by situational differences. We suggest that the collaborative motive in negotiation is a powerful force, but

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that there is a time and a place for a competitive strategy in negotiation. To illustrate this ability to use multiple negotiation methods based on context, we conducted an interview with a negotiator who has shown success in some intense negotiations. The subject, Michael Franzese, is confronted with situations that demand either a collaborative or a competitive strategy—and sometimes both. Based on the information in the interview, it seems that much of the success found by Mr. Franzese in his negotiations was due to his ability to successfully read the situation and use an appropriate strategy, whether collaborative, competitive, or a mix of the two.

Michael Franzese was a captain in the Colombo crime family during the 1980s. He was called both the “Long Island Don” and the “Prince of the Mafia.” Mr. Franzese was integrally involved with the development and management of illegitimate businesses, including a business that was designed to defraud the government of up to US\$100 million per month through nonpayment of taxes in the sale of gasoline. Beginning with a grassroots operation in which individual gas stations were involved in skimming tax money and culminating in an operation of more than 18 corporations involved in the wholesale gasoline business, Mr. Franzese painstakingly built a complex operation, which to this day hasn’t been completely unraveled and understood. Although this enterprise was criminal in nature, it operated in a consistent manner with legal businesses other than being subject to the restrictions of taxation. Mr. Franzese and his subordinates had to negotiate for the split of the illegal profits, had to make agreements with suppliers, had to negotiate terms with distributors, and had to manage a wide-ranging organization, which included members from three different criminal organizations (Silverman & Blocker, 1994).

Mr. Franzese was also involved in numerous businesses surrounding gambling and sports, including activities employing college and professional athletes to fix games. Eschewing traditional mafia practices in favor of making money on the edges of legitimate business, Mr. Franzese became well versed in both the legitimate and criminal sides of the business world.

In April 2007, we had a chance to interview Mr. Franzese and ask him some questions about the differences between negotiations in the business world and negotiations in the life of organized crime. This interview focuses on the negotiation context and draws lessons from various negotiations in Mafia life. Although we do rely on the stories of a man who was involved in criminal activity, he has served prison time for his crimes and has since been granted his freedom. There is no reason for him to falsify information at this point. We have verified as many of the stories as possible through news stories, or other outlets. The methods used are illustrative of the ideas commonly championed in many negotiation classes in today’s business schools. Within a traditionally competitive environment, Mr. Franzese employs a dynamic style, leaning more heavily than one might expect on the

collaborative aspects of negotiation. Not every aspect of his behavior is collaborative, but his overall motivation tends toward collaboration. However, as you will read in this interview, Mr. Franzese is comfortable employing a competitive style when the context dictates. The stories contained in this interview demonstrate that negotiation is more nuanced than a purely collaborative endeavor. Mr. Franzese uses both collaborative and competitive strategies depending on the situation and the participants. This is instructive to those scholars and students who are curious if the collaborative negotiation style can be used in the face of a competitive negotiation.

We understand that this is a provocative look at illegal and potentially harmful businesses. Our desire with this interview is not to glamorize the life of the Mafia, but rather to demonstrate some tactics that are used in difficult and contentious negotiations, and to draw some similarities to contentious negotiations in the legitimate business world. Although the focus of the interview is on the negotiation aspects of business interaction, there are valuable lessons and ideas across disciplines. An argument can be made that black and shadow markets, given their lack of regulation, reveal a purer form of capitalism and allow for a broader palette of negotiation tools.

Mr. Franzese pleaded guilty to a racketeering indictment in 1985 (Doyle, 1985). After serving nearly a decade in a federal penitentiary, Franzese now speaks to businesses, athletes, college groups, and youth about lessons that he learned the hard way. This interview was conducted as a follow-up to a visit with athletes and students at our university. Mr. Franzese has lived his life openly, not in hiding, and after 10 years, we feel there is no danger to telling these stories.

Interviewers: As we begin, can you describe the climate of your day-to-day business?

Michael Franzese (MF): When you reach the level of a captain in that life not a day goes by that you’re not in some kind of negotiation. In our terminology it was called a sit down. When you have so many guys under you (soldiers) you’re constantly sitting down with them and a captain from another family, or a soldier from another family, negotiating some kind of issue. That can include a gambling situation, a union situation, to anything and everything you can imagine that these guys can get themselves involved in. This gets more intense in New York because you have five families there. There are 750 made guys (men that have been formally accepted into the organization of the Mafia) and each one of them has several associates under them. I was pretty high profile and had several guys underneath me. Every one of them would get into an issue every day.

Interviewers: Negotiation takes place quite often in business, and life. Is negotiation common in the Mafia? Describe some negotiations you engaged in during your time in the Life.

MF: For example, on a couple of occasions I clashed with John Gotti over a high dollar market in which we both had an interest. The owner of the market was with me, one of my associates. His minor partner was around (became associated with) John Gotti. We had a major issue because the partner that was around Gotti was getting involved in dealing drugs. This was causing problems for the owner, so we made the minor partner quit doing business in the market. He ran to John Gotti. John said that I couldn't make his guy leave the market and we would have to sit down and resolve the issue.

MF: When I came into a negotiation it was really important for me to understand the personality and reputation of the person involved. I made it my business to know that person's personality. What is it that he really wants? How hard will he fight for it? Fortunately, Gotti wore his personality on his shirt sleeve. I knew going in that it would be very difficult to come out of the negotiation getting what I wanted unless he thought that he won the argument. There were several hundred thousand dollars involved in this particular market. I convinced my associate (the owner of the market) that we could never co-exist with Gotti and the minor partner. I knew they would say a lot of things at the table that sound like compromises, but in the end it's not going to work out, because we disagree on the fundamentals of the business. So our goal was to be bought out. The basic strategy I had with Gotti was to tell him that I was going to buy him out of the market. Because I knew Gotti's personality and reputation well I knew that his ego would take over, and he would not want to look like he lost to me. I knew that Gotti would fight for his position in the market. There was a heated discussion and the negotiation lasted until finally I gave in and told Gotti to buy me out. So Gotti felt like he won, and my partner and I were bought out of the market. Both sides got what they ultimately wanted.

MF: If there is anything to learn from this it's that if you know what you want going in (your interests) and know the personality of the person you are negotiating with, you will be more successful. The best negotiations are when both sides think they won something. I don't think this is anything new that I'm telling you, but certainly in my life it was very important because you never went into a negotiation with someone who did not have an ego. Everyone had an ego, everyone had a position of power and authority and no one ever wanted to believe that they got bested. So you always had to keep that in mind and you really had to be tactical in letting somebody think they won and got what they wanted when you really got what you wanted in the end.

(This story is corroborated in the documentary series *Inside the American Mob*, which was released on the

National Geographic channel on July 28, 2013. In addition, this story appears in *A Vanity Fair* story "The Born-Again Don," originally published in 1991, republished by *The Hive online*; Dannen, 2012.)

Interviewers: When you have such enormous power—such as a boss or a captain in the family—is it really a negotiation situation? You say that you want the other side to think that they won. Are you really negotiating or just enforcing?

MF: No, you are negotiating because the other side has power as well. There are other captains. In that life your power comes not only from your own family, but also your relationships with other families. If you really wanted to excel in that life you had to know the captains and bosses of the other families, especially if you felt inclined to take over a family. You couldn't do that without the support of other families. Even though there could be two captains with technically the same status one could carry more weight. In my case, I normally carried a lot of weight even though I was younger because I had a lot of positive things going on financially and I spread the wealth to other families. My dad (who was Underboss of the Colombo family—Sonny Franzese) said "Hey this is politics." So I had good relationships with other families. That relationship was an advantage in many situations. There is a lot of political maneuvering going on with these negotiations. To answer your question, these are real negotiations. When there are dollars on the table people fight for them.

Interviewers: So you would prefer to sort it out without going to the boss for guidance on the outcome, or even to render a decision on the outcome?

MF: When I was in the gas business I realized that I had something that is totally unique. I am going to bring more money into the family than any other deal that was in place. Other families are going to want to be involved. Once that happens we're going to lose control and they're going to corrupt what we have. I told the boss, that I have to maintain control and anytime we get in an argument and it goes up the hierarchy I have to win. Because if I lose and another family member or captain gets involved we will have issues along the way and I may lose control of this enterprise. He fought tooth and nail every time we got involved in an issue. We had issues with Gotti and others who wanted part of the business. I never lost an argument because there was so much money coming in and he did not want to lose control of that. He might have done some back door dealing with some of the other bosses and he might have fed them a little bit of the profit to maintain control. Whatever happened, for seven years I maintained an iron clad control over that gasoline industry, until I went to prison.

(Mr. Franzese and a partner masterminded an operation in which shell corporations collected the tax due the government on gasoline sales, but did not pay it to the appropriate agencies, rather kept it as profit. This allowed them to sell gasoline to many local gas station operators at a lower price than the legitimate suppliers. This price advantage allowed them to expand the business and greatly increase the amount of money that flowed into the family. This business, at one time operated as 18 separate corporations, catapulted Michael to prominence in the family and Number 18 on *Fortune Magazine's* list of the "Fifty Most Wealthy and Powerful Mafia Bosses" in 1984. This story was also recounted in *New Yorker*; Silverman & Blocker, 1994).

Interviewers: Maybe we could talk about some of the specific negotiations that you have had with the gasoline deal . . . the tax deal. Negotiating with people on the outside must have been different from dealing with people from inside the family. You have different power relationships, how did you deal with these multiple constituents and power levels?

MF: Well, quite honestly when we dealt with distributors who would buy our product, there was never really a difficult negotiation with them. We were able to save them so much money that they always wanted to buy from us. I did have to ensure them that they would not be responsible for the taxes when they bought gasoline from us. The invoice always said *all taxes included*. I quite honestly did not have to twist anybody's arm to buy gas from us. We would go to a branded station; Mobile, Shell, whatever, and we knew they had to buy product from their major distributor. If they were Shell they had to buy from Shell. We would send guys in to find out what they were paying their suppliers. If they were paying a dollar a gallon, we sold it for ninety cents a gallon. The profit margin is so thin for these station operators, that ten cents made a big difference. The problem was they had to continue to buy from their suppliers. If they were buying five loads per week from their suppliers, we told them to buy four loads. Just tell the suppliers that your volume has decreased. We sent the fifth load in at three in the morning, and both sides profit from it.

MF: The major negotiation I had in the gasoline business was with a group of Russians who had a big distributorship called Gas Stop. They wanted to buy product from us. When I got together with these guys that's when things really took off, because they were doing such big volume. When I negotiated with the Russians and put the deal on the table I told them that 75% of the profit would come to me and 25% was theirs to keep. I knew that they would not like that deal, but in the end I knew that they would accept it, because they were

going to steal from the profits anyway. By offering a 75/25 split up front I figured I wouldn't have to police them and I would get the major share regardless of how much they stole. They were tough; they held out . . . and held out. But I knew that they would give in because they needed us more than we needed them.

(Portions of this story also appear in the *New York Times*; Raab, 1989).

Interviewers: Most business school students and business people are worried about this issue as well. We all wonder in a negotiation if the other side is taking advantage of us. Should you have done the deal differently? Should it have been 80/20 to provide you with more of the profits?

MF: You know what I learned? This was a hard lesson. My theory was that in that life people are dishonest in a lot of things. I would let it go because I figured I couldn't police every situation and I'm making so much money, why should I worry about it. All those people that I allowed to cheat and be dishonest ended up betraying me in the end. I don't know if they would have betrayed me anyway, but I think if you let people be dishonest you're creating a bad situation for yourself. I really think that's a lesson in business. When you know somebody's doing something unethical or dishonest you can't let it slide. I think you have to check those people right away and get rid of them. In the long run it serves you better.

Interviewers: Did you have to negotiate with somebody to not get caught during the gas scam?

MF: You may not know that originally taxes were collected by the gas station owner. The individual owners were responsible to pay the taxes. The government realized that they were losing money under this system. What these guys (gas station operators) would do is stay in business for a year and keep stringing out their tax responsibilities. There are so many ways to do that if you know the system. In a year, when the government was finally going to come down on them, they would close up shop and open up under a new name across the street. The taxes would go unpaid, because the business went under and the government was out that money. So the government made the wholesaler responsible for collecting the tax. When they decided to do that they advertised it, they talked about it, and they had hearings over it. It took about six to eight months for them to put that system in to place. By the time they did that we had already figured a way to get around it. We already had licenses ready. We made a hundred times more money than when tax was collected at the stations. The government made it easier for us. Now we were able to sell at a big

volume. I had 18 corporations at one point. All of them were Panamanian corporations, and all of them were licensed to collect the tax.

MF: The FBI came into my office to talk to me about the gas tax business. They told me they knew that the government was losing out on a lot of tax money, but they didn't know how I was doing it. They offered to give me a pass if I told them how I was collecting the taxes, and not paying them to the government. Of course, I told them I didn't know what they were talking about. They got extremely upset with me because I didn't cooperate even though they were giving me a pass on everything. They knew what we were doing, they just didn't know how. I had a contact at that time in Albany, New York where licenses were being issued. So even though they knew what we were doing they couldn't figure out the system. And it wasn't until my partner started cooperating and telling them how we were doing it that they found out.

(Portions of this story also appear in the *New York Times*; Raab, 1989).

Interviewers: Obviously in college you can take a course called "Negotiation" to build skills and develop tactics in negotiation. How did you learn how to negotiate? Was there apprenticeship? Did you have to start with smaller businesses, or protection rackets, first before moving in to the bigger deals?

MF: In the Mafia, there is no specific course that you take and they don't give you an apprenticeship. Some guys are good at it and some guys are just really horrible. In that life you have different factions of different people doing different things and once people at the top recognize your talents or lack of talents you get designated to a certain spot, but it's based on what you do. If you're an earner they want you to earn; if you're not, you do the grunt work. I have to credit my dad for developing me, though he was not around, he was in prison. He taught me number one; to make friends with everyone because in that life you could argue with a soldier and the next day he could be your boss and could give you a hard time.

MF: He also taught me to keep my mouth shut and to listen. I was put under a captain, who was the acting Underboss, named Andrew Russo, he's away now (in prison), who was very active. I had a car dealership, so I always had a nice car and one of my jobs was to drive him, so I was present at some of his negotiations. I just watched and observed everybody during that time. In that life the negotiations were a lot more technical than a normal business situation. There were certain rules and codes we had to follow. For example, if you say something disrespectful, or say something out of turn,

the negotiation was over because of our code. A guy could be lying like crazy and you know it, the minute you get frustrated and call him a "liar" you lose the argument. You're done. You have to be very careful not to make someone goad you into a technical mistake. Because once you do that you're done and you lose in the negotiation. Quite honestly you could be negotiating for a guy's life; these are not only business negotiations. You had to be very careful. So I watched very closely during my year of proposal (to become a made man) and tried to absorb everything like a sponge.

Interviewers: Technical mistakes certainly proved your unreliability. Were there positive ways that you could prove or improve your reliability?

MF: I had somebody who brought me a truck full of meat—big truck probably worth about \$25,000. They said "Hey do you have an outlet for it?" I knew a guy at a catering hall, this guy Tom, that I knew most of my life. Well, the right thing to do at that point is to go to my captain and tell him I had this. So I told him that I could go to this guy named Tom and he'll buy it all and it will probably be about \$25,000. So, he said fine. We sold the meat, I got the \$25,000, and brought it into Andrew. I ended up getting only \$2,500 from it after he chopped it up with everybody. That taught me at that point how to deal with these. From that point on, rather than going to my captain first and allowing him to make the distribution, I just did the deal and brought him in 25% because I figured that was a good formula. I said, "Hey, I did this. Here's how much money came down and you didn't have to do anything but here's your rent."

MF: You know the thing that I didn't do is hide it. There were a lot of guys doing things and not informing their captain. Those things ended up coming out in the wash. You do that once and twice and you get marked or labeled. Having made money from day one really went a long way for me. Right after that anything I ever wanted I was able to get. I didn't have any problem being financed. My rule was I never made anybody lose money no matter what the situation was. It hurt me at times because you're not always right about your profits. In the long run it turned out well because I could have gone for any amount of money I wanted and I would have gotten it. When I was making money (and in that life everyone is counting your dollars) I continued to borrow money because I really didn't want people to know how much I had. No matter what, I always borrowed money and paid people back along the way and made people happy. And, of course, that's an income for the right people. It was another way of establishing relationships and, more importantly, keeping the relationships with everybody. I even had entrée to other families to borrow money.

(This story is corroborated in the documentary series *Inside the American Mob*, which was released on the National Geographic channel on July 28, 2013.)

Interviewers: You mentioned that there were things you couldn't do during a sit down, such as be disrespectful or question the truthfulness of someone above you in the hierarchy. How did you learn about those?

MF: You just learn by observation. No one takes you by the hand and teaches you. This is one of the ways that people can distinguish themselves in this life. You have to understand the life; you really have to understand the intricacies. There is a lot of intrigue in that life, a lot of politics, and a lot of backstabbing. So you really have to know how to play that game to prosper and do well, even to survive. And if you can't, you stay in the lower levels. There's a fallacy out there that when you get into that life that you get wealthy overnight. This couldn't be further from the truth. You are either expected to earn, or to earn your keep. If you can't earn, you do whatever you're told to do to earn your keep. You can get whatever enjoyment or advantage out of it that you can. It doesn't translate into earning money.

MF: To give you an example of this there was a guy by the name of Jerry and he ran one of my car dealerships for me. One day I'm in my office and I look out the lot and Jerry is having an argument with a guy. Later I asked Jerry, "What was that all about?" He said the guy was complaining about the car I sold him and he mentioned these wiseguys he knows in Brooklyn. But I told him to take a walk, you don't know anybody."

MF: About a week later I was called to a meeting in Brooklyn and I asked Jerry to drive me. When we arrived I told Jerry to wait at the bar and I went in the back to see what the meeting was about. In the back there was a captain of my family who was there to introduce me to a captain of another family and three other guys. When you don't know a made guy in a family someone who knows both parties—and who is also a made guy—has to introduce you. You can't just go up to a made guy and introduce yourself. You have to be formally and properly introduced for security reasons. So we sat down. This guy, an old timer, asked me, "Do you know a guy named Jerry?" I said "Yeah." The guy immediately pounded his fist on the table and said, "I want him dead!" Now I realized what this was all about. This is about the guy from the dealership. I had to make this a negotiation. This guy is steaming and Jerry had said some disrespectful things. It turns out that the guy Jerry was speaking to was this guy's brother-in-law. You can't be disrespectful to a captain's brother-in-law and get away with it. I realized that if they know Jerry's outside and they call him to the table I won't have time to prepare him. If they ask him a

question and he doesn't stay within the protocol, I won't be able to save him. If he admits to being disrespectful, I can't help him. So I said, "Hey, I had a long trip from Long Island I have to go the bathroom and I'll be right back." I went out and told Jerry to leave.

MF: When I came back, this guy still wanted Jerry dead because he was disrespectful and he called his brother-in-law a liar. I told him that I had known Jerry for 20 years and he would never say anything like that so your brother-in-law must be lying to you. Now we were both captain and had equal footing, he was resentful of me because I was twenty five years younger, but he still had to show respect. After going back and forth for three hours—including threats by both sides of putting Jerry and the brother-in-law in the hospital—I knew I had to uncover what was most important to this guy. I told him I would take care of the problem and fix whatever he needs to be done to the car, and I would reprimand Jerry on my own. In return, he could tell his brother-in-law that he solved the problem. This seemed like a good solution to him. Bottom line, I had to make him believe that he was coming out of the negotiation winning something. Even though it cost me some money, my main objective in that negotiation, after I realized what had happened, was to keep Jerry safe. So at the end of the day I saved Jerry. The brother-in-law got what he wanted, it cost me a few bucks, but we both got what we wanted in the end.

Interviewers: Did you try to find individuals who were an easy target? Did you try to get somebody hooked on gambling and lead them to throwing games? How did you select targets for your activities?

MF: Gambling is what I consider a tremendous weakness. If someone has a gambling problem they become an immediate target (for Mafia earners). That was certainly true with our athletes at both the professional and college level. Obviously on a college level you're not looking at taking a few bucks from these kids, but you're looking for what they can do to ultimately compromise the outcome of the game. When a guy has a gambling problem it's easy to start doing things with him because he has to feed that habit. Gambling was a major tool to try to get through to people, to find a weakness.

MF: People always think that guys in organized crime target certain businesses or business owners, and then corrupt that business. Well, that might be true with any business that can be influenced or controlled by a union. Because in that regard we did target places knowing that we had the union strength behind us to use as a wedge to try to get into business with that person or company. But in many cases it's a guy within his company that has an interest in doing something that we could influence. That's what occurred with the Small Business Association (SBA). I got small

business loans because a guy from the SBA came to me and thought he could provide loans to me and he could earn some money off of it.

MF: You would be surprised how many people who are out there who are on the edge (of ethical dealings) and want to profit in any way possible. They come to a guy like me and think that we can help them along in whatever it is they want to do. And I exploited that weakness. If I can find that weakness, I can use it to my advantage. I can't ever remember getting involved in an individual shakedown, that's not negotiation. There was not a lot to gain from that type of business. I used my strength as a mob guy . . . finding the individuals that needed me, more than I needed them. I was more into making money through business situations and that's the way I went.

MF: Now I will tell you there was a fellow by the name of Tom, who had a huge Chevrolet dealership out on Long Island. I think it was the oldest Chevrolet agency on the Island at that time . . . It was in business fifty or fifty-five years. Tom had a huge gambling problem. He ended up losing his dealership to me because he couldn't pay his gambling debt. Tom was somebody we honestly did target. I didn't want him, but I was interested in his dealership. We obviously didn't force him to gamble, he lost it on his own. He lost so much he couldn't pay it back. So I took over the dealership and Tom was to work off the debt. When he worked off the debt, I was going to give him back his dealership. I knew he was never going to work off the debt, because he continued gambling.

(Portions of this story also appear in the *New York Times*; Rangel, 1985).

Interviewers: Many of the people that you were negotiating with were driven, competitive people—mafia bosses, business people, athletes—how did you persuade them to go down this losing path where they are giving up on winning? I think that would be a difficult negotiation to have because they are so competitive. We know competitive people like to win. How did you convince them to keep losing and keep them in your debt?

MF: Honestly, it was their own competitiveness that caused them to gamble and to continue down a losing path. Because they were competitive they wanted to raise the stakes in a competition, and gambling did that for them. You would be surprised the level of gambling that's going on. Last year I visited all thirty professional baseball teams in spring training. After the presentations I heard about a lot of gambling problems. They had gotten themselves into a lot of bad situations, both in Vegas and online, and they had met people who could take advantage of those situations because of

their competitive nature. If you owe money to a book maker or another gambling outfit, you're going to pay. You have to pay. But at that moment you don't have much power in the relationship. It was easy for us to come to these people and say, "Hey if you don't have the money right now, don't worry about it. You can help us another way. Here's how you're going to do it. There's a (betting) line on your game. How can you help us out and influence that line a little bit? In return we are going to pay your debt." We tried to keep control of these guys in whatever way that we could. A lot of them would fall for compromising the outcome of a game by shaving points.

MF: Today I don't think pros are doing that because they have enough money to get themselves out of debt. The problem they have today is getting themselves around the people who are going to take advantage of them.

Interviewers: Do you think it's easier to influence or manipulate somebody with that competitive nature as opposed to someone who has a different personality?

MF: Oh Absolutely. Absolutely. You love to see somebody who has an overboard competitive personality, and then you play to that. Oh, without a doubt.

MF: In a negotiation I want the guy who is going to slam his fist on the table, get all emotional, and go overboard, make demands and show his cards. Those are the easiest guys to deal with in my view. It's like that negotiation for Jerry's life that I talked about earlier. Going in I didn't even know that I was going to have a negotiation. I had to quickly develop a strategy to deal with the other captain at the table. When he got so emotional he tipped his hand that he was going to have to win. I knew that I would have to let him win something in that negotiation or we would both lose. Same with the Gotti negotiation, but I knew John Gotti's personality going in. What I tried to do is stretch out the negotiation and make him think that I was going to fight him all the way. In the end I knew what I had to give to him.

Interviewers: Most people would flip that. They would say, the competitive person, that's the person that I DON'T want to negotiate with. This is a contrarian idea. Most would say I don't want to negotiate with the competitive type, and you're saying, bring it on, they are the ones who make the negotiation easiest.

MF: Absolutely, the guys who are even tempered and soft spoken, those are the guys who can walk away, and say, "You know what, we'll come back tomorrow." You don't have to be the smartest guy in the room to deal with the competitive types. There were a lot of times that I wasn't the smartest person in the negotiation. There were a lot of times that I was the smartest person in the negotiation, but I made people believe that I wasn't because it served me well. Let them lead; let them think they were teaching me something.

Interviewers: Did you use hardball tactics to get what you wanted? What types of tactics did you use? Everyone has some type of idea about “Mob tactics,” can you shed some light on the hardball tactics that you used?

MF: Well quite often I played hardball in that I had a position and I wasn’t going to move. In order to play hardball you have to be in position to play hardball. Even when I soft stroked it a little bit I was still playing hardball because in the end I wanted to come out with my desired outcome. I think that a lot of playing hardball has to do with your position in the negotiation. How effective can you be with that strategy? The worst way to go into a negotiation is needing something. Because when you need something you’re willing to take a lot less. In the end you’re better off taking anything at all. I would always try and stall not get into a negotiation when I felt that I was at a disadvantage by desperately needing something.

Interviewers: A lot of people in a negotiation look to the person on the other side of the table to use tricky tactics, or see them as an enemy. You stated earlier that everyone has the opportunity to be pressured into a bad situation within them; their past, their weakness for a family member, or their propensity to gamble. You are just trying to find the appropriate weakness to use. It sounds to me that you find their weaknesses or you give them a threat that they have to take seriously?

MF: Sometimes you do something that is called a “Tactical Retreat” in my view. Where you’re not losing the war but you walk away and let them think they won the battle. In instances where we were trying to get a union installed in a shop, we could walk away from the table and let the manager think he won. The next day he’s got 200 people outside his business picketing. So you know you have the upper hand. You may not have to show it at that moment. But you know you have certain tactics that you’re going to hang over his head until you bring him to his knees. If you make that play you have to know that you will out last him. But, if he beats you then you’re done. So you have to be ready to dig in.

Interviewers: How do you get to the people that are beyond reproach?

MF: Well, that’s a tough one. Because let’s think about going in: You just can’t get there and convince a guy over a table to do something that’s not in his makeup. Unfortunately, the only way you can get to that guy is if you really held a hammer over his head. What would be the hammer? Would it be a family situation? Would it be something in his past that you had to expose? You know, I don’t know. I don’t think I could pull this off unless I really had something on him that I could take to the limit.

Interviewers: We talked a lot about power; both inside of the family, and using that power outside with folks in

the business community. And we’re curious about the transition you’ve made. You’ve gone from a position of almost ultimate power, as a Captain in the Colombo family. After that you spent ten years in prison were you were virtually powerless. And now you’re in the business world where you have no more power than anyone else . . . but you’ve gone from a lot of power to much less power. How has that changed your negotiation style when you go into business negotiations now.

MF: Well . . . you know obviously I’m negotiating for different things, and certainly from a different position. But it hasn’t changed my tactics or techniques in any way way shape or form. There still is some kind of aura around me because of the advantage and the platform I have from my past life. Well, I have to give myself a little credit I guess I am learning how to communicate a little better and that gives me an advantage as well. But I don’t kid myself because my platform is my former life. I never realized when I was in the life how many people are interested and intrigued with that life until I started traveling to places like North Dakota and Idaho and major cities everywhere. There is such an intrigue with that life that I realized that it’s my platform, and sometimes I don’t even want to talk about it. But that life is why I have the opportunity to speak to groups.

MF: People still feel that I can operate on a certain level even though I am no longer involved in the life. I think there are still people who think that I have contacts in the life. I don’t ever try to foster that opinion, but I don’t say anything. Think what you want. I’ll take anything that’s going to give me an advantage in our dealings.

MF: If you ask me about it, I’m going to say no, I don’t have any contacts in the life, that’s behind me. I always say no because that’s the truth. But whether they believe it or not it’s up to them. So, I use that perception to my advantage because its there. And I don’t think that I’m really in a position of weakness. I never look at myself as being in a weak position because I don’t think you can negotiate that way. It’s not a negotiation at that point anymore. Its just you take whatever you can get. If I go in I have to feel that I have the upper hand. Otherwise I won’t go in.

Interviewers: There’s no negotiation tool that you used to have in your bag that you miss? You haven’t been sitting in the negotiation with the publishers of one of your books and thought, “If only I could still use this tactic . . .”?

MF: If they try to low ball me I already know what I’m going to say. I have a track record, and a reputation for selling books. With my first book they had a twenty-five-city tour ready to go and I got violated on my parole and did zero publicity. And they still sold 70 to 80 thousand hard cover and 200 thousand soft cover

with no promotion. So, I have a lot of benefits that I can bring up if they low-ball me. In my last negotiation, the president of the publishing company, who is an Italian guy from New York, was in the room. And for forty-five minutes the guy let me understand how much respect he had for me and guys in that life. And you know; he was my best negotiator. He was negotiating with himself during the meeting. It goes back again to the aura and the reputation. I don't think that I have lost any of my ability or power in that regard. In reality did I lose some power? Yeah, I did, because I don't have certain things at my disposal that I would have had years ago; I don't have access to "convincing tools" I would say. But as far as everybody is concerned I haven't lost it. You know who I am. But that's a different thing, you know.

Conclusion

This interview demonstrates the idea that most of our interactions are mixed motive in nature. That is, when we get together for negotiations, both in business and personal life, there are aspects of both competitive and collaborative behaviors (Komorita & Parks, 1995). Although the context of Michael Franzese's business dealings, and especially his negotiations, are foreign to most readers of this journal, there are significant lessons to be learned. Despite the voracity of the rhetoric present in some of the interactions (i.e., "Do you know a guy named Jerry? I want him dead"), most of us have been or will be involved in contentious negotiations. The stakes may not be life or death of an individual, but it may be that the stakes are keeping a job or selling a company.

There are issues and trade-offs with both the collaborative and competitive negotiation strategies. The competitive strategy not only restricts the available outcome but also restricts the risk. The collaborative strategy not only allows for greater outcomes but also opens the collaborator to more potential risk. The collaborator is required to share some information and be open to alternative outcomes (Diamond, 2010), and this puts her in a position of vulnerability.

Robert Axelrod's (1984) iterative prisoner's dilemma tournaments documented the emergence—and persistence—of cooperation in challenging environments. Axelrod's four-fold description of winning strategies—(a) be nice, (b) be provokable, (c) don't be envious, and (d) don't be too clever—provides a helpful framework for interpreting some of the interactions herein. There is a desire to collaborate or cooperate within a lot of negotiation settings. This desirable view has been adopted and developed by current negotiation scholars (e.g., Diamond, 2010; Thompson, 2015). The high probability of interacting with members of other Mafia families encourages a basic level of cooperation in contrast to, say, interacting with members of the federal government. Romanticized depictions of Mafia life might lead one to

assume that all interactions would be highly competitive and more distributive in nature. This interview provides some evidence to the contrary. Roger Fisher (Fisher & Ury, 1981) was the first to reject the competitive method of negotiation filled with hard ball tactics and intimidation. The collaborative method of negotiation has dominated our education and training in negotiation since the early 1990s and shows no sign of slowing down (Wheeler & Waters, 2006).

However, this is the opposite of the "guy who is going to slam his fist on the table," whom Franzese identifies as "the easiest guys to deal with." There is a lesson here about the power of flexibility in negotiation. The flexible negotiator will be willing to move from a collaborative mind-set when faced with a competitive negotiator.

Mr. Franzese works in a somewhat autocratic manner in some instances, illustrating that there is a time for competitive behavior. This can be attributed, in large part, to the context of the situation and the individuals involved. The Mafia demands strong and sometimes dictatorial leadership due to the stakes. This style of leadership has been linked to both psychological safety and performance of work teams when the team members accept the hierarchy (De Hoogh, Greer, & Den Hartog, 2015). This is clearly the environment of the Mafia in the 1970s and 1980s. In addition, there is a need demonstrated in the interview to both save face and allow others to save face. This face-saving behavior was demonstrated in both the collaborative (working with Gotti to sell the market) and the competitive contexts (keeping Jerry alive) and is an important part of these contentious negotiations.

The interaction recounted with John Gotti over the marketplace is an example of two strong negotiators with the desire to continue to look strong to the individuals both inside and outside their organizations. Given this circumstance, there is a possibility that the negotiation will progress in a negative fashion with both individuals attempting to be the strongest negotiator (White, Tynan, Galinsky, & Thompson, 2004). This competitive mind-set is likely to lead to impasse or a lower outcome. However, Mr. Franzese allows for both saving face and presenting a competitive front and a collaborative motive—focused on solving the issue for the good of multiple parties.

Mr. Franzese also displays the qualities of a competitive, or zero-sum, negotiator. When faced with an inquiry from the FBI about his business dealings, Mr. Franzese obfuscates, keeps information to himself, even lies to turn the negotiation in his favor. There was no concern at all for a collaborative outcome for all parties involved. Similarly, when setting up the illegal gas tax fraud business, he used competitive tactics in undercutting the price of the legitimate sellers. This positional focus was used to move legitimate business owners to participate in something that should have been questionable at best. By focusing on the competitive position in the negotiation—a lower price per gallon—Franzese was able to convince business owners to eschew

the questions that should have been asked (Why are you delivering in the dead of night? Why should I only buy one out of five loads from you?). The situation demanded a competitive stance, and Franzese applied that competitive negotiation style to his benefit.

Applying a strategy that can fluidly move between the collaborative and competitive styles of negotiation was integral to the success that Mr. Franzese enjoyed. Situational and contextual determinants were used to decide whether there was a possibility for a mutual gain, even when the negotiation seemed to be very competitive (“Do you know a guy named Jerry? I want him dead.”). This application of a dynamic style in negotiation allowed Mr. Franzese to achieve gains that would not have been possible with a single strategy.

Mr. Franzese has no formal business education. He attended college for a short period of time but dropped out to enter life as a member of the Mafia. He goes so far in this interview—which was conducted by three college professors—to say that college education may not be that important. Rather, he learned through what was an extensive apprenticeship in a socially competitive environment. Although he plays it down as just “watching and listening,” it was, in reality, a very extensive and specialized training method. What we don’t have is the information about how he developed his dynamic, albeit collaborative heavy for the context, style of negotiation. Whether it was through trial and error, or from watching a particularly collaborative mentor, Mr. Franzese built a successful business in the Mafia and has gone on to build a successful legitimate business leveraging that experience.

Although the interview questions were focused primarily on negotiation tactics, this interview is instructive on a broad range of business topics. Mr. Franzese demonstrates the importance of relationship building, trust, and honesty (ironically), and his actions speak a great deal to the leadership necessary in a successful business. This interview shows a captain in a Mafia family, who would be thought to use some more heavy-handed practices, is actually quite collaborative.

Michael Franzese is an author, speaker, husband, and father of seven children.

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