

# Rethinking Traditional Approaches to Negotiation for Better Business Results

FOCUS ON INTERESTS AND VALUE CREATION FOR THE BEST OUTCOMES

By Patrick McWhinney



In current markets, businesses cannot afford to use traditional approaches to negotiation. Managers feel increasing pressure to defend their personal value-add while doing more with less, meeting changing regulatory requirements and engaging a workforce that expects a purpose-driven, not just profit-driven, environment.

It's the perfect time to equip even the most experienced negotiators with "next generation" negotiation strategies that have proven far more effective than the trusted but tired tactics of classic "Negotiation Skills 101."

### **TRADITIONAL NEGOTIATION APPROACHES PRODUCE LIMITED SHORT-TERM RESULTS**

Typical conflict resolution techniques have changed little over time and stem from a traditional positional bargaining approach.

This approach focuses on short-term wins, often measuring success by who made fewer concessions. Each party assumes a win-lose mindset and begins with an extreme demand. They then use difficult tactics to extract concessions.

Positional bargaining can produce substance, especially for those comfortable using tactics such as time, pressure, threats, lying, intimidation and so on.

There are many problems, however, with this traditional model, some obvious, some subtle. Among the obvious are inefficiency, less chance of agreement, higher likelihood of relationship damage and terrible precedent for future dynamics. Positional bargaining also requires using tactics many find incompatible with their identities as rational and trusted problem-solving partners. More subtle problems include a total lack of value creation and suboptimal outcomes where underlying needs go unmet.

### **AN INTEREST-BASED, VALUE CREATION APPROACH PRODUCES BETTER BUSINESS RESULTS OVER TIME**

In light of such sub-optimal results, an alternative school of thought arose to challenge mainstream strategies. This alternative approach focuses on both relationship-building and creating value to meet underlying interests. The result is more enduring, optimal





win-win outcomes that improve long-term relationships.

For 30 years, these non-conventional concepts and related skills have been the focus of work at the Harvard Negotiation Project and Harvard Mediation Program. The former has produced related best-selling books such as *Getting to Yes* (Fisher and Ury, 1981) and *Difficult Conversations* (Stone, Heen and Patton, 1999). Select conflict management firms and non-profits have vigorously tested these theories through negotiation, mediation, training and coaching.

By developing practical tools and repeatable processes, these innovators help front and back office professionals end conflict and negotiate superior outcomes.

### **DEVELOP ENOUGH TRUST TO IDENTIFY UNDERLYING INTERESTS AND EXPAND THE PIE BEFORE CARVING IT UP**

Many business professionals excel at problem-solving. When it comes to negotiation, however, they are often limited by their habit of jumping straight into brainstorming solutions. Interest-based



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negotiation encourages expanding the pie before dividing it. That step becomes easiest after identifying the driving interests behind people's demands. Getting people to share their interests requires trust, otherwise they won't risk sharing such information.

Consider an employee demanding a promotion and threatening to leave. At stake are the costs of finding and training a replacement, the risk of reputation damage and the loss of morale and engagement among the rest of the team if the employee spreads a story that the conversation went poorly.

The positional bargaining approach is simple. Explain clearly that there will be no promotion this year. Maybe add some conversation about whether certain metrics have been met, or about tight budgets and rigid mandates from senior management.

The interest-based relationship building approach is equally simple, but far more effective. Ask why the employee feels so strongly about a promotion right now. With enough trust, the employee is willing to share that they need to manage a team to be considered for a transfer to a branch that is closer to family. The interest? Being near family. It's not always about income. Now, you and the employee can brainstorm to find value creating ideas like finding teams to manage now without promotion, and going to the branch now to ask about opportunities that don't require managing experience.

### **INTEREST-BASED VALUE CREATION WORKS EVEN WHEN THERE IS NO PRE-EXISTING RELATIONSHIP**

The manager above got to underlying interests more easily because they were already trusted. Imagine





instead a senior executive trying to finalize a compensation package for a coveted external recruit. Negotiations have been prickly, and there is no prior relationship on which to rely when conversations stall on compensation. A skilled negotiator can discover the candidate's underlying longer-term aspiration of developing an international career. The employer can then offer specific overseas projects and networking opportunities that soften the candidate's stance on salary.

This negotiation hinges on the hiring organization's willingness to empower negotiators with the

flexibility and autonomy to develop tailored options. Often, this relationship-building value creation stage can be completed efficiently with a simple protocol of opening questions posed by the negotiator, and a process for translating the respondents' answers into potential areas of value for exploration.

### **DON'T BE FOOLED BY THE ALLURE OF A NEGOTIATION ARMS RACE**

The negotiation advice on how to fight fire with fire can be very appealing at first. It tries to teach negotiators to play the game of difficult tactics better than their



counterparts. Armed with a new weapon or two, the negotiator re-enters the battle with three possible outcomes: they score a short-term win that raises the other side's shields and kills all hope of creating optimal value; they encounter a similar weapon and arrive at a stalemate; or they find an opponent with an impressive unanticipated weapon and must concede to survive.

Interests-based value creation works best with a strong relationship, but it also works quickly to build trust where there is none. Negotiation training, coaching and facilitation work with leaders and in-tact teams can give negotiators the tools to end the relationship damage and lead the shift from short-term, zero-sum thinking to long-term, pie-expanding opportunity.

## **BUSINESSES MUST USE RELATIONSHIP SAVVY, INTEREST-BASED, VALUE- CREATING APPROACHES TO NEGOTIATION**

Even the most experienced negotiators feel stumped on how to continue improving negotiation results in an increasingly dynamic and competitive market. Now is the time to help them achieve more in the short and long terms through exposure to unconventional negotiation strategies and related skill building.

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