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Why isn't negotiation straightforward?

This chapter explores some of the complexities of negotiation. After reading the chapter, you should be able to:

- appreciate the pervasiveness of negotiation, and why negotiation is so important
- be aware of some of the practical implications that arise from the complex process of negotiation
- have a working definition of negotiation that can be used to prepare for and review your negotiations.

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We negotiate a great deal – far more than we realise. Sometimes it goes smoothly, and sometimes it seems difficult. While there is much advice around about how to negotiate and be a winning negotiator, our 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 both the negotiation process and 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 shows 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.

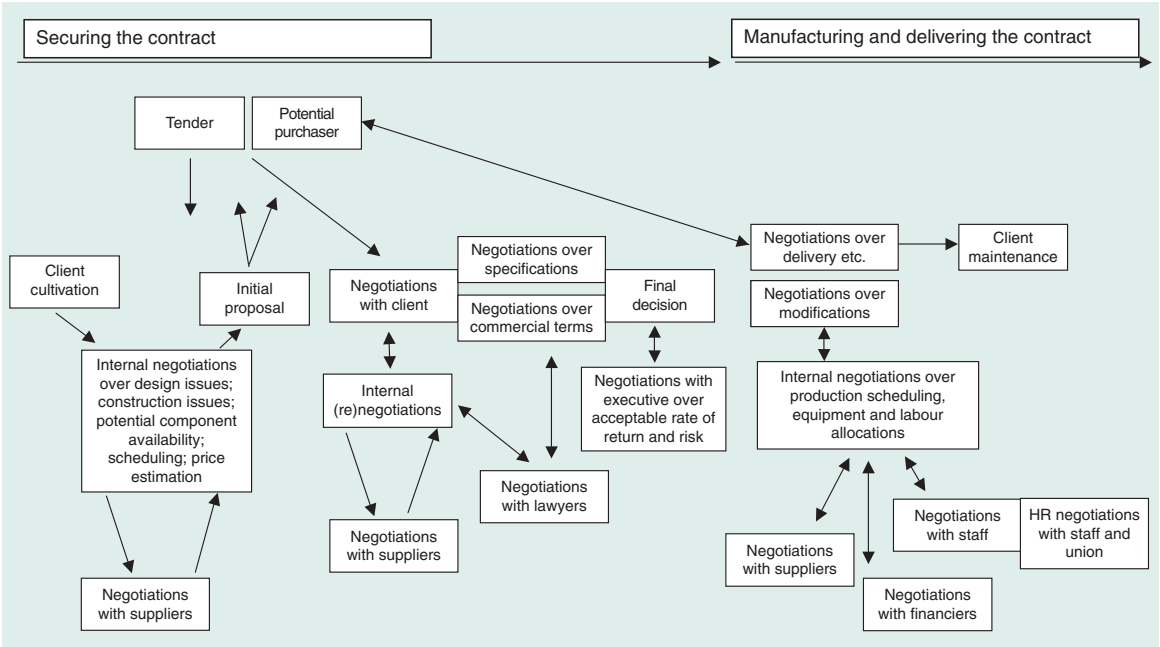


FIGURE 1.1 A map of negotiations within and around an engineering fabrication company

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.

**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 in managing the process, but be prepared to improvise.
Treat others with respect.
This is the only golden rule.

■ **What is negotiation?**

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

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



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■ *People negotiating*

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 that agreement will be. The process of negotiation and how to manage it effectively will be explored in Chapter 4.

Second, two parties are needed for a negotiation. However, 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 11 considers the impact of cultural differences. Chapter 12 explores workplace and business negotiations.

Third, there must be differences. If there were no differences, there would be no need to negotiate; however, 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 differences also helps negotiators to understand their interdependence and their power – the crucial question of who needs who the most. This important aspect of negotiation is explored in Chapter 5.

That negotiation involves trying to reach agreement suggests 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 by which 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 it is how negotiators add value. Various 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 the process is not straightforward. First, negotiation is a mix of competitiveness and cooperation. Some aspects of the process will generate competitive

CHAPTER 1 WHY ISN'T NEGOTIATION STRAIGHTFORWARD?

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. At the same time, though, 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 both 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 balance cooperation and competitiveness. They face choices about how to deal with the issue and must choose how best 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 starts to get a bit difficult, it is easy to become unsettled and begin making unwise decisions, which can 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: 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 made even by effective negotiators (Sebenius 2001). As an example of the two-sidedness of negotiation and the fact that the *other* party has choices too, Wang, Northcraft and van Kleef (2012) found that anger expressed by a negotiator led to the other negotiator making concessions – the desired result. However, concessions were not inevitable and, as well as making a concession, negotiators often chose to retaliate. We must always consider the choices the other party has when deciding our own strategy and tactics.

Fifth, although the definition of negotiation offered earlier is neat and 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

NEGOTIATION SKILLS TIPS

Three useful questions to ask

Regularly check the state of play in your negotiation:

- On the issue: What is this really all about?
- On the process: What is going on here?
- On action: What do I do next?

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trade offers that they finally clarify their real differences. Entering into a negotiation with a good understanding of the process will help to 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 (Table 1.1). Put all these together and it is clear that negotiation is messy. For example, 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 competitive. If she spent a bit more time explaining her circumstances, then this would be a more cooperative approach to the issue.

If, however, she chooses to interrupt the seller to explain why she cannot pay more, then she may be making the process competitive – the seller may react poorly to being interrupted rather than responding to what Ann-Marie actually said.

NEGOTIATION IN PRACTICE

Analysing baseball ticket negotiations

Negotiation is a process by which

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.

that they need 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)

try to reach agreement

- It took several attempts to set up a deal.

through exploring **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.

A full account of the Baseball case is available at www.cambridge.edu.au/academic/effective

TABLE 1.1 Negotiation in practice is messy

	Competitive	Cooperative
Issue	Insisting on a particular outcome that will address your main concerns: 'I want to buy the car but will pay only \$10 000 for it; I will not offer you more.'	Insisting on your main concerns: 'I want to buy your car but obviously the impact on my budget is important too. I am limited in my finances. I would not be able to make the repayments on a larger loan.'
Process	Interrupting the other negotiator to explain your concerns: 'I advertised the car for \$12 500. It has very low ...' [interrupting] 'I want to buy your car but obviously the impact on my budget is important too. I am limited in my finances ...'	Showing understanding of their main concerns: 'I can appreciate that you now need a larger car for work and that's going to be more expensive. That's why you've set the selling price at \$12 500.'

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. Chapter 4 explores how to read a negotiation in more detail, but the definition provided earlier in this chapter is a good starting point. The definition isn’t just ‘academic’, but can be used to describe a negotiation, this being a first step towards understanding 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.

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. In fact, the definition can also be used to give some structure to the task of preparing for a negotiation. Having a structure will help counter the tendency of tunnel vision whereby 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 5 for some other aspects of preparation). The definition of negotiation has been expanded to form a preparation checklist (see Negotiator Tool Kit), the first of a number of practical negotiator tools that will be found throughout this book.

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NEGOTIATOR 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 that are consequent on this one?

A second way in which a negotiator can be systematic is by getting into the practice of reviewing their negotiations. Since any negotiation is less than straightforward, it always gives a negotiator the opportunity to learn and improve. 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). So, just as the definition of negotiation provides us with a preparation checklist, it can also be developed into a review checklist. (This will be found in Chapter 2, which explores the idea of becoming a reflective practitioner.) Using a similar approach to both prepare for a negotiation and review it afterwards will help you to be more systematic, and so improve your effectiveness.

■ 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, but they can also be 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 the fact 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 happen all the time, but it does occur often enough to influence the pattern and progress of the negotiation. It is an aspect of the process that can be managed.

Trust is an expectation that the other party will act in a beneficial 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 over-estimated, and is fragile. Thinking about trust leads to thinking about the behavioural ethics involved in negotiation.

Another important feature of a negotiation is power. Paradoxically, this has a great deal to do with the potential 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 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

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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 to 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 a carefully formulated definition, such as that presented at the start of this chapter. The DNA image (see Chapter 2) is just one of several 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? What might be some consequences of a one-sided approach to negotiation?
- 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?