

ENTERPRISE

Negotiate objective standards to avoid contest of wills



Negotiation strategies

■ Raphael E. Lapin

Have you ever been in a negotiation which has degenerated into an adversarial contest of wills in which each side asserts their demands while attempting to “beat the other into submission” by engaging in threats and intimidation?

Many of us who have, are well aware that the risks associated with that “style” of negotiation are significant and costly. They include: jeopardizing the relationship; one or more parties feeling exploited; sub-optimal outcomes; and increased chances of reaching a rapid impasse.

To avoid this dangerous contest of wills, we recommend introducing objective standards into the discussions. An objective standard is a standard of fairness and legitimacy which is independent of both party’s will and one which they can both respect. They are powerful tools for producing fair, wise and amicable agreements in any negotiation.

Take the case of John Walker, a senior partner in an IT consulting firm who met with the VP of a large client with the goal of increasing their consulting fees by 12 percent.

“That’s outrageous!” responded the VP. “We were thinking 2 percent.”

The atmosphere immediately became tense as each party dug their heels into their positions with neither side willing to budge. The VP threatened to retain another consulting firm while the consultant threatened to sue

for breach of a three-year contract. They were embroiled in an intractable battle of wills and negotiations were dangerously close to the brink.

Let’s look at how these discussions may have progressed differently had John introduced objective standards rather than just presenting a bare number of 12 percent.

He might have said, “We need to increase our fees and want to make sure that it is fair for both of us. We figured that a 12 percent raise would still put you below the national average of what our other clients are paying us.” John shielded his position by introducing an objective standard of fairness which was the average fee that other clients are paying. This would have made it much harder for the VP to counter with his position of 2 percent and allowing this to become a contest of wills.

Another powerful use of objective standards is as a sword to pierce the other party’s position. In response to the VP’s position of 2 percent, rather than countering with his position, the consultant might have probed for standards that the other party was basing their position on, by asking, “Please help me understand how you arrived at 2 percent.”

The VP might have responded that at the last board meeting, a 2 percent increase in employees’ salaries was agreed upon. His standard then was the board’s decision with regard to employees. Instead of asserting his own position of 12 percent, the consultant could now negotiate the relevancy of that standard. He might ask, “What was the board’s decision for salary raises last year, and the year before?”

He may discover that over the past three years, during which time the consultant did not raise any fees, there was an accumulated employee salary increase of 10 percent and he is now able to use their very standard against them. By seeking the standards the other side

may be using, questioning their relevance, and then using their very own standards against them is an effective way of using standards as a sword to pierce their position while at the same time avoiding a contest of wills.

Objective standards are also useful in helping your counterpart explain to others on their team as to why a particular decision is a fair one. For example, if the VP needed to justify a 12 percent increase to his board, he could make a compelling argument by telling them that even with the increase they would still be paying less than the average that other clients are paying and it is therefore not unreasonable — provided of course that this can be supported by documentation or other credible evidence.

Before entering into a negotiation, it is valuable to prepare and think about what objective standards of fairness you could bring to bear that would help resolve the issue at hand, and how those standards may be applied. During the negotiation, resist the urge to counter their position with yours, and turn the discussion toward objective standards. Introduce yours and seek to understand theirs. Rather than arguing over the positions, negotiate the standards as to which are more relevant and try to agree on those standards. Once you have agreed on standards, it is easy to translate them into dollars, percentages or other values without a bitter contest of wills.

After the negotiation, help your counterpart frame the standards in a way that will help them explain the agreement to their team.

The effective use of this powerful tool will go a long way in making you a polished and sophisticated negotiator.

RAPHAEL LAPIN, a Harvard-trained negotiation specialist, is principal and founder of Conflict Management, Inc., a corporate negotiation consulting and training group based in San Jose. Reach him through the firm’s website at www.conflict-management.net.