
Helping Organizations Negotiate More Effectively

[Hal Movius](#) May, 2009 CBI Reports - Spring 2009 Organizations that are “built to win” see each negotiation as a source

of vital information. In this sense, negotiation results can be a core driver of strategy. We see negotiation as a place where “the rubber meets the road” for all kinds of organizations a place where goals, constraints, relationships, strategies, ethics, and learning are all in play. Not every negotiation is critical to organizational success, but organizations that fail to build their capacity to negotiate are at best missing a critical opportunity, and at worst putting their livelihoods in jeopardy.

The last six months have seen enormous upheaval for many kinds of organizations. Spending has been slashed. Critical partnerships and agreements are in the process of being renegotiated. Yet most organizations—businesses, in particular—are not taking the concrete and relatively inexpensive steps that they should to ensure that their most important negotiations go well.

In *Built To Win: Creating A World-Class Negotiating Organization* Larry Susskind and I set forth a nine-step program for becoming a world-class negotiating organization. (See figure 1 on page 3 of the [PDF version of the newsletter](#).) By “world-class” we mean an organization that:

1. Defines specific success criteria so that negotiation outcomes and processes can be evaluated
2. Aligns performance rewards with success criteria
3. Uses an effective preparation process prior to all major negotiations
4. Provides a common language and approach to be used by all negotiators inside the organization
5. Elicits and leverages internal experience and expertise through effective organizational learning, support, and information systems
6. Supports a culture of long-term value creation and relationship building

As may be clear from these criteria, we view negotiation effectiveness as more than the sum of individuals' skills. Our view, based on decades of consulting and training experience, is that most of what accounts for negotiation performance can be traced to whether and how organizations treat negotiation as a core process.

Most organizations assume that by providing off-the-shelf training workshops for individuals (and nothing else), their negotiation effectiveness will improve. What we've seen in our consulting and teaching experience is that negotiation effectiveness must also be thought of in terms of organizational capacity building. If an organization does not have in place a clear and credible process model, as well as the tools, measures, coaching, and mechanisms for continuous learning, individuals are unlikely to be able to use what they have learned. Worse, too many training workshops are led by trainers who have neither a clear theory of negotiation nor of organizational development. Too often they provide only anecdotes and gimmicky tactical advice, and dismiss as "naïve" the assumption that value actually can be created in most negotiations. (We suspect that this may be because they have no idea how to create value in practice.)

As we note in the book, organizations in the United States alone spent almost \$135 billion on employee learning and development in 2007, more than one-third of this money was spent on external services. If we assume—very conservatively—that negotiation training accounted for just one percent of all training, then American organizations spent at least a billion dollars in one year alone on negotiation training.

Suppose you are responsible for improving how the people in your organization negotiate. What are your choices? The most obvious are to provide (online or in-person) training, hire an "expert" to give a talk to your staff, or make available books or articles. Larry Susskind and I suggest a different approach, which is both less costly and more likely to have an impact.

Before intervening, you should make sure to select experts who espouse a credible theory of negotiation, one informed by empirical research and practical success. Beware of providers who have tactics to offer but no theory to build on.

You should then commission a brief “negotiations audit” to understand your organization’s current negotiation performance (we describe how this is done in the book). With the results of the audit in hand, you’ll know how to invest in key organizational improvements and identify sponsors and champions who will support and drive change. All of this should happen before any money is spent on training.

Next, you’ll need to find a way to get your staff to start using a common language about negotiation. We endorse the Mutual Gains Approach, which focuses on careful preparation, value creation, strategies for deciding who gets what without undermining long-term relationships, and techniques for dealing with “predictable surprises.” Training should be appropriately tailored—based on the results of the negotiations audit—and use cases and simulations that provide opportunities for participants to apply new ideas to familiar problems.

It you want participants to apply what they have learned ‘back at the ranch’, without slipping into old routines, you need to identify people inside the organization who can provide timely coaching. You should also think seriously about setting up an intranet “learning portal” that provides access to the analytical tools and templates negotiators will need. Further, consider working with champions to pinpoint incentives that need to be brought into line with best negotiation practices.

Finally, you should anticipate that even if you take all these steps, continuous attention to improvement will still be essential. Your organization will need to commit to learning from its failures (in part by protecting the names and details of any particular case). There are many ways to do this, including a newsletter that presents “disguised” instances of success and failure, along with commentary from company leaders and outside experts.

Organizations that are “built to win” take most of these steps. As a consequence, they achieve better results, more quickly, while preserving reputations and relationships. They are more likely to negotiate in ways that:

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1. Achieve outcomes better for all parties than their no-agreement alternatives
 2. Are efficient in terms of time and resources
 3. Find and exploit differences in their interests to produce joint gains
 4. Generate contracts that are more easily implemented
 5. Manage risks associated with brand and reputation
 6. Make future dealings easier
 7. Reflect the values of the organization.

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