

Negotiations

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Value Negotiation: How to Finally Get the Win-win Right

Relationships are built by how we behave and feel towards one another, not by the substance we exchange

What Do We Mean By Relationship?

- Substance: positive or negative depending on the material value generated
 - Short term transaction: the value of the present transaction
 - Long term transaction: the present value of all past, present, and future, transactions with the same person or organization
- Relationship: positive or negative based on the parties ability to work together
 - Short-term relationship: the behaviors and emotions among the people during a specific meeting or interaction
 - Long-term relationship: the behaviors and emotions among the same people during a series of meetings or interactions

Relationships build value, are a source of future potential negotiations, and facilitates material value creation

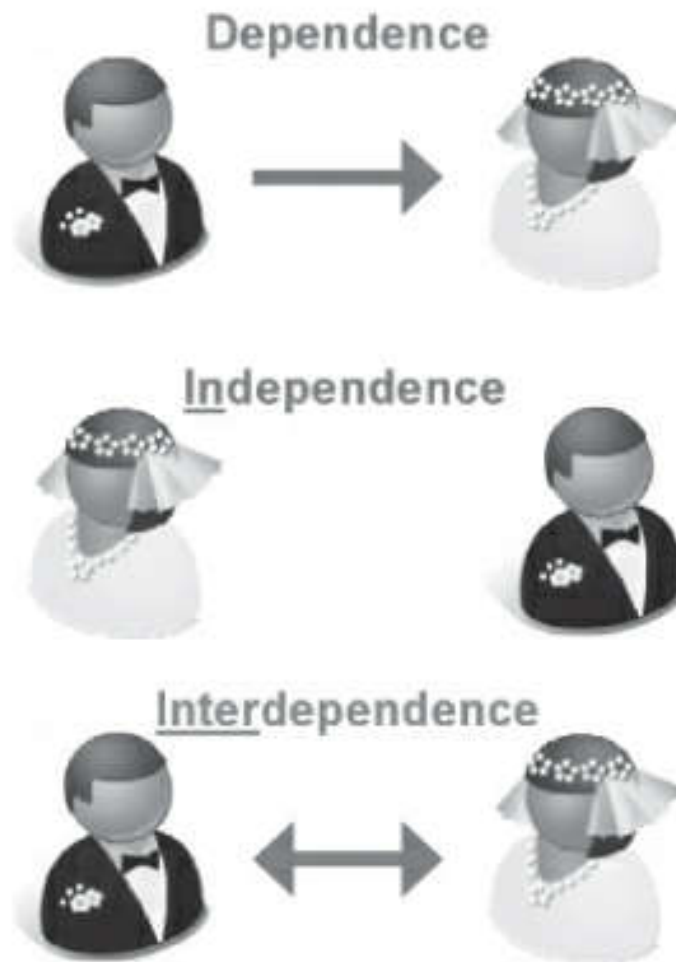


Figure 7.1. The various types of dependence

Promoting interdependence allows the universal value of *reciprocation* to surface. Reciprocation is one of the strongest motivators for collaboration in humankind....interdependency reduces negotiation power dynamics because when we need one another we are less tempted to use power.

Even the language we use can shift the dynamic from win-lose to win-win. It becomes “we explore options...” or “we will invest our best efforts to....”. The dynamic is no longer what can I extract from you but how can we collaborate to reach an agreement

What are Joint Value Pursuit Obstacles?

- Resource constraint: the negotiation cannot create enough value due to real or perceived scarce resources
 - Suggest alternatives resources or value creation opportunities
- Artificial limits: cannot create value due to law, policy, rule
 - Suggest creative options around the limits while pursuing additional value creation options
- Narrow scope: one or both parties has a limited mandate in the negotiation
 - Explore ideas without the need to agree on them today

How Do We Build Trust?

- Routine or regular transactions: requires trusting someone's ability to perform a certain task
- Needs: we depend on the credibility or honesty of the party to fill a specific or range of needs we have
- Partnership: We convey our needs but potential opportunities we can share
- Trust: stimulates an intimate appreciation for and a deep understanding of one another

How Can We Be Unconditionally Constructive?

- Rational: Control and balanced management of emotions
- Understand their point of view, how they see, and feel things
- Communicate: Learn what can lead to better proposals or anticipation of future risks
- Trustworthy: follow through on promises and only promise what can be delivered
- Persuade: Convince people based on persuasion

Case Study:
Athens Ring Road

What risks can you identify in the Ring Road project recognizing that risk needs to be compensated?

How would you like to divide the risks between stakeholders recognizing that risk needs to be compensated?

Given the existence of three primary stakeholders: investors, construction, and the public sector, what do you anticipate as the points of conflict and divergent interests that will require negotiation?

Given the expected duration of the project, what can be done to build the necessary working relationship within the substance-relationship framework to build a win-win dynamic? (Draw from close to home examples: HCMC subway construction)

What are the resource constraints and or artificial limits upon the project that alter the negotiation between the public sector, operators, and investors? How will this alter the scope, framework, and direction of the negotiation?

Under our framework of routine, needs, partnership, and trust, what can we do in this financial situation to

What can be done to facilitate communication between parties to make sure there is clarity about what is expected and how value can be created for all parties within such a major undertaking?