

The Nature of Negotiations

By Frederick Bates, Ph.D.



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Negotiation

When two or more parties, each of whom is seen as controlling some resource which the other desires, confer to reach an agreement on mutual exchange of the resources.

About the Author:

Fred Bates is a Senior Consultant, Trainer and Subject Matter Expert with BTS, Inc. From high-profile corporate executives to start-up business entrepreneurs, Fred has worked with hundreds of customers in the area of behavioral change management with particular emphasis on negotiations and mediation. Fred has most recently applied his subject matter expertise to the design of BTS's Collaborative Negotiations program and computer-based simulation. He is currently facilitating this program.

Negotiations occur everyday. Each of us participates in daily negotiations to the extent that we are with another individual. We negotiate both inside, as well as outside, our organizations. We negotiate with our manager about a specific task or about an increase; we negotiate with a neighborhood teenager about the fee for mowing our lawn; and we negotiate with our spouse and children on topics too numerous to mention. Yet many of us, if asked to participate in negotiations for achieving some specific outcomes or objectives, especially for our organization, would prefer to let someone else do it. When asked why, most people respond that they do not like the pressure of negotiation and/or they feel uncomfortable with the conflict that is often generated during the negotiation. It doesn't have to be that way; negotiations evolve depending on the skill level of the participants and on the approach they choose to pursue. The truly skilled negotiator adapts an approach of partnering with the other party and focuses on developing a collaborative approach to resolve the issues. In that regard, they look at negotiations in the following manner.

Bargaining

The concept of negotiation is positioned along a continuum that is anchored at one end with a style known as "bargaining" and at the other end with a style called "collaborative problem solving". All negotiations fall somewhere along this continuum, but the most effective ones are anchored around the collaborative style. However, since the majority of negotiations are described as conflictual, it would appear that most fall closer to the bargaining end of the continuum. In a bargaining situation, the focus is on a single issue, and that issue is usually money. If a negotiation is focused on a single issue there is only one potential outcome—someone must win and someone must lose; therefore, there is conflict to win your side of the argument—to get your cost or pricing objective met. Of course, if the other party is playing the same game, it may result in neither of you achieving your objective and you both lose; not an acceptable outcome to anyone.

In a bargaining situation the focus is on self-interest and the party demonstrating this approach typically shows no concern for building a relationship with the other party. Instead, the primary focus is simply on getting what you want, generally at the other party's expense. Such a mentality results in the loss of the relationship, or the inability to grow a relationship, sets a negative stage for any future sessions, and results in a less than favorable outcome. So how does one avoid such a negative outcome? By focusing on the skills and process needed to move the negotiation up the continuum toward the collaborative problem solving approach. This is where the most skilled and effective negotiators reside.

What people are saying about the skills learned from BTS's Collaborative Negotiations™ Program:

"I saved my company over \$375,000 by applying these techniques; I plan to save them a lot more with this approach."

"Why didn't you teach these people this skill years ago, it would have made our relationship so much better?" (from the Customer of a Participant)

"My customer relationships have dramatically improved since taking this program."

"One of the most impactful and value-added programs I have ever attended."

"I have new skills and a new approach. I'm going for a new record of successes!"

Collaborative Problem-Solving

The foci of negotiators within the collaborative problem solving style are on both self-interest and the relationship; multiple issues allowing for trade-offs and compromises; and on a win-win outcome for both parties. When entering into a negotiation, the collaborative problem solving negotiator considers two key objectives—optimizing the outcomes (for both parties) and on building and/or maintaining a long-term relationship with the other party. They consider all their decisions and proposals in view of these two objectives. Maintaining focus on these objectives and using the collaborative problem solving style results in the creation of win-win outcomes, the formation of strong relationships, increased opportunities for continued or renewal business, more referrals, and enhanced more profitable deals for both parties. When considered in this light, it is difficult to imagine why more negotiators do not attempt to learn this approach!

The Continuum

It is important to not think that just because a negotiator uses the collaborative problem solving approach that all conflict is erased. If no conflict existed, there would be no reason to negotiate; each party would simply give the other party what they required. All negotiations can be placed somewhere along the continuum between bargaining and collaborative problem solving; the important consideration is to determine where they fall. The overall aim for all negotiators should be to move as close to collaborative problem solving as possible.

Optimize Outcomes

About BTS:

Founded in 1985 in Stockholm, Sweden, BTS is a fast-growing, entrepreneurial business consulting firm with a global clientele. Our mission: to support leading corporations in implementing change and profit improvements. By building knowledge and skills, sharpening business acumen and enhancing performance and focusing on profitability drivers, BTS helps its clients compete successfully in a demanding, global marketplace. Visit www.bts.com



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