

Win-Win Negotiations

Classical thinkers such as Machiavelli recommend a total absence of mercy in negotiation. Subscribers to this philosophy come to the table prepared to crush the enemy at all costs - even if it means using stealth, deception and manipulation to get what they want. This approach works largely because unprepared or naïve counterparts find it difficult to accept the idea that some people are cunning, devious and ruthless.

Coercion has a place in moral society during certain high-stakes interactions, such as hostage negotiations or when national security is on the line. But camouflage and pressure tactics can backfire in business when a negotiator destroys his/her counterpart at the expense of a long-term trusting relationship. Many 21st century negotiators recognise this risk; and instead of leveraging the power of coercion, they use the power of understanding to achieve mutual wins at the negotiation table.

Professor Horacio Falcao¹ suggests a win-win approach to negotiation should be based on a risk/reward standpoint. The salient question is: 'What is the reward of moving fast in trusting (the other party) and what is the risk?' If the deal is small, you can afford to move faster on trust and reap the rewards quicker if you are right. Conversely, you may want to be more cautious when the stakes are higher, because excess trust may just leave you with a problem².

Falcao advocates starting from a place of 'zero trust'. "The beauty of win-win is that you don't need trust to begin with, what is actually needed early on is *interdependence*". This can be established early in the negotiation because as two people come together to negotiate, there's at least an implicit understanding that they need one another to be better off or at least will be better off by working together.

Counter-intuitively, trust is not needed to establish interdependence or to negotiate to a win-win outcome. The key word here is *needed* it helps if you can build trust, but you can survive without it. This is fortunate because most people do not negotiate with people they already trust, and consequently they would never be able to move forward with a win-win approach.

However, before you can negotiate with others you need to negotiate with yourself and understand what is in your best interests. This requires letting go of resentment about the past and dissipating negative emotions such as anger and distrust. When you understand your personal BATNA³, you can let go of negative tactics, and start working towards a YES in the negotiation with the other party. There is no point in destroying them if you destroy yourself in the process. It is far better to hold positive assumptions about life and enjoy the present rather than resenting the past of fearing the future. When you are in this 'zone' saying yes to others is much easier and paradoxically can lead to a better negotiated outcome all round.

This is because every negotiation involves the human elements of trust, emotions, subjectivity, language and collaboration. And we know that there are many advantages to win-win strategies such as long-term business relationships, efficient processes and more value in the outcomes for both sides. The idea of a win-win can be very appealing but needs skill to achieve.

One way to shift towards win-win negotiating and the building of trust is when a win-win negotiation move is adopted by one side, such as proactively sharing information or interests. By taking the initiative of putting one priority on the table, explaining the motivation to do so and sharing your intention to collaborate, then inviting the counterparty to reciprocate the dynamics of the negotiation can be changed and this can yield more value to everyone.

¹ **Value Negotiation: How to finally get the Win-Win right.** See: <http://www.valuenegotiation.com>

² For more on **trust** see: http://www.mosaicprojects.com.au/WhitePapers/WP1030_The_Value_of_Trust.pdf

³ **BATNA** = **B**est **A**lternative **T**o a **N**egotiated **A**greement; ie, the point you walk away from the negotiation because there is a better alternative.



Win-win is a positive negotiating stance focused on constantly trying to build value by making positive moves in the negotiation that can also benefit the other side; but only if they ‘work with you’. The fundamental basics of a good negotiation remain such as preparation and understanding your objectives⁴, what’s different is the means used to obtain those objectives.

Effective Win-Win Strategies

By committing to a win-win process rather than the outcome, the negotiator focuses on what is within his or her control. An effective negotiator cannot commit a win-win outcome because it can not be guaranteed, but can commit to preparing and following a negotiation process that is in the spirit of a win-win by using these approaches:

- **Interdependence** – As discussed above, the strategy for an effective win-win negotiator is to promote interdependence rather than trust. Interdependence is very effective because it is built on the understanding of both parties that it is in their self-interest to work together.
- **Proactive learning** – Rather than just listening to the other party, or even ‘active listening’, to remain in the driving seat of a negotiation, one has to master the skill of proactive learning. This emphasises a *question first* approach, allowing the negotiator to lead the process in a direction that will maximise learning and improve decision-making⁵.
- **Be translucent rather than transparent** - Being translucent means revealing just enough information on substance for the counterparty to be motivated to reach a mutually beneficial outcome; this is consistent with avoiding power play and unethical pitfalls as well as not feeling pressured to reveal everything. You do not need to be transparent on your feelings or relationship with the other party.
- **Be reasonable** – An effective negotiator will be reasonable, which means finding a common meaning that is validated within each party's value system. A move that lacks such common meaning might be considered unilateral and thus rejected by the other. The concept of ‘fairness’ is often subjective, exclusive or seen differently depending on a situation, therefore it is not always effective in a win-win negotiation?
- **Be positive** – A positive (not naïve) negotiator initiates a balanced, value-focused dialogue where exchanges get progressively larger as the counterparty reciprocates. This encourages reciprocation and maximises both parties' value. Being unduly ‘nice’ expects reciprocation rather than earning it and may be misinterpreted as a sign of weakness or conversely as a sign of arrogance, which would invite undesirable power moves.
- **Be loyal** – to the negotiation process, which is consistent with being collaborative and positive towards your counterparty rather than trying to be faithful to your negotiating counterparty. Faithfulness to the other person risks manipulation on their part, induces confusion between the relationship and substance aspects of the negotiation and could negatively affect one's relationship with the counterparty if the negotiation turns sour

Win-Win -v- Win-Lose

A win-win approach can deliver higher value at lower risk than a win-lose scenario.

- A win-lose approach focuses on obtaining power over the opposing party. Both parties treat the other as an enemy and try to use power to bully other side into a losing position. This is not so bad if you ‘win’ but at least 50% of all parties in a disputed negotiation lose. Sometimes everyone loses.

⁴ For more on **negotiating** see: http://www.mosaicprojects.com.au/WhitePapers/WP1024_Negotiating.pdf

⁵ For more on **active listening and effective questions** see: http://www.mosaicprojects.com.au/WhitePapers/WP1012_Active_Listening.pdf



- A win-win approach focuses on good communication to develop more value, and hence the interests of both parties can be satisfied. Value negotiations focus on creating value and away from power. Focusing on gaining power will not guarantee value whereas creating value will.

Implemented correctly, a win-win approach can be a momentum-building exercise:

- I start persuading you little by little by example, and leading by my own behaviour that you don't have to fear me.
- Therefore, you don't have to defend yourself because I'm not attacking you.
- Therefore you don't have to resist and you don't have to bring your power to the table because I'm not bringing mine. It's not that we don't have the power; we're just not bringing it to the table.
- If we don't have to fight over power, we can cooperate to create a valuable outcome for both of us.

Achieving this outcome, particularly in the face of someone initially focused on win-lose requires courage, integrity and honesty, win-win is not a soft option but can be a very successful option.

Defeating 'hard-ball' opponents

People who insist on playing hardball might not know any other way to negotiate - or it may just be a tactic. Unfortunately, resisting their tactics can be stressful and usually demands high performance practices to change the game. Some potential responses include:

1. **Ignore the coercion.** Classic negotiation sometimes relies on verbal abuse to intimidate or shake the confidence of a counterpart. This tactic can range from yelling to making subtle insults about a counterpart's appearance. One response is to stay calm and pretend you did not hear the abuse. Another response is to call a break, switch topics or ask the person to repeat their message.
2. **Discuss the tactic.** Classic negotiation often relies on stealth and camouflage. One way to disarm crafty negotiators is to label their tactics and indicate awareness of the intended effects. Negotiators who leverage the power of understanding can talk openly about rules of engagement and make the case for mutual respect⁶.
3. **Lead the other.** Open discussion about tactics can lead to discussions about leveraging the power of understanding - especially when both sides can benefit from a long-term relationship of trust. Remember, some people don't know any other way to negotiate so you may need to:
 - Stress the importance of the compatible needs both parties have in common.
 - Describe the possibility of mutually beneficial outcomes.
 - Explain that hardball tactics increase reputational risks and lead to higher costs, lost deals and negative outcomes.
4. **Respond in kind.** In negotiation situations where the deal is a single transaction and a relationship is not the top concern, negotiators might want to respond in kind with their own hardball tactics. Remember, once you cross into this territory, it is nearly impossible to return – if you feel this may be a viable option, have a trustworthy replacement negotiation available to take over if 'win-win' re-emerges as an option.
6. **Walk away.** Sometimes the best option, especially when facing a pathological narcissist, is to walk away. Some psychologists assert it is naive to try to handle, manage, contain or channel a narcissist's tactics. Pathological narcissists are, by definition, incapable of teamwork and constructive relationships.

⁶ Unethical (usually bad / bullying) negotiators often feel comfortable lying or cheating to defeat their opponents. If misrepresentations are discovered after a business transaction has started, the victim might need the help of an independent adjudicator post the event. A lawsuit is one example of this type of rights-based approach, which produces a judgment imposed upon the declared winner and loser.

Summary

The reticence towards win-win on the part of many naive negotiators can be attributed to pre-conceived notions about 'good guys' being soft and not winning! Consequently, they consider win-win as a soft option which is a big misconception ... The whole purpose of negotiating is to 'win' as much as possible with the minimum risk. Done properly a win-win approach can create a much larger 'win' for a much smaller risk and allow the other party to win as well reducing the possibility they become an intractable enemy. It really does not matter how much they 'win' what matters is that you win what you need for a successful outcome⁷.

Life is all about choices and choosing a negotiating style is no different. As Falcao says in his book, 'Most people will attribute win-win and win-lose as if the situation was already predefined... I strongly believe that win-win and win-lose is a choice you have on how to address the situation and that making a choice actually empowers us.'

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For more on mediating and negotiating see Mosaic's Disputes Management page: <http://www.mosaicprojects.com.au/Disputes.html>

⁷ For more on **negotiation and setting objective targets** see: http://www.mosaicprojects.com.au/WhitePapers/WP1024_Negotiating.pdf

