

Focus on "Why" Rather Than "What" for Successful Negotiations

David Wachtel

These two sisters focused on the "what" and compromised without asking the most important question in negotiating: "Why do you want that?" The result is that each sister only got half as much as they might, had they stopped to ask that question.

Look at it another way: The "What" is the price, contact, job, etc. upon which you have decided. The "Why" is the motivation which caused you to make that decision. Many negotiators make the mistake of thinking what they want is logical and obvious and important to everyone. A request from the other party for anything else causes the negotiation to deteriorate from solving a problem to arguing about positions.

An illustration how this works:

A sales representative for a manufacturing company is calling on a customer. The customer uses a part from the manufacturer to produce their finished product. The sales representative has been charged with renewing the contract and getting an 8% price increase.

The sales representative discusses the situation with the manufacturer. The manufacturing executive tells the sales representative. "This is an item with a small profit margin, and you are one of three companies that make this product for us, nationally. If you are going to raise your prices, you are out and we are going to give your business to one or both of the other two companies. They have already indicated that they will not be increasing pricing, this year." This is "What". *Price appears to be the main issue.*

The sales representative asked the executive, "I am charged with getting the increase. What would you do if you were in my shoes?" This is "Why". *He asked the question to learn more about what is really driving the price/what issue.*

The executive answered, "This was a product where we used to have good market share and exclusivity. Other companies have begun to produce this, and are doing so at prices equal to and a bit lower than ours. Some of these products are actually better. We are losing our market share. As a result, in order to compete, we have to hold our prices flat this year. So, you can see that a price increase is not allowable if you want to still have our business."

Suddenly, it is not price, but market share and survival that are the issues. The "why" opens up a whole new arena to help negotiations.

The sales representative went back to his office and met with the engineers, sharing with them what he had been told. The customer is losing market share, other people are making a better product and their competitors are agreeing to no increase in the next year. They went to work on the "why".

The engineers were able to redesign their piece of the product, saving 15% off the cost of manufacturing. The result was they were able to come back and offer a new improved product at

less cost. This enabled the sales representative to not only retain his business, but he was able to obtain an exclusive contract, eliminating his competition.

The sales representative had two choices in the conversation with the manufacturer. One was to begin to bid, defend, fight, convince, force the issue, or walk over pricing. *The second was to ask questions to learn more about the interests behind the price position.* What was learned was that it was market share, competition, and possibly design and technology, more than simply "everyone else agreed to no price increases, so if you don't, you are out." This totally changed the approach to successfully negotiating an agreement. It is important to note that there were several "whys" behind the "what" of price.

Asking for more information also requires good questioning and listening skills:

Questioning skills require three techniques:

- Before you begin to ask questions, know where you are going. Randomly fired questions, without logic, makes the other party feel as if they are being interrogated and it raises tension.
- Ask for permission to ask questions.
- State why you want to ask questions

This maintains safety and keeps tension low for the other party. They want to help you.

Other ways to find out the "why":

"Why are you concerned about losing market share? Is it due to simply price, or are there other reasons?"

"The product you make is very good. Costs are going up all over. Why not ask for a small price increase?"

Both of these techniques are valuable in helping a negotiator better understand why the other party wants something.

Listening Skills:

When we are speaking with someone, we receive communication from three basic sources. These are words, voice tone, and body language.

The best negotiators are not necessarily the best speakers. They are the best listeners. They are listening for the reasons why the other party is asking for, needs, wants, or demands something. And they are listening for all the "whys", not just one. Because they are looking for the common ground from which a successful negotiation can be built. They are also looking for interests the other party may have that are not being met, that may get in the way of successfully solving the problem.

There are three listening skills:

- Selective listening: listen to everything, then select out the important information.
- Responsive: eye contact with the speaker two thirds of the time, taking notes, "I see", "Tell me more about that".
- Paraphrasing: Replay back what you think you heard and ask for confirmation and clarification. "Did I understand what you said?"

As writer Stephen Covey said in his book *The 7 Habits of Highly Effective People*, "Seek first to understand, then to be understood." The other party will listen to you and work with you if they feel you understand their needs.

Why is this so important?

Typically, when two parties meet, there is an underlying desire to reach an agreement. Also, many times the "what's" are diametrically opposed. For example, in a labor negotiation the union wants to get the best deal for the members. Management wants to protect the company. However, each needs the other (no company no jobs, no employees no company), so the effort to uncover the common "whys" will show that, in reality, they both want the same thing. Simply put, employees being paid fairly working in a healthy company.

When the "whys" are examined, generally common ground is found. These also can be significant in helping creatively solve the problem. Why they other party wants something may never have occurred to the other side. In fact, it may make them appear, to the other party, as being difficult, if not irrational. *Many times, not only does this get them both working on the problem rather than each other, but it can be the solution. It uncovers the unsaid things that prevent successfully negotiated deals.*

Getting the "whys" handled for both parties is the reason we negotiate.



David A. Wachtel is the president of Hautacam Consulting, Inc., an Indianapolis based organization that provides training and coaching in negotiations, sales, change management, communication/conflict resolution, and management development. His experience includes a 20 year career in the insurance industry covering both the sales and underwriting/risk management functions from both the perspective of the company and the agent. Mr. Wachtel is a graduate of Butler University and holds the Associate in Underwriting designation. David Wachtel may be reached through his web site at www.hautacamconsulting.com.

Mutual Gains Approach to Negotiation

A theory of negotiation focusing on the creation of value for all parties (by focusing on inventing options that meet all parties' interests and by using objective criteria to fairly divide gains) has become extremely popular in Western negotiation literature. With roots in works by Howard Raiffa (1982), Roger Fisher and William Ury (1981), David Lax and James Sebenius (1986), Lawrence Susskind and Jeffrey Cruikshank (1987), and others, this approach suggests that negotiation need not involve deception or aggression in order to achieve one's goals. Rather, findings from several fields have converged to suggest that negotiation can be seen as a process challenge in which more information about interests and more creative options can increase the benefits to all parties, creating better results and relationships. The approach has been buttressed by many studies showing that negotiators typically miss opportunities to create value, in part because of cognitive biases (Bazerman and Neale 1992; Thompson 1998), and by studies of procedural justice (Tyler and Blader 2003) that suggest that parties not only value outcome relative to achieving a goal but also value the fairness and integrity of the process used to get there.

The MGA approach shares features of Fisher and Ury's (1981) "principled negotiation" approach and also incorporates analytical recommendations made by Lax and Sebenius (1986), Howard Raiffa (1982), Max Bazerman and Margaret Neale (1992), and Robert Mnookin and colleagues (2000). The four-stage MGA is a prescriptive model that centers on four sequential negotiation tasks: preparation; creating value; distributing value; and follow-through. The model suggests that preparation is the most important of these four. It advises parties to understand their own best alternative to a negotiated agreement (BATNA) and their key interests, and to also estimate their counterpart's BATNA and key interests. It suggests that parties can achieve better agreements by transforming single-issue negotiations into multiple-issue negotiations; by trading across issues that are valued differently by parties; by inventing options neither party had previously envisioned; by creating contingent agreements to handle disagreements about the future; by adding new issues; and by and through other means. It underscores that conversations about dividing gains should be delayed for as long as possible, and that following through effectively requires monitoring, alignment, relationship-building, and dispute resolution provisions.

Excerpt from "Tailoring Mutual Gains Approach to China, Japan and Korea," Movius, *Negotiation Journal*, October 2006, p. 361.