Negotiation Training

During your internships you will encounter many situations where tradeoffs have to be made between people or groups with differing interests. All these tradeoffs—whether you are dealing with issues of scheduling or performance or logistics, whatever—will require the delicate balancing of very different interests. In other words, negotiation.

We hope you remember the spirit of the Negotiation module during your Team Training Workshop, where you engaged in roles from manufacturing, quality improvement, sourcing, and design engineering departments, and had to optimize outcomes for the common good.

Your company will give you a project, and we encourage you to be as aware as possible of other interacting elements, and work mutually with the other parties to negotiate the best set of characteristics and compromises.

Mutual Gains Approach

Effective negotiation requires us to engage in joint fact-finding to fully understand our counter-parties’ interests while communicating our own. Fostering this shared understanding is what allows stakeholders to move past the cycle of demands-counter-demands we frequently see in escalating conflicts. This approach to negotiation as a problem-solving effort is fundamentally different from the zero-sum mindset that assumes one party must lose for the other to gain. Instead, by investing time and effort in collaboratively devising mutually beneficial trades across our differences, we create lasting value for the diverse different communities we represent, rendering our agreements more flexible, resilient, and sustainable.

The negotiation module presented during the Team Training Workshops empowers students to engage in a five-party negotiation exercise. It is meant to introduce participants to negotiation theory and practice. The exercise provides the opportunity to experience the following set of negotiation dynamics:

- The tension between principal and agent
- The tension between empathy and assertiveness
- The tension between value creation and value distribution

In many subjects within a university setting, we are tasked to solve problems as individuals and each of us works to solve the same problem. However, in our internships and in our professional careers, many of us will work in settings where proactive collaboration will be key to our success. Take, for example, companies that design and manufacture products. This is eminently a collaborative activity: companies are generally divided into functional departments such as Design of the product or process (often called engineering); Sourcing (procurement of parts or subsystems from other manufacturers); Manufacturing (assembly or construction of the product); Quality (evaluation of whether the product meets requirements); and Management (overall scheduling and coordination). There are other functions such as marketing, testing, customer support, as well.

In sum, in these types of environments, each department grows to view its role from a different point of view. For example, the designers may feel that they are the heart of the company and they may be more focused on product innovation than on ease of manufacture, parts availability, and quality issues. The manufacturing people may be concerned that designers may be late, parts may not meet specifications, and that quality people may reject an assembly for minor discrepancies. The quality people may feel that manufacturing is trying to cut corners and ship products despite quality issues. Each department also faces funding and staffing issues. Considerable time, insight, and collaboration, all determined via negotiation, are required to coordinate and optimize the ways in which these departments understand each other’s needs and work toward joint optimization.

This is actually a type of engineering problem, in which the elements of the organizational design must be mutually optimized in order to maximize the system performance. The “language” of this optimization is negotiation – negotiation performed in the spirit of mutual gain rather than that of “win-lose.”

In the Team Training Workshop exercise, students represent one of the departments listed above, and seek ways to achieve the goals of the particular department, while at the same time optimizing the overall performance of the company.

Check out the UPOP website for more details:

upop.mit.edu/team-training-takeaways
Takeaways

MUTUAL GAINS APPROACH TO NEGOTIATION

PREPARE
- Clarify your mandate and define your team
- Estimate Best Alternative to Negotiated Agreements (BATNA)—yours and theirs
- Know your own interests and think about their interests
- Improve your BATNA (if possible)
- Prepare to suggest mutually beneficial options

CREATE VALUE
- Suspend criticism
- Invent without committing
- Generate options that exploit differences
- Bundle options into multiple packages

DISTRIBUTE VALUE
- Behave in ways that build trust
- Identify standards/criteria for dividing value that all sides can support
- Keep at least two packages in play
- Use neutrals to suggest possible distributions

FOLLOW THROUGH
- Design nearly self-enforcing agreements
- Specify mechanisms to deal with “predictable surprises”
- Agree on monitoring arrangements, including metrics
- Keep working to improve relationships

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