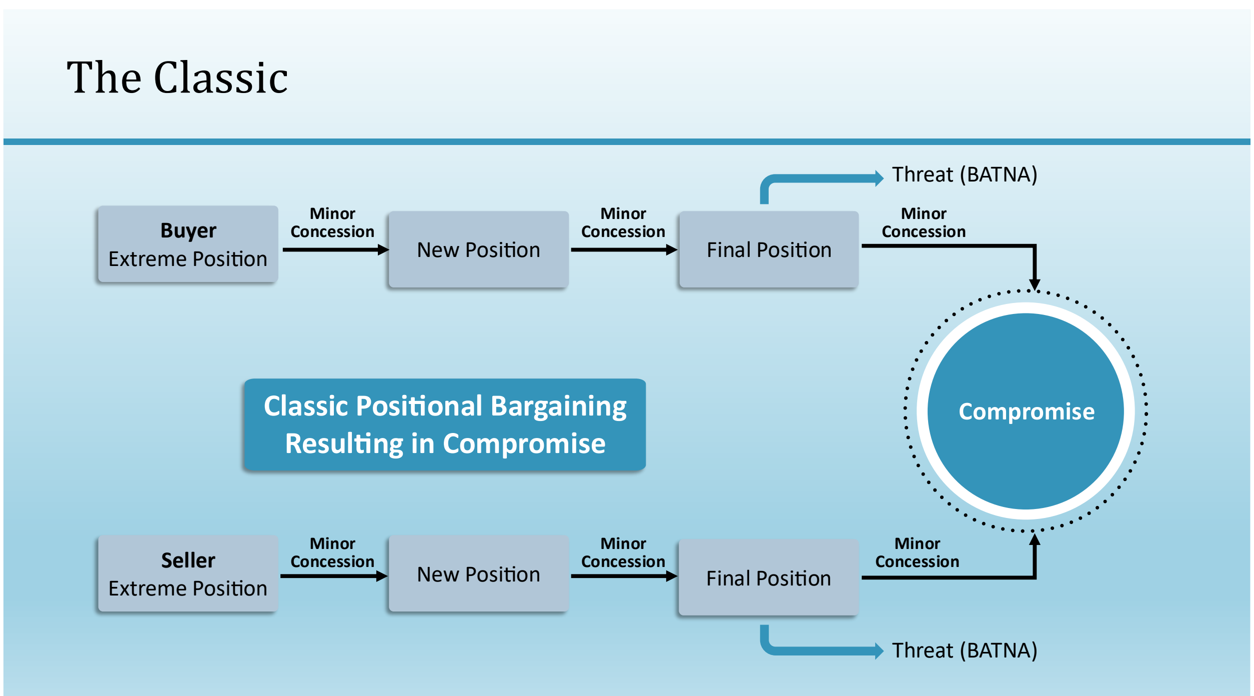
Interests

Seek to Understand Versus Seeking to be Understood

Principled, disciplined, and fact-based negotiators strive to understand the interests of all parties in a negotiation, both those at the table and others who may influence the outcome. Less skilled negotiators fail to prepare, argue over positions, and quickly reach an impasse which yields a fight at, or flight from, the table, and a damaged relationship. The failure to understand the interests of the parties will result in the execution of a suboptimal agreement and the immediate realization that a much better outcome was attainable.

Why do some negotiators miss opportunities to craft better agreements and secure better outcomes? Imagine an iceberg of interests floating in the ocean. Inexperienced negotiators only see what is above the water line. Experienced negotiators dive beneath the surface to explore what is motivating the other party to negotiate and develop options that will meet those interests. Inexperienced negotiators approach negotiations as a battle to be won versus a puzzle to be solved. That orientation yields tension-fraught haggling over opening positions, a fight to reach best-and-final positions, and a game of attrition through which the outcome will emerge somewhere in the middle after both sides have agreed to a stream of minor concessions and a ceremonial splitting of the difference to get to completion.

The “battle to be won” approach is unhelpful because it focuses too heavily on positions, fails to identify options and maximize legitimacy, yields poor communication, and damages the working relationship. This approach is commonly referred to as classic positional bargaining which sounds like, “we’re close enough;” “let’s split the difference;” “you’ve got room to move here;” or “just meet us half-way” and is depicted in the chart below.



<u>Positions Versus Interests</u>

Positions are statements of what a party <u>will</u> or <u>will not</u> do. They are conclusions formed before the negotiation commences and serve as prepared formulations that try to satisfy only one side's interests. When confronted with positions, many people react in one of two ways: fight or flight. Fighters say, "My way or the highway," which often leads to games of chicken and brinksmanship that produce impasses and deals left on the table. Others cave in, believing, "If I don't give in, I am going to lose this deal or this relationship or be hurt somehow." Neither approach leads to optimal deal structures and long-term relationships that endure.

Disciplined negotiators know that interests are fundamentally different from positions. Although positions often look like irreconcilable demands or ultimatums, each party's underlying interests and concerns may in fact harmonize with the other. There are different types of interests, those which are common, conflicting, and different. Inexperienced negotiators who view negotiation as a battle to be won assume the interests of the parties are in conflict and bring that bias to the negotiating table. Experienced negotiators seek out the underlying interests hidden by surface-level positions. They leverage common interests, make appropriate trades regarding differing interests, and use legitimate standards and options to resolve conflicting interests.

Consider the following example: An SCE deal lead has come home after a long day and finds his children fighting over the only orange in the house. Before saying a word, he grabs a large knife, splits the orange down the center, gives one-half to each of his children, and promptly retreats for aspirin and much needed rest. What he fails to see is his son peeling the orange and depositing the rind in the garbage; his underlying interest was the fruit to satisfy his hunger. Conversely, his daughter peels the orange, deposits the fruit in the garbage, and uses the rind to zest cupcakes she is preparing in the kitchen; her underlying interest was the zest and flavor of the orange to complete her cupcake recipe. If the deal lead had simply taken a moment to inquire as to why each of his children wanted the orange, a suboptimal outcome riddled with waste could have been avoided.

<u>Victory Loves Preparation</u>

During the preparation process, identify the interests of all key stakeholders and validate them at the table. Consider asking the following three questions to better understand the underlying interests of the various parties:

1. What interests do the parties have that are common, differing, or conflicting?
2. What financial interests do they have in the outcome? What about political, emotional, or personal interests?
3. What are their short-term and long-term interests? How does time impact their interests?

During the negotiation, consider the following strategies:

1. A good relationship is predicated upon being open, honest, and candid with the other party. To that end, sharing interests will yield a more collaborative discussion and will effectively model for the other party the type of response being sought. Acting unilaterally constructive in this way may be the best way to get an interest-based conversation started.

2. Use inquiry versus advocacy and simply ask, “Why?”

3. Share assumptions and make assertions about the interests of the other party and ask for candid feedback. If the assumptions are incorrect, a correction will result.

4. Remain firm in your interests but flexible in terms of how they are met.

Conclusion

Disciplined negotiators know they must fully understand the interests of every party in the negotiation. Because the entire deal structure is built around interests, misunderstanding them fails to maximize gains and will yield waste and a suboptimal outcome.