



G10 - IT DOESN'T HAVE TO BE A BATTLE!

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IT DOESN'T HAVE TO BE A BATTLE!

Win-win is not a glib term. Win-win is not only an achievable negotiation goal in general; it must be the goal for all internal negotiations with stakeholders. Unfortunately, most business negotiation skills training focuses on transactional tips, techniques, and tactics that run counter to developing a win-win relationship.

“The underlying (negotiation) assumptions, which are still prevalent today, are that when each business strives for its own interest, even at the expense of its partner’s interests, the resulting agreement must be fair. The logic is that a business would not enter into a deal that is not fair to its interests.”ⁱ

In fact, many negotiation experts refer to negotiations as a game because they see business negotiations as a one-off, self-seeking transaction.ⁱⁱ “Here lies the systemic problem: Transactions are quick, short-term exchanges. The deals they create are static, but of course a business environment is not.”ⁱⁱⁱ For example, a senior procurement executive from a computer components manufacturer once bragged, “I come in late [to the negotiations] and tend to start with the unreasonable request. My job is to relieve the anxiety of the business units from being the bad cop to get the best deal for our company.” In other words, this person bragged about using a muscular approach so his colleagues could give the service provider the appearance of being reasonable.”^{iv}

But what happens when that same procurement executive uses that style when negotiating with an internal stakeholder? Colleagues feel steamrolled, bullied and powerless. But his colleagues are all playing for the same team, so to speak. So, there is no need for the good cop/bad cop routine.

Those traditional, transactional negotiation rules do not apply to internal negotiations! Those procurement professionals who facilitate internal negotiations with stakeholders must embrace a new negotiation style.

WHAT’S YOUR STYLE?

Certain negotiating styles can have lasting financial and emotional results. Oliver Williamson, the economist and Nobel laureate, described three contracting (negotiation) styles, muscular, benign, and credible.^v

MUSCULAR

In the muscular approach to contracting one partner holds the power, and does not hesitate to use it. This is the example of the procurement executive noted above. Unfortunately, some companies use a heavy-handed approach in dealing with their suppliers simply because

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they can. According to Williamson, “muscular buyers not only use their suppliers, but they often ‘use up’ their suppliers and discard them.”^{vi} Williamson’s point is that bullied people will create overt and covert options to protect themselves.^{vii}

BENIGN

The benign approach assumes that the parties will cooperate; both parties will give and take in the relationship.^{viii} Theoretically, this approach could work. However, in practice, the benign style often leads to passivity, which can then quickly lead to complacency. The benign style can be interpreted as gullibility and one party taking advantage of the other party.

CREDIBLE

The credible approach is both hardheaded and wise.^{ix} It is hardheaded because it strives for clear results and accountability, but it is not meanspirited, as is often the case with the muscular type. The credible style is wise because complex relationships require the exercise of foresight. In other words, negotiators need to use a style that will foster an atmosphere of cooperation.

ADAPTABILITY

Some negotiators are quite adaptable, using one style in one type of negotiation and another style with another type of negotiation. The ability to work with a range of styles is good. However, negotiators should avoid mixing styles within the same negotiation.

What is your Style?

- Do I, or my colleagues, use negotiation tactics that overtly seek to:
 - undermine trust
 - cause uncertainty or unease
 - bully (coerce) the other side into an agreement (no matter how minor) that is not in their best interest
 - intentionally shut down conversations or problem-solving sessions
- Is there a tacit understanding at our organization that someone, or a department such as legal, will enter the deal at some point to exert power to “get a better deal”?
- Do I or my colleagues minimize the impact of the muscular approach?

WHAT'S IN IT FOR WE IS A MINDSET: THE ARCHITECTURE FOR COLLABORATION

“*Getting to We*^x embraces the philosophical mantra what’s-in-it-for-we (WIIFWe) and includes a simple process for creating the social norms [. . .]. With both the mindset and the process, companies develop highly collaborative and sustainable business relationships.^{xi} WIIFWe is inherently a credible negotiation style that develops trust.

Trust is the cornerstone of a credible negotiation style. Trust establishes the conditions for productive collaboration. “Trust exists when a person or organization has confidence in a positive result even when the issues and outcomes are out of its control, and there is risk of a potentially negative consequence.^{xii}

Trust is a choice. There are two sides to trust: acting in a trustworthy manner and treating the other as being trustworthy. In other words, you believe they will keep promises.

GUIDING PRINCIPLES SET THE NEGOTIATION NORMS

“To achieve a WIIFWe mindset everyone involved must make sure that their interactions are fair. But agreeing on a single standard of fairness is impractical and unworkable. Agreeing on a set of principles reduces—if not eliminates—opportunism, leading to a fairer, more balanced and workable decision-making process.”^{xiii}

The guiding principles intentionally set the negotiation norms that literally guide the negotiation interactions. The principles (norms) establish and maintain trust by encouraging negotiators to follow a behavioral path. “Think of these guiding principles as the cultural norms or values the parties use to guide behaviors with the intention to build a trusting relationship.”^{xiv}

There are six guiding principles in total, three of which apply during internal negotiations. These are principles of action, telling the parties how to act and behave in relation to one another.^{xv} By recognizing and acting in accordance with these principles in relation to one another, stakeholders show that they care more for the best interest of the organization than for their own (own departments) short-term self-interest. Thus, it is by living by these principles that trust is created and maintained.^{xvi}

#1 AUTONOMY

Autonomy means abstaining from using power to promote one person’s self-interest at the expense of the other person. It’s intriguing that a lack of autonomy seems—well, so normal in many relationships. It feels strange not to use power for an immediate benefit when the chance presents itself.

However, people want to make their own decisions, free from the power of another; they want to work as equals and they want to be part of a process that allows them to make decisions in sync with the group.^{xvii}

Autonomy has several advantages: increases creativity, facilitates other negotiation norms like honesty, and strengthens trust in one another.

There are Two Aspects to Autonomy:

- People work together as equals despite the possibility that one may have more power than the other.
- Each person is allowed to make decisions without any coercion from the other.

Autonomy

- How do people in your organization experience pressure to make decisions that are not in your organization's best interest?
- What are the ramifications?
- What does "working as equals" mean when negotiating with stakeholders?

#2 HONESTY

Fundamentally, honesty obliges the parties to be accurate (tell the truth), both about facts in the world and about their intentions and experiences of the facts. "An accurate conversation starts with mutually observable facts and finishes with a valuable explanation," explain Connolly and Rianoshek in *Communications Catalyst*.^{xviii} A valuable explanation is one in which all stakeholders see value in the explanation of the facts. To have a valuable conversation each person starts by discussing the observable facts and claiming the explanation as his or her perception of the facts and not as a fact.^{xix}

Conflict and potentially dishonest conversations arise when the teams meet and talk as if the explanations of the facts were the facts themselves. Relationships with a history of conflict, micromanagement, or unfulfilled promises tend to talk less about the observable facts.^{xx} In fact in some relationships, even agreeing on one set of observable facts can be difficult.

For example, a woman walks up to another woman during a negotiation held in a meeting room and whispers something in another woman's ear. An insecure person might think the speaker is talking about someone in the room, plotting against the 'other side', or is just plain rude for speaking in front of people who are not supposed to hear that information. A secure person would likely notice the observable facts—one woman talking in a whisper to another woman—and think one woman had something private to say to the other woman. Each of these explanations casts the conversation in a particular light.

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This point is important enough to repeat: honesty obliges people to tell the truth about their intentions and their experiences of the facts. It is dishonest to manipulate your counterpart with inaccurate intentions (saying one thing and doing another) or inaccurate experiences (exaggerating or minimizing an experience of a fact).

Therefore, accuracy is a critical component to WIIFWe mindset. “Accurate or fact-based conversations separate the facts from the explanations that interpret or color those facts. An explanation accounts for the fact.”^{xxi}

Honesty/Accuracy

- What are the facts each person at the meeting observe in the situation?
- What are the common observable facts that all can agree on?
- What are people’s perceptions, stories, or explanations of the common, observable facts?
- What explanation for the facts brings value to all stakeholders (including the end user and stakeholders)?

#3 LOYALTY

Finally, for the purpose of internal negotiations, all of the stakeholders must also commit to the principle of loyalty to the organization as a whole, not to one department at the expense of another department. “Loyalty is chosen as a principle because it obliges the parties to be loyal to the relationship. Loyalty to the relationship—or “system first” thinking as Mc Donald’s calls it—will come when the parties’ interests are treated as equally important. This may cause a need for a culture shift.”^{xxii} The culture shift happens with the aid of the we mindset and guiding principles.

Loyalty to the organization is a completely different way of staying vigilant. Loyalty requires all the stakeholders to see the larger picture, and to allocate risk and rewards in a way that benefits the organization.

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When negotiators speak of vigilance they are usually speaking of protecting a self-interest or department-interest against some sort of threat. (For example, “we must be vigilant that Bob does not take away our training budget like he did last year!”) Traditional negotiation norms breed a unique form of vigilance called opportunism.

Opportunism simply means taking advantage of the other party in some way during the course of the negotiation. Opportunism is based on the fear of being taken of advantage by the “other guy” and is accompanied by justification for your own opportunistic behavior. It is downward cycle.

Loyalty

- What are your (each person’s) impressions of how your team could show loyalty to the organization?
- What are your (each person’s) impressions of how other teams could show loyalty to the organization?
- Who should be included in conversations about the meaning of loyalty (i.e., procurement or sourcing professionals, I.T., legal, etc.)?
- How can we make the conversations more transparent and open?

COLLABORATIVE NEGOTIATIONS HAVE THEIR OWN SET OF RULES

RULE 1: SIT SIDE BY SIDE, FACE THE ISSUES TOGETHER

Sitting side-by-side means that parties acknowledge that the relationship between the stakeholders serve the organization (Loyalty to the organization). This is the crux of the WIIFWe philosophy.

RULE 2: LET THE PRINCIPLES GUIDE BEHAVIOR

Agree to follow the guiding principles as a new set of negotiation norms.

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RULE 3: DEVELOP A FLEXIBLE FRAMEWORK TO SOLVE PROBLEMS (ACHIEVE THE SHARED GOAL)

All highly collaborative relationships face a common challenge: how to achieve the shared goal. Create a flexible yet stable framework for problem-solving.

RULE 4: FOLLOW THE PRINCIPLES, ADAPT THE GOALS

Situations may arise that may cause a conflict between reaching a specific goal and following the guiding principles. One person (department) could decide that it's quicker to achieve a solution that is basically unfair to one of the other people (departments). Or the parties could agree upon a goal that when pushed downstream to other stakeholders in the organization creates a conflict between abiding by the principles and pursuing the goal.

ABOUT JEANETTE NYDEN

I help contract professionals master the contracting process from documentation and negotiation to contract management by providing tactical, customized mentoring, coaching and training programs. Since 2003, I've been offering contract negotiation skills mentoring, training and coaching services to companies as small as 60 million in revenue and as large as Fortune 500 powerhouses.

I am a recognized expert in the field having co-authored *Getting to We: Negotiating Agreement's for Highly Collaborative Relationships*, written *Negotiation Rules! A Practical Approach to Big Deal Negotiations* and co-authored *The Vested Outsourcing Manual: A Guide for Creating Successful Business and Outsourcing Relationships*.

Organizations such as state governmental agencies, PG&E, Microsoft, TD Bank, CIBC Bank, Brookfield Johnson Controls, CH2MHill, T-Mobile, and Jones Lang LaSalle have worked with me over the years. I also taught at Seattle University and the University of Tennessee's Center for Executive Education. I earned her B.A. and Juris Doctorate from Southern Illinois University.

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As a mentor, I sit as a credentialed advisor at the negotiation table to co-lead very complex negotiations. I work as an integrated team member teaching and coaching my co-negotiator through every step of the process, while also providing a safety net for my client organization.

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My customized, tactical negotiation training and coaching programs are specifically designed for business people who negotiate complex customer/supplier agreements. By working with me, you can expect to see a more efficient contract negotiation process, increased clarity of contract terms, enhanced negotiation skills, and better customer/supplier relationships.

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END NOTES

ⁱ Nyden, J, Vitasek, K, Frydinger, D. *Getting to We: Negotiating Agreements for Highly Collaborative Relationships*. Palgrave: New York. 2013, Page 11

ⁱⁱ Page 123

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