
What is a “World-Class Negotiating Organization”?

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In *Built to Win* Larry Susskind and I argue that negotiation competence resides not just in individuals, but in organizations. What do we mean by that? How can an organization be competent in negotiations?

An organization that rises to the level of ‘world-class’ competence in negotiation does six things, in our view.

1. They define success criteria. What defines a “great” negotiation outcome? This sounds easy, but often organizations create narrow definitions (e.g., save money) without specifying their importance relative to other goals like preserving reputations, moving relatively quickly, or not taking on added risk.
2. They align the negotiators’ and implementers’ performance incentives with the definition of success. Again, this seems so obvious, but once success criteria have been carefully laid out, it is often clear that narrow incentives (e.g., sales commissions) might lead to deal outcomes that are actually not optimal for the organization.
3. They use an effective preparation process prior to major negotiations. Among other things, this means engaging relevant stakeholders, and prioritizing among their varied interests, and setting expectations about aspirations and bottom lines.
4. They provide a common language and framework for negotiations, so that negotiators can talk to one another about successes and failures using common concepts and points of reference. One organization we worked with had 87 negotiation courses in their internal catalog, delivered by dozens of vendors, many of whom had no clear theory of negotiation and simply regurgitated various clichéd tactics for tricking the other side.
5. They leverage information and expertise wisely from across the organization, by providing communication and information management tools, and a commitment to organizational learning. Organizations often do not take the small amounts of time that they should to reflect on their experience, analyze deals after the fact, and capture learning about which “moves” during preparation or the negotiations themselves turned out to be important.
6. They support a culture of long-term value creation and relationship building. This last point is a critical one. It points to a common problem that corporations face: the narrow drive toward meeting

quarterly earnings estimates. One of the most interesting parts of research this book was reviewing thinking about “healthiness” in organizations. Organizations that focus on earnings to the detriment of business partnerships, employees, and even customers are slowly incurring more and more risk. (In the book we provide several examples of this coming back to haunt companies.) Organizations that reach agreements while preserving relationships do not incur such risk. Moreover, they often discover opportunities because partners and employees are happy to share them. Over time, this can make a big difference in organizational health.