

ENTERPRISE

Negotiation must be core capability



Negotiation strategies

■ Raphael E. Lapin

Many organizations treat their negotiations as ad hoc, individual and isolated events rather than approaching them as an integral part of business operations and processes. As a result, there is no standardized and common methodology; those empowered to negotiate on behalf of the organization are not trained; incompetence affects relationships adversely; and value is left unclaimed, as optimal outcomes remain unattained.

Consider the following excerpt from the Harvard Business Review:

“Although the outcome of any single negotiation may not have much effect on a business’ fortunes, the thousands of negotiations a typical company undertakes have, in combination, an enormous impact on its strategy and its bottom line. As partnerships, alliances and other agreements become more important in business, the pressure to treat negotiation as an institutional capability, rather than as a series of discrete events, grows stronger” Harvard Business Review, May-June 1999.

Here are some ideas to help make negotiation a core competency and a corporate capability in your organization.

Design a negotiation system

Many executives are good negotiators but are unable to explain and teach others what it is that they are doing so effectively. They do it intuitively and naturally. Others who do not possess these intuitive and natural skills are left behind in their negotiation capacity, thereby costing the organization enormously by not optimizing negotiated outcomes. To make negotiation a core competency and corporate capability, it is crucial to design a corporate-wide negotiation system,

a road map for negotiations if you will, that is transferable and can easily be taught to others. The system should include a process framework that negotiators can use to prepare for negotiations as well as to conduct the negotiations.

In addition to being useful in building a corporate capability, having a process framework also gives your negotiators a competitive advantage. This is because most negotiators do not have a process, allowing themselves to be led as they react to their counterpart’s tactics, rather than proactively leading with an authentic process of their own.

Designing and implementing a negotiating system requires knowledge and expertise in negotiation as well as in systems thinking. It is therefore helpful to retain an experienced negotiation consulting firm to assist with this.

Provide the necessary training

To be an effective negotiator, one needs a number of different skills-sets, which include relationship and trust building skills; sophisticated communication skills; astute questioning skills; creative problem-solving skills and firm decision making skills. Each of these skills are powerful when they stand alone and also when used all together as an orchestrated whole. A powerful negotiator manages all these skills with careful deliberation as he navigates and guides the negotiations forward.

To adopt negotiation as a core competency and to successfully implement a corporate-wide negotiation system, it is necessary to provide adequate training both for the skills development and the ability to use the process framework intuitively and fluently. It is the combination of an effectual process and refined skills that will make a powerful and sophisticated negotiator.

Here too, an experienced negotiation consulting firm can be helpful in customizing and delivering an impactful training program.

Monitor negotiation effectiveness

An organization in which negotiations are not an integral part of business operations will fail to keep an eye on its negotiation effectiveness. This makes it hard to track corporate loss due to inef-

fective negotiating and to improve performance.

A corporate-wide process framework and common approach which includes guidelines of when to accept or to reject a negotiated proposal, allows for a point of reference whereby to measure negotiation performance both in terms of the process applied and in terms of outcome achieved. To implement an effectiveness monitoring program, we recommend training internal experts who can observe live negotiations for performance evaluation purposes using the process framework as a standard. By then linking these evaluations to incentive programs, negotiators will be motivated to continually learn and improve their skills.

Create a learning environment

We improve our skills through rigorous practice and also by exchanging and discussing our experiences with our colleagues. There are so many negotiations that occur in a business environment which generate a wealth of experience, knowledge and opportunities to learn. Often, those opportunities are left dormant because the organization has neglected to foster an environment of learning and a forum for exchange.

To encourage further learning and growth and to make skilled negotiation part of your organization’s culture, it is imperative to create a learning environment and present a forum such as a database or internal blog whereby your negotiators can exchange their best practices and challenges as they share advice with one another. This will expand your organization’s negotiation capability dramatically.

By strengthening your company’s corporate negotiation capability and by making it an integral part of business operations, you will gain a competitive advantage. You will also increase your bottom line through the accumulated results of better negotiations.

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