

Negotiating as a Team

By Dr. Michael Benoliel

Today high-stakes strategic negotiations for corporate mergers and acquisitions or multi-lateral commercial trade between countries are not carried out by solo negotiators but rather by teams of negotiators and supporting casts of experts.

Negotiating as a team is challenging and complex. While negotiating as a team is demanding and requires a high degree of internal negotiations, the exchange of information, coordination, collaboration and commitment to work together as a cohesive team, the benefits of coming to the table as a team are significant. First, the collective wisdom of a team produces multiple creative trade offs and options. Second, by the sheer “strength in numbers”, a team feels more secure and powerful than solo negotiators. Third, a team feels less pressured to make too many concessions. And fourth, a team of negotiators brings a wider range of skills, experiences, and expertise than solo negotiators.

“Many business situations are so complicated”, says Don Perkins, former board member of AT&T, Time Warner, and Putnam Funds, “that there is no way one person can be informed on everything.” “To me,” he says, “the purpose of putting together a team of negotiators is to have the expertise that is needed.” In this article, I highlight the set of skills negotiating teams need in order to effectively negotiate complex strategic cases. In addition, I specify the conditions for when to go to the table as a team.

Technical Skills

In 1995, Ambassador Richard Holbrooke, in preparing to mediate the conflict between the former Yugoslavian states, assembled a core team with various skills. Realizing that the negotiations between the disputing states would require an expert in international law, Holbrooke invited Robert Owen, a highly respected legal expert, to join the team. During the negotiation conference in Dayton, Ohio, the issue of creating a single national currency and a central bank emerged. Realizing the need for such technical expertise, Holbrooke immediately invited David Lipton, then Deputy Assistant Secretary of the United States Treasury, to join his team and provide advice on this issue.

Unfortunately, negotiating teams don’t always come to the table with the necessary technical expertise. For example, Alice Flynn, one of the founders of the Independent Union of Flight Attendants, recalls spending months negotiating with the negotiator representing an airline before it dawned on her that he and his team had a total misconception of one of the work related issues they were debating.

Assessing the kind of relevant technical skills and expertise the team needs before and during the negotiation is critical. The subject matter may differ. In one case it might be financial knowledge and expertise in assessing the value of an acquired company. In

other cases, it might be legal knowledge and expertise in drafting joint venture agreements, or expertise in city planning and zoning regulations. In each case, given its requirements, the team should be armed with all the necessary technical expertise.

Strategic Skills

Having strategic skills – the ability to see the “big picture” -- is essential to the success of the negotiation. To understand the big picture, your team has to develop the Stakeholders Interest Map (SIM). It means identifying the multiple stakeholders in the negotiating environment, identifying their interests, and assessing the nature of the relationships between them. Then, the team should evaluate each stakeholder’s stands vis-à-vis the issues at stake (for example, a proposed corporate merger or a proposed legal settlement). Such an evaluation would classify the stakeholders into three categories: neutral parties on the issue who are likely to stay aside; negative parties on the issue who are likely to oppose you; and positive parties on the issue who are likely to join your future coalition. By developing the Strategic Interest Map your team will be able to identify potential coalition partners, and the parties who might build a blocking coalition you might have to contend with.

Edgar Bronfman, the former CEO of Seagram’s and the head of the World Jewish Congress, is a veteran strategic negotiator. When he first approached the Swiss banks on the issue of compensations for Holocaust survivors whose families’ assets had been held by the banks since World War II, he was stonewalled. The banks, believing that they held all the cards, insisted the restitution issue had been settled years ago. Their preferred option was not to negotiate with Bronfman. Applying his strategic and coalition building skills, Bronfman sought support from other stakeholders who could apply pressure on the Swiss banks. The banks found themselves facing a divestiture of stocks by huge U.S. pension funds in both Swiss banks and Swiss-based companies. In addition, the proposed merger between the Swiss Bank Corporation and the global financial services firm UBS was put on hold due to the negative publicity. Given the bank’s worsening position, non-negotiation was no longer an attractive option. The banks changed their attitude and reached a \$1.25 billion settlement with the survivors. What made Bronfman successful, in this case, was not just his negotiating skills at the table, but also his strategic moves away from the table – building a formidable supporting coalition. Skilled strategic negotiators can often achieve more by taking actions away from the table than using negotiating tactics at the table.

Political Skills

Less experienced negotiators fail to recognize the power and interests of some players who are not at the table but in a position to torpedo the deal. Former Prime Minister of Israel Shimon Peres, for example, resisted the natural instinct to create teams in his own image. He put together a diverse team, including potential blockers and deal busters in order to avoid future unpleasant surprises. As he knew from decades of negotiating experience, the potential blockers behave differently when they sit at the negotiating table. Now they have a stake in the outcomes and thus assume a different level of responsibility. It was, therefore, politically wise and practical to include all the relevant stakeholders who could influence the outcomes of the negotiation. For example, when

Michael Matheson, former U.S. State Department Legal Advisor negotiated the landmine treaty, U.S. military experts were also sitting at the table in order to get the Pentagon to go along with the proposed negotiated agreement.

Public Relations Skills

John D. Rockefeller, “the King of Oil,” used to say that it was not the public’s business to know about his private business. But, in a democracy, as he later learned, public opinion takes on great importance. It counts. Somewhat resentful, he hired public relations experts to improve his shady image.

Most often, negotiations are not limited to “moves at the table” in a closed room. In the Information Age, the public, not present at the negotiating table, is a formidable force to be reckoned with. Effective negotiators understand the power of “moves away from the table” and “recruit” the public by designing and managing public relations campaigns. For example, when Oracle wanted to acquire PeopleSoft, a software company, PeopleSoft resisted and refused to negotiate with Oracle. Not deterred, Oracle launched a major public campaign against PeopleSoft’s management for not acting in the best interest of their shareholders. In another case, the competition between several American airlines and the negotiations over direct flight rights from the U.S. to Beijing, China, were conducted over the media. For example, United Airlines, in its public campaign, promoted the notion of direct flights from Capital (Washington, D.C.) to Capital (Beijing) and asked the public to write to the U.S. Transportation Department and support United Airlines’ interest.

The public plays an important role. It can either give parties “public legitimacy” to their actions or take it away. Coming to the table with “public legitimacy” is much better than without.

Negotiating Skills

Since people are involved in negotiating something everyday they feel competent. Many don’t realize how much they don’t know about the complex moves away from the negotiating table and the sophisticated tactics at the table. They underestimate the demands of the art and science of negotiation and thus suffer from “illusion of negotiation competency.” To negotiate effectively, one needs knowledge and expertise relevant to the negotiating task. For example, it is critical to know the moves away from the table, such as creating the set up of the negotiation (mastering the issues, setting objectives, determining the no-deal point, developing multiple options, sequencing the issues, designing multiple offers) and the tactics at the table (when and how to ask for and make concessions, when and how to make offers, who should makes the first offer and why, how to frame the issues to your advantage, and how to use the universal principles of persuasion). Technically skilled experts in legal matters, financial analysis, project management, or telecommunications design, are not necessarily effective negotiators. To negotiate well, your negotiating team should include an expert in the art and science of negotiation.

Psychosocial Skills

The Western models of negotiations overemphasize due diligence and mastery of the substance and underemphasize the behavioral dimension of the negotiation. Negotiations, after all, are about both content and human behavior. In a recent negotiation workshop I conducted in Singapore, a delegate from Vietnam shared with us that often his task is just to observe, note, and help his team to interpret the behaviors of the negotiating team on the other side. In an interview with Michael Hausfeld, a leading lawyer in Washington D.C., I asked: Do you include a behavioral expert on your team? “No”, he replied. “The constraint on the size of the team doesn’t allow it,” he said, “so we do it ourselves.”

Understanding human behavior and social dynamics in the negotiation process is the most neglected skill area in most negotiations, often delegated to lawyers, executives, diplomats, and labor negotiators who might not be fully capable of the undertaking. In high stakes conflict situations, for example, one of the common hazards is “groupthink.” Groupthink is a phenomenon in which the members of the team feel pressured to conform to a uniformed mindset and are reluctant to present ideas which conflict with the already established group mind set. The psychological tyranny of the team creates a false feeling of cohesive, “we” (the good team) versus “them” (the bad team). Teams trapped in “groupthink” treat conciliatory attempts such as genuine concessions made by the other side as dishonest “tricks” and reject them. Another potential psychological trap is “illusion of control.” It is the tendency for a team to overestimate its ability to control events. Under this spell, the team feels invincible, overconfident, and may, as a result, take higher risks than necessary. An expert in psychological and social dynamics of groups can make a significant contribution to the negotiating team by analyzing psychosocial processes and pointing out potential or existing psychosocial barriers and hazards.

Negotiating as a team brings many benefits. However, there are also potential hazards. Perhaps the greatest hazard is team disunity where fragmentation and internal competition might compromise the negotiating goals of the team. To foster team unity, you should emphasize the overall team’s goals, create opportunities for the team members to know each other, interact and prepare together for the negotiation before they go to the table, introduce a measure of competitive spirit against other teams, consider multiple perspectives and interests, and use a team building expert to help your team become the most effective it can.

When to Use a Team

Teams of negotiators can bring important value and should be used when:

1. The upcoming negotiation is very complex and requires a diverse set of knowledge, abilities, and expertise.
2. Diverse constituencies and interests must be represented at the table.
3. It is important for your side to display strength.
4. You want to show the other side that you are serious about the negotiation and you are willing to invest the necessary resources.
5. You have sufficient time to organize a team and build its chemistry.

6. The team has sufficient time to prepare together before the negotiation.
7. The team is trustworthy and can work well together.
8. The ultimate decision-makers have confidence in the team's ability to get the best possible deal and are not second-guessing it

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