

# КОРОТКИЙ КОНСПЕКТ ЛЕКЦІЙ

## З ДИСЦИПЛІНИ

### **«ТЕХНІКА МІЖНАРОДНИХ ПЕРЕГОВОРІВ»**

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## Lecture 1-2

### NEGOTIATION BASICS. RELATIONSHIP-BUILDING TECHNIQUES

1. Negotiation basics.
2. Relationship-building techniques

We all negotiate all the time: with our husbands and wives, with our parents and our children, and with our friends and colleagues: What time do the kids have to go to bed? Whose turn is it to go to the supermarket? Can you help me with my presentation? Of course, these situations don't always feel like negotiations, not least because these are all long-term relationships. But they have a lot more in common with professional negotiations than you might think.

On the other hand, the situations that we tend to think of as 'typical negotiations', such as buying a used car, haggling over the price of an overpriced souvenir in a tourist trap, or selling your flat, are much less typical than they seem. These are all one-off negotiations, where there's no time or need to build long-term relationships. In business, almost all negotiations are long-term. Both the used car salesman and the souvenir seller are using sales techniques (or sometimes manipulation tricks). Of course selling is an important skill in life and business, as is an awareness of the tricks that other people may use. But this isn't really what negotiations are all about.

Good negotiators build strong long-term relationships. In many ways, this is even more important than the traditional 'bargaining' element of negotiations. If you leave the negotiation feeling defeated or cheated, you're not going to want to negotiate with that person again. If you find out later that the other person took advantage of your naivety, again, you're not likely to want to do business with that person. You may even try to get out of the contract you have agreed; in many situations, it is legal and normal to declare a contract null and void if you have been

deceived. You're also unlikely to recommend the deceptive negotiator to other friends and colleagues, and you may even go public with the story of your bad experience, which will damage the person's reputation.

In practice, none of these defensive strategies may be necessary. Most good negotiators understand the importance of creating long-term trust and protecting their reputations, so they'll do their best to keep you happy. This is one reason why used car salesmen aren't as manipulative as we might expect them to be – they have a reputation to build and protect.

It's interesting that this assumption doesn't work when buying a souvenir in a tourist resort, where long-term relationships don't exist – one reason why you need to be especially careful in such situations. It also doesn't really work when you're buying or selling your house or flat – the classic one-off sale with huge potential short-term gains for manipulators. Fortunately, most people aren't naturally manipulative; so again, relationship-building is almost always the best approach.

But if you do find yourself in a negotiation with a professional manipulator, what can you do to protect yourself? The three keys are awareness, preparation and control. Firstly, simply be aware of the situation and its risks. Think very carefully before making any commitments. Secondly, find out as much as you can before the negotiation, especially concerning prices – what price are other people offering for similar products and services? You also need to research your own needs very carefully, including a deep understanding of what you don't need. Thirdly, make sure you don't lose control. Don't be afraid to walk away from a negotiation if you're not sure, and take time to discuss your concerns with friends and colleagues. Of course, the other negotiator may tell you that you can't go away and think about it, that the decision must be made right here, right now. But that's almost always just a bluff. In a high-stakes negotiation with a professional, a rushed decision is almost always a mistake.

### Relationship-building techniques

Generosity. Research has shown that if you give something to another person, they almost always feel obliged to return the favour ... or even a much bigger favour.

Of course, there's a limit: you can't be too cynical and expect someone to knock 10% off their asking price just because you've bought them a nice coffee. But a little genuine kindness can go a long way.

Finding things in common. There's no doubt that we like people who are like us. In other words, if we can identify with them and understand them as people, not just business machines, we're much more likely to want to do business with them. In practical terms, there are two sides to this technique: one is to ask questions to find out about the other person. But just as importantly, we need to be open about ourselves, to help the other person to understand us too.

Personal touches. This can go both ways. Firstly, show that you're treating the other person as an individual, someone special. That means remembering their name, and maybe organising something based on the likes and dislikes they've expressed. Secondly, show that they're dealing with you as a person, not just your organisation. If you're taking them to your favourite restaurant, make sure they understand that it's not just an anonymous place to eat, but something that you've chosen personally, which says something about who you are.

Flattery. Say nice things about the other person or their organisation. If that person bought you a meal, tell a third person how nice the meal was and how much you enjoyed the conversation. If you've just arrived in their office, say how nice it is. If you notice a diploma on the wall, ask about it and make sure you sound impressed when they tell you. But whatever you do, make sure you sound convincing – there's nothing worse than false enthusiasm!

Showing an interest. When the other person is talking about himself/herself, we need to listen carefully and show that we are listening. This means not just making 'listening noises' like 'I see' and 'Really?', but actually being interested in the other person. Remember what they are telling you, so you can bring it up next time you meet (e.g. How's your daughter getting on at university?).

Gratitude. Whenever the other person is kind to you, always make sure you say thank-you. It may seem like a tiny detail, and perhaps an obvious one, but in fact it can make all the difference. Just imagine how you'd feel if someone failed to thank

you for your own kindness! And when you say thank-you, don't just say 'thank-you'.

Tell them how kind they've been and how much you appreciate it.

## Communication styles

Effective negotiators are good communicators. Good communicators communicate in a style that is appropriate for the situation and for the people with whom they are dealing. The wrong style may impede the progress of a negotiation. For example, demanding or threatening is an inappropriate style when the purpose of the negotiation is to forge a willing and collaborative relationship between parties.

### Style I: Listeners

Listeners are people oriented. They believe that there is more than one method for producing the same results. While they demand a voice in decisions that affect them, they can be slow decision makers. They want to talk about the issues and get to know you as a person. They place a high premium on relationships. Because of this, they are often good mediators and team builders. But they just can't say no. Everybody's priorities become their priorities. Perhaps because of this, they are easily sidetracked. They seek security in their job and are not big risk takers. And, they are the last people (along with Thinkers) to volunteer to make a presentation.

Know that when Listeners are under stress, they are often submissive and indecisive. That may present you with an opportunity. Listeners have the most conflict when engaging with Doers, their polar opposites.

### Style II: Creators

Creators are enthusiastic and excitement-driven people. Their excitement is often contagious and persuasive. They don't mind breaking away from the negotiations and having fun. Creators can be impulsive and often make decisions on the spot. They are idea people but often fail to act on their great ideas. That is one of the negatives associated with Creators—they have a problem with follow-through. The thrill for them is the idea; they tend to lose interest during follow-through, which makes them "priority jumpers" in many cases. Creators dislike routine and enjoy fast-paced conversations. When stressed, they often try to change the subject.

There's an old saying that goes, "God invented us with two ears and one mouth for a

reason—so that we’d listen more than we talk.” Creators, being big talkers, should take that saying to heart.

They can improve their communication with others by slowing down, containing their enthusiasm a bit, and taking the time to listen to other people and understand their interests and points of view.

If you want to communicate effectively with Creators, understand their need for their ideas to be recognized. Get them excited about a project and they will use their enthusiasm to sell others. Then be ready for a fast decision reflecting their excitement. Creators tend to have the most conflict with Thinkers.

### Style III: Doers

Doers are pragmatic, assertive, results oriented, competitive, and competent. They are no-nonsense, take-charge, get-it-done people. Like Creators, they are highly verbal. Doers tend to be excellent problem solvers, and they take the biggest risks. On the negative side, they may be arrogant and domineering, lack trust in others, exhibit short-range thinking, and act without proper planning or reflection. In their rush to get things moving they can be abrupt and dictatorial and they may be bad listeners. They tend to be time conscious people. Do you see that person continually glancing at a clock? It’s a good bet that he or she is a Doer. In negotiations, Doers tend to be “street fighters.” They often find it hard to play “win-win” negotiating because they can be unconcerned with others’ needs. They negotiate to win.

Doers tend to have the greatest conflict with Listeners.

### Style IV: Thinkers

Thinkers are detail-oriented people. They are slow and deliberative in making decisions (“Let’s run the numbers one more time”) because they are always looking for the perfect solution. Thinkers are at home with rules, regulations, and predictability. Unlike Doers, Thinkers tend to be averse to risk. Thinkers might be described as deliberative, proper, conservative, objective, and analytical; they like to weigh all of the alternatives. In the worst cases, they are subject to “paralysis through analysis.” They can also be verbose, indecisive, overly serious, and rigid.

Thinkers are logical and analytical, they are motivated by accuracy, logic, and data.

Thinkers tend to have the most conflict with Creators.

## UNDERSTAND YOUR DOMINANT COMMUNICATION STYLE

There are no pure Creators, Thinkers, Listeners, or Doers. Each of us is a mixture of communication styles. No one style is the “right” style, or better than any of the others, nor is anyone trapped in a particular style. The important thing is to recognize your dominant style, understand its negatives, and work on containing those negatives.

Also, understand the dominant styles of the people you deal with, and learn to adapt to them. Adapting to the other party’s style is a way of getting on the same wavelength with that person. And once you’ve done that, your negotiations will go much more smoothly.

Before we move on, take a moment to think about the people with whom you currently do business on a regular basis— coworkers, customers, and people with whom you are negotiating.

A good way to think about negotiation is that it is a game. Thinking about negotiation in this way has lots of advantages:

- We can understand the game. It is not a random process. Most negotiations can be analyzed after they are over, and, with increasing understanding comes the ability to predict and control what happens.
- The game has a predictable sequence of activities. Many people who do not understand negotiation see it as a chaotic, almost random series of events. While it is true that it may be difficult to accurately predict exactly what a party will do next at any given point, the entire negotiation sequence generally follows a clear, understandable pattern.
- There are players in the game. As we can see from the earlier example, there can be only one player (when Helen negotiates with herself about which skirt to wear), or there can be two players (her negotiations with Fred and Jim), or there can be multiple players (her negotiations with her team). Who the other players are and what they do have a great deal of impact on how we should plan and execute our strategy. Certainly that’s obvious, we intend to help you understand and manage the other players better than most other people do. We are not going to deal with self-negotiation, but we are going to deal with all kinds of negotiations with others.

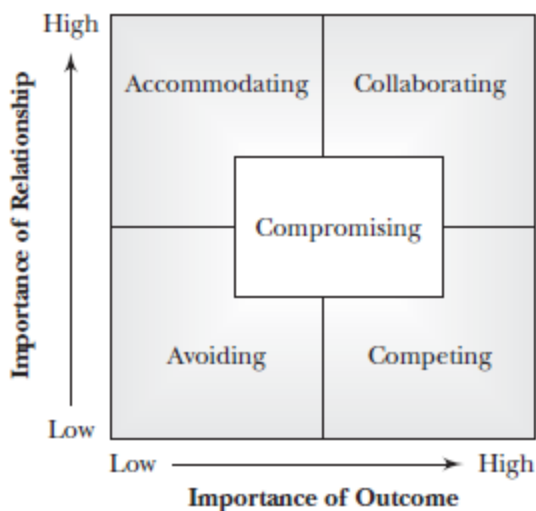
- The game has rules. There are do's and don'ts for what can be done in negotiation. In some negotiations, these rules are clear; they may even be written in a contract or set of procedures. In other negotiations, the rules are informal and may even be unclear.

Most of projects in the world of business require a win-win, not just a win. If anybody loses, the project will fail. The master negotiator moves from the competitive to the collaborative negotiation with ease. He or she must also know how to compromise, avoid, or accommodate with grace as the situation demands. Flexibility is the greatest asset of the master negotiator.

### Choosing a Negotiating Strategy

By considering the relative importance of both outcome and relationship, you are able to adapt your game to each negotiating situation. Each deal is different and each opponent may be different; you will get better results by flexing your style to suit the situation.

FIGURE 2.2. HOW TO SELECT A NEGOTIATION STRATEGY



- *Accommodating (lose to win)*. This strategy is represented in the upper left of the diagram, where the importance of the relationship is high and the importance of the outcome is low. In this situation, you back off your concern for the outcome to preserve the relationship; you intentionally “lose” on the outcome dimension in order to “win” on the relationship dimension.
- *Competing (win-lose)*. The lower right of the diagram represents high concern for the outcome and low concern for the relationship. You use this strategy if you want to win at all cost and have no concern about the future state of the relationship.



- *Collaborating (win-win)*. The upper right part of the diagram defines a strategy where there is a high priority for both the relationship and the outcome. In this strategy, the parties attempt to maximize their outcomes while preserving or enhancing the relationship. This result is most likely when both parties can find a resolution that meets the needs of each.
- *Compromising (split the difference)*. In the middle is an area we call a compromising, or “satisficing,” strategy. It represents a combination approach that is used in a variety of situations. For example, it is often used when the parties cannot achieve full collaboration but still want to make some progress toward achieving outcome goals or take some actions to preserve the relationship. It is also often used when the parties are under time pressure and need to come to a resolution quickly, or do not have the energy to work toward a fully collaborative agreement. Each party will give in a bit to find a common ground.

#### “No Strategy” Choice

Some people argue that it is possible to adopt no strategy: you refuse to make an explicit strategic choice, and let the chips fall to determine what you will do next. This allows you maximum flexibility to adjust your approach based on what your opponent does first, or as the proceedings change.

The no-strategy approach has some distinct advantages. You get a chance to find out how your opponent wants to negotiate first, which may tell you a lot about your opponent. It also keeps you from making a commitment to a strategy that may not work or get completed, for example, to be accommodative while the other is being competitive. However, a no-strategy choice is often the lazy negotiator’s way of avoiding a key part of the planning and preparation process. We do not think this is a good choice. Although it may give you some negotiating leeway, it could also put you in a precarious position if you have not planned well. The result will be that the opposition gains an advantage over you before you realize what is going on.

If you know that you care about the relationship, or the outcome, or both (or neither), select a strategy and begin to plan around it. If you are proactive about strategy choice, you are much more likely to get what you want than if you wait for the other to initiate action. As it was pointed out, you can always adapt your strategy later as necessary.

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## Lecture 3-4

### NEGOTIATION STAGES AND PHASES

1. Stages of negotiations

## 2. Goals

## 3. Underlying Interests

There are a number of ways to represent the different stages or phases of a negotiation. One of them is a simple five-stage model of negotiation.

### Preparation Stage

The preparation stage, the first stage of negotiation, is the time to gather information and do planning and goal setting.

#### *Gather Information*

The first step of negotiation is the process of gathering information.

You need to decide what kind of information you need, but it should be of two forms:

- Information that will help you define your own objectives and argue for what you want to achieve in the negotiation
- Information about those on the other side, their goals, and objectives, how they are likely to view you, and what they may want to achieve in the negotiation

The type of information you need will vary from negotiation to negotiation, but might involve knowing specific things about the issues to be discussed, gathering financial information, examining the history of this issue between the parties, understanding market conditions, understanding the structure and politics of the organizations in which the negotiation is taking place, and understanding the culture in which the negotiation is taking place.

There are two essential skills to great information gathering: the ability to ask probing questions and the ability to listen intently.

Asking informative, probing questions usually requires being able to ask open questions.

An open question is one that gets the other to talk extensively and uses phrases such as, “Why?” “How?” “Tell me about . . . ,” or “Explain to me . . . .” Great listening skills require us to be able to understand what the others are saying, read the emotion in their voice as well as the words, and understand their underlying interests.

#### *Do Planning and Goal Setting*

Planning and goal setting are also a key part of the preparation stage. We need to try to map out the way we want the negotiation to proceed, and we need to spend time determining what we want to achieve. Important parts of planning and goal setting include:

- Defining what you want to achieve
- Defining your limits, or how far you will go before walking away or not settling
- Deciding on your opening, or what you will initially offer or request
- Determining what alternatives you have if you cannot successfully negotiate this deal
- Assembling the information you gathered to understand how the other party will approach the negotiation
- Assembling the information you gathered to decide how to present it in order to achieve your objectives
- Developing a proposed discussion agenda

### Opening Stage

The opening stage is for laying out arguments. You use the information you have gathered to construct the most persuasive argument you can for what you want, why you want it, and why the other side should give it to you. Here is where it is important to be clear about your goals, to be able to argue well for what you want, and to be able to listen to what the other wants so that you can present counterarguments.

You also listen to the other side's presentation. You take notes on what they say and listen clearly, for what you think is most important to them. This is also a critical time to ask questions and learn as much as you can about what they want.

### Bargaining Stage

In this stage, you play the classic negotiation game of give-and-take.

Parties in negotiation normally expect that opening demands are exaggerated and that one or both parties will have to make concessions to reach some agreement. The bidding process is the process of moving from your opening bid toward your target and getting the other side to do the same. Depending on whether the game is more competitive or more cooperative, you will want them to do more of the moving than you, or you will want to move at approximately the same distance and pace.

## Closing Stage

This stage is for wrapping up the final agreement. You review what you have agreed to, may write out a contract or written agreement, clarify anything that was left ambiguous or incomplete in the previous discussion, and shake hands. You may exchange money or resources as specified in the deal. Finally, you may celebrate your accomplishment with a meal or drink. Closing rituals are important in negotiations. Even in very short or very competitive negotiations, it is important to use the closing stage to formalize what you have agreed to, write it down in a memorandum of understanding, and work to smooth over any anger or animosity that may have been built up in the bargaining stage.

## Implementation Stage

Implementation may also be a critical stage of the negotiation. Once you have formulated an agreement, you may also be one of the people involved in putting it into action. At this point, parties often discover that the agreement was incomplete or flawed. New issues come up, problems arise that no one anticipated, and those on the other side didn't do things they said they would do. Therefore, this is a critical phase for being able to go back to the other party and fix the agreement you arrived at earlier. Every good agreement should create the opportunity for the parties to reopen discussions if there are problems in implementation.

## Length of the Stages

Almost every negotiation goes through all of these stages. The amount of time spent in each stage may vary, depending on several factors:

- Who the other party is and how well you know or want to know this person (the less you want or need to know him other, the shorter the stage is)
- How well prepared you are already versus how much information you need from the other side to formulate your own interests and goals
- The culture you are negotiating in. In the United States, negotiators are known for spending very little time in relationship building, even in situations when having a strong relationship would enhance that negotiation. In contrast, Japanese and Chinese negotiators

spend a very long time in relationship building and information gathering and a much shorter time in the bidding and closing process.

### Goals And Interests

To start planning for a negotiation, the negotiator must ask two critical questions: “What do I want out of this negotiation?” and «Why is it important to me?» The first is a question about your goals; the second is a question about your interests. To find the answers to these questions, you need to conduct a careful investigation.

### Goals

Goal setting is a critical aspect of analyzing and planning your position. Think about what you want to attain in the deal. List your goals in concrete, measurable terms, and try to quantify them into dollar amounts or percentages. A well-framed goal is, “I will spend no more than five thousand dollars for a car.” If a counteroffer puts car’s price at six thousand dollars, it will be clear that you have not yet achieved your goal.

A dollar amount is a tangible goal; so is a benefit in salary negotiations or a particular interest rate when you are negotiating loan. But many negotiation situations also contain intangible goals, such as “making a successful transaction,” “keeping everyone in the family happy,” “looking like a good negotiator to my friends,” or “being viewed as a fair and honorable person.” Intangibles are likely to be more difficult to quantify, and you may not be able to tell whether you have accomplished them until long after the negotiation has been completed. For example, if a goal is to “increase the respect that people in my work group have for me,” it may take you a long time to know whether they really respect you more. Nevertheless, it is important to be aware of intangible goals and to name them whenever possible.

At the end of every negotiation, you will look back and judge the outcome by evaluating how things have changed. You can evaluate whether you made progress on those tangible goals, while your emotions will be shaped by progress on the intangible goals. Your rational mind focuses on the tangibles, and you need to engage your IQ to anticipate and list these tangible goals up front. But your emotional mind focuses on the intangibles, so you need to engage your emotional intelligence too in order to list intangible goals.

One way to sort out goals is to prioritize them. Ordering them in terms of their importance, assigning each one a dollar value, or using some other procedure to define value will assist you in comparing goals and deciding which are most crucial. This process may also help you eliminate goals that are unrelated to the situation.

In the negotiations, when you want to make trade-offs or concessions with the other party, you will see the value of setting priorities. At that point, you will usually be ready to give up a less important goal to gain a more important one. If you know the relative value of each of your goals, you will be able to evaluate the various trade-offs. For example, you might not insist on having four new tires put on a used car if the seller is willing to come down in price by five hundred dollars instead.

Assessing priorities allows you to establish packages of goals for various alternative offerings during negotiation. For example, a car with satellite radio and a subwoofer, plus a manual transmission for better handling off-road, may be more important to you than a roof rack and GIS system. Or intangibles like “a sporty car I really like the look of” may be your top priority when you think it through.

Your Underlying Interests?

Beneath your defined goals and objectives, you may have deeper underlying needs, interests, concerns, or fears.

Just like goals, interests can be concrete (tangible), such as money or interest rates, or more abstract (intangible), such as a friendly interchange with the other or preservation of your image.

Often we have the protection of our relationship with the other party as an underlying interest. Yet it's easy to overlook this relationship interest and employ cutthroat bargaining tactics that win the battle but lose the war. In fact, one of the most common negotiating errors is that most negotiators find out the hard way how important the relationship with the other party was: they spoil it in the negotiation.

You may also be concerned about principles, such as what is fair or right.

You may be attentive to the ethics of the situation or what has happened in the past. Many negotiators are as concerned that they be treated fairly and not lied to as they are to get good deal on the tangibles. We trust that you can recognize underlying legal and ethical issues

that matter to you or the other party. Trust your instincts: they'll tell you about any underlying legal and ethical concerns as long as you remember to listen to them. Here is a set of questions to help you surface any issues that may underlie a negotiation:

- Am I worried about any unfairness—to me or the other party?
- Are there things I might find myself doing in this situation that I would not want published in my home town newspaper?
- Are there things I might find myself doing in this situation that might be illegal, such as hurting someone through an obvious deception?

As you go through the analysis steps, be sure you thoroughly understand your strengths and weaknesses at each stage. This will help you make convincing arguments for yourself or against the other party:

- Step 1: Define the issues. Analyze the conflict situation from your own point of view. Look at the issues and decide which are major issues for you and which are minor. Experience can be helpful. Take into consideration the research you have done, including your history in negotiation. Based on the issues, make a list of experts in the field who may be able to contribute advice, information, or expertise.
- Step 2: Assemble the issues, and define the agenda. List all issues in the order of their importance. This should be relatively easy because of the work you did on prioritizing goals. You may find that some of the issues are interconnected and therefore have to be kept together.
- Step 3: Analyze the other party. Although it may be difficult to obtain information on the other party, researching the other side is vital to planning a good strategy. At this stage in your analysis, you should start to think about your relationship with the other party, for this will affect all your ensuing moves as you design your negotiating plan. In particular, your history with the other party and the degree of interdependence between the parties will affect your interactions. All the research you have done thus far will influence how you work with (or against) the other party.
- Step 4: Define the underlying interests. To define the interests and needs that underlie the issues you specified, remember the question “Why?” Why do you want this item or goal? Why is it important to you? When you investigate the other party's goals, you will again



use the *why* questions to get at the underlying reasons for the other party's preferences. This will help you understand where they are coming from and will enable you to find common interests and differences.

- Step 5: Consult with others. Unless this is a simple negotiation, other people will probably be involved. For example, if you are negotiating a bank loan, the loan officer probably has to clear it with higher-ups. Alternatively, perhaps you are buying a car to use primarily to drive to work. If your spouse will be driving it occasionally, you will probably need his or her thoughts on the choice of car. You will also consult with the other party, perhaps on issues or even on how you will negotiate. Talks with other parties can be amicable or hostile, depending on the situation. Nevertheless, any parties to the negotiation should be brought into the proceedings as early in your analysis and planning as possible so you can begin to see the whole picture.

- Step 6: Set goals for the process and outcome. Be sure you have a clear picture of your preferred schedule, site (location), time frame, who will be involved, and what will happen if negotiations fail. You will need to take into account the other parties' preferences that surface in your consulting with them. Be sure you know which items are important enough to fight for and which tube flexible about. Such pre-negotiation talks will tend to set the tone for the bargaining session itself.

- Step 7: Identify your own limits. It is very important to know these. These will arise from having a clear picture of your goals and their priorities, your bargaining range points, and your alternatives or BANTA (best alternative to a negotiated agreement). If you know your limits, you will be able to adjust your plan as necessary.

For example, if the other side rejects an item during bargaining, you will be more readily able to reevaluate it and decide what your next move should be. If you have a good BANTA, you may decide to walk, but if you do not, you may adjust your expectations and continue to negotiate.

Be sure your limits are realistic. It is fine to have an absolute minimum or maximum acceptable point, but consider having arranged for flexibility. The priority ratings you gave to your issues when you were defining them will also help you set limits. You want to do better with the more important issues and be more flexible on the less important ones. You

will be in an even better position for negotiating if you have anticipated possible packages that might be offered by the other party, and assigned them values on a scale similar to the rating scale you used for your own packages. They will help you make comparisons.

- Step 8: Develop supporting arguments. Once you know your goals and preferences think about how best to provide supporting arguments for those goals. You need facts to validate your arguments.

You will have accumulated many of these during your research. Methods for presenting facts include visuals such as charts and graphs; people such as experts; and records or files, especially from respected sources.

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## **Lecture 5**

### **COMPETITIVE NEGOTIATION PREPARATION**

1. The Power of Alternatives
2. The Benefits and Costs of Competition
3. Self-Fulfilling Prophecies

To effectively prepare for a competitive negotiation, you must identify four key points. We will define these key points in terms of a buyer-seller exchange, which is usually referred to as the classic competitive negotiation, but they apply to all competitive negotiations equally well:

1. What you consider to be an acceptable deal. This is your *target point*. A target point is the settlement you would like to achieve when the negotiation is finished.
2. Where you will start. Since most people expect that a negotiation involves the process of give-and-take, or making concessions, you probably will have to ask for more than you really expect to get (if you are the seller) or have to offer less than you will ultimately have to pay (if you are the buyer). This is your *opening offer*.
3. The limits you set in terms of the most you will pay (as the buyer) or the least you will take (as the seller). This is your *walkaway*.
4. What you will do if you cannot strike a deal with this other party. This is your *alternative*.

The first three points are called the *bargaining range*. For the seller, the upper point of the bargaining range is the opening bid, and the lower point is the walkaway; for the buyer, the reverse is true.

There are some ways that negotiators can use to determine whether the other party is close to or at the walkway point:

- The concessions are getting smaller. People usually make smaller concessions as they get closer to their walkaway point, signaling that they don't have much room left to move.
- They make fewer concessions. They dig in and become more inflexible.
- They are more likely to say things like, "I am at my limit" or "This is as far as I can go."

### **The Power of Alternatives**

As long as the bargaining range for one party in some way overlaps with that of the other party, there is room for bargaining. If the ranges do not overlap (and this may not be known at the beginning of the negotiations), there may be no successful negotiation. The parties will need to decide whether to adjust their bargaining ranges or end negotiations. And when they do decide to end negotiations, they look at other options. The seller will probably try to sell it to someone else (perhaps at a different price) or donate it to a charity. The buyer will keep looking around for other cars. We will call these other courses of action the buyer's and seller's *alternatives*, defined as *options that can be pursued if the current negotiation fails*. An alternative is an outcome outside the scope of the negotiation with this other party and can be pursued if it appears more attractive than any potential outcome from this negotiation.

Alternatives are far more powerful when we know them while we are negotiating with the other party.

Alternatives are good to have because the current deal can be weighed against the value of any particular alternative. Knowing the alternative gives us power in three ways:

- We know that we don't have to be forced into doing the current deal if it doesn't seem satisfactory.
- We know that we are making good choices about what we are going to do.
- We can tell the other party about our alternative and ask for a response: "I have this alternative that is equally good and costs less. Can you improve on your offer to me so that I don't go off and pursue my alternative?"

In any competitive negotiation, it is worth to try to formulate at least one alternative: what you will do if the deal with the other party cannot be completed. Alternatives will give you power to say no to the current deal if necessary and to walk away from unsatisfactory agreements.

## **The Benefits and Costs of Competition**

Competitive negotiating is widespread and often the right choice. But when is it beneficial, and when is it a potential problem? Sometimes, as in negotiations within a family or work group, competition can create bad feelings and get in the way of good, open communications. This is an example of a cost of competition.

### **Benefits: The Situations Where Competition Is Effective**

Here are the appropriate circumstances for competitive negotiating:

- The goals of the parties may be short term. The purpose or objective of one or both parties is simply to do the deal and move on.
- The parties have no interest in establishing a deeper or more personal relationship with the other. They care only about getting the best deal on the economic issues that they can. We call these economic issues the tangibles; they are more quantifiable, objective benefits like price, interest rate, number of items, delivery terms, and wording of a contract. The price or economic terms are usually the most common tangible benefit in competitive negotiations. But intangibles, or psychological factors such as esteem, principles, precedents, or the overall well-being of both parties, can push the parties into competitive negotiations. Parties who want to maintain a principle or not lose face and look foolish often persist in competitive behavior.

- The parties assume that their goals are incompatible—there is no way both parties can achieve their goals. The issues under discussion are seen as a fixed pie: what one gains, the other loses, and there are a limited number of ways in which it can be divided. Your

objective is to maximize your piece of the pie. If there is more for you, there is less for the other party, and vice versa, so the aim is to get as much as you can. (this is a perception, and our perceptions can often be wrong.)

- You are likely to use competition when you expect the other party to take a competitive stance. From your research, you probably have a good idea of what strategy the other party will employ.

If you know that the other party is going to be competitive, then competition may be appropriate. However, if you are only guessing and the other party uses a different strategy, whatever you have planned may not work. And even if the other party is likely to employ competition, you may still find it desirable to try to shift to a collaborative negotiation in order to increase the outcome possibilities for both sides.

- The negotiators represent somebody else in negotiation—a boss, a labor union, an advocacy group—who will evaluate the negotiator well if the negotiator is strong, competitive, doesn't give in, and forces the other side to give in. We'll call this group a constituency.

Thus, while the negotiator may not have a strong competitive bias, the constituency can usually be counted on to care only about the economic issues, to have fixed-pie beliefs, and to expect the other to be competitive.

### **Costs: The Situations Where Competition Is Ineffective**

Negotiations that rely on competition can be costly and time-consuming, especially if each party holds out for all its demands.

Much time is spent researching, pressuring, and “psyching out” the other party. Further time is consumed making moves and countermoves, trying to figure out what the other party will do.

Competitive strategies are often compared with strategies used in chess, military warfare, and other tactical games. Keep in mind that both chess and warfare take a lot of time and energy. The time spent in these activities is very different from alternative uses of that time; for example, in the collaborative model this same time could be spent on mutual exploration

of issues, sharing of information, problem solving, and other attempts to find mutually acceptable solutions.

Time and goodwill may also be lost if the competitor anticipates that you will be competitive and prepares to compete too. If you had not intended to be competitive, you may switch strategies when you discover that the other side has decided to be competitive, thus escalating emotions and increasing conflict. Not only does such confusion lose time, but it may hurt the relationship and toughen competitors so that they are now willing to give far less than they might have originally. Competition can also destroy trust between the parties; each expects the worst from the other and has a hard time believing the other, even when the other is telling the truth.

A major problem with competition is that it is a strategy frequently used by inexperienced or untrained negotiators who believe that competition is the only way to negotiate. These neophytes miss opportunities by automatically selecting competition, which is why taking a class or reading a book on negotiation is so important. It is important to select a strategy only after thorough investigation of the issues, an understanding of what strategy the other is likely to pursue, and some clear decisions about the relative importance of the outcomes and the relationship with the other party.

Here is a further note on naive uses of competition. One of us, Alex, plays a lot of racquet sports, including racquetball and squash (recently rated by *Forbes* as the best workout of all sports, by the way). Both games are played in an enclosed boxlike room in which the competitors vie for space as they exchange hits off the same front wall. It's very competitive. You might think that the better the other player, the more competitive and potentially dangerous the play, but Alex finds that experienced players are relatively easy to share the space with. They know the unwritten rules, and they can anticipate his movements and avoid collision. It is the eager neophytes who are dangerous. They are overly competitive, swinging wildly and risking hitting the other player with their racquet. In addition, they tend to go for those untestable shots in their enthusiasm, falling down and sometimes running into the other player. Also, they may get upset or angry if they are losing and press too hard; taking risks that more experienced players do not. Technique and

experience are the keys to fun, safe play in these sports. Beginner's enthusiasm is often a problem.

Another major source of costs is that it is possible to underestimate the other party's determination in a competitive situation.

If they too have adopted the mission to win at all costs, then you are likely to be facing a long and costly negotiation. We see this too often in collective bargaining situations, where the bargainer representing a union does not want to lose face with the union and presses so hard that the result is destructive. For instance, bargaining fell apart in negotiations between transport workers and the City of New York in 2005, resulting in a transport strike and millions of dollars of fines against the union.

When using competition, we tend to underestimate the strength, wisdom, planning, and effectiveness of the other party and assume that although they are preparing to be competitive too, we can beat them at their game. If you do not pay close attention to their behavioral and verbal clues, you may set yourself up for manipulation by the other party.

This is a common problem among small business people, and particularly when they are dealing with a much bigger opponent. Many small business owners have fallen into a dispute with a larger business and, angry, have vowed to pursue the conflict at all costs.

If you are smaller than the other party, they can afford to spend more time, hire more lawyers, and make more sacrifices than you can. David's don't usually beat Goliaths in the real world of business.

Small businesses are usually wise to build relationships with key people at large businesses and reach out to them when there is a problem to ask for help instead of rushing to write angry letters or hiring a lawyer to write them.

### **Self-Fulfilling Prophecies**

Finally, you need to be aware of the self-fulfilling prophecy: something we believe so strongly that we actually make it come true. It often happens in negotiation when one party expects the other to behave in a particular way and, as a result, actually makes the party behave that way. This tends to happen if the other party is using competition because they



think you are, or you are using competition because you think they will be. Anticipating that the other is going to be competitive, we prepare to be competitive ourselves.

The cues we give off in this preparation—our language, tone of voice, gestures, and behaviors—let the others believe that we intend to be competitive. So they behave competitively, which confirms to us that our initial assumptions were right. In essence, we can make the other party competitive by behaving competitively. When we adopt this strategy, we need to understand that we may be making the other side more competitive than might otherwise be necessary or appropriate. Sometimes it is wisest to try to act collaboratively instead and see if the other party follows your lead. If they do not, then you can switch to competition, knowing that at least you tried.

#### Rules of thumb for competitive negotiation

Once you get past the opening offers or demands of each side and into a pattern of concessions, any number of things can happen.

So from this point, it is a bit more difficult to state exactly what will happen next. If you follow these rules of thumb, you should be able to plot a successful course through the dangerous middle ground of a competitive negotiation:

- *Stick to your planned target and walkaway points.* Try not to be manipulated by the other party. Watch out for the tendency to find midpoint between the other party's asking price and your first offer and to settle there too quickly. Once both sides have stated their opening, there is a tendency to jump to the middle of those two points and offer a settlement. Don't agree to split the difference unless it is really close to your target (or better). Stick to your planned goals. Remember that you can usually make a better deal if you make more concession moves but smaller in magnitude.
- *Do not reveal your target until you are close.* Provide minimal information to the other party about your real target point. If you let your target point be known, you will be open to manipulation, particularly if you think you can do better than your target point. So reveal your target point only if you cannot possibly do better.
- *Never reveal your walkaway point.* Never let opponents know your limits. If you do, they will immediately try to settle as close to your walkaway point as possible. Even worse, they may assume that this was a bluff and try to get you to take a deal less than your walkaway

point. Tell them as little as possible about your walkaway even if they keep asking you questions about how far you are willing to go. It's perfectly acceptable to ignore a question like this and refuse to answer, or to respond with a question of your own. Never reveal your walkaway point. Don't even allow yourself to get drawn into any form of discussion about it. And if they are actually at or below your walkaway point, don't be afraid to get up and leave the room.

- *Get the other party to make big concessions.* If you believe that the pie is limited in size, then you want to get as much of it as you can while allowing the other side to get as little of it as possible. Keep trying to persuade him that it is up to him to make big moves in his position. Once the range has been set by opening offers, convince him that your target is close and he will have to come to you.

Master negotiators are adept at making a smaller concession of their own appear to balance a bigger concession from the other side. Act as if your small concession costs you dearly. Act as if the other side's first concession is so minor you're not sure if this person is serious about negotiating. Always work to make an imbalance in concessions seem balanced to the other party. Or you can package your concession with a token offer on another issue to make the overall package look better.

- *Keep your concessions few, slow, and small.* When you have to give in, do so in small increments, one item at a time. Be patient, and remember that time is on your side. Most negotiators dislike the ambiguity and uncertainty of the middle part of a negotiation and rush their concessions to try to get through to the firmer ground of the end stage. Be patient and wait them out; they may make extra concessions just to make themselves feel better about the pace of the negotiation. (One master negotiator we know likes to give the other party the impression that the negotiation is stalled. The other party constantly struggles to restart the negotiation, not realizing that his impatience is being used against him.)

- *Investigate the other party's level of concern for the outcome, other issues, and his or her costs of ending negotiation.* You may learn this through direct information—for example, if a company claims it cannot withstand a strike. And you may learn it through observing the behavior of those on the other side—for example, if they push to settle quickly. Try to find out whether there are other issues that are important to them. To learn about their concerns

while masking your own, ask them questions, but try to deflect their questions to you. Their information can be extremely useful in planning your tactics. So keep asking questions, and answer many of the questions posed to you with your own questions. In the middle part of the negotiation, you want to acquire more information about those on the other side than they do about you. Keep them talking. A more talkative side loses more ground because they have given away too much information, or they fill in silences by talking more rather than listening. Be the strong, silent negotiator who gets the other side talking. Don't be the talkative party who fills the silence just to try to make things more comfortable for you. Learn to like silence, not fear it.

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## **Lecture 6**

### **HARDBALL TECHNIQUES**

1. Tactics That Are Not Deceptive
2. Deceptive Tactics

Playing the tough guy, starting out with an extreme offer, refusing to make concessions, making tough demands, and making final offers are examples of hardball tactics. They are calculated to put pressure on the other party. And they work especially well against anyone who is poorly prepared.

If the negotiation isn't going your way and you are close to walking away, what can you lose by playing hardball? Maybe the other party will back down and you'll salvage the deal. But other parties also can be moved to revenge by your aggressive play. Then the negotiations become a series of hardball moves and countermoves, all of which may be unproductive or time-consuming. And there are other risks associated with hardball tactics too: loss of good reputation, negative publicity, loss of the deal, wasting a lot of time, becoming the brunt of the other party's anger about what has happened, and souring the likelihood of any future deals.

With that warning, we want to take a look at some of the classic hardball tactics. You should learn these even if you don't plan to use them, since you may well have to defend

against them in future negotiation. And there will certainly be times when you feel it's worth the risk to initiate a hardball tactic.

Hardball tactics fall into two categories: deceptive and not deceptive.

### Tactics That Are Not Deceptive

The following three tactics help win a competitive negotiation without deceit. Although they are focused on the outcome, they don't do any damage to the relationship or hurt the trust between the parties, which means they are useful in long-term business relationships with employers, associates, suppliers, and customers.

#### *Helping the Other Party*

Here's a useful tactic from sales expert Kathy Aaronson:

Say you start a job in which you are promised a salary review and the opportunity to make another \$1,000 a month after six months on the job. You go into your manager's office and say, "Well, it's my six-month anniversary. Could we please discuss my salary review?"

He says, "I just don't have time now, but I'll get back to you shortly."

A week goes by, and he says, "Give me ten days—I'm going out of town." Now you're over the moon with frustration, because you've been delayed.

When people delay, they frequently need more information to get them unstuck: with all the necessary information before them, it will be more difficult to justify a delay.

My suggestion [is] . . . to go back into the manager's office and say, "I have a feeling you've been delaying because you need more information from me."

Aaronson recommends preparing an analysis and presenting it in table or grid form in order to give your boss the information needed to justify your raise. If you can show that you've brought in high volume of business and that the company is profiting from your work, then it is far easier for your boss and the company to justify that raise. But why should your boss do that analysis? You are the one who cares the most, so you should do the work. Then Aaronson recommends giving the information to your boss: "Give your supervisor a copy of this material and say, 'I know you have to go through channels, so you could just attach a memorandum to this if you like.' You have empowered him with information."

It's a good strategy not just for this situation but for any other situation in which you think you can build a good, rational argument for your cause using objective information.

### *Shutting Up to Get What You Want*

You can't give anything away if you don't talk. In fact, how much you give away is generally proportional to how much you talk. That means that all other things being equal, the one who talks the most loses.

So why is it so hard to shut up and listen in a negotiation? It isn't hard for everybody. Many Japanese negotiators are comfortable with long periods of silence, a cultural difference that gives them a natural edge over more talkative Americans. But most people are tempted to fill the void.

Leave a thoughtful gap in the conversation, and many negotiators will fill it with their thoughts. You might get an extra concession.

You will probably hear some useful information they shouldn't have shared with you. Whatever you hear, it is likely to help you understand the other party and design your next move.

And even if you hear nothing of value, you can still have the satisfaction of knowing that by being quiet, you gave away nothing of value.

### *Asking Questions and Then Shutting Up*

Here is a variant on the previous tactic that works well when you need more information. Use silence to bracket a question, focusing the attention of the other party on a topic of your choice. All you need to do is to be quiet for a moment, then ask a question, and then wait silently for an answer or (often) a string of answers as the other player fills the silence.

### *Tactics That Are Deceptive*

Many people think you have to be deceptive to win a competitive negotiation. In fact, that is usually untrue. But sometimes negotiators will use deceptive tactics on you, so even if you do not use them yourself, you need to bone up on them and know them when you see them.

### *Good Cop–Bad Cop Tactic*

Sometimes negotiators use the “good cop–bad cop” tactic effectively in negotiations. This is a clever way to use the consistency/inconsistency process. We have all seen this tactic in cop or lawyer movies, where two investigators are questioning suspect. First, the “bad cop” leans heavily on the suspect, acting belligerent and aggressive, pushing him or her to the limits.

When the “bad cop” gets exasperated and storms out of the room, the “good cop” takes over, trying to persuade the suspect to confess before the bad cop comes back.

In negotiation, the job of the good guy is to try to cut a deal with the suspect, threatening to bring the bad guy back if no deal can be had. A variation on this theme is for the bad guy to talk only when the negotiations are faltering—to “soften the other up”—and the good guy to take over when things are progressing smoothly. The disadvantages of this tactic are that (1) it is some-times obvious to the knowledgeable observer, (2) the bad guy alienates the other party, and (3) energy is spent on the tactic rather than on the negotiations. Nonetheless, it can be quite effective, especially if there really is a plausible bad guy on your side. We’ve seen it used to great effect by tough company owners who put a more friendly, junior manager in front of them to negotiate a deal, then storm in and act the tough guy role periodically to give the junior negotiator some tactical support. If you are, or have, an executive who sometimes acts the prima donna role, put him other to good use by using this tactic in a hardball negotiation. People accommodate the behavior of senior executives to a surprising degree.

### *The Highball-Lowball Tactic*

The point of this tactic is to make a ridiculous first offer, either very low or very high, depending on the situation. The intent is to get the other party to reassess the opening offer or target, making them think there is no way they can reach their goal or to assume that if they are going to do business with you, they are going to have to improve their offer significantly. It also might work if the other party has been trying to do a deal for a long time or has no alternative deals available. For example, a company that thinks it is a very desirable place to work may make a lowball salary offer to a potential new recruit who is fresh out of college and desperate to start paying off student loans. If the student has no other job offers, she might take the offer rather than go unemployed any longer.

If someone is selling a used computer and the buyer counteroffers at one-third of what the seller has asked, the seller who hasn't done his homework may very well think that either he didn't set his price very well or that this is a fair offer and he needs to accept it. Or the seller may simply end the negotiations, thinking that there is no possible overlap. A skilled competitor may be able to turn the situation around and get the negotiations moving again, but there can be residual bad feelings that will be hard to counteract. So be careful with this tactic. Use it to exploit uncertainty, but avoid it if the other party is likely to see through it or will use it as a way to get even in the future.

### *The Straw Man*

In this tactic, you pretend that an issue is important when it really is not, then trade it off later in the negotiations for something that really is important. (Some negotiators call it a bogey issue.) To use the straw man, or bogey, you need to know the priorities of the other party. For example, if price is the most important element in a sale and a good warranty is a second concern, you may make some outrageous demands on the warranty (which you know you will not get) and then offer big concessions on the price instead.

In addition, you have to pretend that something is very important when it is not, and this can be difficult, confusing—, and dishonest, because it is not really true. If the other side is employing the same tactic, it may be impossible to sort out what is being negotiated or who really wants what.

### *The Nibble*

In this ploy, you wait until the end of the proceedings when everything is almost decided and then ask for something new. Just before the deal is ready to be signed, you try to press for one more concession: “Oh, gosh, I forgot to mention. Can you have this ready for me to pick up in three hours?” The other party is now faced with the thought of aborting the entire deal over one more small concession; as a result, it often gives in to the nibble rather than lose the entire deal.



Sometimes forgetfulness is sufficient excuse; other times you need to get more creative and invent a boss or other constituent who has just e-mailed you with a new request or some other ploy.

Plan your nibbles as carefully as your opening position; they are risky and need to be pursued with care.

The art of the nibble is to make it seem innocent. If those on the other side think you are trying to close the deal but just ran into a small problem at your end that they need to help you with, you're golden. If they think you held out and are now trying to take advantage of them, you're in trouble. The nibble usually works unless those on the other side feel they are being nibbled on purpose, in which case they will resent it and may try to go back on some of their earlier concessions.

### *Playing Chicken*

Chicken is a familiar negotiating game. It is similar to the driving game in which two teenaged drivers race directly at each other, each driver waiting for the other to chicken out and turn away.

Needless to say, any negotiating strategy modeled on a dangerous adolescent driving game is going to have some risks to it, although countries have often been known to play the game with nuclear missiles.

Chicken is used in competitive negotiation by bluffing and threatening in order to get what you want. The objective is to hold your ground and intimidate the other party into giving way so you can win, or create some action that will ensure mutual destruction.

For example, you might make an extreme promise or threat and then wait out the other party, hoping your competitor will chicken out and cave in with a huge concession.

The problems with this strategy are that it has very high stakes, and you must be willing to follow through on your threat. Escalation of war between countries is often the direct result of a game of chicken. But you don't have an army or the power to raise taxes in order to fund one, so you need to be careful with this tactic.

### *Harnessing the Power of Intimidation and Coercion*

Some negotiators behave aggressively in an effort to intimidate or otherwise coerce the other players. This is an option for you too, but it's a difficult one to pull off. Let's take a

close look at ways to use coercion in a competitive negotiation. Many intimidation ploys can be used to force an agreement in competitive negotiation. One is anger—real or feigned. Another is the use of formal documents such as contracts that force certain responses or postures. Yet another is to press someone to do something by appealing to his or her sense of guilt. Aggressive behaviors such as being pushy, attacking the other person's view, or asking for explanations of positions can also be used to coerce the other party.

Coercive tactics add up to a style of negotiating that the other players will probably find offensive. If intimidated, they may be caught off guard and give up more than they meant to. Or they may become angry and respond with unreasonable demands. Or they may decide they dislike your style so much that they withdraw from the negotiation, preventing you from achieving any outcome.

Casual use of these tactics is not recommended because they backfire often. But we have to admit that some negotiators are masters of using them.

One of the safer coercive tactics is to act upset with the other party. It's relatively safe because if it is done appropriately, the other party usually blames themselves rather than you for your behavior. Use this tactic when there is reasonable ground for being upset, such as when the other party has taken back a concession or acted inconsistently or impolitely. You may actually be somewhat upset. Exaggerate those feelings to give the impression you are upset enough you might walk away. Then withdraw (avoid communicating for a little while) and see what response you get. Often the other party will signal continued commitment by reaching out with a concession or even an apology. As this person works to rebuild the negotiating relationship, you can probably gain a small additional advantage by tipping the balance of concessions more in your direction. It's manipulative, it's coercive, and you didn't hear it from us. But sometimes it works.

#### Tactical uses of time

One of the things worth emphasizing is to always think about tactical uses of time. Negotiations take place over time, and you should always be mindful of how time can work to your advantage—or to that of the other side.

Negotiations tend to occur within a fixed time period. In fact, many people claim that deadlines are critical to negotiation because the looming deadline forces people to make concessions, fearing that time may run out before an agreement is reached.

Thus, knowing what the deadline is, and who has a greater need to meet the deadline, can become an extremely useful tool in competitive negotiation.

There are many ways to use deadlines, scheduling, and delays in competitive negotiations. In general, the principle is to create time pressures on the other party. The ways to do this are limited only by your imagination—for example:

- Scheduling can affect the outcome of negotiations, from the day of the week (Monday as opposed to Friday), to the hour of the day (early morning, late afternoon), to the final hour of a schedule. Play with scheduling, and try to be in control of it at all times. One way to do this is to always be assertive about the schedule, even when you don't really care. If you set the precedent that you are particular about scheduling, you may be able to take early and lasting control over this tactical element. So always, take the initiative to define the schedule. And whenever you have the opportunity, put other negotiators on the defensive by requiring them to adjust their schedule.
- If a party has to travel some distance to the site of the negotiation, factors such as jet lag may affect how well the negotiations proceed. If a final negotiating session is scheduled for the hour before a party's plane departs, this may have a strong effect on the outcome. If you are the traveling party, be careful when you are setting up your flights and schedules to give yourself lots of flexibility. Don't be pressured into a deal just because you have to leave for the airport.
- In labor negotiations, there may be a pressing time schedule because labor is due to go out on strike at a particular hour or plant is scheduled to close. The same holds for job offers or end-of-budget-cycle sales. You can take advantage of all these situations by manipulating the scheduling to affect the course and outcome of negotiations.

Delays can be a good ploy to force a concession or resolution, particularly if time is not essential for your side but is a strong concern for the other. Stalling and slowing the process gives you a means for manipulating the other party. Not showing up on time, asking for a rehash of the proceedings, postponing a meeting, talking endlessly about issues, and other

such maneuvers can be used to advantage as long as they do not result in the breakdown of negotiation.

Negotiating for time with your own side is a good idea if you are under pressure to close a deal soon. Explain to your boss or whoever else is concerned that you have to have time to close favorable deal. And if you have to find a new office space, replace an old piece of equipment, or find a new accounting firm, start these projects early enough that you aren't under the gun when negotiating the price. Don't go into a negotiation with a feeling of urgency, or you'll emerge feeling like a loser.

#### Manage the Other Side's Impression of Your Concerns

What does the other party think is your greatest concern? You know this person is wondering. But is it wise to let him or her know? If you reveal this information, he or she will no doubt push hardest for concessions in this area, sensing it's a point of weakness for you. A good rule for competitive negotiations is to conceal your greatest concerns and divert attention to lesser concerns.

#### Negotiate Slow, Close Fast

It is recommended to go slow in the middle part of the competitive negotiation and play for control of time to as great an extent as possible. Time is on your side if you are feeling more patient than they are, and time pressure is a great ally as you try to win concessions from them.

But if you move them to your targets and there is a good deal sitting on the table, don't be afraid to close it and move on. Many negotiators get pretty close to the deal they wanted, but start questioning the terms and wondering if they could win more concessions. So they leave the deal sitting there on the table for too long, and the other party loses patience or finds an alternative and walks.

The point is not to negotiate so hard that you win a permanent place in the negotiation hall of fame. The point is to see if you can negotiate a reasonable deal that you or your business can live with and profit from in the future. The deal is not the end in and of itself; it is a means to some business end. Close the deal, and get back to work. Wrap up the deal and go

back to doing whatever you do to make money. At some point, you have to let go and stop negotiating, even if the deal is not perfect.

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## Lecture 7-8

### THE ART OF COLLABORATION IN NEGOTIATIONS

1. Advancing Your Interests by Thinking about the Other Party
2. A Foundation of Trust and Honesty

Real negotiators aren't supposed to collaborate; they are supposed to fight to the bitter end for what they want. We collaborate, and often. We are quite open and clear about it. Doing anything in business these days is collaboration—between associates, department, divisions, companies, even nations. And collaborating is often the best way to handle differences and conflicts too. Here's why.

Collaboration as it has evolved in the field of negotiation and conflict handling, brings problem solving into the conflict equation. It treats the conflict itself as a puzzle or problem and harnesses all the combined abilities of everyone involved to find good way to solve the problem or crack the puzzle. As a result of this problem-solving orientation, collaboration often creates breakthrough solutions that make all parties happier than if they had competed, compromised, or walked away.

In addition, the problem solving of a good collaboration advances the business interests of the organizations touched by the conflict. Businesses grow through innovation, not stagnation, or entrenchment. When the people working in an organization use collaborative approach to problems, they come up with improvements and innovations more often and are held back by roadblocks less often. They do better, more innovative work, and create progress that translates into profits and other bottom-line benefits.

#### Advancing Your Interests by Thinking about the Other Party

A collaborative negotiation is one in which both parties consider the relationship and the outcome to be important and so work together to maximize both. To achieve the goal of collaborative problem solving, you need to put yourself in the other party's shoes and think

about their problems as well as your own. This is quite change from the competitive negotiation, where you try to exploit rather than solve the other side's problems.

The collaboration style is also referred to as cooperative or win-win because it permits both sides to achieve winning positions. By collaborating, you can put your energy into creative problem solving instead of into competitive tactics. And by so doing, you often find new ways to think about the conflict—ways that make it possible to replace trade-offs with mutually desirable outcomes.

### Can You Align Your Goals?

In collaboration, the parties to the negotiation either begin with compatible goals or are willing to search for ways to align their goals so that both can gain (often by aligning underlying interests). This is in sharp contrast with competition, where the parties believe their goals are mutually exclusive, so that only one side can win.

Which view is right? Are conflicts either-or, or is it possible to reframe them so that everyone wins? Remember that in negotiations, you have the opportunity to decide what game you want to play. If you want a win-lose game, you'll get it. But if you want to seek win-win opportunities, you'll find them instead. Most conflicts of interest can be viewed from either perspective. But the collaborative perspective is often harder to see and so tends to go overlooked much of the time.

Negotiators usually assume that conflicts are more competitive than they really are. This is a strong, widespread bias. It's just something that we human beings do. When we are in an interdependent situation where conflict is possible, we tend to focus on the trade-offs and the who-gets-what of the situation, to the exclusion of the collaborative win-win possibilities. Watch out for this bias.

Don't let it blind you to the potential for productive and profitable collaboration. How do you identify opportunities for profitable collaboration?

First, you take a moment to ask yourself if there might be a benefit to collaborating. Perhaps there is some common ground, some grist for the collaborative problem-solving mill. Next, look for the more common sources of collaborative benefit. Here are some of the sources of value creation—things that can be turned into value for each side of the conflict if they collaborate instead of compete:

- If you have different interests from the other party, even slightly different, there may be ways to meet both sets of interests without a direct trade-off between what you get and what they get.

For example, if you are negotiating a salary package with a new employee, you may view medical insurance and retirement benefits as the most costly to your company. But the new employee may view these as secondary and focus more on monthly take-home pay.

This difference in how each side values different elements of the compensation package can lead to a win-win where each feels he or she has gotten a good deal. But this will happen only if both sides get to the point where they are talking openly about what they value, so they can explore the different possibilities together.

- There may be alternative ways to work together if you take the time to find out about each other's business interests. This too can be a source of ideas for win-win outcomes. For example, your business may be planning to get out of the warehousing and shipping sides of its business and outsource those. When you negotiate with your landlord to get out of your seven-year lease on warehouse space, the landlord is naturally disinclined to be helpful. But what if you share your company's strategy and explain that you will be adding more office workers and a new, bigger showroom? Perhaps the landlord has a building with retail showroom space plus offices and would be willing to let you out of the warehouse lease in exchange for signing a new lease. Your future needs affect the relative value of these two kinds of spaces. The landlord just wants to generate rent. It may not matter to him which kind of space he rents you, so long as he doesn't lose your rent.

- Another kind of win-win agreement comes from difference in judgments about the future. For example, a real estate developer is usually looking for long-term investment value in a property. A business is often looking for short-term usability when seeking space. They could have two different perspectives on the same property. Sometimes a business can negotiate a low rent on retail or office space if it is willing to put up with things that reduce the short-term value. Is the building in need of remodeling? Is the neighborhood up and coming—but not quite there yet? If these problems don't affect your business and you want a good deal, then you can probably come to terms with a long-term investor who just wants to hold that property and cover costs until the day she is ready to redevelop it.



- Differences in risk tolerance can be a source of collaborative win-win solutions. Your business may be conservative and risk intolerant. Perhaps it's just the culture to avoid risk. Alternatively, maybe the businesses having cash flow issues and has to be careful now. But another business might be flush with cash from a successful public stock offering and eager to invest in some risky ventures with the potential for future growth. If you combine your company's ideas, systems, or technology with the other firm's capital, perhaps you can negotiate a joint venture that will allow you to develop some exciting new products that your company would never fund-house.

- Time frames can differ, creating opportunities for win-win agreements. A management team bought out an old manufacturing firm with bank financing that included a balloon payment—a large sum they have to pay back in two years. Their goal is to turn the company around within that time frame. If you are one of its suppliers, you might find it irritating that the company is now fighting over every penny and pressuring you to cut your prices. In this situation, consider if you can profit from its time pressure. You know it needs rapid growth.

Collaboration takes advantage of differences in time frame, risk tolerance, interests, and business objectives and strategies. It uses these differences to create value by finding creative ways to approach the problem of how to work together.

The other aspect of collaboration you want to think about is its impact on relationships. Collaboration is a good way to invest in relationships. It can help you strengthen your business network, build teamwork, develop a junior employee, or cement your relationship with a customer or supplier.

Do you want to build the relationship?

In successful collaborations, the relationship between the parties is often an ongoing one, with some established history of give-and take, so that the parties trust each other and know that they can work together. In addition, collaborative strategies are often initiated when the parties know that they want to establish long-term goals for particular outcomes and for the relationship.

To make collaboration work, both parties to the negotiation must be willing to collaborate; if one side employs it and the other uses a different strategy, the chances are that both

parties cannot achieve good outcomes. In fact, one-sided collaboration is usually a relationship-damaging experience. Natural collaborators like to get along with others, are open and trusting, and dislike the gamesmanship and deviousness of competitive negotiations. They do well when interacting with other collaborators, but they pick up a lot of scars when they encounter more competitive people in business and in the rest of life. Thus, how to handle a problematic negotiation in which they are having trouble because the other side isn't being trustworthy and helpful. The short answer is, "Stop being a sucker!" Hugging steam rollers is a good way to get flattened.

If the other party is persistently competitive, you are not going to benefit from collaborating with them. They may benefit, but it will be at your expense. So, it is used to build stronger business and personal relationships. But don't expect to convert the die-hard competitor. Some people never collaborate, and you'll only get hurt if you think you can get them to play by different rules.

What about the team member or associate who won't collaborate? It's difficult when you work with someone daily who continues to behave competitively. In fact, this is one of the biggest sources of stress in many workplaces. People are hard to collaborate with if they do any of the following in your workplace:

- Keep information to themselves and try to use it to increase their power
- Hoard resources for their own use instead of sharing
- Quickly accept any help from you but fail to reciprocate when you need help
- Fail to keep confidences and tell stories or spread rumors that hurt your standing
- Go above you or behind your back to get what they want if they think you won't give it to them

Office politics often generates this kind of behavior. It is highly distributive, breaks down cooperation, and damages the organization's performance. And it makes collaborating very difficult, if not impossible.

### When Collaboration Is Key

Collaboration is particularly appropriate within an organization, when two parties have common ground, and when two parties have the same customers, same clients, same

suppliers, or same service personnel. In any of these cases, the parties have or want to establish working relationship and to keep it working smoothly.

In addition, collaboration is strongly recommended whenever the obvious outcomes of a negotiation are *undesirable* to the players. If you are all fighting over a small pie, the temptation is to compete all the harder. But what's the point of fighting over small pie? As the old saying goes, it's far better to figure out how to bake a bigger pie or at least lots more little pies. Collaboration switches you from dividing the spoils to searching for more. Collaboration is used to search for new and better approaches to the conflict—treating it as a puzzle rather than a fight—then the outcomes are likely to improve for both parties. And so it is important to remember the following principle:

collaboration is the best response to conflicts in which the redoes' seem to be enough to go around.

By collaborating, you can redefine the problem so as to make more desirable outcomes possible.

#### A Foundation of Trust and Honesty

For a collaboration to work, there must be a high degree of trust, openness, and cooperation. The parties look for common needs and goals and engage in mutually supportive behavior to obtain them. Both parties realize that they are interdependent and that their cooperative effort can solve the problems and meet the needs of both sides.

Because trust creates more trust, which is necessary to begin and sustain cooperation, it is important to make the opening moves in collaborative negotiation in a way that engenders trust.

Opening conversations may occur even before the formal negotiations begin, when the parties are just becoming acquainted. If one-party finds a reason to mistrust the other party at this time, this may stifle any future efforts at collaboration.

If the parties are new to each other or have been combative or competitive in the past, they will have to build trust. Each party will approach the negotiation with expectations based on the research they did on each other or on history. Generally, we trust others if they appear to be similar to us, have a positive attitude toward us, or appear cooperative and trusting. We also tend to trust them if they are dependent on us. Making concessions also appears to be

trusting gesture, so we are likely to respond in kind. In contrast, it is easy to engender mistrust. Suspicion is seeded with either a competitive, hostile action or an indication that one player does not trust the other. Once mistrust gets started, it is very easy to build and escalate and very difficult to change over to collaboration.

### What Builds Trust?

Research has generally shown that the following actions are effective in building trust in a negotiation:

- Creating and meeting the other party's expectations. Stating what you intend to do and then doing what you said you would do.
- Establishing credibility. Making your statements honest, accurate, and verifiable. Telling the truth, and keeping your word.
- Keeping promises, and following through.
- Developing a good reputation. Building a trusting relationship with other people, and using them as references to your relationship with this other person.
- Developing similar interests, goals, and objectives to the other.
- Stressing the benefits of having the other party act trustworthily.

Being honest yourself is as critical as requiring the other to act trustworthily. In collaboration, communication between parties is open and accurate. This contrasts greatly with the competitive strategy, in which the negotiators have a high level of distrust and guard information carefully to prevent the other side from obtaining the advantage.

Deceit is often an element in competitive deals, but collaborative deal making requires honest sharing of positions. The kind of information you seek in analyzing your own and the other players' positions should be put on the table for collaboration to work.

That way, each player can help the other think about how to meet their goals in creative ways that satisfy other players' goals too.

The players in a collaborative game need support from their constituencies. The constituencies must trust the parties to find common ground and support them in doing so. Doing so may mean not achieving absolutely everything the constituency wanted on the substantive issues, and the constituency has to accept this as valid. In contrast, in

competition, the constituencies usually push the negotiator to get everything he or she can, regardless of the future of the relationship.

Collaborating parties respect deadlines and are willing to renegotiate the period if necessary to achieve everyone's goals.

Contrast this with competition, where time is used as an obstacle or as a power ploy to accomplish one's own ends.

Collaboration is hard work, especially if the game is new to you, but the results can be rewarding. It takes extra time and creativity to build trust and to find win-win solutions, but the outcome and relationship results are usually better for both parties.

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## **Lecture 9**

### **KEYS TO SUCCESSFUL COLLABORATION**

1. Collaboration
2. Obstacles to Collaboration
3. The Four-Step Collaborative Process

Collaboration has traditionally been underused because most people do not understand the fine points of the strategy and because collaborations are less familiar than competitive negotiating methods.

Many negotiations are based on the competitive model, which is the way most people view negotiation: as a competitive situation where one is better off being suspicious of the other, and the fundamental object is to get all the goodies.

For collaboration to work—to find those creative solutions that give both parties more than they initially expected—both parties need to be committed to:

- Understanding the other party's needs and objectives
- Providing a free flow of information in both ways
- Seeking the best solutions to meet the needs of both sides

Understanding the other party's goals and needs is critical to collaboration. This is important in a competitive negotiation as well, but for very different reasons. In competition, you may know or think you know what the other party wants, but your objective in learning this is to facilitate your own strategy development and also to strategize how to beat the other side by doing better than them or denying them what they want to achieve. In collaboration, your objective is to understand their goals and needs so that you can work with them to achieve their goals as well as your own. Good collaboration

frequently requires not only understanding the other party's stated objectives, but also their underlying needs—*why* they want what they want. In a collaborative negotiation, both parties must be willing to ask questions and listen carefully to the answers to learn about the other's needs.

To provide a free flow of information, both parties must be willing to volunteer information. The information has to be as accurate and as comprehensive as possible. Both sides need to understand the issues, problems, priorities, and goals of the other.

They need to fully understand the important context factors in the negotiation. Compare this with competitive negotiations, in which information is closely guarded or, if shared, often distorted.

Finally, having listened closely to each other, the parties can then work toward achieving mutual goals that will satisfy both. To do this, they will need to minimize their differences and emphasize their similarities. They will need to focus on the issues and work at keeping personalities out of the discussions.

Collaborative goals differ from competitive goals. In competition, the goal is obtaining the largest share of the pie at any cost and without giving away any information or conceding on any issue. In collaboration, each party must be willing to redefine its perspective in the light of the collaboration, knowing that the whole can be greater than the sum of the parts. In this light, having strong knowledge of the problem area is a definite advantage.

While a lack of information can be overcome, starting out with the knowledge is an asset. To achieve success, each party from the beginning must send signals to the other that will help build trust between and among those negotiating. Be careful not to send mixed messages if you want to collaborate. There is no point in putting half your cards on the table. It precludes collaboration or competition.

### Obstacles to Collaboration

Both parties to a negotiation must be willing to collaborate if this strategy is to be successful. It will be difficult, if not impossible, to employ collaboration under the following circumstances:

- One party does not see the situation as having the potential for collaboration.
- One party is motivated only to accomplish its own ends.

- One party has historically been competitive; this behavior may be hard to change.
- One party expects the other to be competitive and prepares for negotiation based on this expectation.
- One party wants to be competitive and rationalizes this behavior.
- One party may be accountable to a constituency that prefers the competitive strategy.
- One party is not willing to take the time to search for collaborative items.
- The negotiation or bargaining mix includes both competitive and collaborative issues.

Sometimes the two parties can collaborate on collaborative issues and compete on competitive issues. Our experience however, is that competitive processes tend to drive out collaborative processes, making collaboration harder to achieve.

Most of these obstacles reflect a lack of commitment to collaboration on at least one player's side. Again, commitment is the core issue if you want to make collaboration work. You can still collaborate if there are obstacles such as these, but recognize the obstacles first and work to remove them. Try to talk to those in the other party about any obstacles. Ask them if they agree collaboration is a good idea. And ask them to help you deal with the obstacle to collaboration. If they are motivated to collaborate, they may be able to help you deal with or remove the obstacle.

For example, a salesman was under strong pressure from his new boss to increase the profitability of his accounts by reducing discounts and minimizing service and support. The sales manager was all fired up about eliminating what she viewed as caving in to the customers. Her get-tough philosophy was causing a lot of trouble, however, because the sales force had built collaborative long-term relationships with their key customers, who were accustomed to good service and competitive discounts. How could the salesman continue to work collaboratively with his key accounts given this new pressure on him?

The purchasing manager at one of these key accounts was about to switch to another supplier but decided to try an appeal to the sales manager first. He asked the new sales manager to come out and meet him, and in the meeting, explained that he would be sorry to give up on a long-term, mutually beneficial relationship—but that was just what would happen, if the supplier continued to play hardball. The sales manager was impressed by the honesty and sincerity of the purchasing manager and also by the threat of withdrawing all of



the business and giving it to another supplier. She promised to think about it. And later that week, she quietly took the salesman aside and told him it was okay to leave that customer's discount structure in place and to continue to provide the same level of service and support. This story illustrates the importance of trying to remove barriers to collaboration instead of just assuming that collaboration is impossible. Unless you have already tried to move it, you do not know how permanent a barrier really is.

### Collaboration Peculiarities

Some negotiators think they are collaborating when in fact all they have done is wrap their competitive strategy in a friendly package. Thus, they put on the image of collaboration, only to move in for a competitive grab near the end of the negotiation. This is not collaboration: it is competitiveness in a collaborative disguise. True collaboration requires the parties to move beyond their initial concerns and positions and go on a joint quest for new, creative ways to maximize their individual and joint outcomes.

Both the relationship and the outcome are important to both parties in collaboration. The two parties usually have long-term goals that they are willing to work for together. Both parties are committed to working toward a mutually acceptable agreement that preserves or strengthens the relationship. Because each party values the relationship, they will attempt to find a mutually satisfying solution for both parties.

Working together effectively in a collaborative negotiation process can itself enhance the quality of the relationship. This approach is very different from the competitive strategy, where both sides want to win so badly that they pursue their goal at all costs and ignore all the factors that might allow a collaborative process.

### Pay Attention to the Soft Stuff

In the collaborative model, intangibles are important and accounted for. These include such items as each party's reputation, pride, principles, and sense of fairness. Because these concerns are important, the negotiations must stay on a rational, reasonable, and fair level. If the parties get angry at each other, the collaborative atmosphere will degenerate into a competitive one. Allow plenty of venting time if you or the other party begins to get irritated, and be sure to listen to complaints about your behavior with an open mind to avoid

conflicts that can derail collaboration. There must be a great deal of trust, cooperation, openness, and communication between the parties to engage in effective problem solving.

### Are You Ready to Make Concessions?

To collaborate, the parties must be willing to make concessions to accomplish their goals. These concessions should be repaid with creative win-win solutions, but they represent a risk for each party that the other party must be careful not to abuse. If you aren't willing to run some risks, don't bother with collaboration.

### Use Time as a Resource, Not a Weapon

Collaboration relies on deadlines that are mutually determined and observed. They are not used for manipulation as they are in competitive negotiations. Information flows freely and is not used to control the situation or guarded to maintain power. The objective is to find the best solution for both sides. Similarities between the two parties, not differences, are emphasized.

### The Four-Step Collaborative Process

There are four major steps in carrying out collaboration : (1) identifying the problem, (2) understanding the problem, (3) generating alternative solutions, and (4) selecting a solution. You need to master each step.

#### Step One: Identify the Problem

Identifying the problem may sound like a simple step, but it is not. In the collaborative model, both sides are involved equally in the process of problem definition, and both need to agree fully on what the problem is.

When you were gathering information, you focused on your point of view, but for collaboration to work, you will need to work closely with the other party to find a common view of the problem.

When defining the problem, try to use neutral language and keep it impersonal. For example, you might say, "We are not able to get our work out on time," rather than, "You are preventing us from doing our work and getting it out on time." It is important to define the obstacles to your goals without attacking other people.

Try to define the problem as a common goal. Keep the goal definition as simple as possible. Try not to load the situation with peripheral issues that are not really related to the central concern.

Stick with the primary issues. Each party needs to be assertive but cooperative at the same time. You need to be clear about what you want to achieve, yet not at the expense of dominating the other side. Because relationships are important, you need to see the problem from the other party's perspective—"to walk a mile in the other person's shoes, «as the saying goes.

Understanding and empathy help you find the common issues.

Watch out for a tendency to define solutions before you have fully defined the problem. In fact, you should avoid discussing solutions until you have thoroughly defined and understood the problem. The point of collaboration is to treat the outcome as variable, not fixed. So don't fix it up front.

#### Step Two: Understand the Problem

In this step, you try to get behind the issues to the underlying needs and interests. As noted earlier, an interest is a broader perspective that is usually behind a position. You need to learn not only about the needs and interests of each party, but also about their fears and concerns. The reason for getting behind the positions is that they tend to be fixed and rigid; modifying them requires the parties to make concessions either toward or away from the target point.

In contrast to positions, interests define what the parties care about more broadly, and there are often multiple ways to resolve the conflict between these competing interests. In addition, a focus on interests tends to take some of the personal dimension out of the negotiation and shifts it to the underlying concerns.

Since there is bound to be a difference in thinking styles, people approach even similar issues in different ways. Positions offer only one way to think about an issue; interests offer multiple ways to think about it. Thus, you can find out where they are coming from more effectively by discussing interests than by stating positions. By using the "why" questions, you can dig deeper into the reasons for each party's position.

Collaborators stand on shifting ground. Remember that even if you define interests carefully, they can change. Since the negotiation process is an evolving one, you may need to stop from time to time to reconsider interests. If the conversation begins to change in tone or the focus seems to shift, this may be a signal that interests have changed. Collaborative negotiators with changing interests should be encouraged to share their shifts in needs. The other party may be able to help achieve new needs by expanding resources, extending the time frame, or changing the details of the negotiation to accommodate the changed interests.

### Step Three: Generate Alternative Solutions

Once you have defined the issues to the satisfaction of both parties, you can begin to look for solutions. Notice that this is plural: *solutions*. You want to find a group of possible solutions, then select from among them the best solution for both parties. In collaborations, the more potential solutions, the more likely it is that the parties will find one that both can embrace.

There are two major ways to go about finding solutions. One is to redefine the problem so you can find win-win alternatives for what at first may have seemed to be a win-lose problem. The second is to take the problem at hand and generate a long list of options for solving it.

An example about a husband and wife who are trying to decide where to spend a two-week vacationer good to illustrate the different approaches. He wants to go to the mountains for hiking, fishing, and some rest; she wants to get the beach for sun, swimming, and night life. They have decided that spending one week in each place will not be adequate for either person, because too much time is spent in packing, unpacking, and traveling between the two locations. Here are some options:

- *Expand the pie.* If the problem is based on scarce resources, the object would be to find a way to expand or reallocate these sources so that each party could obtain his or her desired end. Knowing the underlying interests can help in this endeavor. For example, the parties could take a two-week vacation and spend one week in each place. While this would require more time and money, each person would get a one-week vacation in the chosen spot.

- *Logroll*. If there are two issues in a negotiation and each party has a different priority for them, then one may be able to be traded off for the other. For example, if problems A and B are common to both parties, but party 1 cares most about problem A and party2 cares most about problem B, then a solution that solves both problems can provide each party with a happy resolution: “You get this and I get that.” If there are multiple issues, it may take some trial and error to find what packages will satisfy each party. In our example, if the husband really wants to stay in an informal rustic mountain cabin and the wife really wants to stay in a fancy hotel, then another resolution is for them to go to the mountains but staying a fancy hotel (or an informal beach house at the shore).
- *Offer nonspecific compensation*. Another method is for one party to “pay off” the other for giving in on an issue. The “payoff” may not be monetary, and it may not even be related to the negotiation. The party paying off needs to know what it will take to keep the other party so happy that he will not care about the outcome of this negotiation. In a house sale negotiation, for example, the seller might include all window coverings (curtains, drapes, blinds) as part of the deal. The buyer may be so delighted that she decides not to ask for any other price break. In our vacation example, the wife might buy the husband a set of golf clubs, which will make him so happy that he will go anywhere she wants to go (since there are golf courses everywhere).
- *Cut costs*. In this method, one party accomplishes specific objectives, and the other’s costs are minimized by going along with the agreement. This differs from nonspecific compensation because in this method, the other party can minimize costs and «suffering,» whereas in the other method, the costs and suffering do not go away, but the party is somehow compensated for them. This method requires a clear understanding of the other party’s needs and preferences, along with their costs. In the vacation example, the wife says to the husband, “What can I do to make going to the beach as painless as possible for you?” He tells her that he wants to stay in a beach house away from the big hotels, get some rest, and be near a golf course and several places where he can go fishing. They both go down to their favorite travel agent and find a location that offers all these.
- *Find a bridging solution*. In bridging, the parties invent new options that meet each other’s needs. Again, both parties must be very familiar with the other party’s interests and needs.

When two business partners bring in a third partner who can offer resources neither of them wanted to contribute, this is an effective example of bridging. In the vacation example, the husband and wife go to travel agent and find a place that offers hiking, fishing, beaches, swimming, golf, privacy, and night life. They book a two-week vacation for Hawaii and have a wonderful time.

All of these tactics for generating solutions focus on redefinitions of the original problem. That's a powerful strategy, but not always necessary. The second approach to inventing solutions is to take the problem as defined and try to generate a lengthy list of possible solutions. Sometimes there is a solution nobody had thought of before that works quite well once it is uncovered.

The key to finding answers in this approach is to generate as many solutions as possible without evaluating them. The solutions should be general rather than party specific; that is, they should not favor one party over the other. At a later stage, each solution can then be evaluated to determine whether it adequately meets the needs and interests of both parties. What is interesting in this process is that both parties engage in trying to solve the other party's problem as much as they do their own. It is a cooperative endeavor. And as you have probably heard many times before, two heads are better than one.

If you get to this stage but the issues still seem murky, you may need to go back to the problem definition and rework that step. It should be easy to generate solutions if the problem is clearly stated in a way that does not bias solutions toward one party or the other. Otherwise, if you are comfortable with the definition of the problem, forge ahead.

Remember that you are only generating solutions in this step, not evaluating them, or deciding whether to use them—yet. That will happen in the next step. There are a number of ways to generate ideas for solutions:

- **Brainstorming.** This common method for generating ideas usually works best in several small groups rather than one large one, depending on the number of people involved. Write down as many ideas as possible without judging them. It is best to write or post the ideas on a flip chart, chalkboard, or similar display devices that everyone can see them and keep track of what has been done. The key ground rule is that ideas must not be evaluated as they are suggested. Don't let anyone say, "Oh, that's a dumb idea! « or "That won't work!"

Keep ideas flowing and keep focused on the problem and how to solve it, without associating people with the problem or the solutions.

It often happens that people quickly think of a few possibilities and then run out of ideas. At this point, it is easy to think you are done because you have a few solutions. Don't stop here, though; stick to it for a while longer. Otherwise, you may miss some good ideas, particularly creative ones that no one has considered before. Ask outsiders for ideas too. Sometimes they bring a fresh approach to the problem.

- ***Piggybacking*** can be used in conjunction with brainstorming. This technique builds on someone else's idea to produce yet another idea. It is often done by working in a sequence order: one person starts with a brainstormed idea, and then the next person has to "piggyback" until possible variations on the idea are exhausted.

- ***Breakout groups***. In this method, each negotiator works with small group—perhaps his or her own constituency—and makes list of possible solutions. These are discussed within the breakout group and then considered, one at a time, by the larger group. They can be ranked in terms of preferences or likely effectiveness. The drawback of this method is that anyone not present at the session will miss offering input or helping to shape the solution.

- ***Surveys***. Another useful method is to distribute a questionnaire stating the problem and asking respondents to list possible solutions. In this case, each person works alone on the survey, so people miss the synergy of working together. However, the advantage is that a number of people who have good ideas but are normally reticent about getting into a group's conversation can offer their thoughts and ideas without being attacked or critiqued. Another advantage is that this draws in the ideas of people who may not be able to attend the negotiation or formally participate in it. Once you have a list of possible solutions, you can reduce the number of possibilities by rating the ideas. In communicating your priorities and preferences to the other party, it is important to maintain an attitude of firm flexibility: be firm about achieving your interests while remaining flexible about how those interests might be achieved. There are a number of tactics to keep the discussion collaborative while being clear and consistent about your preferences:

- Remember that you are only prioritizing the list, not yet deciding on the actual solution.

- Be assertive in defending and establishing your basic interests, but do not demand a particular solution.
- Signal your flexibility and willingness to hear the other party's interests by practicing your listening skills. For instance, use active listening, trying to repeat what they said back to them in order to see if you understood their point.
- Indicate your willingness to modify a position or have your interests met in an alternative way. Perhaps you will be able to trade one point for another. This will demonstrate your openness to suggestions and willingness to work together.
- Show your ability and willingness to problem solve. Skill in problem solving is valuable here, especially if you get stuck on one particular point and need to find some way to resolve it to everyone's satisfaction. If you can settle this issue, it will help when you get to the next step and are actually deciding on the solution. You will have set the stage for collaboration.
- Keep lines of communication open. If tempers flare, take break, and talk about the problem if need be. Also talk with the other party about how you can continue to work on the problem without getting angry or losing control. Make sure both parties feel that they are being heard. Steer discussion away from personalities, and concentrate on the issues: "Separate the people from the problem."
- Underscore what is most important to you by saying, "This is what I need to accomplish," or "As long as I can accomplish . . . , I'll be very happy." Resist the temptation to give in just to get a resolution. Giving in is an accommodating strategy that will not result in the best outcome for both parties.
- Reevaluate any points on which you disagree. Be sure that both sides agree on the adjusted prioritized list so that you will both feel comfortable as you move to the final step.
- Eliminate competitive tactics by identifying them and either confronting them or renegotiating the process. If the discussion becomes competitive, point out that this is happening. Then try to resolve the problem before the entire negotiation becomes competitive.

#### Step Four: Select a Solution



Using your prioritized list of potential solutions from the previous step, narrow the range of possibilities by focusing on the positive suggestions that people seemed to favor most. One way to prioritize is to logroll by packaging each person's first choice together.

If parties have the same first choice but very different preferences for it, try to invent a way for both sides to win on this issue.

Try to change any negative ideas into positive ones, or eliminate them from the list. Stating alternatives as positives keeps the negotiation upbeat and on a positive note. Avoid attributing negative ideas to any particular person or side.

Evaluate the solutions on the basis of quality and acceptability.

Consider the opinions of both parties. Do not require people to justify their preferences. People often do not know why they have a preference; they just do. If you foresee any potential problems with the solution selection process, you may want to establish objective criteria for evaluation before you start the selection process. In other words, before you move toward choosing among prioritized options, work against a set of objective facts, figures, data, and criteria that were developed independent of the options.

If a car owner and a garage mechanic are having a dispute about how much it should cost to repair a starter motor, there are books available that indicate the standard cost for parts and labor for this repair. Similarly, if a group of people is trying to pick a job candidate from among those who applied for the job, their work will be considerably facilitated if they spend time developing criteria by which to evaluate the applicants before they actually look at résumés and interview people.

#### *Fairness and Similar Intangibles as a way to Choose among Options*

Intangibles are often operating in the selection of a solution. For example, gaining recognition or looking strong to a constituency may be important factors in someone's selection decision.

Acknowledge the importance of intangibles by building them into the decisions. For example, if those on the other side need to maintain esteem with a constituency, they may be willing to settle on a lesser point that still allows them to appear in a favorable light. In fact, it will help them greatly if you work with them to determine how to make them look strong and capable to the constituency.

## *How Do You Know it's Fair?*

Fairness is usually one of the most important intangibles. In a win-win negotiation, both parties want to achieve a fair outcome. There are a number of ways to decide what is fair, but three common criteria often apply:

- *An outcome that gives each side equal outcomes.* It is not surprising that one of the most common ways to solve negotiation problems—particularly win-lose, competitive ones—is for the parties to agree to “divide it down the middle.”
- *An outcome that gives each side more or less based on equity,* that is, what it has earned or deserves based on the time or energy committed.

In this case, the side that puts in more should get out more. Equity is usually based on the ratio of outcome to input, so that the person who works harder, suffers more, and so on deserves a proportionately larger share of the results.

- *An outcome that gives each side more or less depending on what it needs.* In this case, if one side can create a legitimate claim that it needs or deserves a better outcome, there may be a good case made for dividing up the resources so that those with greater needs actually gain more.

## Emotions & Rush

If emotions surface or people get angry, take a break. Give people an opportunity to discuss the reasons for their dissatisfaction. Be sure everyone has cooled off before you start again, and try to keep personalities out of the deliberations. If taking a break does not work, seek out a third party to help you. Anyone with a modicum of interpersonal and problem-solving skills can be of help, provided he or she doesn't have a personal stake in the outcome. And if you wish, you can bring in a trained mediator, facilitator, or problem solver.

It is very important not to rush the process of selecting solutions, appealing, as it may be to do so. If you get to the bottom line too quickly, you may miss some good potential options, and you may fail to ensure that both sides participate equally. Collaborative efforts require the participation of both sides; they may also require time to mull over alternatives and think through all the consequences. Good collaborative negotiation requires time and cannot be rushed.

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## Lecture 10

### COLLABORATIVE NEGOTIATION STRATEGIES

1. Checklist for strategic negotiators
2. Troubleshooting Collaborative Negotiations
3. Breakdown

Researchers have identified several strategies that help produce successful collaboration. They are useful as a checklist for strategic negotiators in planning and implementing a collaboration. And if you find your collaboration is falling apart, these are also helpful in diagnosing what's gone wrong:

- *Create common goals or objectives.* There may be three ways the goals will be played out: all parties will share in the results equally, the parties will share a common end but receive different benefits, or the parties will have different goals but share in a collective effort to accomplish them. In any of these cases, both parties believe they can benefit by working together as opposed to working separately and that the results will be better than they would be if each party worked separately.
- *Maintain confidence in your ability to solve problems.* This is more or less a matter of, "If you think you can, you can." It helps to have strong knowledge of the problem area, but lack of knowledge can be overcome if the desire is there. Probably the most important element is to develop skills in negotiating collaboratively, since it is a less common form of negotiation. The more you do it, the better you will become at doing it.
- *Value the other party's opinion.* Valuing the other party's point of view is difficult if you have been accustomed in the past to focusing only on your own position and maintaining it. In collaboration, you value the other party's position equally with your own. You need good listening skills and openness to hear the other party's point of view.
- *Share the motivation and commitment to working together.* In collaboration, you are not only committed to the idea of working together with the other party; you take actions to do so. You pursue both your own needs and those of the other party. This means each party must be explicit about his or her needs.

In collaborative negotiation, the parties strive to identify their similarities to each other and downplay their differences. The differences are not ignored; they are simply recognized and accepted for what they are. The parties are aware that they share a common fate,

particularly if they expect to work together after this negotiation has been completed. They know they can gain more if they work jointly than if they work separately. To do this, they focus on outputs and results.

Motivated, committed parties will control their behavior in number of ways. Individuals will avoid being competitive, combative, evasive, defensive, or stubborn. They will work at being open and trusting, flexible, and willing to share information and not to hoard it for their own use.

### Troubleshooting Collaborative Negotiations

Collaborative negotiation is a lot of work, but the rewards can be great. Sometimes, however, no matter how much you want to succeed, obstacles may prevent you from moving ahead with collaboration. You'll certainly get stuck if one (or both) of the parties do any of the following, so be sure to avoid these mistakes and try to tow them out of your collaborations, even when the other party plants them by mistake.

Problems arise when one or both parties:

- May not be able to do the required work.
- May have a win-lose attitude.
- May not be able to see the potential for collaboration.
- May be motivated to achieve only their own goals.
- May not be capable of establishing or maintaining productive working relationships.
- May see the world as more distorted than it is because of biases.
- May have a constituency that is pressing for competitive behavior or quick outcomes.

Furthermore, the situation may contain elements that require a mix of strategies. Then you need to separate the issues into the component parts and deal with each separately.

Sometimes you may feel that you do not have the time or energy to push forward with collaboration, especially if you encounter one or more of the preceding situations. If this happens, check to see if you can fix the underlying problem. If not, then switch back to a more competitive style.

What If There Is a Breakdown?

If there is a breakdown in the collaboration and an argument seems to be brewing, try to move the discussion to a neutral point and summarize where you are. Summarizing is a helpful tactic because it:

- Slows the pace to give everyone time to cool off
- Reminds the other party of any progress to date, which can help reframe the situation in a more positive way
- Checks everybody's understanding to make sure they agree with your perception of what has been accomplished or agreed so far
- Acts as a way to move toward either resolving ambiguities or moving on to issues yet to be discussed.

Summarizing may reveal an unexpected difference of viewpoints that can then be talked through, allowing the negotiations to resume with some adjustment.

However, what if summarizing doesn't work and there is a total breakdown in communication? If you cannot get the negotiation back on track, you may need to resort to conflict resolution strategies or third-party intervention. And also note that at any point, you and the other party can reach a mutual agreement to abandon your collaboration and adopt another negotiating style. For instance, you might try collaborating, decide you don't like working together, and decide that you will agree to disagree and revert to a conventional competitive strategy or toward a more expedient and simple outcome through compromising. Remember, however, that you will give up the relationship benefits, so do not advocate competition unless you decide your initial estimation of relationship importance was too high.

A word of caution is in order. The slide from collaboration to competition is not generally a happy or profitable one because some of the actions you undertook under the assumption that you could trust the other and work with him or her may now be used against you as weapons. This is a good reason to try to work out your differences and get the collaboration back on track.

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