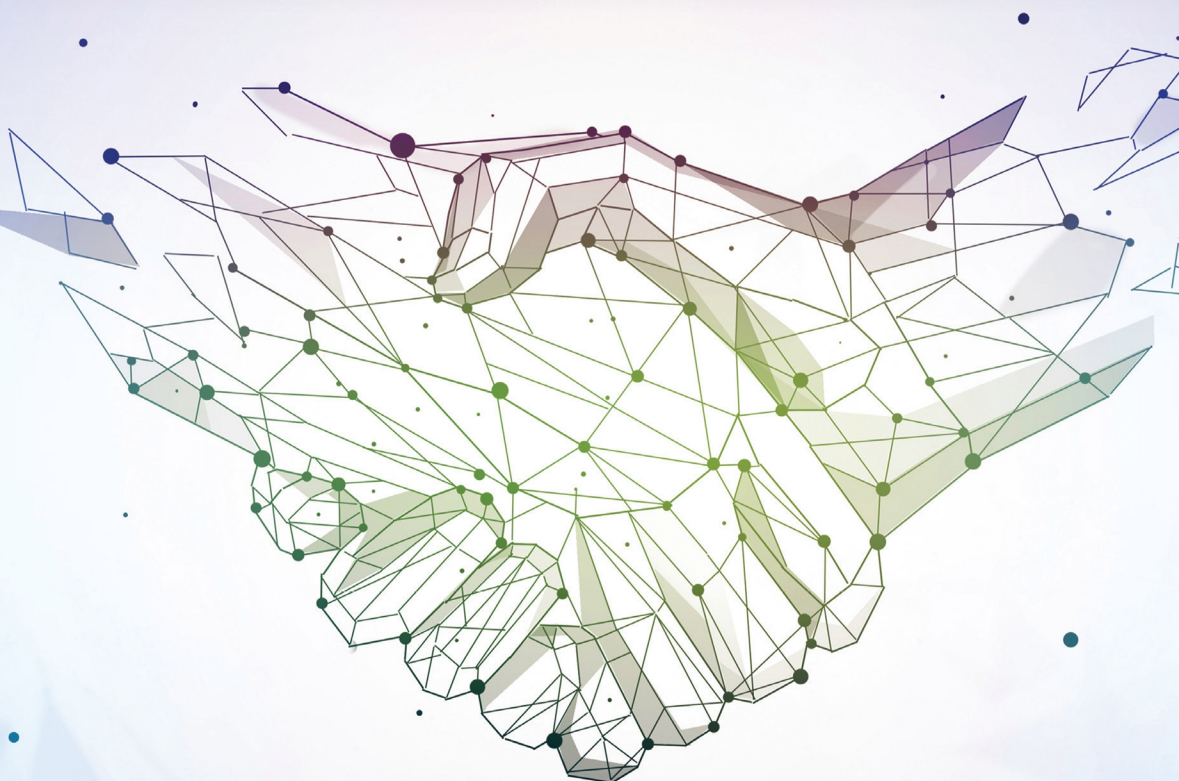


FINANCIAL TIMES **Guides**

# HIGH-IMPACT NEGOTIATION

A COMPREHENSIVE GUIDE  
FOR EXECUTING VALUABLE  
DEALS AND PARTNERSHIPS

**DR KASIA JAGODZINSKA**



## **Praise for *The Financial Times Guide to High-Impact Negotiation***

‘Better than any other I’ve seen, this book identifies the psychological factors underlying each of the major stages of the negotiation process and describes how to harness them for success.’

**Dr Robert Cialdini**, Author of *Influence* and *Pre-Suasion*

‘All negotiation practitioners need to read this essential book by the talented and insightful Prof. Dr Kasia Jagodzinska. She methodically outlines the critical steps from preparation to agreement through sustaining implementation. Most importantly, she highlights the emotional factors always present in any high-stakes negotiation. A must read.’

**Gary Noesner**, Chief, FBI Crisis Negotiation Unit (retired)

‘Dr Jagodzinska walks the negotiator through the entire process of high impact negotiations and the many challenges that will arise during the complex process, starting with understanding yourself first. This book is an essential guide for any business negotiator.’

**Lieutenant Jack Cambria**, Instructor, Police Advisor, Corporate Trainer,  
NYPD Hostage Team Commander, USA

‘This book offers an excellent overview of the challenging process of negotiation and is a must read for all those actively involved in business.’

**Jonathan Faust**, SVP/Global Controller, HP Inc., USA

‘This is a fantastic brain teaser and compendium guiding you through the complete high-impact negotiation process. You might find insights which turn your long-standing practices up-side-down. . . only to become an even better negotiator.’

**Anette Weber**, Management Board Member and Group CFO,  
Bucherer AG, Switzerland

setting and defining the negotiation objective. Regardless of whether you are handling a one-off transaction or engaging in a long-term partnership, it pays off to take your objectives and those of the other party into account. A win-win between both objectives is a myth. Something will have to give. The parameter approach can be applied to eliminate the parameters that do not support your objective and to use those to make concessions (gives to the other party).

## Expert view

**Jonathan Faust**  
*SVP/Global Controller at HP Inc., USA*

It's important to first understand what exactly a negotiation is: a discussion between two or more parties who are looking to come to an agreement on a given matter in which they all have a vested interest. It's also important to understand if the negotiation is one-time in nature or will lay the foundation for future negotiations and/or a partnership of sorts. In either scenario, as one of the parties involved, you should take the time to determine what the other parties' objectives and points of view on the matter are. That will not only help you to negotiate more effectively, it will also enable you to maintain a better relationship with the other parties involved, which is incredibly important for anything that extends beyond being one-time in nature.

You should also be clear on what your objectives are. In most negotiation scenarios, you'll have more than one, or at least primary and secondary objectives. Ideally, you'd negotiate a perfect scenario and achieve all of your objectives, but you shouldn't expect that to happen every time. In most scenarios, you'll need to concede something that the other parties want. This is why it's so important to be clear on what your objectives are, and also those of the other parties involved, so that you can propose trade-offs as necessary. Once you've done that, you'll have a better sense of the negotiation landscape, and can begin to formulate your negotiation strategy, working to protect the objectives that are more important to you, while conceding others, working your way to close the overall agreement in a manner that is the most favourable and acceptable to you as possible.

If you're looking to establish a successful, long-term partnership, you shouldn't try to achieve a lopsided win. If the other parties feel slighted, it will ultimately put unneeded strain on the relationship. In this type of situation, all parties should try to achieve a fair and balanced outcome, which means all will need to compromise to some degree. This is why having a deep and detailed understanding of the objectives involved is so important.

## Roadmap for defining the objective

The definition of an objective is a two-way street. Both negotiators will have their goals. Consequently, the preparation of the objective should be performed according to the 'T-account' rule. In accounting, a T-account is an informal name for double-entry bookkeeping. It is designated with the letter T, because the entries (of credits and debits) are made in the layout that resemble a T. The logic for visualising the objective is similar. One side of the T-equation concerns your objectives, and the other side involves the anticipation of the objectives of your negotiation partner. In a high-stakes negotiation, the parties often run the risk of one-sided focus. Each party has their own goal, objective and a set of parameters. Naturally, these tend to be personal and thus subjective. As a result, it may be difficult to assess the situation from the perspective of the other party. Business professionals usually refer to this as, 'stepping in the shoes of another person'. Too often this turns out to be an empty phrase.

### Five key questions to help you define your negotiation objective:

- 1 **What do I want to achieve?** Define a clear objective and outline the most favourable negotiation outcome and the least favourable terms that you are willing to accept to fulfil your objective.
- 2 **Why is this important for you?** Understand what you are in the game for and what are the motives driving your behaviour. Relevance is what will keep you going when the negotiation gets tough.
- 3 **Is there a fit between your objective and the type of negotiation?** Consider the nature of the deal (strategic vs non-strategic). For strategic (long-term or high-stakes) deals, you can accept less favourable parameters than for non-strategic (short-term or low-stakes) ones.
- 4 **Which parameters are you willing to sacrifice?** Specify which elements are critical for you and which ones you are willing to forego to achieve your objective.
- 5 **How will your objective impact the other party?** Look beyond the short-term outcome and foresee what are the long-term consequences of the

objective you set. For example, a win where the other party feels taken advantage of will jeopardise the chances of implementing the deal and you reaching your objective.

*Important note:* These same questions should be used to anticipate the negotiation objective of the other party.

## Main challenges related to defining the objective

The action of a negotiator is centred around a goal, while the objective is what gives meaning to that goal. Since a negotiation is based both on cooperation between the parties and interdependence of each negotiator, each one can block the other from attaining their objective. After all, a negotiation is not an exercise in philanthropy and both parties will be primarily self-interest driven.

The practical dilemma is that an objective is not always fixed logically due to the opportunistic nature of a negotiation. This can lead negotiators to use the wrong strategy in order to try and realise their ideal outcome, with no regard to the common objective. An interesting example are the Palestinian–Israeli negotiations. Some sources point out that these so-called peace negotiations are an Israeli objective, and that the negotiation objectives are only for show so that they can execute their own political agenda.

This brings up the question of whether displayed objectives are genuine in negotiations in general. Sometimes the negotiator does not even realise what their own objective is. I recall one interesting case where a candidate was negotiating a job at the European Commission. His goal was to get work for one of the European Union institutions. The procedure was complex, competitive and lengthy. The first phase involved pre-selection, where approximately 1000 applications for one position were collected and reviewed. The screening process eliminated approximately 700 applications that did not fulfil the job description requirements. The remaining candidates were invited to take verbal and numerical skills, abstract reasoning and situational judgement tests. This cut down the pool to approximately 100 applicants who were then invited

to panel interviews. The panel discussions were conducted virtually with the Selection Committee members who were based in Brussels, Belgium. The candidates were invited to EU test centres all across the globe. During the virtual discussions, many technical questions were asked, practical knowledge about the EU was tested, there were case studies and other types of on-the-job activities. The pressure was high. Apart from these standard selection tools, the candidates were exposed to an array of tough negotiation and psychological tactics designed to test their mental stamina, resilience and reactions to stress. That eliminated the group to six legitimate candidates.

This particular candidate found himself among the selected ones. He was quite enjoying ‘the EU jump-racing game’ as he referred to the process. Passing the phases was amusing for him and even more satisfying for his ego. The challenge he set for himself kept him in the game for a total of eight months, the total duration of the process. Eventually, he achieved his goal and was offered a job at the European Commission. Then something interesting happened: when the employment offer was presented to him, he no longer felt the same motivation he experienced during the recruitment. He ended up rejecting the job three days later.

This is what can happen when a negotiator sets a goal but fails to define the objective. Working at the EU level might have seemed alluring as a distant end goal, but the ‘*What for?*’ question was addressed too late. Had the candidate investigated the reasons behind his goal at the offset, he might have realised that the lofty goal will quickly lose its appeal once it becomes reality.

## **How to overcome the challenges related to defining the objective**

A remedy that can help overcome the challenge related to defining the objective is the popular managerial tool created by Peter F. Drucker in 1954, known as management by objectives (MBO). MBO is an approach that integrates organisational goals such as earning, growing and development with the individual needs of managers. Through the process the objectives of an organisation are converted into individual ones.

MBO is a modern method often used in performance appraisal to assess whether the employee has fulfilled the objectives set forth for them. As such, it introduces an outlook which is oriented towards the future. Many managers claim that MBO is the most successful method for performance appraisal. According to MBO, setting the objectives is part of the planning process and follows after defining the problem and setting a specific goal. The manager is responsible for giving specific instructions, setting quality standards and determining the time frame in which these objectives should be attained. The systems objectives should be compatible, clear and acceptable, which increases the chances of a successful outcome.

The aim of setting objectives is to know:

- what needs to be done
- when it is considered to be done
- that it is possible to do it
- why it needs to be done (and for whom)
- what the progress is.

The MBO model was designed to boost organisational performance by establishing objectives that both management and employees can agree to. The aim was for employees to have a say in the goal setting and plan execution. Creating a sense of ownership enhances commitment to the goal. The same approach can be adopted in high-stakes negotiations to align the individual goals of the negotiators with the common negotiation goal that has brought them together.

## Summary of key take-aways

- 1 A negotiation objective identifies the purpose of the negotiation goal.
- 2 Use the *What for?* question to test your motives.
- 3 Prepare a set of parameters for your objective.
- 4 Distinguish the supporting parameters and eliminate those that do not serve your objective.
- 5 Build a bridge between your objectives and the objectives of the other party to create commitment to the end goal.

## Further reading

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