

Negotiation Styles

Complex and strategic negotiations involves many conflicting interests. A simple, but typical, example is the buyer wants to buy at the lowest possible price and the supplier wants sell at the highest possible price. How we handle such negotiation conflicts determines the outcome of our negotiation. According to Thomas-Kilmann Conflict Mode Instrument, conflict resolution can be viewed along two dimensions:

1. Assertiveness, i.e. the extent to which we attempt to satisfy our own concerns; and
2. Cooperativeness, i.e. the extent to which we attempt to satisfy the other party's concerns.

Figure 1 below illustrates five commonly referenced conflict resolution, or negotiation styles, within this framework:

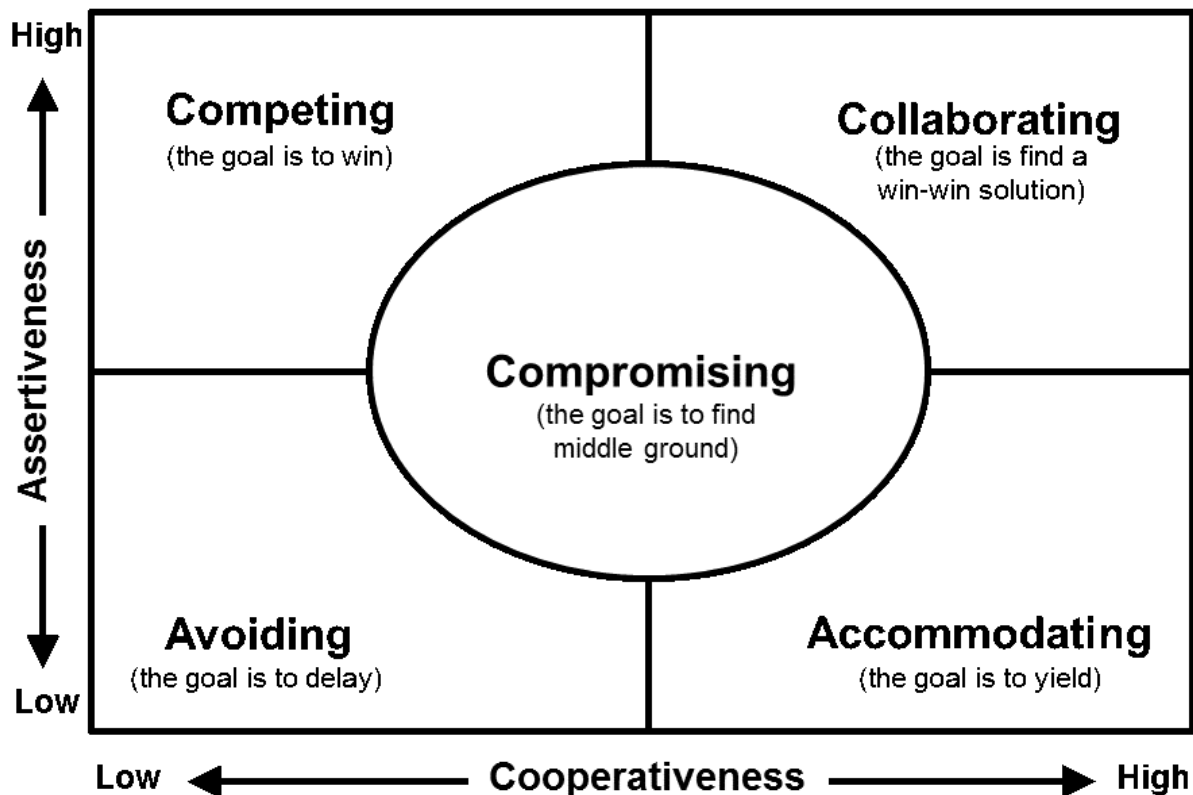


Figure 1 - Negotiation Styles (Source: TechnologyConnect)

Negotiation styles vary with the person, their beliefs and skills, as well as the general context in which they occur. Here are five different styles considered from different viewpoints.

1. Competing (I win – You lose)

Competing is assertive and uncooperative, a power-oriented mode. This style of negotiation is best described as competitive and is one of the most used styles in negotiating. Negotiators using this style are looking out for their own needs, asking themselves 'what do I need to get from this discussion / process?'. Competitive negotiators have strong instincts for all aspects of negotiating and are often strategic. They use a variety of tactics to get what they want. Because their style can dominate the bargaining process, competitive negotiators often neglect the importance of relationships.

Competing style is appropriate if your power balance is high, you have a good Plan B and you think he needs you more than you need him. This style is most effective when results are needed quickly, or you are certain there is no room for negotiation. Good examples of this style are buying a new car or a lawyer representing their client or commodity based selling.

2. Accommodating (I Lose – You Win)

This style of negotiation is all about the relationship and is the polar opposite of the Competing style. Accommodating negotiators believe that the only way to ultimately get what they want is to satisfy all the demands of the other party, hoping maybe in time the other party will do the same.

Accommodators are sensitive to the emotional states, body language, and verbal signals of the other parties. They can, however, feel taken advantage of in situations when the other party places little emphasis on the relationship. This style, is naturally, well-liked by the opposite party.

Examples of this style are when a person injures another person and willingly offers to pay all medical expenses hoping the injured party does not sue.

3. Avoiding (I Lose – You Lose)

Individuals who do not like or do not wish to negotiate often resort to this style. They don't negotiate unless warranted. When negotiating, avoiders tend to defer and dodge the confrontational aspects of negotiating; however, they may be perceived as tactful and diplomatic. Avoiding is the strongest position of all — the other side has to make concessions just to get the process started.

An example of this style is two co-workers who cannot agree on the delivery of a project and avoid communicating with each other but happily talk to other co-workers about it!

In some cases, users of this style are unassertive and uncooperative because of their personality. They do not immediately pursue their own concerns or the other parties nor do they ever address the conflict. This style could be a vengeful style and while the adopters of this style won't address the conflict they will seek ways of retribution. When this occurs, the avoiding style can be difficult to spot as it can go under cover for a time; it escalates to a 'passive aggressive style'. This style is usually in response to a highly competitive style. The avoider will shut down communication and contact and will seemingly disappear off the radar. While this is in play, mutual resentment builds and cracks to total breakdown of the relationship may occur, leading to a lose-lose scenario.

4. Compromising (I Lose / Win Some – You Lose/ Win Some)

The old adage 'pick your battles' applies here. This style values the relationship and acknowledges that there is a loss but it is better to compromise than completely lose. A compromising style results in both parties getting more or less half of what they originally wanted. This style is common when the negotiating parties have a high level of trust between each other and are time poor.

Compromisers are individuals who are eager to close the deal by doing what is fair and equal for all parties involved in the negotiation. They can be useful when there is limited time to complete the deal; however, compromisers often unnecessarily rush the negotiation process and make concessions too quickly. This style should not be confused with Collaborating (I win – You win).

5. Collaborating (I Win – You Win)

Collaborative negotiators are innovators! They recognize that both parties have needs that must be met and take the time to find creative solutions to this common conundrum. Collaborators are good at using negotiations to understand the concerns and interests of the other parties. In business, this style of negotiating is often seen as the “Holy Grail”.

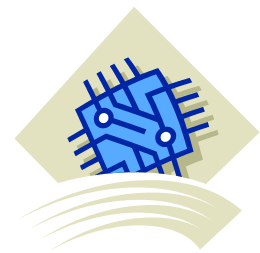
Collaboration is great when both parties have the power to implement a truly Win-Win business plan. When both sides are strong and both want the deal, then collaboration is possible. Most business to business negotiators plan for this type of negotiation. Some organizations are well known for their collaborative style of negotiating. A good example of this style is Toyota Motor Company which is known for being completely focused on a collaborative approach to working with their suppliers resulting in greater commitment and cooperation and well built cars!

It needs to be recognized that this style of negotiating is somewhat wonderful ideological and is the most challenging to effect because in reality it is high on resources and time. It can, in some instances, create problems by transforming simple situations into more complex ones.

**

The above negotiation styles are also referred to as conflict-handling modes. All five styles are useful in different situations. Each of us is capable of using all five negotiation styles. None of us can be characterized as having a single style of dealing with conflict. But certain people use some styles better than others and, therefore, tend to rely on those styles more heavily than others—whether because of our temperament (nature) or because of our upbringing (nurture).

So if you ever wonder “which is the best negotiation style?”, the answer is “It depends.” Your negotiation style will be the product of both your personal predispositions and the requirements of the situation in which you find yourself. Most people choose the style that is likely to reward them with either the quickest conflict resolution or the biggest profit prize.



Types of Negotiators

Three basic kinds of negotiators have been identified by researchers involved in The Harvard Negotiation Project. These types of negotiators are: Soft bargainers, hard bargainers, and principled bargainers.

1. Soft Bargainers

These people see negotiation as too close to competition, so they choose a gentle style of bargaining. The offers they make are not in their best interests, they yield to others' demands, avoid confrontation, and they maintain good relations with fellow negotiators. Their perception of others is one of friendship, and their goal is agreement. They do not separate the people from the problem, but are soft on both. They avoid contests of wills and will insist on agreement, offering solutions and easily trusting others and changing their opinions.

2. Hard Bargainers

These people use contentious strategies to influence, utilizing phrases such as "this is my final offer" and "take it or leave it." They make threats, are distrustful of others, insist on their position, and apply pressure to negotiate. They see others as adversaries and their ultimate goal is victory. Additionally, they will search for one single answer, and insist you agree on it. They do not separate the people from the problem (as with soft bargainers), but they are hard on both the people involved and the problem.

3. Principled Bargainers

Individuals who bargain this way seek integrative solutions, and do so by sidestepping commitment to specific positions. They focus on the problem rather than the intentions, motives, and needs of the people involved. They separate the people from the problem, explore interests, avoid bottom lines, and reach results based on standards (which are independent of personal will). They base their choices on objective criteria rather than power, pressure, self-interest, or an arbitrary decisional procedure. These criteria may be drawn from moral standards, principles of fairness, professional standards, tradition, and so on.

Glossary

This glossary covers terms that are unique to the negotiating field, both acronyms and slang. It also covers terms that are commonly used in business, communication, law and other fields, and provides a definition of how that term is used in the negotiating context.

**

Anchor Point - Generally your first offer in a negotiation. See Anchoring below.

Anchoring - A tactic used to open bargaining outside your MDO (Most Desired Outcome) so that when you move it appears as if you have conceded much in the hopes of causing the other side to second-guess their MDO and open at or near their goal, thus anchoring them at a lower opening than justified by the circumstances.

Arbitrator - An unbiased and objective person agreed to by the parties to decide the outcome of a dispute.

Authority - Authority to make the agreement. The primary question a negotiator needs to ask is "How much authority do I want in this negotiation."

BATNA - Best Alternative to a Negotiated Agreement: Your back-up plan that you are comfortable implementing if an agreement cannot be reached at or above your LAA (Least Acceptable Agreement).

Bargaining - A distributive negotiation which generally is both competitive and positional. Many times it involves a single issue like price. One party usually tries to gain advantage over the other to gain the best possible outcome.

Big Order Approach - A tactic that can be used sometimes to help identify the seller's true cost, or the seller's flexibility in reducing a quoted price. This occurs when offered a price, the buyer asks "What if I double the order" or, "What if I take all you have?"

Blind Spot - A missed opportunity or idea that one is not open to, not because of a physical eyesight problem, but due to a lack of information, perspective, intellect or emotional appeal.