

1 A POSITIVE NEGOTIATION FRAMEWORK

Ask any executives attending a negotiation workshop what they seek, and they will say they came to learn the most potent evidence-based tactics to persuade others and increase profits. More sophisticated negotiators, often more experienced, explain that they are looking to persuade others to cooperate and embrace a win-win approach. Nobody attends to better understand themselves. But those who do learn about themselves reap tremendous returns and subsequently send their teams, even their competitors, to become more effective negotiators from the inside out.

Over the past two decades, I have worked with for-profit and nonprofit executives and their clients to better understand their negotiation challenges. To help them succeed, I have pushed the boundaries of negotiation research and developed a theory of positive negotiation. Whether you are negotiating for *positive results* or simply would like to *feel positive* about the negotiation process, a positive lens illuminates elements of negotiation that frequently go unnoticed. My positive framework broadens and deepens our understanding of the social interactions that constitute the negotiation encounters we experience on a daily basis.

If you work with people, negotiating is one of your most prevalent daily activities—whether you consider it that way or not.

Negotiations definitely include formal mergers and acquisitions, procurement, and sales. More frequently, we negotiate when we brainstorm about ideas, tasks, roles, innovation opportunities, and strategy. A common definition of *negotiation* describes it as a situation in which at least two people interact and decide how to allocate a resource. Sometimes the resource is money, for example price or salary. Other options include time (how much time to spend on a project), roles and responsibilities (who does what), and psychological resources (energy, responsibility, or blame when things get derailed). The way I view the world, it may be more challenging to find an interaction at work that is *not* a negotiation.

For many people, a snapshot of a negotiation includes people wearing business suits, sitting at opposite ends of the executive suite. In the United States, another image is sitting at a car dealership, waiting for the salesperson to return to the desk with a response from the sales manager. But most negotiations are neither so structured nor rigid. Many negotiations do not take place around a *table*. A broader interpretation suggests that negotiations can happen in any place, at any time. They are fluid and often casual.

Executives often learn about the resources on the metaphoric table and the communication across it. The key to negotiating genuinely is examining who you are at the table.

WHO AM I WHEN I NEGOTIATE?

The process of negotiating genuinely begins with the internal question, “Who am I when I negotiate?” Are you only a businessperson representing yourself, or your company, with the sole purpose of maximizing shareholder value? Or perhaps you focus more on stakeholder value? Does being a businessperson lead you to ponder, “To win, do I need to take on an inauthentic negotiation identity?” Many people feel pressured to adopt a style they believe is expected in business.

What if *you* could just be *you*? The best you?

The way that we think about ourselves as negotiators relies, at least in part, on the way that negotiation is ritually conceived. This can be traced back to clear intellectual roots. In line with its origins in mathematical modeling and economics, the focus of much early negotiation research was on resources, not people. In the past three decades, negotiation research has been influenced by psychology and sociology, and yet much of this research focused on people's deviations from rationally maximizing resources. Research has been theoretically grounded in a social exchange approach, which views relationships as socioeconomic transactions of material and nonmaterial goods. It has produced important insights about how resources are, or are not, maximized and how they are allocated. It has also produced insights about the context of negotiations, and how communication, personality traits, and culture influence negotiations.

Established negotiation theory assumes that people engage within the capacity of their role to trade ideas, emotions, or goods. These encounters lead to two sets of outcomes that concern negotiators: task outcomes such as financials, and relationship outcomes such as reputation or long-term productive business relationships (see Figure 1.1). This approach is quite broad to describe the goods that might be exchanged. Some academics even describe marriage and love as social exchange processes with transaction costs and opportunities. Likewise, the established approach is broad in that it includes both task and relationship processes and outcomes and considers objective and subjective utility models. However, it is constrained in how it conceptualizes the identity of the *players* (role players) in the exchange. Although most negotiation research does not explicitly refer to economic frameworks or social exchange theory, these assumptions drive the way negotiations are framed.



FIGURE 1.1. Negotiation through the lens of economic social exchange

Despite great advances in theory and practice, I believe that the established approach constrains how we view the people who negotiate.

First, this approach assumes that people in business are solely *role-senders*, people who hold a defined role or set of roles, representing a business entity. Roles and position are important, as they define the scope of responsibilities and empower people. But they may also have negative, unintended consequences such as narrowing the identity that surfaces in a given situation or negotiation. For example, a CFO might be more likely to take a leadership perspective and focus on broader and longer-term horizons of your firm's financial strategy. However, how likely would she be to consider the basic human values that are salient to her as a mother or daughter?

If you are an American negotiator, given that U.S. corporate culture separates work and family, you are probably less likely to work to draw on knowledge and wisdom that informs decisions you make outside of work. This can be a real drawback. Consider your cultural background and the business culture in which you are immersed. When you negotiate, to what degree does your business identity empower you and in what ways does it constrain you?

Second, given the established approach to negotiations, many people assume that being a strategic negotiator requires them to strive to be solely economically rational. It is important to note that economically rational self-interest can be aligned with maximizing joint gains; the more resources available, the larger an individual's potential portion. Thus a competitive businessperson would also cooperate to further maximize individual profits. To

whatever degree you emphasize competition or cooperation, do you, personally, conceptualize yourself as an economically self-interested and rational businessperson? Are you solely inclined to maximize your own subjective utility? Theory assumes this. However, many people do not necessarily feel this way. Business culture often reinforces and emphasizes economic rationality. Consider your stereotypical negotiation persona. Is it grounded in an economic-rational perspective, along the lines of the research framework that I've just described?

NEGOTIATING BEYOND ROLE

The positive theoretical approach at the base of negotiating genuinely incorporates and augments the economic social exchange model (see Figure 1.2). The role-based economic transaction depicted in Figure 1.1 does not disappear. We do function as a member of the marketing department, a procurement officer, a hair stylist, a waiter, or a bank teller. This reality does not go away.

In parallel, beyond any combination of roles, we also engage as full, integral, and genuine persons. Engaging beyond roles and adopting a positive genuine approach enables additional generative processes to transpire when people interact (the negotiation process in the middle of Figure 1.2). The interaction is both strategic



FIGURE 1.2. A positive approach to negotiations:
Being strategic and genuine

and genuine. A strategic and genuine process enhances instrumental negotiation outcomes, such that traditional outcomes, for example, profits and reputation, become more sustainable. Furthermore, genuine and strategic interactions spark well-being benefits that would not be captured by a traditional economic model.

When you negotiate genuinely, the process is no longer solely strategic. To be genuine suggests that you need to engage in a way that also resonates with you, as if you have no goals. Or more precisely, in a way that resonates with *the you* beyond the business roles and positions you hold (such as corporate lawyer, nurse, fundraiser, chef, or interior designer) and their associated goals.

To excel at economic social exchange, you also need to adopt a positive approach and negotiate genuinely.

Being genuine is not the same as being authentic. Authenticity can be fabricated. A restaurant touting authentic French cuisine does not necessarily provide a genuine French experience. Authenticity suggests the attributes of the original *thing* are reconstructed, but does not necessarily refer to the genuine construct. For example, a tourist attraction may mimic the archaic Roman *Cardo* (a north-south-oriented street in Roman cities) and construct an authentic experience for people visiting and shopping in a particular city. However, if you are lucky, there are places in the world where you can see genuine archeological remnants from the Roman Empire, and also genuinely experience them as the Romans may have thousands of years ago. I was fortunate to attend concerts in an original Roman amphitheater. During the day, it is a tourist destination, but at night it is a local theater. Sitting in the same exact seats and imagining who sat there two thousand years ago was a wonderful experience that provided a deep connection to people and to humanity. Genuine experiences fuel deep connections.

Architects and leaders may construct or fabricate authenticity, and negotiators can too. The pretense of authenticity quickly can lead to reputational damage. Being genuine can provoke anxiety

about revealing oneself, but it has a tremendous upside. Being genuine does not mean telling everyone everything all the time, as of course that would not be wise. It does not even suggest putting your cards on the table or being overly cooperative. It suggests mindfully, and appropriately, revealing yourself in negotiation. To do so, you need to be your full self in the moment—not a partitioned identity, wearing a discrete hat.

Being genuine is an ongoing pursuit. Becoming a genuine negotiator is about integrating yourself. It requires intentional and iterative internal negotiations that acknowledge and resolve what at first glance may appear to be paradoxically contradictory, or overly harmonious clusters of yourself. It's about simultaneously being you, for example, the CFO, a mother, an employee, an American, or so on, without being stuck or limited by your roles, positions, or a particular identity. This book is about the continuous process of *becoming* a genuine negotiator who crafts positive processes and outcomes.

A genuine approach does not preclude use of power, such as setting boundaries, or expressing negative emotions, such as sadness, anxiety, or anger. Sometimes power and negative emotions lend a capability to illuminate and lead people to address important and difficult topics. For example, expressing anger about a potential ethical breach may clarify a loophole or sharpen a boundary. And if it comes from someone who rarely expresses anger, it would also communicate the importance and urgency of the matter. Thus anger could enhance positive negotiation processes and outcomes. On the other hand, being happy and friendly sometimes leads people to avoid addressing key concerns. Issues may remain unresolved, preventing positive negotiation outcomes. Being genuine, in this sense, is not the same as being solely nice. Nor is it about communicating the first thing that comes to mind. Negotiating genuinely requires mindful integration and alignment of positive and negative emotions toward constructive resource-generating conversations. Conversations that address the core interests and priorities of all

negotiators enable negotiators to co-create value and reach extraordinary instrumental and non-instrumental outcomes.

In this book, I will lead you on a path that explores how to internally negotiate your multiple identities and become the integral, and therefore genuine, you in business. I will demonstrate why negotiating genuinely is important in negotiations, a challenging task in which to succeed you need to simultaneously cooperate and compete. We will then assess what happens when you genuinely engage in business relationships. Finally, we will examine how negotiating genuinely enables emotion management in challenging conversations and discover how, reciprocally, emotion management helps maintain a genuine approach.

Before moving ahead to further explore what it means and how to adopt a positive approach, to negotiate genuinely, let's take a moment to explore the strategic task in which negotiators are situated—a negotiation.

RECOGNIZING NEGOTIATIONS

Many books have been written about the successful economics and psychology of negotiations. Some are based on personal experiences; others are evidence-based and build on systematic empirical research (see the recommended readings at the end of this book). Despite the plethora of research, there is no formula of tactics a negotiator can learn and always apply. There are discrete evidence-based tactics that will likely lead a negotiator toward pre-defined goals, such as anchoring by making the first offer on price to maximize individual gains. But any tactic depends on the uniqueness of the individuals involved, the business context, situational factors, cultural nuances, and the manner in which the tactic is deployed. A wise and knowledgeable negotiator must assess the situation and decide if a tactic is appropriate, or choose which tactic would be best. Although there is no magic formula for tactics, there are strategies that consistently guide a negotiator toward

successful outcomes. To successfully negotiate and implement these strategies, you need to recognize when you are negotiating.

Take a moment to think about your day. Have you engaged in any negotiations today? At work? Or outside of work? What did you negotiate over? Money? Task responsibilities? Distance between cars on the highway? In some countries, when you keep what you would consider a safe distance from the car in front of you, immediately someone will pull in and halve that distance—so you might make a concession and keep 75 percent of what you consider safe to block out those drivers. We negotiate throughout the day, often without noticing, and over many different types of resources.

Sometimes these negotiations are so easy and quick, we miss noticing we are negotiating. For example, I ask my colleague if he would like to join me for lunch at our usual place and he says yes. I made an offer about how to spend a defined amount of time, where to do so, with whom, and what selection of food might be available. He accepted. Done. Because he and I have negotiated this frequently in the past, the two of us do not need to engage in a discovery period or a lengthy communication process to reach a perfect outcome.

Thus we sometimes miss recognizing a negotiation because of its simplicity. At other times, we engage in very complex decision-making processes with multiple parties and don't recognize we are negotiating because such processes also have another name or category in our minds. An example would be project management. Much of what a project manager does is a negotiation. In fact, many conversations people have at work constitute negotiations.

Let's assume for the moment you are aligned with my perspective on negotiations, and are adept at recognizing countless negotiations you encounter throughout the day. Next, it is important to identify the type of negotiation encounter: is it decision making or conflict management?

In decision-making negotiations, people might be completely aligned and spontaneously, or very quickly, make a joint decision

on how to exchange resources (such as in the lunch example above). Even if people have different opinions (for example, for lunch, I prefer a salad bar, whereas you prefer a noodle shop), that doesn't mean they are experiencing interpersonal conflict. At the other end of the spectrum, some negotiations revolve around inherent interpersonal conflict, but these also include an interdependent resource-allocation decision-making process. Conflict incorporates the elements of a decision-making negotiation, but is often more complex.

I define these two negotiation contexts as follows:

A decision-making negotiation is a genuine and strategic process of people working toward sustainable resource generation and allocation.

A conflict-management negotiation is a process in which at least one person, who perceives an embedded conflict, mindfully approaches the other person to redefine a genuine and strategic relationship going forward, while sustainably generating and allocating resources.

An important dimension differentiating a decision-making negotiation from one of conflict-management is the degree of interdependence between negotiators before, during, and after a negotiation. The key dimension differentiating them is that in decision making, negotiators can walk away respecting one another and agreeing to disagree today, and not close a deal. They may or may not entertain future business opportunities.

In contrast, conflict-management negotiations involve personal interdependence before and after the meeting. It can be a slippery slope when we enter a business conversation to address a problem. Frequently things get worse, rather than better. These negotiations necessitate not only good decision making, but also conflict-management skills.

From a strategic perspective, I suggest that as soon as you recognize you are negotiating, you also define what type of negotiation it is. This categorization will help you anticipate the tone of the conversation. It also informs two key strategic elements of the negotia-

tion: your alternatives to negotiating with this particular person, such as what happens if you do not reach an agreement, and how you view the negotiated resources.

In decision-making negotiations, such as deal-making transactions, you can develop a strong alternative opportunity, providing power to create and claim even more resources with your current negotiation partner. You have the opportunity to walk away if this is not the case. These negotiations are about exploring synergies. For example, a negotiation expert who secures a profitable alternative, such as generating a \$3 million profit, can view the current negotiation as an opportunity to “add whipped cream and a cherry to top it off” (in other words, reach \$3.8 million). You don’t have to compromise. You can explore trading to get everything you want.

In conflict-management negotiations, not reaching an agreement has negative consequences. Future interdependencies cast a shadow on all negotiators. These negotiations frequently mitigate losses and necessitate compromising. In conflict management, negotiators should not expect to get everything they want. Value creation might reflect going from negative \$10 million to only negative \$3 million, thanks to masterful negotiation skills. And it is never pleasant to be in the negative quadrant of profits.

Value creation and value claiming are universal to decision-making and conflict-management negotiations. As we explore what it means to negotiate genuinely, we will also consider how negotiating genuinely enables negotiation strategies for maximizing profits. Sometimes the resources are easily quantifiable in financial currency, other times they are not. For simplicity, my examples will be financial and in U.S. dollars. Those of you who do business in another currency can simply change the \$ symbol to one you prefer. Those of you who frequently or primarily negotiate over nonmonetary terms will need to translate these financial benchmarks to a unit that enables you to interpret the concepts I discuss so that you learn and are able to apply these ideas of value creation in your business setting.

I invite you to create a negotiating-genuinely template. It will provide guidelines for preparing, navigating, and evaluating negotiations strategically and genuinely. Take a few minutes to note what we have covered thus far. In your preparation, identify the people around the metaphoric table and some basic information about the context. Discern if you are in the realm of decision-making or conflict-management negotiations. You will want to evaluate and possibly actively negotiate a best alternative to serve as your benchmark for positive relative profits. Whether in decision making or conflict management, your alternative serves as a benchmark for gauging success. Define the net present value of your next best alternative deal as the point of origin (zero relative profits). Value you are able to gain in the context of this negotiation, therefore, will be a positive number indicating how much better you can do, through genuine and strategic exploration.

Incorporate into your negotiating-genuinely template key questions and suggested practices that will prompt you to implement ideas in this book, translating them into action. Mine is a living document that I constantly revise, as my thinking on the topic becomes more sophisticated and more concrete. I complete it mentally, or literally, every single time I anticipate or recognize a negotiation. Following each negotiation, I also reflect on how well designed my template was and consider how to adapt it for my future negotiations. Interestingly, every semester that I teach negotiations, I discover ways to improve my template based on insights co-created with students. I see it through their eyes and innovate, sometimes simplifying it and other times adding a dimension. Your negotiating-genuinely template will reflect the unique contribution of my positive approach to negotiations. It will hinge around your identity as a negotiator and will enable you to achieve extraordinary outcomes.

Next, we explore how you might think about yourself when you negotiate. How you can go beyond being the most appropriate self to being a positive integrated you.