



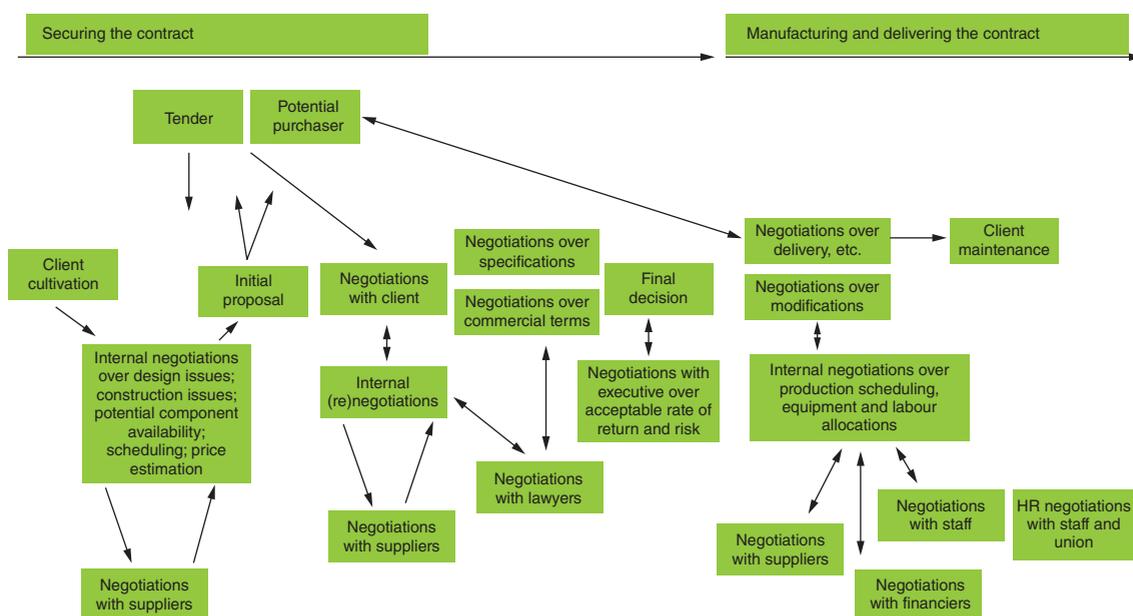
## WHY ISN'T NEGOTIATION STRAIGHTFORWARD?

This chapter provides an overview of how negotiations 'work'. 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 complexity of negotiation
- be aware of the phase nature of the process and have some appreciation of how to manage it
- have a working definition of negotiation that can be used to prepare for and review your negotiations.

**W**E 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. There are some features of negotiation that are like its DNA and that need to be working well if the negotiation is to progress. There are also some tasks that need to be undertaken, tasks that make up the phases of the agreement-reaching process. Because the negotiation process is complex it is not easy to fully describe or understand one aspect of it without first understanding everything else – for example, how do we know what it means to be cooperative without first understanding what it means to be competitive (and vice versa)? So this opening chapter presents an overview of what the negotiation process involves which, we hope will lay 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 and 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 upfront 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, so be other-directed.

**Be inquisitive and acquisitive.**

Unpack the bargaining mix: 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.

First, negotiation is a process – a sequence of activities or tasks that need to be worked through, tasks that will be outlined later in this chapter. Negotiation is 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, cooperation is needed because without the other’s help neither party will achieve anything at all. Managing this mix of competitiveness and cooperativeness can be a challenge. Because negotiation is a process, negotiators constantly have to make choices about what moves to make next. These choices affect how the negotiations unfold and what the outcome will be. A good negotiator will have a preferred path – a script or storyline – that they would like the negotiation to follow. We will introduce the idea of developing a negotiation image as one way to manage this process effectively.



Second, two parties are needed for a negotiation – so while a negotiator has to make choices about how they would like the negotiations to proceed, the other party is making choices too. What actually happens is the result of these choices – action and reaction – on both sides of the negotiating table. Often negotiators forget the fundamental and obvious point that negotiation is two-sided. 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 think the other party will do what we want them to do and are surprised when they don't; this is one reason why negotiation is messy and needs managing carefully. So we must always consider the choices the other party has when deciding our own strategy and tactics. In fact, we should be 'other-directed' as soon as we start to prepare for a negotiation; this does not mean agreeing with the other party, but rather working hard to understand exactly where they are coming from on the issues under negotiation.

Despite us being in an age of technology, negotiations are still conducted between people. Any negotiator will have an impact on the way the negotiations unfold. We have different personalities and styles, we all have biases in our approach. Chapter 2 will examine the impact of the negotiator more fully.

Third, there must be differences. If there were no differences, typically one party wanting more on an issue than the other is willing to offer, there would be no need to negotiate. However, because there are differences we can expect some conflict and competition. The task of unravelling what are the real differences on the issues being negotiated is critical to any negotiation and so Chapter 3 will look at key aspects of preparing for a negotiation.

The parties must need to resolve their differences. It is this need to settle that generates cooperation between the parties. It 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 also explored in Chapter 3.

That negotiation involves trying to reach agreement suggests negotiators might not always succeed, and that we need to manage the process carefully. 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.

While Chapter 3 examines aspects of how to prepare strategically for a negotiation, Chapter 4 discusses how to be strategic in managing the tasks – information exchange, solution-seeking, and concession management – that make up the negotiation process. Chapter 5 shows how negotiators can develop a better understanding of the issues involved and the goals of the parties. Building on this foundation, the negotiators can then explore possibilities and develop options that might resolve the issue. This is the creative aspect of negotiation, and is how negotiators add value. More commonly, negotiators can exchange offers around and between their stated positions, which involves compromise and can be competitive. Chapters 6 and 7 look more closely at these two different ways of reaching an agreement. However, the negotiations may well deadlock so Chapter 8 explores what might be done if they do.

## 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 negotiation is provided in one of the case studies at the end of this chapter.*

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.

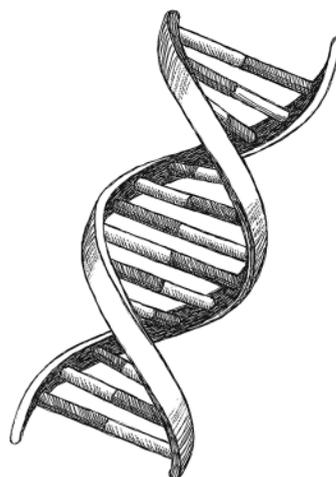
The definition of negotiation provides a useful structure to explore how negotiations ‘work’ and, as we will show, it can become a practical tool in our negotiating. (An example of how the definition can be used to analyse a negotiation is shown in the example of the baseball ticket negotiations.) The definition also provides the structure for this book, as is shown in Table 1.1. Further chapters look at different aspects of negotiation as it unfolds in different contexts. The role of a mediator is to help the parties reach their own agreement and so in Chapter 9 we can learn from the approaches that mediators take to deadlocks.

It may be that there are more than two parties to the negotiation; however, this does not alter the fundamental duality of the process – it just makes it more complex! Chapter 10 examines how a negotiation becomes more complex when constituencies or other parties have an interest in the outcome of the negotiation, and Chapters 11 and 12 explore workplace and business negotiations. Many negotiations occur across cultures and these cultural dimensions are explored in Chapter 13. We draw the book to a close by thinking ahead and offering some final thoughts to help you continue to improve the way you negotiate.

## 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 and hold the negotiation together. They are integral to the strategies that negotiators can employ, and so need to be understood in order to manage the process more effectively. If any one of them is ignored, then it is likely that the negotiation will not go well. And we should be aware that they can be used but 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 both the competitiveness and 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, and information exchange. Each of these four elements will resurface regularly throughout this book and so will be described more fully in later chapters. Here we present a brief overview.

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 also leads to thinking about the behavioural ethics involved in negotiation.

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 and a well-established principle is that more information leads to better outcomes (Thompson 1991). 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.

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. The basic mechanism to get to understand all this in a negotiation is information exchange.

None of these elements – reciprocity, trust, power and information – 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

**Table 1.1** The structure of a negotiation, and the structure of this book

The definition	The key questions	The key concepts
Negotiation is a <b>process</b> where	How do negotiations 'work'?	Two-sidedness Messiness
two <b>parties</b>	Who are the parties?	Personality Ethics
with <b>differences</b>	What are each party's underlying interests?	Interests (and positions) The bargaining mix
that they <b>need to resolve</b>	What is the power balance between the parties? (Who needs who the most?)	BATNA (best alternative to a negotiated agreement)
<b>try</b> to reach agreement	What needs to be done to manage the process?	Phases and tasks Negotiator motivations
through <b>exploring for options</b>	How do I sort out the issues?	Information exchange
and	How do I/we find a better outcome?	Creative exploration
<b>exchanging offers</b>	How do I get the other party to agree?	Competitive exchange
	What if it doesn't work out as planned?	Deadlocks

<b>Negotiation in different contexts</b>		
<b>Mediators</b> and negotiation		Controlling the process
Negotiators as <b>agents</b>		A balancing act
Negotiation in the <b>workplace</b>		Asymmetry in the negotiations
Negotiations in <b>business</b>		Strategic intent
<b>Cross-cultural</b> negotiations		Individualism and collectivism High- and low-context communication
And <b>an agreement</b>	How do I know if I am an effective negotiator?	

that presented at the start of this chapter. The DNA image is just one of several that appear throughout this book to help the reader's practical understanding of negotiation.

## DIFFERENT WAYS TO REACH AGREEMENT

Getting from a state of disagreement – two parties with differences – to one of agreement isn't easy. We know that negotiation is a process – what does this process involve? When thinking ahead about a negotiation a negotiator intuitively will be drawing upon a mental model that they think will be (or should be) happening in the negotiation. These mental models can be teased out by researchers using fairly sophisticated statistical analysis techniques (Van Boven & Thompson 2003), but in more general terms we might envisage that we are working to a script, or basing our actions on a model of negotiation or may be thinking in terms of needing to implement a strategy, typically either a competitive or a cooperative one. Whatever the terminology the key point is that the negotiator will have a plan of activities that they think is going to help get them successfully through the process and achieve a good outcome.

### Competitiveness and cooperation

The simplest and most common way to characterise a negotiation is to say that it is either competitive or cooperative. If we think a negotiation is going to be competitive, we would prepare for a particular set of tactics; if we would like it to be cooperative we would prepare for different things to happen in the negotiation.

Table 1.2 lists a cluster of negotiation tactics and behaviours that we might label 'competitive' and another cluster that is regarded as being 'cooperative'. Walton and McKersie's (1965) terminology of distributive and integrative bargaining is often used, as are the labels of win–lose and win–win. The contrast is obvious, and most negotiators would prefer to be involved in the more integrative approach to bargaining, which is a good choice as the research generally suggests that the integrative approach yields better results.

### A typical competitive negotiation script

How might being competitive or cooperative in a negotiation work out in practice? If thinking about a competitive negotiation, we might think of negotiators not budging an inch while pressuring the other party to agree. It will be tense; perhaps noisy. A contest. We might picture the negotiation as being like a boxing match, a tug of war or perhaps an endurance test. We can demonstrate it diagrammatically (Figure 1.2). One party wants more than the other is willing to give. If the parties are negotiating around target points and trying to focus on the other party's resistance point, then clearly the negotiation will be a competitive one that involves a great deal of pressure and concession-making. Given the way the negotiations are set up in the first place, there is not much scope for anything else. It is an outright contest to see who can get the most. If agreement is to be reached, then at least one of the negotiators must be cooperative, but this