

NEGOTIATION STRATEGIES AND STYLES

NEGOTIATION TACTICS



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One of the great tragedies in negotiation is the misunderstanding about the antagonistic nature that is implicit in every negotiation. Negotiation is not a conflictive process among adversaries, but rather a coalition to solve a complex problem by taking advantage of the resources and competencies of all of the negotiating parties.

Because of this, it's very important to know the alternatives offered by different negotiation tactics to take advantage of the five different styles of negotiation:

1. The competitive tactic

This is based on the style of direct competition to **win the greater part of the available resource**, disregarding whether the relationship with the counterpart will be affected.



For example: an automotive supplier establishes a price for his components, 10,000 of which are required by the buyer, who demands a reduced price. Let's imagine there are other suppliers in the region that are competitive with respect to cost and quality. If the first supplier has no other buyers interested in the parts he's selling, he may be obliged to sell at the price demanded by the buyer. If the buyer has options with other suppliers, he will not be worried about losing the relationship with one of them, as long as he obtains the advantage of the price he seeks.

When this tactic is abused, it can create conflicts that escalate into confrontations, even with permanent damage to the relationships among the negotiators. It is used when short-term results are desired and it requires one of the parties to have superior negotiating power.

A competitive tactic is similar to the distributive paradigm in the sense that all that matters are the positions and there is no inclination to explore the underlying interests in a negotiation. We recommend using it carefully and not too often, without considering the exploration of a long-term panorama. On occasion, the affected party can try to seek revenge whenever the opportunity presents itself.

2. The tactic based on accommodations

This tactic is an excellent resource for **overcoming the negative effects of a competitive tactic**. For example, when there has been too much antagonism because of a purchase/sale, the **Reciprocity Principle** can be used to make a small exploratory concession and wait until the other party corresponds. When this happens, it is possible to open the way to reflection and see the whole panorama from a new perspective, and then be able to decide among various alternatives. For example, it is possible to return to the origin of the competitive "win-win" nature, or go into the collaborative quadrant or the intermediate point to achieve an agreement.

Nevertheless, this powerful tactic should be used carefully. Here we will show you some of the recommendations from the authors of the text *Negotiation* by Lewicki, Saunders and Barry (2014):

Learn the needs and intentions of your counterpart first. Have the other party make an effort to achieve a concession.

Take your time and reflect on the situation before making concessions. Be the first to make a modest concession.

Make your concessions stand out, even if they are little things. Make sure to obtain something in exchange for every concession you make.

Don't make frequent, quick, or substantial concessions. Be careful if you need to take back a concession.

Keep a register of the concessions made so you can identify patterns.

One interesting characteristic of this tactic is that of temporarily privileging the relationship over the results. That is why it is known as **“lose (to) win.”**

This means that concessions are a tactic of correspondence, when retribution is expected. After this, it is expected that the negotiator will pass to the compromising quadrant or, in the best of cases, to the collaborative quadrant.

Examples of this tactic can be salary negotiation with a highly qualified employee or a transaction with a long-term client, faithful and persistent, who is being tempted by competitors.



3. The tactic of compromises

This novel tactic is also known as **“splitting the difference”** (neither win nor lose). Its characteristic advantage is to be situated in the middle of the dual matrix because it takes advantage of both relationships and results, although the values are in the middle. Here two or more negotiation styles are “mixed,” which can lead to a type of hybrid negotiation tactic. This can have advantages but it is also a risk if the options are not managed correctly.

It is good to use this negotiation tactic when:

- What is desired is an agreement that is acceptable to both parties since they have a similar power to negotiate.
- There is a “mixed” negotiation system of competition/collaboration.
- It can lead to suboptimal results and requires a compromise by both parties.

A recurrent problem with this tactic is when the anchors are far apart and one of the negotiators tries to “abuse” his power by making extremely small concessions and demanding more from the other party, who is usually at a disadvantage. Then suddenly there is an invitation to “split the difference,” displacing the value in his favor, but giving the impression that the value distribution has been equitable.

4. The tactic of avoidance

This tactic of abandoning the negotiation is not used frequently because of its collateral effects, which are challenging for whoever takes the initiative of leaving the negotiation table. This is the most difficult part in a negotiation process and requires special skills to be effected.

Nevertheless, it is a valuable resource when all the options and time have run out, and the amount of resources invested outweighs the results expected. It also occurs when there has been a technological disruption accompanied by a change in the paradigm that invalidates the conventional approaches. Or it can happen when there are generational changes (millenniums, for example) that affect the demands of the conventional channels and new lifestyles have been adopted.

This can also happen when our BATNA has evolved to a superior situation. Here are some of the most relevant aspects of this tactic:

- It is not considered a formal negotiation.
- Extreme precaution is recommended when one of the parties wants to leave the table.
- It is not often used.
- It does not necessarily signify a loss.



Recently, ethics has been playing a relevant role in negotiations when there is an implication of corrupt practices by one of the parties involved in the negotiation process. It is recommendable to not close the door on future relationships nor to retire unilaterally from the negotiation.

5. The collaborative tactic

We have left this tactic to the end because of its importance and relevance with respect to the new complex environment in business and the creative opportunities that offer problem solving and the creation of superior value.

This tactic coincides with the integrative paradigm of interest-based negotiation. The following definition by the author of Creative Negotiation, Gordon Shea (1983), clarifies this point better:

“Creative negotiation is the process whereby two or more parties meet and through artful discussion and imagination, confront a problem and arrive at an innovative solution that best meets the needs of all parties and secures their commitment to fulfilling the agreement reached.”

It consists of a negotiation tactic in which the parties collaborate to achieve a mutually satisfactory result, focused on multiple interests that, when combined, possess the potential to create value.

In this context, the parties are interdependent and need each other to achieve (integrate) a common objective. Cooperation among the parties is essential and communication must be open, clear, and precise, in an environment that fosters mutual trust.

When is it **recommendable** for this negotiation tactic to be used?

1. When the talents of the parties complement each other in a context of paradigm shift.
2. When what is wanted is to transform intangible values into **spectacular** results.

With all these advantages, however, we should point out that this is a complicated tactic and to work long term, it requires a change in the mentality of the negotiators as well as special abilities such as assertiveness, consensus building, non-verbal language interpretation, creating open questions, and knowing how to manage the differences. (HRDQ, 2005).

The author suggests a cohesive diagram that combines and strengthens the various tactics in order to create integrative negotiations:

- Traditionally, negotiations begin in the competitive phase, perhaps because of habit or because it is the oldest negotiation tactic.
- We should try to move into the accommodating quadrant and use it to explore other alternatives.
- We should seek creative negotiation based on interests as the first option (integrative paradigm) by using a collaborative tactic.
- When the previous alternative stops working because of administrative or technical barriers, we should try the compromising tactic in the negotiation.
- If none of these options work, then we can return to the competitive quadrant where the negotiation began.
- When it's not possible to progress, then the last alternative is to abandon the negotiation, using the avoidance tactic (with care).