

Negotiating Agreements for Highly Collaborative Relationships

BY JEANETTE NYDEN

Businesses often wonder how they can improve their strategic relationships. They ask, “Do I dive straight into the ‘deal’ terms to hammer out problematic clauses or do you take a different approach?” If you want to deliver an enduring relationship that will deliver value in the long run, you do need to take a very different approach to negotiating strategic relationships.

The danger with the traditional approach to deal making is that it sets you up for an adversarial negotiation. Not a good way to improve any relationship!

Negotiate The Relationship – Not Deal Points

Getting To We: Negotiating Agreements for Highly Collaborative Relationships changes the goal of the negotiation from getting a deal done to establishing a collaborative relationship between the parties. In other words, the relationship itself becomes the focus.

This unique and compelling idea says that once the parties establish the relationship according to common social norms, the parties are in a better position to continually improve their relationship.

Social Norms To Do Business By

In order to negotiate the relationship, the parties ought to use an ethical approach to negotiating. Naïve and impossible to achieve you say? There is ample research from sociologists, economists and legal theorists from the U.S. and Europe that suggests relationships based on common social norms outperform power-based relationships on multiple levels.

For example, academics have studied cattle ranchers in Shasta County, California; fishermen in Norway, apparel firms in New York, New York; and the economic performance of thirteen regions in Italy. The body of research clearly supports the connection between social capital and improving economic prosperity.

Social capital is the application of commonly accepted norms and social networks that exist to enable cooperation and mutual benefit. Adding to that body of research, the authors working with the University of Tennessee confirmed that companies of various sizes that established highly collaborative outsourcing relationships often had a fair amount of social capital.

Getting to We took both bodies of research and identified six guiding principles that help relationships excel: reciprocity, autonomy, honesty, equity, loyalty and integrity.

These principles, so important in our personal endeavors and interactions, also drive collaborative business behaviors. These behaviors apply equally to existing relationships and to new ones.

To ensure a constant state of collaboration, each party is responsible for always following the principles. For example, if the parties take seriously the principles of loyalty and integrity, they will look out for and strive to preserve the relationship. That means buying companies do not disingenuously threaten suppliers with re-bidding work, and suppliers do not sell the “A” team just to substitute the less expensive “C” team to make a hefty profit.

Negotiating the nature of the relationship means the parties create a negotiation atmosphere that encourages trust cooperation. Some very common negotiation tactics become unacceptable, such as coercion, bluffing, or withholding relevant information.

What’s In It For We

Collaborative relationships start with a What’s-In-It-For-We (WIIFWe) mindset, which is radically different from the What’s-In-It-For-Me (WIIFMe) mindset present at most buyer/supplier negotiations. WIIFWe is the philosophical mantra that forms the architecture for a collaborative and trusting relationship. Once embraced, a WIIFWe mindset has the power to deliver a powerful competitive advantage for the parties long after a deal is signed.

There are three things about a WIIFWe relationship that alter conventional negotiations:

- The players turn into partners for success. They set out to enter into a long-term relationship where each partner intends not to “eliminate” their partner by moving to another supplier or customer. The intent transforms a transactional business relationship into a strategic relationship.
- The relationship adheres to the common set of principles (outlined above) that drive cooperative behavior.
- The partners live the WIIFWe approach in daily interactions and use a formal, governance structure to ensure compliance with cooperative behavior.

Thus, the relationship itself generates successive rounds of cooperative negotiations that allow for parties to constantly improve their relationship and the output of that product whether the output is a product or service. Structuring the relationship should follow a process. Getting to We suggests a five-step process for establishing highly collaborative relationships.

The Getting to We Process

The Getting to We process comprises five distinct steps: the first four take the parties to WIIFWe, and the fifth step ensures that the parties live the WIIFWe mindset. None of the steps should be skipped, because cutting corners will only derail the ultimate purpose: a highly collaborative relationship.

The five steps are outlined briefly as follows:

1. Getting ready for WIIFWe.

This initial step looks at three foundational elements for a successful collaborative relationship: trust, transparency and compatibility. The CaT™ (compatibility and trust) diagnostic tool helps the parties identify their level of trust and compatibility through a 360 assessment. When the parties complete this assessment, they will have a deeper understanding of their relationship.

2. Jointly agree on a shared vision for the partnership.

The parties discuss and create a shared vision for the partnership. They will each enter the discussion with their own vision, of course. But then the parties transform their separate visions into one shared vision, giving the partnership its purpose beyond a series of transactions. Furthermore, it will guide the partners, not only throughout the negotiation process but throughout the term of the relationship.

3. Collaboratively negotiate the guiding principles for the partnership.

The Getting to We process demands that partners not only improve the relationship but also abide by a set of principles to drive highly collaborative behavior. This is the critical step that distinguishes highly collaborative relationships from average functioning relationships. The principles provide the mindset to support the partners on their journey to live WIIFWe. Without guiding principles to prevent opportunism and competitive tit-for-tat moves, partners will not behave in a collaborative manner with each other.

4. Negotiate as We.

It is now time to begin to negotiate deal points.

Partners following the Getting to We process must not start by negotiating the details of the deal such as the scope of work, pricing and terms and conditions. Rather, they must first establish the mechanisms they will use as they negotiate the details. Once the partners have agreed to these mechanisms, they will use them to achieve a consensus on the deal's specifics.

5. Living as We.

At this point the partners have reached the final stage of the journey – living as we – which occurs when they maintain a focus on the shared vision and guiding principles throughout the life of the relationship. Because relationships are dynamic, the partners choose to focus on relationship management by taking actions and measures required to keep it highly collaborative. The principles continue to play a critical role by driving the partners' daily behaviors.

So it's not just a one-off negotiation, a handshake and then on to the next negotiation. Partners are developing and nurturing a collaborative entity based on social capital. This is the beauty and transformative power of the Getting to We concept: the business deal gets done, yes, but as a long-term partnership based on the parties' commitment to fundamental, beneficial social norms.

Are You Ready to Get to We?

Moving away from the traditional approach to deal making is not for the fainthearted. It takes some courage and determination, as well as a willing partner. But when these things come together, the results are transforming and the economic benefits are all but impossible to replicate using traditional 'Me' focused methods. A collaborative deal is going to deliver these results, not just initially but for the long term. So what's stopping you – start getting to we with your partners!



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Author, educator, and business consultant, Jeanette Nyden is the go to person for any business relationship with contractual or interpersonal relationship problems. She has written three books, including: *Getting to We: Negotiating Agreements for Highly Collaborative Relationships*.

Ms. Nyden has more than 20 years' experience as an attorney and mediator negotiating agreements and providing practical negotiation planning, and coaching to drive revenue in B2B negotiations with customers, vendors, strategic and alliance partners.

GETTING TO WE

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Current negotiation practices are outdated and do businesses more harm than good. It's time for a change.

For years, businesses have worked under the assumption that the goal of negotiation is simply to get the deal. Hundreds of books have been written on 'getting to yes,' 'getting past no,' and 'getting more'... the prevalent assumption being 'Get a signature, and you're done.' But this narrows the focus down strictly to the strategies and tactics needed to negotiate this deal, this time, under this set of terms—with no thought for the future.

Getting To We takes a very different approach by focusing on the long term and the relationship to the economic benefit of both parties involved.