

Real Negotiations

To

Eva, my wife, for love, laughs, patience, generally holding the fort, and outstanding sustenance

and

Johannes, my Dad, for getting everything started and a lifetime of unwavering support

Robert Ibsen

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Robert Ibsen
Gelstrup, May 2014

INTRODUCTION

Everybody negotiates, every day, with quite a few of the people they meet. Some negotiate full-time as professional negotiators and some negotiate on and off as part of their jobs. We all negotiate, now and then, to get the most out of life in general. We may negotiate for different reasons, at different times and with different objectives – but at the end of the day, we all negotiate – voluntarily or not.

This book has primarily been written with future professional negotiators in mind. In a few years, students enrolled in a large variety of study programmes will be the new generation of negotiators. They will fall into two groups, as indicated above:

- Staff with a business card saying ‘Lead Negotiator’, ‘Key Account Manager’, ‘Purchasing Officer’, ‘Sales Manager’ or any number of job titles along those lines. This would include staff performing a wide variety of activities all somehow grounded in buying and selling.
- Everybody else in a company, irrespective of position or organisation, interacting with colleagues or external stakeholders. Any staff member will land in situations where agreements must be made, plans must be settled on, interests and strategies must be aligned and so on. These activities include anything from day-to-day co-ordination and getting the relevant people on board in project management and numerous related activities.

However, current professionals in any kind of company, organization or association will also be able to benefit from reading this book – irrespective of how much experience they might have.

KEY CONTENTS

Given this book's expected readers, the emphasis is firmly on the application of negotiation skills and related skills and capabilities relevant for a competent negotiator. Focus is on usability and applicability – the contents are a reflection of what real negotiators say they need to know and need to be very good at.

This means that the emphasis of this book is not on a review of the existing literature in the field of negotiations. The objective is to provide readers with a background understanding of the field and the tools needed to sit down at the negotiation table – in the real world.

Most of the important points of this book have been 'road-tested' for more than a decade on professional negotiators from a wide range of international companies of different sizes.

On top of that, the contents have been 'class-room tested' for more than two decades on students in a wide variety of study programmes at Universities and Business Schools.

In other words, this book strives to help the reader build the competences that negotiators must have and an understanding of factors that have the potential to impact on a negotiator's performance. The reader will be presented with:

- Vital performance drivers for good results and improved relationships
- Important complexity drivers that may impact on the negotiation process, the negotiator's performance at the negotiation table, the result as well as the relationship between the negotiators and their companies

The contents of this book have been pared to the bone. Frankly, it would have been easier and probably faster to write a book twice as long but students, as well as professionals, seem to have little time for what they may see as mostly 'nice to know'. Understandably, they like to focus on useful take-home learning points and generally 'cutting to the chase'.

Consequently this book presents the necessary framework for understanding the drivers of the all-important strategy choice, how to prepare the negotiation and how to manage the negotiation process in order to meet the chosen objectives. Additionally, the book highlights aspects that very often stand in the way of a successful negotiation, i.e. communication tactics and factors that very frequently make negotiations much more complex than necessary.

To further concentrate the focus on actual negotiating – instead of merely providing information about negotiation theory – the book contains a large number of dos and don'ts underpinning, and supplementing, key issues and learning points.

Some points in this book may appear to be little more than common sense – and then again, there is good deal more to doing well in a negotiation than just plain common sense.

What the reader should bear in mind is that it is fairly easy to lean back in one's armchair, while reading a section in this book, thinking 'Honestly, how hard can it be?'

Any professional negotiator will, without a moment's hesitation, tell you that it is a good deal more difficult, in real life, to get most of the points in this book right on the day while 1) sitting at the negotiation table, 2) under time pressure, 3) with a substantial amount of money on the table, 4) on the fourth day of negotiating, 5) speaking a language that may be different from one's own, 6) perhaps in a very different environment, culture and climate, 7) possibly sitting alone at one side of the table with four counterparts at the other side of the table, 8) while possibly having one's next promotion riding on a successful outcome.

An obvious analogy to the two scenarios – i.e. sitting comfortably in an armchair or at the negotiation table – could come from the world of sports, soccer for example. Very few spectators – in their own mind – would have fumbled that 'potential equalizer' and '2-minutes-into-injury-time' penalty kick that their favourite player just did. Performing and doing well at the frontline, in real 'battle', is just that little bit harder than merely visualizing oneself doing it in the comfort of

one's armchair. Mind you, there is nothing as such wrong with common sense – as somebody once said: 'Common sense is nowhere near as common as it should be.'

CONTENTS FLOW

Naturally, in the real world, everything is interconnected – but a book must be read sequentially, one page and one chapter at a time. This is the progression chosen for this book:

Chapter 1: Provides a helicopter overview of the negotiation process, the demands on real-life negotiators, certain myths about negotiations and what it takes to be, and stay, a good negotiator.

Chapter 2: Outlines the basic concepts of negotiations, including interests versus positions and zero-sum versus positive-sum perspectives.

Chapter 3: Deals with the vital choice of a suitable negotiation strategy, and what must drive that choice. This is done before the negotiator sits down at the negotiation table.

Chapter 4: Highlights important tactics at the negotiation table and how to manage the negotiation process.

Chapter 5: Highlights important aspects of the communication process at the table; how to optimize communication to get others on board.

Chapter 6: Takes a look at how intercultural differences can impact on negotiations and how to prepare for them.

Chapter 7: Discusses the role of personality in negotiations and why a realistic self-perception is key to a good performance at the negotiation table.

Chapter 8: Provides an overview of a number of fallacies and cognitive biases which negotiators often struggle with – and how to avoid being unduly influenced by them.

Chapter 9: Highlights unethical behaviour, tricks and ploys used at the negotiation table, how to spot them and deal with them.

Chapter 10: Offers a toolbox: a review of some of the key elements from the book, checklists for preparing and evaluating a negotiation.

These ten chapters make up the ‘pared-to-the-bone’ version of what it takes to be a competent negotiator.

CHAPTER 1

SETTING THE SCENE

EVERYBODY NEGOTIATES - EVERY DAY

As mentioned in the Introduction, we all negotiate every day. Whenever we want something, and other people are somehow involved, we will most likely have to negotiate – even though we may not think of what we are doing as negotiating, strictly speaking. However, only a person living an entirely solitary life, like a modern-day Robinson Crusoe will be able to avoid situations where people see things differently and interests vary – while decisions must be made and some sort of agreement will be necessary.

In other words, any situation, where more than one person is involved, can give rise to a negotiation. However, most people do not seem to be conscious of how they actually negotiate on a daily basis. Examples could be everyday discussions such as:

- what teenagers should do in order to stay out late next Saturday
- which film to watch at the cinema
- where to go on holiday next summer
- who will cook dinner tomorrow evening

Negotiations take place in the workplace every day – between colleagues, between staff and management and with external stakeholders. In a professional and commercial setting the focus of the negotiation could be on any, and all, terms relating to the exchange of goods and services between companies or between companies and individuals. Obviously, negotiations take place every hour every day on the political scene, be it locally, nationally or in the world of diplomacy and international relations.

There is virtually no end to the number of definitions when it comes to describing the nature and variety of negotiations:

- Negotiations is what comes before and after armed conflict
- Negotiation is an unarmed and civilized form of conflict

What these definitions have in common is that they highlight how negotiation is a potential alternative to armed confrontation and how most wars have been preceded and succeeded by negotiations. One indication of this is the very large number of books written on international conflicts and attempts, successful or otherwise, at resolving them.

In essence, people negotiate when they somehow depend on somebody else and/or they want different things – in other words, when there is something they disagree about. Not all negotiations lead to a positive result, so a negotiation could be described as ‘a process where the people involved, wanting different things, make an effort to move towards an agreement’.

Many negotiations are very complex, involving multiple parties and covering a wide range of issues. Such negotiations may also be geographically fragmented and stretch across a long period of time. A number of factors may contribute to the complexity of the negotiation and some of them will be dealt with in Chapters 6-9.

This leaves us with another definition, which neatly incorporates how a negotiator must ‘juggle’ numerous issues all at once:

! Negotiation is the art of managing movements on multiple dimensions.

AN OVERVIEW OF THE NEGOTIATION PROCESS

The negotiation process can be split into three main phases, as appears from Figure 1.1.

- The preparation – steps 1 to 3 – takes place ‘before-the-table’, meaning before the negotiation starts.
- The negotiation – step 4 – is the actual negotiation ‘at-the-table’.
- The evaluation – step 5 – takes place ‘after-the-table’, meaning after the negotiation is over, where the negotiator reflects on the negotiation and evaluates the result, the process etc.

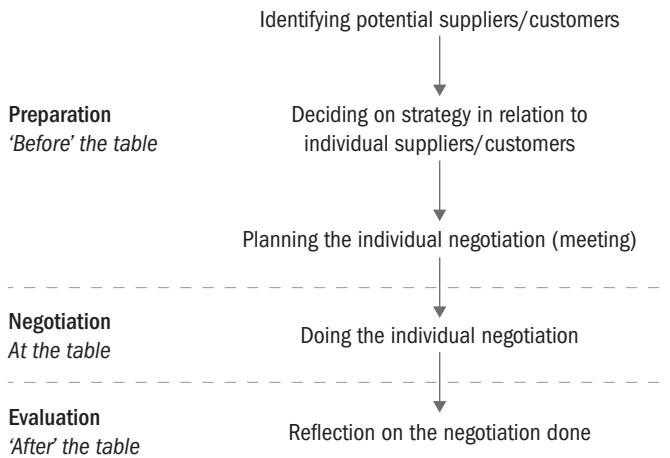


Figure 1.1. The three main phases of a commercial negotiation.

The preparation phase

The preparation phase includes:

- identifying your own interests
- scanning the market for potential customers or suppliers as well as identifying and analysing the information retrieved about markets, potential suppliers or customers etc.
- designing a strategy to be used in the negotiation with potential suppliers or customers – this strategy must be adapted vis-à-vis each supplier or customer depending on a number of factors, which will be highlighted in Chapter 3

- planning meetings with potential suppliers or customers – each meeting must be planned, as they will all be different

Key requirements in the preparation phase are a will to prepare and analytical skills. The good news to the diligent and careful negotiator is that the quality of the outcome of the negotiation, whichever way this is measured, is in direct proportion to the time and effort expended on the preparation. As Robert Bordone (Bordone 2008) puts it: ‘Are you prepared to prepare?’ Careful preparation is by far the best value driver for the outcome of the negotiation.

The most expensive place to learn and collect information is at the negotiation table. Doing so during preparation is much less costly. Preparation is where most good outcomes are facilitated and where most organisations and negotiators fail.

For the negotiator, the vital capabilities, during the preparation phase include:

- An understanding of own and the counterpart’s interests
- An understanding of own and the counterpart’s alternatives
- A correct and realistic choice of strategy objectives and tactics
- A careful and realistic mapping of possible scenarios and outcomes with a view to enhancing creativity at the table

The negotiation phase

The actual negotiation phase is the process ‘at-the-table’. This covers the decisions made, and actions taken, throughout the negotiation at the negotiating table. Chapter 4 deals with this phase and how to manage the negotiation process.

The vital capabilities for the negotiator during the negotiation phase include:

- An ability to manage the negotiation process (jointly with the counterpart) using relevant and ethical tactics.

- An ability stay focused.
- An ability to be creative when needed.
- A realistic self-perception and a healthy dose of empathy.

The evaluation phase

The third and last phase of the total process covers an evaluation after the completion of the negotiation, i.e. ‘after having sat at the table’. This phase is seriously undervalued by many negotiators for a variety of reasons, including a busy schedule and perhaps little appetite for contemplating what could, perhaps, in reality have been done better.

Most people occasionally try to avoid looking reality too much in the eye when they have not performed in the way they had hoped for. A classic would be the handball coach explaining a defeat by referring to ‘blind referees’, ‘violent opponents’ and ‘an unenthusiastic crowd’. A win is typically explained by ‘having chosen the right strategy’, ‘focused teamwork’ etc. In the words of John F. Kennedy: ‘Victory has a thousand fathers, but defeat is an orphan.’

Realistically, reviewing the finished negotiation – process as well as result – will enable a negotiator to reflect, learn, fine-tune and improve his/her approach with a view to future negotiations. In business, a flat learning curve can be very expensive. Chapter 10, the Toolbox, will go into more detail regarding a systematic approach to both preparing and reviewing negotiations using checklist etc.

MYTHS ABOUT NEGOTIATIONS AND NEGOTIATORS

The objective of this book is to enable the reader to become a better negotiator – and everybody *can* become better, irrespective of their current level and competences. In this context, it is relevant to kill off a few myths about negotiations and negotiators that seem to be virtually impossible to root out. These are the five most persistent myths: