Why isn’t negotiation straightforward?

This chapter will
• describe the pervasiveness of negotiation, which is why negotiation is so important
• offer some up-front advice about how to start becoming an effective negotiator
• provide a definition of negotiation and demonstrate some practical implications for negotiators
• introduce the notion of the DNA of negotiation.
We negotiate a great deal – more than we realise. Sometimes it goes smoothly, sometimes it seems difficult. While there is much advice around about how to negotiate and be a winning negotiator, the actual experience does not seem as straightforward as books suggest. Why? Because negotiation is a complex process. This book grapples with these complexities while recognising the idiosyncrasies of the negotiation process and of the negotiator.

This opening chapter explores some core complexities of negotiation and provides a foundation for later chapters. Although this book will focus on the business context, the principles and skills can be applied in other contexts, such as interpersonal negotiation, sales or when resolving legal, environmental and social issues. Very few people are employed solely as professional negotiators; for most of us it is just an integral, perhaps unrecognised, part of our job. Figure 1.1 is a map developed from an exercise conducted in a company to identify who has to negotiate with whom over what. It shows that negotiation is deeply entrenched throughout an organisation as a way of getting things done. Even this map does not show the full complexity of the internal negotiations, particularly in the production stage, in which managers and supervisors are constantly negotiating with each other over scheduling and the use of resources.

The advice offered in this book, which is based on good research, is pragmatic, and recognises the difficult contexts within which negotiations take place. Box 1.1 lists five recommendations that are at the heart of the many suggestions that emerge throughout the ensuing chapters. These are not five keys to success but are offered, along with the rest of the book, with the aim of guiding the reader’s progress towards being a better negotiator.
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Box 1.1 Advice to negotiators: an up-front summary

Be pragmatic; negotiation is messy.
Negotiation, like politics, is the art of the possible.

Remember at all times: negotiation is two-sided.
Others can make choices too.

Be inquisitive and acquisitive.
Always ask ‘Why?’ , ‘What if?’ and ‘Can we get a better outcome than this?’

Create a new script.
Be confident managing the process but be prepared to improvise.

Treat others with respect.
This is the only golden rule.

What is negotiation?

To start with a definition may seem academic, but to do so highlights a number of key points about negotiation that provide some preliminary but important practical insights.

Negotiation is a process in which two parties with differences that they need to resolve try to reach agreement through exploring for options and exchanging offers – and an agreement.
EFFECTIVE NEGOTIATION

First, negotiation is a process, a sequence of activities, perhaps with an underlying pattern. It is not a single event: choices are made along the way. It is not mechanical or deterministic: the choices negotiators make affect how agreement is achieved and what the agreement will be. The process of negotiation and how to manage it effectively will be explored in Chapters 4 and 5.

Second, two parties are needed for a negotiation. Having more than two parties does not alter the fundamental duality of the process. Chapter 9 examines how a negotiation becomes more complex when constituencies or other parties have an interest in the outcome of the negotiation and Chapter 10 considers the impact of cultural differences.

Third, there must be differences. If there were no differences there would be no need to negotiate, but because there are, we can expect some conflict and competition. The task of unravelling differences is examined in Chapter 6.

The parties must need to resolve their differences. It is this need that generates cooperation between the parties. The need to settle their differences also helps negotiators understand their interdependence and their power. This important aspect of negotiation is explored in Chapter 2.

That negotiation involves trying to reach agreement suggests that negotiators might not always succeed and also that reaching a good agreement takes some effort. If an agreement is easily reached, then it is probably not a good negotiation; it is likely that some value has been left on the negotiating table.

There are two broad ways agreements can be reached. First, the negotiators can explore possibilities and develop options that might resolve the issue. This is the creative aspect of negotiation and is how negotiators add value. Ways of doing this are explored in Chapter 7. Second, and more commonly, negotiators can exchange offers around and between their stated positions, which involves compromise and can be competitive. Competitive negotiation and offer strategies are discussed in Chapter 8.

Finally, negotiations result in an agreement, which might be an agreement to walk away. The notion of ‘agreement’ sounds positive but nothing about negotiation guarantees that an agreement is a positive outcome; the parties might agree but only reluctantly. While the focus of a negotiation is on reaching agreement the most important aspect of any negotiation is not the agreement itself, but how it is implemented. The agreement is only a part of the outcome of any negotiation.

> Some initial practical implications

The above definition shows some of the complexities inherent in any negotiation and why it is not straightforward. First, negotiation is a mix of competitiveness and cooperation. Some aspects of the process will generate competitive interactions while others will require cooperation if agreement is to be reached. This is why negotiation is regarded as a 'mixed motive' interaction (Schelling 1960, p. 89); competitiveness exists because each negotiator is standing in the way of the
other achieving their goal. But at the same time, cooperation is needed because without the other’s help neither will achieve anything at all. Managing this mix of competitiveness and cooperativeness can be a challenge.

Second, negotiation is about an issue – what the differences are between the parties, as well as being a process – how the parties will try to resolve their differences. Therefore, negotiators have to manage the issue and the process to achieve a good outcome.

Third, negotiation involves choice. Negotiators are constantly faced with choices throughout the negotiation. They have to manage the balance of cooperation and competitiveness. They face choices over how to deal with the issue and how to manage the process. These choices flow through into actions and reactions. This issue–process–action distinction will recur throughout this book.

Issue–process–action also forms the basis for a practical skills tip for negotiators. When a negotiation begins to get a bit difficult it is easy to become unsettled and to start making unwise decisions, which often result in an unnecessary concession. It is important for a negotiator to think about both the issue and the process before deciding what to do next. There are three useful questions to ask that will help the negotiator to be systematic rather than hasty. Putting issue–process–action at the top of a notepad is a good visual reminder to a negotiator to be analytical rather than reactive, particularly when a negotiation is getting difficult.

Although negotiators constantly make choices about what to do and how they would like the negotiation to proceed, they do not have control over what actually happens. This is because of the fourth important point about negotiation: that negotiation is two-sided. This fundamental and obvious point is often ignored by negotiators when they plan and implement their strategies. Yet ignoring the other party is a mistake that even effective negotiators make (Sebenius 2001).

Fifth, although the definition of negotiation offered earlier is neat, succinct and has an inherent logic, the process it seeks to define is messy. The parties’ differences may not become clear until well into a negotiation. The pressures to resolve their differences will probably change during the negotiation. Negotiators might try to exchange offers before exploring for options; it may be not until they start to trade offers that they finally clarify their real differences. Entering into a negotiation with a good understanding of the process will help reduce the messiness, but negotiation will never be entirely straightforward.

The mix of competitiveness and cooperation, and of issue and process, can be demonstrated in an example that also shows negotiator choice and negotiation’s two-sidedness (Figure 1.2). Put all these together and it is clear that negotiation is messy. Anne-Marie needs to buy a new car within a fixed price bracket. She has found the car she would like but, as always, the asking price is too high, so she states her price and insists that this is all she is willing to pay. In doing this she is being...
NEGOTIATION IN PRACTICE

Analysing the baseball ticket negotiations

Negotiation is a process where

two parties

(1) Frank and Ray, (2) the ticket scalper

(though there were also other buyers and sellers in the vicinity)

with differences

we wanted the best (lowest) prices for good tickets.

he wanted to sell all his tickets for the highest possible price.

which they needed to resolve

we had some things in common; we needed to buy, he needed to sell

(but whether we needed to buy from him, or whether he needed to sell to us depended in part on

the other buyers and sellers)

trying to reach agreement

It took several attempts to set up a deal.

through exploring for options

there was not much scope for creativity in this buy–sell negotiation.

and exchanging offers

street trading.

and an agreement

a deal was reached; we got to see the game.

competitive. If she spent a bit more time explaining her circumstances, then this
would be a more cooperative approach to the issue.

If, though, she chooses to interrupt the car seller to explain why she cannot pay
more, then she may be making the process competitive – the car seller may react
poorly to being interrupted rather than respond to what Ann-Marie actually said.
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A helpful thing – explaining one’s concerns – risks becoming unhelpful if done in the wrong way or at the wrong time.

**Being a systematic negotiator**

One way to manage this complexity and messiness is to be systematic in trying to appreciate what is going on in a negotiation. How to read a negotiation is explored more in Chapters 4 and 5, but the definition provided earlier in this chapter covers the main elements of negotiation and can be useful starting point to describe a

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**NEGO TOOL KIT**

**A preparation checklist**

Preparation is vital in any negotiation. Use these questions to start your preparation for a forthcoming negotiation.

**Two parties** ...
Who are the parties involved?
Are there any constituencies in the background?
Is anyone being left out of the negotiations?
Can we usefully change the structure of the negotiation?

**with differences** ...
What are the conflicts of interest?
Where are they coming from?
What do we really want from these negotiations? Why?
What don’t we know about the negotiations that we would really like to know?

**that they need to resolve** ...
What are the alternatives to reaching an agreement: for us? for them?
Who might need whom the most?

**try to reach agreement** ...
How will the negotiations be handled?
How might trust and reciprocity be developed?

**through exploring options** ...
What are some possible creative solutions?

**and exchanging offers** ...
How will any closing tensions be managed?

**and an agreement.**
What will a good agreement look like?
Are there any other negotiations which are consequent upon this one?
negotiation and so understand what is going on when you are involved in one. As an example, the author was once involved in an interesting negotiation to buy some tickets to a baseball match. The core elements of the negotiation are shown in the Negotiation in Practice example above (page 6).

The brief description of how we got the baseball tickets shows how the definition can be used to identify the main elements of a negotiation. It can be used to give some structure to the process of preparation and so will help counter the tendency of tunnel vision wherein a negotiator places undue emphasis on one aspect (perhaps the need to reach agreement quickly) without considering other aspects that may also be important (see Chapter 3, in particular, and elsewhere for other aspects of preparation.) The definition of negotiation has been expanded to form a preparation checklist, the first of a number of practical negotiator tools that will be found throughout this book.

Second, since any negotiation is less than straightforward it always gives a negotiator the opportunity to learn and improve. Rackman and Carlisle (1978) found that once a negotiation was concluded it was the skilled negotiators who took time out to reflect upon what had happened, why it happened and what could have been done differently and better. This action–reflection model is where real learning can take place. Similarly, comparing negotiations provides good insights into ways to improve one's negotiating (Gentner, Loewenstein & Thompson 2003). A negotiation review checklist, also based on the definition of negotiation, is provided as a second negotiator tool (page 9). To strengthen the review process and so learn more about how to negotiate more effectively, it would be helpful to compare the answers in a review with the notes that were made during the preparation for the negotiation. It would also help to compare reflections on different negotiations; some instructive patterns may emerge.

The DNA of negotiation

What makes a negotiation work? There are several elements that might be regarded as the DNA of negotiation, elements that are hard-wired into the process of reaching an agreement. They are integral to the strategies that negotiators can employ and so need to be understood in order to manage the process more effectively. These elements can be used, or abused.

Describing negotiation in terms of DNA creates an image that helps our understanding of the process. The DNA helix represents two parties who seem to be jostling for position yet are inextricably linked, an indication of the competitiveness and yet cooperation inherent in any negotiation. The twists reflect that negotiation is not straightforward. The links between the two strands of the DNA can be viewed as the key elements that give life and structure to a negotiation – reciprocity, trust, power, information exchange, ethics and outcome.

Reciprocity is a feature of many social interactions, including negotiation. What one party does tends to be matched or reciprocated by the other. This does not
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Trust is an expectation that the other party will act in a beneficent rather than exploitative way. A lot of emphasis is placed on building trust, particularly when trying to create a cooperative negotiation, but trust is easily overestimated and is fragile. Thinking about trust leads to thinking about the behavioural ethics in negotiation.

Another important feature of a negotiation is power. Paradoxically, this has a great deal to do with the consequence if the parties were not negotiating. The...
power that negotiators have relates to the alternatives open to them, ways other than negotiation to achieve their desired objectives. Negotiation can be viewed as a process whereby the alternatives that negotiators think they have are changed.

The lack of power, reflected in concern about having only a poor alternative, brings negotiators to the negotiating table and keeps them there. The level of trust between the parties determines the quality of the agreement they will then achieve. To a large extent this trust is built through reciprocity.

Information, or more often the lack of it, is central in reaching an agreement and so forms another link in the negotiation DNA. No matter how much negotiators prepare, there are always things that they do not know (but wish they did). Many of the strategies and tactics are designed to improve the negotiators’ understanding of what is and is not possible as an outcome. Because of this, negotiation can be viewed as a process of information exchange, particularly information about possible solutions on the one hand and walk-away alternatives on the other.

Finally, as suggested in the definition of negotiation, the reason for entering into a negotiation is to reach an agreement, so the outcome is another part of negotiation’s DNA. The better the negotiation, the better the outcome. Negotiators are often encouraged to achieve a win–win agreement, but the notion of a win–win agreement is not as clear (or as achievable) as we would like to think.

None of these elements – reciprocity, trust, ethics, power, information and outcome – are clear cut; nor are they mechanistic or precise. This is why negotiation is complex, relatively difficult and unpredictable. To be a good negotiator means having a practical understanding of a negotiation’s DNA, which helps a negotiator manage the process while recognising that all the uncertainty and difficulties can never be eliminated.

DNA imagery has its limitations: the two strands never meet, perhaps signifying that the parties never reach agreement. That said, having an image or script that resonates with the key aspects of the negotiation creates a mental framework to help a negotiator guide the process to an agreement. A visual image sometimes has more life than does a carefully formulated definition, such as that presented at the start of this chapter. The DNA image is just one of several images that appear throughout this book to help the reader’s practical understanding of negotiation.

### Discussion questions

1. Why do negotiators tend to forget that negotiation is two-sided?
2. Draw a negotiation map of your organisation or of your interpersonal interactions and negotiations over the past two weeks.
3. Use the definition to analyse a recent negotiation.
4. What other images might be used to describe negotiation?