Interest-Based Negotiation: Skills for Problem-Solving and Collaboration

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**ESCAPE** the relationship

**FORCE** change through concessions

**FOSTER** change through the relationship

Tactics in a Fostering Strategy

Bargaining
Employ integrative techniques, Information sharing, Problem-solving

Managing Internal Differences
Promote positive affect, Build working relationships

FOSTER

Shaping Intergroup Attitudes
Unify both own & other’s organization

Walton, Gutcher-Gershenfeld & McKersie, Strategic Negotiations, 1994
Conflict

- Is not bad. It tells you something needs fixing. So, fix it.

- Each side is one of the other’s best resources for resolving the issues.

- Can be a source of:
  - Learning
  - Better decision-making
  - Improved working relationship.
Goals for Effective Negotiation

How do you know when you’re negotiating effectively?

A good negotiation is one where ...

A bad negotiation is one where ...

___________________________

___________________________

___________________________

___________________________
Characteristics of a Bad Negotiation

No Settlement is reached because of:
- Destructive interpersonal dynamics
- Failure to discover technical solutions which address each side’s needs

OR

Settlement is reached, but:
- The solutions are not so great
- Full compliance is problematic
- Relationship is damaged
And a Good Negotiation ...

✓ Will it work?
✓ Will people easily go along with it?
✓ Does it provide for an efficient use of resources?
✓ Does it improve the relationship?
✓ Is it better than another alternative?
Negotiation Defined

An interaction by which two or more parties, with some apparent conflict, seek to do better through jointly decided action than they could otherwise do alone.

Outcome Options

→ Complete Failure
  (no agreement; breakdown)

→ One-sided Outcomes
  (one side wins; one loses)

→ Partial Success
  (agreement to compromise)

→ Success
  (joint maximization of each other’s interests)
Bargaining Definitions

Distributive Bargaining

Bargaining to resolve pure conflicts of interest

Adversarial Assumptions

→ For me to win, you must lose – therefore, we compete.

→ To help you is a sign of my weakness and will hurt me.

→ My power comes from opposing, criticizing & beating you.
Bargaining Definitions

Integrative Bargaining
Bargaining to attain objectives that are not in fundamental conflict.

Integrative Conditions
→ Both sides can win without incurring loss
→ Interests of each side overlap or are shared
→ Interests of each side can be dovetailed and met simultaneously.
Positions & Interests

Position

→ Is a single solution to a problem.
→ Frequently unacceptable to the other side.
→ A position is one option.

Interest

→ Is a need, desire, concern.
→ Interests have many solutions.
Flaws in Positional Bargaining

- Ignores the effects of the negotiation process on options invented, considered and chosen.
- Ignores the value of relationship.
- Can promote stubbornness, ill will, distrust.
- Discourages communication of interests needed to realize creative inventive solutions.
Interests

An interest is a **NEED**

- **CONCERN**
- **DESIRE**
- **FEAR**
- **HOPE**

relative to the issue or problem to be solved or resolved.

Interests can be solved/resolved by a **variety of solutions**.

Some of these solutions will be **acceptable to both parties**.

**Negotiation is the search** for jointly acceptable solutions.
Interest-based Approach

Acknowledges each side is one of the other’s best resources for resolving the issue.
Basic Elements of Negotiation

Basic Elements

Power

Rights

Interests

Ury, Brett, and Goldberg,
*Getting Disputes Resolved*, 1988
Outcome Options

Breakdown
One-sided
Compromise
Success
# Transaction Costs

<table>
<thead>
<tr>
<th>Power</th>
<th>Rights</th>
<th>Interests</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Resources Required</strong></td>
<td>Usually high; Time, Money, Stress</td>
<td>Generally costly; Time, Money, Stress</td>
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<tr>
<td><strong>Outcome Satisfaction</strong></td>
<td>One-sided outcomes; the winner</td>
<td>Mixed: not satisfied to highly satisfied</td>
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<tr>
<td><strong>Compliance</strong></td>
<td>As long as power is applied</td>
<td>Until a better opportunity presents itself</td>
</tr>
<tr>
<td><strong>Relationship</strong></td>
<td>Always runs risk of destroying</td>
<td>“One upmanship”</td>
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Interest-based Negotiation

IBN shifts the emphasis in negotiations ...

Adversaries

Advocates for Interests
Reaching Agreement

BATNA

Best Alternative to a Negotiated Agreement

→ Accept negotiated outcome if it is better than your BATNA

→ BATNA = POWER
Lack of confidence in the integrity of the working relationship drives the parties to the least risk position.
Objective Criteria

- Apply to both (all) sides.
- Are independent of the will (power) of either side.
- Are practical and legitimate.
- Should be jointly agreed to.
Interest-based Principles

Separate the People from the Problem

Focus on Interests, not Positions

Generate Multiple Options

Evaluate by Objective Criteria & Interests

Accept Outcome if Superior to BATNA

IBN in Sequence

Move from Positions to Interests
Get Information/Identify Objective Criteria
Reframe Issue as Problem-Solving Question
Generate Options
Evaluate by Interests & Objective Criteria
Craft Options into Offers
Accept if Better than BATNA

Issue
Position
Interests
Options
Offers
Agreement

BATNA
Making the Process Work

Be Soft on the People

Be Hard on the Issue
Making the Process Work

Listening Skills

→ Concentrate
  - Really listen
  - Use paraphrasing

→ Avoid Jumping to Conclusions

→ Practice Empathy
  - Avoid getting defensive
  - Don’t be shocked at what you hear
Making the Process Work

People Issues
Block Access to Information
Negotiating Strategies Compared

Positional Negotiation

→ Open high or low
→ Trade concessions
→ Disguise true feelings – wear a mask
→ Discredit case & claims made by the other party
→ Use tactics to keep the other party off balance
→ Insist on bottom-line

Interest-based Negotiation

→ Use objective standards
→ Choose from many options rather than splitting the difference
→ Speak openly & clearly, describing your interests
→ Make sure the other party feels secure & respected
→ Evaluate negotiated outcome against best alternative away from the table
How can we help them solve their problem in a way that works for us?
Options & Offers

**Options**
- Carry no commitment
- Just ideas
- Come in bunches
- Need to be knit together

**Offers**
- Imply commitment
- Imply trade-offs, if ... then
- Come one at a time
- Solve problem in one swoop
Negotiation as Problem-Solving

→ Work to understand the issue.
→ Get information.
→ Identify solution criteria.
→ Brainstorm multiple options.
→ Select the best one.
To Avoid Conflict Escalation

Don’t be the first to defect from a relationship.

Take every chance to communicate.

Forgive them for making a mistake.

Rush to admit errors.

If they persist, be provocable – flex your BATNA
Interest-based Negotiation

- Issue
- Positions/Initial Solutions
  - Concerns/Interests
  - Information / Learning
  - Criteria
- Options \(\rightarrow\) Offers
- Negotiated Solution
- Better than BATNA

Reframe the Issue as a Problem Solving Question

Check Back
Experience
Implementation
Obstacles

What stands in the way of making IBN work?

- Single Answers
- Assuming a Fixed Pie
- Their Problem is Theirs
- Failing to Get Information
- Too Much Emotion
- Jumping to Conclusions
- Staying in the Box
- Fear of Taking Risks