

ESSENTIALS

**NEGO
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INTRODUCTION

NEGOTIATING – EVERYONE IS DOING IT!

In a world where politics seemingly equals bickering, where corporate mergers break or are broken and where collective bargaining is like a public game of chess, we have all become familiar with the concept of negotiation. Not a day passes without some form of negotiation making headlines.

But negotiation affects people in many more than these most obvious ways. The tug-of-war that takes place in the political and business arenas is just the tip of the iceberg. Whether we realize it or not, we constantly engage in negotiation, each and every day. We negotiate about next year's holiday destination. We negotiate about whether the kids can stay up late on Friday night, who will put the rubbish out and who will get first go in the shower tomorrow morning. In meetings at work we negotiate about the way you want a specific project to be carried out, about risks to be taken, tasks to be allocated, even about promotions and pay. At a higher level, we negotiate about strategic development and budgetary decisions.

In essence, negotiation is nothing more and nothing less than a process of interaction for solving problems, making common decisions and, above all, creating opportunities. As such, everyone is a negotiator and, perhaps surprisingly, many of the mechanisms involved in top level negotiation are fundamentally the same as the mechanisms behind negotiating your next salary increase with your boss or discussing a whole range of other matters with your colleagues, partners and children. For this reason it is vital that you understand and are

able to manage the mechanisms on which negotiation is based, so that you can realize your full negotiation potential. This book will help you to do precisely that.

Smart negotiation is important not only because we all negotiate, but also because we need to do it more and more. Research has shown that managers spend more than one third of their time either directly or indirectly engaged in the processes of negotiation or conflict resolution.¹ We must (and may!) negotiate ever more often.

One of the reasons for this is that traditional patterns of authority and hierarchy are rapidly disappearing. As a result, today's managers and leaders are becoming bridge-builders, far more so than the experts or bosses they would have been just a few decades ago. One of their key qualities is that they can lead people towards a consensus. Generation Y is not prepared to participate just because someone in authority tells them to. They need to be convinced of a project or an idea.² Managers and leaders can rely less and less on plain formal authority. They have become negotiating managers, more concerned than ever before with innovation, staff motivation, process management and the reconciliation of differing opinions. At the same time, the opinions of an increasing number of stakeholders need to be taken into account. We are evolving from shareholder capitalism to stakeholder capitalism, in which the main task of the manager is negotiation within the context of multi-stakeholder management. In today's knowledge economy the success of a company is in good part determined by its network of collaborative partners (see also Chapter 5). And again, these rules apply well beyond the corporate management that we use as the most obvious example here. Also as an employee, entrepreneur, parent or relational partner "you don't necessarily get what you deserve, but what you negotiate."³ We must – and should! – negotiate more.

In fact, historically, we can speak of a maturity continuum with regard to our method of collaborating with each other: from depend-

ence to independence and finally to mutual dependence or interdependence. In dependence thinking the focus is external: ‘You must take care of me – I am dependent on you’. In independence thinking the focus is internal: ‘I can do this alone, I don’t need anyone, I will do it my way. My actions will be dictated neither by tradition nor by anyone else!’ In interdependence thinking the focus is on interaction and collaboration: ‘We can work together. We can combine our talents and opportunities.’ In interdependence thinking, the whole is greater than the sum of its parts. It allows us to increase the size of the cake to be shared among the partners.

Yet, while our environment increasingly demands collaborative thinking, our own convictions and negotiating paradigm are typically still on a very different wavelength.

ARE WE DOOMED TO FIGHT?

The world in which we negotiate is hard. It is a world of eat or be eaten. Essentially, we are killer apes – conflict and aggression are built into our genes as an evolutionary survival strategy. The ‘win-win’ argument sounds good in theory, but in practice we are guided by the survival of the fittest. All that protects us as a society from the dictatorship of the strongest is a thin veneer of culture and civilization, right?

The roots of modern biology and our modern industrial system are closely intertwined. Darwin’s discoveries in the 19th century went hand in hand with the development of industrial capitalism. From these intertwined developments, Social Darwinism emerged, which views life as a battle ‘in which those who make it should not let themselves be dragged down by those who don’t.’⁴

Herbert Spencer translated what he saw as the “natural laws” of the right of the strongest into economic and business terminology. Huge numbers of his books were sold⁵ and the great industrialists of the day were quick to adopt his language: “While the law [of com-

petition] may sometimes be hard for the individual, it is the best for the race, because it ensures the survival of the fittest in every department.”⁶ Philosophers also embraced the message: “If evolution and the survival of the fittest be true at all, the destruction of prey and of human rivals must have been among the most important. [...] It is just because human bloodthirstiness is such a primitive part of us that it is so hard to eradicate, especially when a fight or a hunt is promised as part of the fun” (James, 1890).⁷

Already in *Il Principe* (*The Prince*, 1532), the famous book written for the Italian Medici family, Machiavelli had explained to would-be rulers that it is better to be feared than to be loved and that lying is an indispensable weapon in the labyrinthine world of diplomatic intrigue.⁸ In the social sciences, just over a century later Thomas Hobbes argued that man was a wolf towards other men (*homo homini lupus*). Intertwining the roots of our current economic system with biological discoveries finds legitimacy with the architects of modern diplomacy, while at the same time turning the ideas of into clichés.

Within this cultural, philosophical, scientific and economic context, a negotiating paradigm gradually developed of a competitive, ‘every-man-for-himself’, conflict-oriented society. Competition became a natural law, a slogan for the business world that soon came to dominate economic thinking. Implicitly or explicitly, it is still the paradigm that most managers use when negotiating today. ‘Collaboration and trust’ sound great, but are just a bit too naïve.

It should come as no surprise that this attitude is not conducive to fruitful negotiation. Indeed, the figures speak for themselves.

In a US survey, some 85% of all employees confirmed that they were regularly confronted with escalating conflicts in the work place. Asked how these manifested themselves and what the consequences were, 27% answered that the conflicts involved personal insults and attacks.

Of these, one quarter resulted in health problems and absence. Conflicts ranged from bullying (18%) to conflicts among departments (18%). Another 18% mentioned that people regularly leave the organization as a result of conflict, whereas 16% mentioned dismissal and 13% referred to transfers to other departments. Some believed that the inability to manage conflict was a major reason for project failure (9%). Others admitted to avoiding certain colleagues because of differences of opinion (67%). One in four said that they had called in sick to temporarily escape a conflict situation.

The expense to the economy is huge. In 2008, estimations of lost working time due to conflicts in just the United States reached a staggering 359 billion dollars.⁹ Even so, 70% of employees see conflict management and negotiation as critical leadership skills. For 34% of staff and 19% of managers the atmosphere in the work place is the most important factor affecting motivation. This made it the most important determinant for staff and the second most important determinant for managers (after the level of salary).¹⁰ The legal costs of conflicts (including conflicts between companies) were assessed to amount to 5% of gross company income in 2005. They have continued to rise since then.¹¹

Are we doomed to incur these high financial and relational costs? Is there nothing we can do?

A NEW NEGOTIATING PARADIGM

The previous section explained that our current view and practice of negotiation originates and finds legitimacy in the way we see human nature from a biological point of view. But is this view correct? Does the shadow of Machiavelli still stalk every negotiating table? And if so, is this a good thing? Were thinkers like Darwin, Spencer and Hobbes – as founders of the way we think about human interaction and human nature – actually right? Or have we interpreted their conclu-

sions too literally and perhaps bent them slightly to justify existing practice?

Two male apes have just had a fight. It is perfectly possible for them to keep out of each other's way. There is plenty of space. But what do they do? They go and sit next to each other. They don't dare look at each other, but they gradually edge closer and closer. However, before they touch an older female intervenes and tends the wounds of one of the males. When she moves to do the same for the other male, the first one follows her example. (If the first male fails to follow voluntarily, the other apes, particularly the females, will encourage him to do so.) In this way, the second male eventually receives the same care and attention. After a time, the female leaves the two males alone. And what happens now? The two 'enemies' of just a few minutes ago now tend each other's wounds. (From Frans de Waal (2009), biologist, psychologist and one of the world's leading primate experts.)

The current debate in biological circles is characterized by a plea from leading biologists to move away from ideas that have either become obsolete or were incorrectly interpreted in the past. They are particularly up in arms against many popular scientific (mis)interpretations. Consider, for example, the complaint made by the victims of hurricane Katrina in New Orleans, who asked why they had been "left behind like animals", a complaint quoted in national and international media the following day. It says a lot about the way we view nature, but in fact animals do not necessarily leave each other behind during a crisis. The 'ape in us' is much more humane than we sometimes think.¹² Every discussion of human society makes huge assumptions about human nature. Such assumptions are often presented as if they come right out of a biology class where, in fact, they rarely belong.

Yes, we are social animals who are driven by incentives and focused on status, territory, victory and survival. But precisely because we are social animals, our human nature is also cooperative, empathic and equipped with a sense of justice. In fact, our biological ancestors, who

determine this 'human' nature, spent about 95% of their time in collaborative activities. They did not survive by keeping everything for themselves or eliminating others. They survived by cooperating and sharing.

Back to apes... in an experiment where melons were given to only a limited number from a larger group, the lucky apes shared the melons around, so that everyone got something to eat. In fact this prompted the cameraman who filmed the experiment to exclaim: 'I wish my children could see this! They might actually learn something!' 'Fairness' also plays a role in social behaviour in apes. If you give two apes a different reward for performing the same task, the ape that is offered the smallest reward will invariably refuse it – just like most humans would.

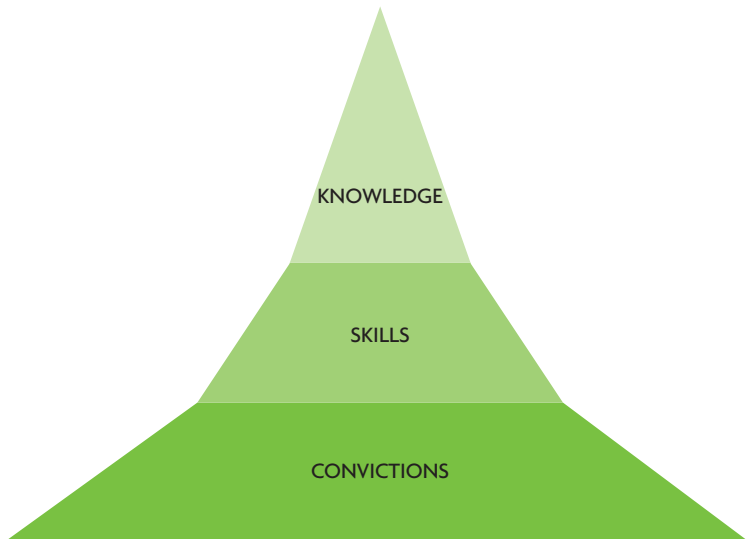
It is for this reason that De Waal claims that aggression is not our only innate characteristic. We are also born with a number of mechanisms that allow us to cooperate with others, keep conflicts under control, channel hostility and solve problems. These mechanisms are just as natural as our aggressive tendencies. Of course, competition and the right of the strongest are also a part of the same story, but people cannot survive in exclusively competitive conditions. If conflict is the only valid strategy for survival, at the end of the day only the very strongest will survive, enjoying a very lonely existence! Fortunately, we have a choice: a choice between the belligerent or the cooperative sides of our nature. Which side will we choose? Which side do we want to nourish and strengthen?

Economists and political scientists frequently base their collaboration and interaction models on a supposed never-ending struggle in nature. Moreover, on the basis of these simplistic assumptions they then make prescriptive deductions about the type of negotiating behaviour that is realistic and successful. As a result, we often fall victim to a self-fulfilling prophecy. If you are convinced that man is defined by

the ‘survival of the fittest’ paradigm, you will negotiate from this perspective. After all, you would not want to appear naïve. In this way you further confirm the paradigm.

What we need is another paradigm – a new and more intelligent way of negotiating.

This in turn requires a radical review of our assumptions about human nature and the basic attitudes and convictions from which we negotiate. After all, negotiation is not just a way to reach joint decisions on matters of common interest. It is also a habit. A habit is defined by three different dimensions: what we think (our convictions), what we know (our knowledge) and what we can do (our skills).



Our convictions form the basis for our habits. They determine how we use our knowledge and skills. In turn, our skills are the outward expression of our knowledge in practice. It is therefore not sufficient to know what we should do differently. We also need to know *how* we

can do it differently. And we must also be convinced that this different way of doing things is better.

To negotiate more intelligently, we need to change our negotiating habits. This implies that we need to adjust all three dimensions.

NEGOTIATING IN STYLE – THE NEW NEGOTIATING CULTURE

The habitual negotiating behaviour of a person is characterized by a personal style or strategy. What are the most common styles and what do they mean for your negotiating strengths and development opportunities? Which strategy leads to smarter negotiation?

We can position the different negotiating styles on two universal negotiating dimensions: the level of importance you attach to your negotiating objective against the level of importance you attach to your negotiating relationship (see the schedule below).¹³

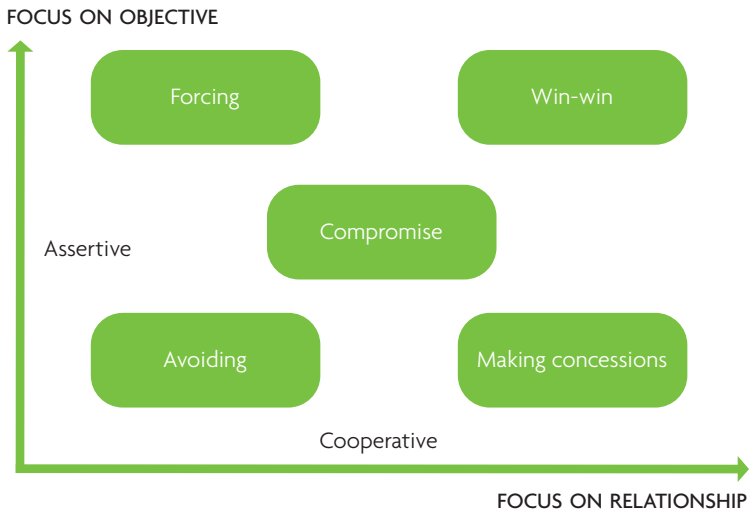
It is along these two axes that negotiators follow their own negotiation pathways. Imagine that your partner want to spend your holidays at the seaside, whereas you want to go to the mountains. You are goal-oriented. You always go 100% for your objectives and you are not afraid to impose your opinion on others. Consequently, you will act assertively to ensure that that your holiday takes place in the Alps rather than in Biarritz – besides, you know that your partner will really love it when you get there!

If, however, your relationship is your primary concern and if you are someone who likes to ensure harmony, you will be more likely to give in. ('If it makes you happy, it makes me happy; so let's go to the seaside.')

If you suggest a week by the sea and a week in the mountains, you are a compromise-seeker. If you find all these discussions about holiday destinations tiresome or you want to avoid conflicts at all costs, you

may just try to avoid taking a decision – hopefully things will sort themselves out.

In these examples we can quite easily recognise a few different types of negotiator: the attacker, the pleaser, the compromiser and the avoider. While some of our behaviour depends on the specific situation, each of us is inclined to use one particular style more readily, more comfortably and more frequently than others. This preference – which is often unconscious – has its origins in our personality, our upbringing and our experience.



Each negotiating style has advantages and disadvantages. An attacker may regularly win if his style has no future implications – for example, if he is negotiating to buy a house (the chances that he will buy a house more than once from the same person are very small). He will also be effective in crisis management or when dealing with absolute priorities – the ‘must-haves’ of negotiations.

Of course, there is a price tag to aggressive negotiations in terms of relationships. If the level of mutual dependence among the negotiating parties is high, an aggressive approach will have a negative effect on negotiating results in the long term. The other party may eventually feel that he is being put under pressure to concede more than is reasonable, so that he decides to break off the negotiations entirely. In these circumstances, the attacker will be left behind with empty hands. Perhaps it is wiser to take heed of the following advice: “My father said: ‘You must never try to make all the money that’s in a deal. Let the other fellow make some money too, because if you have a reputation for always making all the money, you won’t have many deals.’” (John Paul Getty).

THE ATTACKER

“NEGOTIATIONS ARE A EUPHEMISM FOR CAPITULATION, IF THE SHADOW OF POWER IS NOT CAST ACROSS THE BARGAINING TABLE.”

(George Schultz)

The attacker’s objectives are sacred. He wants to win at all costs, even if this risks jeopardizing his relationship with the other side. He is competitive and likes to push through his own desires, if necessary to the point of aggressiveness. He is prepared to intimidate, threaten and use trick questions to try and throw his negotiating partner off balance. Similarly, he seeks fallacies in the other side’s arguments. For him, negotiation is a question of winning or losing. There is no middle ground.

The pleaser is prepared to lose, if this allows him to maintain harmonious relations with the other side. This can sometimes be a good investment, which creates a valuable reserve of goodwill. This is particularly true in negotiations where the subject under discussion is more important for his negotiating partner than for himself or in situations where he knows he is wrong or has no real perspective of making progress. However, it is important not to overdo things. It is nice to have goodwill, but the pleaser risks living his life in poverty if he adopts this style too often.

THE PLEASER

‘THE ONE SURE WAY TO CONCILIATE A TIGER IS TO ALLOW ONESELF TO BE DEVoured.’

(Konrad Adenauer)

The pleaser is the opposite of the attacker. For him, the relationship is the most crucial thing, and this is where he invests his time and effort, even if this works to the disadvantage of himself and his own objectives. Harmony and the preservation of the relationship are more important than a fair negotiation outcome. The pleaser therefore adopts a lose-win style.

The avoider simply runs away from difficult situations. Sometimes, this can be a useful strategic approach. Consider, for example, the Cuban Missile Crisis in 1962, when the Americans discovered that the Soviet Union was attempting to install nuclear weapons in communist Cuba. The archives show that at one point during the crisis the Russian president, Nikita Khrushchev, sent two telex messages to his American counterpart, John F. Kennedy. One offered a possible way to avoid an escalation of the conflict while the other offered no hope of a peaceful settlement. Kennedy simply ignored the second telex and only answered the first one. It worked, with both sides making important concessions as a result. In other words: it is sometimes possible to steer a debate in a positive direction by ignoring some of the things your negotiating partner says and focusing instead on other, more positive comments. However, if you consistently avoid the key matters, you may miss crucial opportunities or, even worse, allow problems to grow uncontrollably and as such make them only more difficult to solve in the future.

THE AVOIDER

‘DIPLOMACY IS MORE THAN SAYING OR DOING THE RIGHT THINGS AT THE RIGHT TIME; IT IS AVOIDING SAYING OR DOING THE WRONG THINGS AT ANY TIME.’

(Bo Bennett)

The avoider invests in neither the relationship nor the negotiating outcome. He understands the art of waiting, of diplomatically steering away from delicate subjects and of postponing challenges. He has the ability to pull out of a threatening situation. But he rarely makes it to the negotiating table. His motto is: ‘he who fights and runs away, lives to fight another day.’

The compromiser steers towards quick decisions by formulating solutions that are acceptable to large numbers of parties to a debate. This is often what happens, for example, in the United Nations. The major disadvantage of this is that no one ends up fully satisfied with the resulting compromise. Compromises are rarely sustainable. The results are sub-optimal with much of the potential for achievements left unutilised. A classic example concerns the endless discussions on federal state reforms in Belgium: compromises are occasionally reached, but the heart of the matter is never satisfactorily solved.

THE COMPROMISER

‘EVER NEGOTIATE WITH LAWYERS AT A HUGE COMPANY? IF THEY SAW YOU DROWNING 100 FEET FROM THE SHORE, THEY’D THROW YOU A 51-FOOT ROPE AND SAY THEY WENT MORE THAN HALFWAY.’

(Paul Somerson)

For the compromiser, the relationship and the outcome are both important, but to a limited degree. The compromiser seeks to find solutions that will keep everyone happy by splitting the differences between them. This means making concessions or adopting a middle position. It can lead to quick results, but only satisfies the interests of the negotiating parties in part, never in full.

Unfortunately, we tend to think that we can only optimize one dimension at the expense of another dimension. If we focus on our objectives, we will damage our relationships. If we focus on our relationships, we will damage our objectives.

But does this thought actually correspond with the reality? Is there no negotiating method or style that will allow us to take account of both relationships and our objectives? A style that will keep us at the negotiating table until we reach a solution that offers maximum possible benefit to both sides? The four negotiating styles mentioned above keep us trapped in a cycle of distributive negotiations: we are only concerned with how we can share the available cake and not with the key question: how can we increase the size of the cake? Negotiation is about more than merely solving problems. Negotiation is first and foremost about creating value and opportunities. But how can we do this?

WIN-WIN AND NEGOTIATION INTELLIGENCE (NQ®)

‘ANY BUSINESS ARRANGEMENT THAT IS NOT PROFITABLE TO THE OTHER PERSON WILL IN THE END PROVE UNPROFITABLE FOR YOU. THE BARGAIN THAT YIELDS MUTUAL SATISFACTION IS THE ONLY ONE THAT IS APT TO BE REPEATED.’

(B.C. FORBES)

The answer to the above question is to be found in the concept of mutual gain or win-win negotiations. While every style has its merits, if used consciously and with reference to the specific circumstances, only the win-win style can produce optimal results for all parties at the negotiating table. This is certainly the case if the negotiations in question are not just a one-off event, but are part of a process that is repeated in the future.¹⁴