

PROGRAM ON NEGOTIATION

HARVARD LAW SCHOOL



NEGOTIATION TRAINING

FREE REPORT



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NEGOTIATION CASES AND GOOD
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YOU A BETTER NEGOTIATOR



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Make the Most of Your Negotiation Training

SO YOU'RE THINKING ABOUT TAKING A NEGOTIATION COURSE but are not sure if it will be worthwhile. Or maybe you attended one recently (or not so recently) and are wondering whether you are effectively applying what you've learned to the negotiations in your business and personal life.

Unfortunately, our best intentions aside, many of us have difficulty transferring our new knowledge from the classroom to the conference room, negotiation researchers have found. The gains made during training can be quickly lost as we fall back on old habits and sloppy thinking. Ineffective instruction may be partly to blame, but before you sign up for your next negotiation course, there are several steps you can take to increase the likelihood that you will absorb and apply your new skills successfully.

1. Be ready to make mistakes. Negotiation training can be a humbling enterprise. Instructors often have their students participate in role-play simulations that have been designed at least in part to expose flaws in their thinking, such as the tendency to be overconfident or to assume that they are fighting over a fixed pie of assets. (For more about learning through simulation, see the sidebar.)

Students often feel threatened when they discover that they have been making decisions based on faulty intuition, according to Harvard Business School professor Max H. Bazerman. Yet it would be a mistake to view your behavior as a personal shortcoming or, conversely, to blame the instructor for “tricking” you. In fact, feeling uncomfortable with an aspect of our behavior is a necessary step on the journey to improving it, according to psychologist Kurt Lewin, who developed an influential model of change.

Virtually all of us are susceptible to judgment biases that color our decisions in negotiation. Accept this fact, and you'll be in a good position to adopt better patterns of thinking that you can apply to your own negotiations.

2. Take a proactive approach. Once training begins, avoid the pitfall of passively recording the key points made by your instructor. Beyond note taking, think about how these concepts relate to your own negotiations. How do the theories presented apply to your practice? If you're not following the real-world implications of an idea, ask for clarification or a concrete example.

In addition, Bazerman advises negotiation trainees to listen carefully for repetition of concepts across the entire program. For example, after role-playing a negotiation with a partner, you might discover that you missed an opportunity to explore the other side's interests. In all likelihood, the instructor will stress this pitfall throughout your training.

We learn better when we have the opportunity to abstract similar lessons from two or more experiences, researchers have found. For this reason, proactive students perk up when concepts are presented more than once—and are more likely than others to retain this information over time.

3. Consciously practice your new skills. Once you're back at the office, don't assume that the new skills and concepts you've learned will become a natural part of your negotiation repertoire. In fact, the process of cementing better patterns of behavior requires vigilance and hard work.

Learning from Simulations

It's a familiar practice in negotiation training: Students are divided up and assigned to engage in role-play exercises known as simulations. Each person reads confidential information about her role, the two (or more) players get together and negotiate, and then the class reconvenes to debrief the experiences.

Simulation took root as a common method for teaching negotiation because it allows students to practice their skills in a low-risk setting and requires them to confront common negotiation problems directly, among other benefits.

In the January 2013 issue of *Negotiation Journal*, George Mason University professor Daniel Druckman and Creighton University Law School professor Noam Ebner discuss the benefits and drawbacks of simulations as a learning tool. Reviewing social science research, they find that engaging in simulations improves students' motivation and retention of key concepts that have already been taught in lectures and classroom discussions. Thus, classes that combine simulations with more traditional classroom methods may maximize learning.

In addition, other learning methods could supplement or expand upon role-play exercises, Druckman and Ebner suggest. Students could be assigned to engage in real-world negotiations and then discuss their experiences back in the classroom. In addition, students could become involved in the design of simulations. In their own classroom experiments, Druckman and Ebner found that negotiation students who were involved in designing a simulation retained concepts better and received more satisfaction from the process than did those who simply role-played the student-designed simulation.

When you return to the office, spend some time reviewing what you learned. Think about which concepts you would like to apply most assiduously to your negotiation and actively practice what you want to absorb, both at work and at home. You may feel most comfortable trying out new strategies with friends and family, who are likely to be more forgiving of your mistakes than, say, your supervisor or a client would be.

You might even be able to identify a “negotiation coach” in your organization. Massachusetts Institute of Technology professor Lawrence Susskind recommends finding a mentor experienced in negotiation who can help you brainstorm solutions to various dilemmas and even role-play bargaining situations with you.

First published in the November 2013 issue of *Negotiation Briefings*.

Full Engagement: Learning the Most from Negotiation Simulations

OVER THE PAST TWO DECADES, executives and MBA students have been learning negotiation skills primarily through *simulations*—mock negotiating situations in which they experiment with new techniques and strategies. Negotiation researchers have developed hundreds of simulations, which often are based on real cases (but differ from the case studies used at many business schools), to teach important negotiation concepts.

Researchers have found that engaging in hands-on exercises in a low-risk setting is an ideal way for managers to absorb new negotiation skills. We have also come to the conclusion that negotiation simulations are successful only when trainees dedicate themselves fully to the learning process. Too many trainees resist this active approach to learning, wishing instead that they could sit back, listen to the instructor, and take notes.

As a manager, is it realistic to expect your employees to learn from negotiation simulations and transfer their new knowledge to real-world problem solving? How can you get the most out of your own negotiation training sessions? I’ll discuss the rationale behind negotiation simulations and, using a specific illustration, show the kind of deep learning that can occur when participants fully engage in the process.

How simulations work

Negotiation training through simulation follows psychologist Kurt Lewin's three-step change process. The first step is to help a trainee *unfreeze* his current approach, usually by holding up a mirror and challenging ingrained assumptions. Next, trainers seek to assist participants in *changing* their underlying logic by imagining a more effective approach to the same task. Finally, through simulations, trainers help their students *refreeze* the new approach by trying it out in a safe setting where their performance will not be judged or recorded.

Typically, "players" in these simulations receive shared written instructions that describe the events leading to a specific moment in a hypothetical workplace negotiation. The class is divided into pairs or larger groups, and each person is given a role, such as "lead buyer" or "seller's supervisor." Players also receive confidential instructions that help them to play their parts realistically. Players are obliged to attach specific priorities to the choices they face. They are given detailed information that allows them to back up their arguments or demands.

By carefully structuring the content of each player's confidential instructions, instructors can force certain situations or moments to occur. In this manner, instructors ensure that each trainee will tackle a specific negotiating problem, such as what to do when you're about to be left out of a winning coalition or how to handle what appear to be lies or threats. After negotiating in small groups, the class reconvenes to compare results, and the instructor points out the key lessons that can be gained from the experience.

Four obstacles to learning from simulations. Participants will learn from a simulation only if they buy into the premise of the game. The following are the most common obstacles to successful interactive negotiation learning:

1. Resistance to hands-on learning. Some people, including many senior managers in American companies, find role-playing to be embarrassing or somehow beneath their dignity. This resistance is likely to be due in part to a fear of being seen in a less than flattering light by subordinates. (Interestingly, European CEOs and senior managers are much more likely to participate in and learn from negotiation training sessions than their American counterparts, perhaps because wage disparities between middle and upper management are smaller in Europe.)

2. Missing the big picture. Other trainees get so wrapped up in the details of the hypothetical situation that they miss the overarching lessons. This often happens when simulation writers, in an effort to make their fictional situations vivid, base them on disguised or hybrid versions of real business stories. Accounts of actual events provide verisimilitude, but can confuse trainees who focus too much on the details and, as a consequence, lose sight of the underlying negotiation dynamics.

3. Difficulty absorbing new contexts. Some negotiation trainees have a hard time learning cross-contextually; that is, they tend to reject what is being taught if the situation, or context, does not exactly match the one they know best. For example, someone who works for a state housing agency might assume that she has nothing to learn from a simulation set in a hospital, despite the fact that the negotiating dynamics would be very much the same.

4. Fear of “losing.” Some people worry so much about “losing” the game that they would rather forgo the opportunity to experiment with an unfamiliar negotiating technique or strategy in a protected learning environment. This tendency is common among senior managers, as mentioned above, but can be found in any trainee who is unwilling to try an unfamiliar approach or method because it is awkward. Only by testing a new technique in a risk-free setting will such trainees become likely to try it in everyday practice.

MultiMode: A case study in successful learning

Given such resistance, can negotiation simulations truly be an effective learning tool? The answer is an emphatic yes, as the teaching strategy behind a simulation called MultiMode will show. A simulation that takes only about 30 minutes to play, MultiMode is a negotiation between two managers who work for the same communications equipment company: the vice president of finance and the director of human relations.

Preparing to negotiate. Before the class breaks into negotiating pairs, the trainer informs participants that the CEO of MultiMode has told the VP of finance to cap departmental budget increases at 5% for the coming year while taking all the necessary steps to increase overall corporate productivity. Meanwhile, the CEO and the rest of the executive committee have asked the HR

director to implement a company approved personnel reorganization plan that is intended to increase productivity. The HR director has prepared a departmental budget proposal indicating that an 8% spending increase is absolutely essential to implement the reorganization.

In the general written instructions that all participants receive, the VP of finance is described as an arrogant, difficult, ambitious individual who has completed budget reviews with many other departments and refused to approve any spending increases above 5%. The challenge for the HR director is to formulate a negotiation strategy built on achieving mutual gains in the face of the finance VP's hard bargaining tactics.

I've often used this simulation in large training sessions of 50 or more pairs. Before handing out the confidential instructions, I ask participants to guess what fraction of pairs will achieve an 8% budget increase and what fraction will end up with a 5% increase. Most anticipate that the vast majority of pairs will agree to only a 5% spending increase.

Unexpected outcomes. The actual results are almost always surprising. During their negotiations, at least 40% of pairs typically agree to an 8% budget increase, while about 30% of pairs agree to a 6.5% increase. Contrary to the group's prediction, only 10% settle for a 5% increase. (Roughly 10% of pairs agree to a 7% budget increase, 5% agree on a 6% increase, and 5% reach no agreement.)

How do so many pairs manage to achieve an 8% budget increase? Typically, they reach agreements that allow the finance VP to record the equivalent of a 5% increase while giving the HR director the funds needed to implement the full reorganization. The HR director, for example, might receive only a 5% guaranteed increase, but receive permission to spend all of it at the beginning of the year. If productivity improves within six months, additional revenue will sustain a further 3% spending increase from this "new" performance-based revenue.

This solution allows the finance VP to tell all the other department heads that no one has received more than a 5% budget increase for the coming year. The finance VP meets his key interest, and the HR director can spend what is needed for the reorganization, confident that productivity increases will guarantee full funding.

Lessons learned

In just half an hour, trainees see for themselves that a mutual gains approach—one that stresses the importance of meeting the other side's most important interests as well as one's own—can work even if only one party in the negotiation is committed to such a strategy.

One need not be an HR specialist or work in the communications equipment industry to absorb this key lesson. While we do ask those playing the part of the finance VP to behave as “their own worst nightmare,” they, too, learn that a mutual gains approach can tame even the hardest bargainer. Pairs that come up with no other alternative than to “kick the problem upstairs” to the CEO quickly realize that they had better options.

Despite widespread resistance to hands-on learning, simulations offer an invaluable means of teaching critical negotiation skills. (See the sidebar “Making the Most of Negotiation Training.”) In fact, it’s hard to imagine a more effective way to overcome the skepticism that crops up when we suggest that a mutual gains approach can be used effectively with a difficult opponent. By approaching simulations with an open mind, you and your coworkers can extract the most value from your training and vastly improve your on-the-job negotiating skills.

By Lawrence Susskind, Professor, Massachusetts Institute of Technology.

First published in the August 2005 issue of *Negotiation Briefings*.

When Individual Bargaining Skills Aren’t Enough

IT IS OFTEN SAID THAT NEGOTIATION is a fundamental skill in business and in life. Yet interventions designed to build individual skills often fail to produce the desired results.

Consider the following anecdotes:

- A human-resources VP hires a global consulting firm to provide negotiation workshops for the company’s senior managers. Judging from evaluations, the training is a success. A year later, however, little has changed in how they negotiate.

■ During a course designed to improve negotiations with suppliers, employees of a Fortune 100 company complain to the trainer that in-house performance metrics reward competitive behavior rather than collaboration. “We say we value relationships, but that’s not how we reward people,” comments one team leader.

■ A design firm facing declining revenues hires a training team to help its personnel conduct more customer-focused negotiations. The consultants’ training highlights listening skills, separating interests from positions, and value creation. After a year, the firm is in worse financial shape than ever.

Why are such failures so common? Quite often, management and outside trainers concentrate too much on building individual negotiating skills and not enough on broader problems within the organization that are hindering strong results. Specifically, your organization may be overlooking two key factors: (1) poor negotiation strategy and (2) structural constraints that affect negotiated outcomes.

Here, I’ll show you how to help your organization surmount these obstacles and produce lasting improvement.

Strategic shortcomings: How do outside forces affect results?

In all likelihood, your organization isn’t thinking broadly enough about how the competitive marketplace affects its negotiations and vice versa. To correct this oversight, your company should strive to achieve three goals:

1. Cultivate and maintain strategic alternatives. Often, organizations can improve negotiated outcomes by expanding their outside options. Consider the case of a procurement team for a major computer manufacturer that over the course of a decade developed a close relationship with a single supplier. To the team’s surprise, when the contract came up for renewal, the supplier demanded a 50% price increase for the same technology. Applying advice from their recent course on collaborative negotiation, team members from the computer company requested objective criteria to support the price increase, tried to uncover hidden interests, and searched for additional sources of value. Still, the supplier wouldn’t budge on price.

Assessing an Organization's Skills

To maximize their organization's return on investment, managers must be prepared to authorize an organizational negotiation assessment. The best assessors are likely to have extensive experience designing tailored negotiation courses and coaching leaders, as well as an understanding of organizational development.

The assessor should proceed by confidentially interviewing representative negotiators and their leaders about their negotiation practices and experiences; ideally, the assessor also will have the opportunity to speak with key negotiating partners outside the organization. Using this information, the assessor then diagnoses the organization's strengths and weaknesses and offers advice on coaching, training, systemic changes, and funding. A thorough assessment should cover the following:

- **Individual needs.** Are negotiators being given a prescriptive model for negotiation that includes a focus on preparation and value creation? Are they being trained in the key skills that the model identifies, using exercises tailored to the industry and problems faced by negotiators? Negotiation training should cover all these bases.
- **Strategic needs.** What's happening in the industry as a whole? Does the organization have strong or weak competition? Should new players or coalitions be taken into account? The organization may need to adopt a strategy for expanding its alternatives, communicating competitive strengths, or structuring compensation and risk.
- **Structural needs.** Do negotiators have the authority they need to invent options at the table? Are they given sufficient time and resources to prepare effectively? Are key stakeholders actively engaged in the process? The organization might need to reengineer the preparation process to give negotiators greater authority and access to experts.

creative ideas and services, not an interchangeable commodity.”

After learning that the ad industry was in the midst of consolidation, the consultant concluded that the agency needed to offer its clients solid evidence that it was not a commodity in an oversupplied market. He encouraged the

Eventually, certain team members began to reconsider their fundamental strategy of relying on a single supplier. The team leader complained about the time and expense required to qualify a second supplier, but advocates of the new plan pointed out that the 50% increase would run into tens of millions annually. The team worked on identifying and qualifying a second supplier—news that got back to the existing supplier, which immediately reverted to its original price. “The process was a huge pain,” the team leader later commented, “but it saved us a lot of money compared with the proposed increase.”

2. Determine competitive strengths and weaknesses. Sometimes shortcomings in negotiation strategy result from larger market or industry trends. Case in point: For seven years running, a global advertising agency faced demands for fee reductions from its largest clients. A newly formed change-leadership team at the ad agency hired a training firm to “help us learn to negotiate better terms.” In interviews with agency leaders, the consultant was struck by this refrain: “Our clients don’t seem to understand that we provide a unique set of

change-leadership team to identify and implement better preparation practices; move the firm toward expanded contractual options, such as greater bonus incentives to meet client-relevant goals such as sales; and engage company leadership in a dialogue about supporting new systems and risks. Lasting change was unlikely without an improved response to marketplace perceptions.

3. Reevaluate measures of success. Organizations often stress narrow, concrete measures of the relative success of a negotiation, such as purchase price, while overlooking other important factors: how much talks cost in time and resources, how much risk is mitigated or managed, and how strong the relationship is at the end of the process. Consider the case of a manufacturing firm that successfully negotiated price reductions with a supplier for five years running. The manufacturer needed ramped-up production for a part that the supplier was distributing widely throughout the industry. Unsurprisingly, the supplier felt no strong obligation to help. Without the part, the manufacturer failed to ship a key product and lost tens of millions of dollars that quarter.

Organizations that pressure their negotiators to focus on the bottom line often fail to recognize the overall *increased* risk and costs they'll absorb from poor relations with counterparts. At a minimum, measures of negotiation success should encompass savings, risk, innovation, operating efficiencies, and relationship satisfaction. Before talks begin, such criteria help identify potential sources of value; afterward, they serve to measure performance.

Structural constraints: How do internal forces affect results?

Structural constraints that exist within your organization can be just as challenging as flawed strategy. These three concepts can put you on the right track.

1. Establish an organizational preparation process. While it's true that individual negotiators often fail to prepare adequately for talks, their leaders must also accept responsibility for failing to give them the mandate or resources needed for success. According to standard procedure at the computer manufacturer described earlier, negotiators worked in advance with product managers to determine pricing targets, aimed for these targets when bargaining with the supplier, and checked back with managers for approval of various counterproposals. Sensing their counterparts' lack of authority, the supplier's

team eventually began to go around negotiators to the computer company's upper management. Months later, after the two sides reached an agreement on scope and price, negotiators and their superiors at both companies felt stymied when secondary negotiations between their legal departments dragged on over terms and conditions.

Individual skills training was a first step toward improving the manufacturer's standard negotiation process. At least as important was management's next initiative: forming a problem-solving team made up of product managers and legal staff that came up with a new negotiation preparation process for the company. Managers and the problem-solving team now were required to enumerate and rank all the company's interests prior to critical talks and gather key information and benchmarks from various sources across the company. Once the vice president of procurement was able to review a strategic plan in advance of key deals, she felt comfortable granting negotiators greater authority to invent options. In the year that followed, the company ran billions of dollars worth of deals through the new process, with superior results.

2. Manage principal-agent dynamics. Imagine that after you have built a strong relationship with a long-term client, she tells you that her superiors have assigned a consultant to participate in your upcoming renegotiation. The consultant has promised the client firm substantial savings—and yoked his compensation to these results. “I have no choice but to bring him to the table,” your counterpart sheepishly tells you.

It's the classic “principal-agent” problem: the consultant's negotiation goals may conflict with those of his principal—not to mention yours. The client's agent is likely to be focused on short-term savings, while you and your counterpart prefer efficiency and continuing quality of service. To overcome this inherent structural dilemma, you'll have to negotiate ground rules, such as a way for you to communicate with your counterpart as well as her agent (for example, via summary e-mails after each meeting). Spell out for your counterpart the tradeoffs represented by packages that include short-term savings but create certain long-term risks. In addition, make her aware of any benchmarking data you present to her agent, as well as your willingness to walk away from an unreasonable proposal.

3. Examine your organization's budgeting process. Large organizations often earmark training expenditures for a particular type of service, such as individual coaching, group classes, or consulting work. When a coach or consultant encourages a more systemic solution that could yield a higher return on investment, management often responds, “I don’t know whom you’d talk to about that. I have money available only for training.” Champions of such approaches may find the firm’s human-resources are not set up to handle such efforts.

One solution: training sessions that encourage employees to share their past negotiating experiences. More often than not, participants and trainers will recognize that improved outcomes are unlikely without broader attention to strategic and structural challenges. The trainer should present such recommendations to an organizational leader who appears willing to try a new approach. Change is most likely when leaders look beyond budget constraints and acknowledge that negotiation is not just an individual capability but also an organizational one.

By Hal Movius, Director, Consensus Building Institute.
First published in the March 2007 issue of *Negotiation Briefings*.

Finding a Good Negotiation Coach

NEWLY PROMOTED TO PRODUCT MANAGER, Terry was pleased when her boss told her that Joe, one of the company’s top negotiators, would show her the ropes. With her first important negotiation looming, Terry met with Joe and asked for his advice on dealing with the client.

“Just be careful not to lose the account,” he said, “and don’t be a pushover.”

“That makes sense,” Terry said. *Common sense*, she thought. “Maybe you could help me figure out our walkaway point.”

“Well, we obviously don’t want to lose money on the deal.”

“So, you’re saying it’s acceptable to just break even?”

“Listen.” Joe sighed. “I’m sure you can work the numbers yourself. We wouldn’t have hired you otherwise, right?”

As she left Joe’s office, Terry wondered, Was this her boss’s idea of sage negotiation advice? Rather than building up her confidence, Joe had undermined it. Instead of giving useful advice, he had offered platitudes.

Many professionals have a knack for creating value, claiming value, and building great deals. Yet few are capable of helping others enhance their negotiation performance. Some offer weak advice that they themselves wouldn’t follow. Many are oblivious to the qualities that make them effective negotiators—and thus are unable to share these insights.

Not everyone is cut out to be a negotiation coach. Yet an effective coach can be an invaluable asset, and such individuals most likely exist within your organization. In this article, I’ll begin with an overview of negotiation coaching and then offer detailed illustrations of the most important qualities to look for in a coach. After you have learned to identify good coaching and bad, you’ll be ready to seek out the best negotiation coach for you.

What is a negotiation coach?

Anyone in an organization who can help teach others how to negotiate more effectively can become a negotiation coach. Coaching is best conducted one-on-one rather than in groups. Because few organizations formally assign negotiation training to their employees, most negotiation coaching is done “off the books.” And because the best advice will come from someone fully aware of the precise demands and constraints you’re facing, look for your coach within your own organization.

Rather than simply telling you what to do in a particular situation, effective coaches focus on improving your skills. They are well versed in an explicit theory of negotiation (such as the mutual-gains approach taught at the Program on Negotiation at Harvard Law School) that allows them to explain and predict what will and won’t work. Effective negotiation coaches help you set goals, assist you in figuring out what techniques to try and what adjustments to make, and enable you to understand what happened after the fact. Specifically, good coaches (1) offer advice that’s consistent with their own negotiation behavior, (2) stress the importance of preparation, (3) rehearse new techniques, and (4) debrief the final results.

A good coach is consistent

As part of the firm's quarterly speaking series, Jane, a VP, gives a presentation to the project managers on the topic of negotiation. She makes three main points: First, don't let the other side call the shots regarding the location, the agenda, and the parties present. Second, make a high opening bid in order to keep your bottom line hidden. Finally, don't squeeze the other side so hard that he loses his dignity. After the talk, one of the managers asks Jane for some help in sketching out an approach to an upcoming negotiation. Jane listens and then gives some specific suggestions that largely contradict the three principles outlined in her talk.

It's not uncommon for negotiation coaches to offer advice that's inconsistent with their own bargaining behavior. This inconsistency can leave trainees confused about which practices to follow. It arises when coaches lack a clear theory of negotiation to back up their prescriptive advice. When asked to make recommendations, they simply parrot tips they've heard from others or read in airline magazines. Coaches are better able to give consistent negotiation advice if their practice is informed by a theory in which they fervently believe.

Ideally, senior managers would be taught to identify potential discrepancies between their theories and their practice. But it's a rare company that allocates sufficient resources for addressing the disconnect between what negotiators say and what they do.

One simple way for organizations to improve consistency is to limit their pool of negotiation coaches. Not all senior managers should be expected to be able to give expert negotiation advice to their direct reports. Instead, organizations should identify and train a few senior managers with real coaching talent and let it be known that they're available to give advice companywide. These individuals would learn to be explicit about the theory of negotiation they depend on to diagnose others' strengths and weaknesses (as well as their own).

Keep in mind that employees may be reluctant to ask for negotiation advice from their direct supervisors for fear of revealing weaknesses that could be held against them during performance reviews or salary discussions. For this reason, many trainees may actually prefer to get help from coaches in other parts of the organization.

A good coach focuses on preparation

During his last few negotiations, Brian has not done nearly as well as Tim, his boss, had hoped. All three contracts came in well below the margin the division expected. Tim, who signed off on each deal, is worried about taking heat from the new director of global purchasing, who has pressed every unit to reduce costs. As Brian's next negotiation approaches, Tim decides to show up unexpectedly and play "bad cop" to Brian's "good cop." Subtly, he'll show Brian how it's done—and help them both bring in a great deal this time.

As you might have guessed, Tim is making a number of mistakes as Brian's coach. Surprising Brian at an important negotiation is likely to rattle the already shaky negotiator.

Nor is the "good cop, bad cop" routine a sound strategy for generating mutual gains. Most crucially, Tim has failed to help Brian prepare in advance for each round of talks.

To see how the relationship between negotiation coach and trainee should work, let's consider another situation within the same company. Carmella, a unit manager, is concerned about how the new purchasing director's mandate will affect her upcoming talks with Naomi, the CEO of a consulting company central to Carmella's supply chain. Carmella has done business with Naomi for almost a decade and considers her a friend. Naomi has always delivered on time and on budget, and Carmella hasn't rebid the contract in six years.

Stymied by the situation, Carmella approaches her company's CFO, someone who has given her helpful feedback over the years. Carmella explains the conflict between wanting to meet the purchasing chief's demands and not wanting to tell Naomi that her contract will be rebid and might not be renewed. The CFO listens at length and poses questions that force Carmella to think more clearly about her priorities. He asks Carmella to identify the other company's interests and to consider how Naomi's company might reduce costs. Finally, the CFO asks Carmella what she would expect from Naomi if the situation were reversed.

The discussion helps Carmella figure out how to approach Naomi and how to direct her own staff. What made the CFO a good negotiation coach in this situation? He listened closely to the details and encouraged Carmella to prepare for talks as thoroughly as possible.

A good coach rehearses and debriefs

Danny always gets results. His division at one of the country's largest investment firms has topped the charts for five years running, far surpassing the profitability of the firm's other regional units. But a reorganization looms, a shift to a matrix model that will require Danny to report to a product manager in addition to his usual regional account manager. How can he please both managers, win a large bonus, and still get great results? Danny knows it's time to see his mentor, Ralph—the guy at the top who has always given him strong advice.

Over lunch with Ralph, Danny explains the problem. “How am I supposed to negotiate expectations with my new boss and stay on good terms with the old one?” he asks.

“Offhand, I'm not sure,” Ralph says. “Let's talk it through.”

He and Danny start by role-playing the conversation Danny might have with the new product manager. Next, they rehearse Danny's talk with his long-term manager. Ralph, who has been at the front lines of the “reorg wars” for nearly two decades, does a great job of playing both parts. He also encourages Danny to take the risk of being a bit more outspoken in voicing his concerns about the restructuring.

Danny leaves the lunch with renewed confidence. Initial discussions with both of his bosses go well, and he schedules a celebratory drink with Ralph.

After toasting Danny's apparent success, Ralph urges him to question whether he made any mistakes in one or both of the meetings. Together, they cover what Danny might have done differently, as well as tactics he might try in future negotiations. By carefully balancing criticism with support and grounding his advice in tried-and-true theories, Ralph helped Danny strengthen his negotiation skills as well as his position within the firm.

Virtual Coaching

Most organizations would benefit from implementing “virtual coaching”—online negotiation support, internal to the company, that supplements (but does not substitute for) face-to-face coaching. Virtual coaching should incorporate as many of these elements as possible:

- Reviews of key negotiation principles
- Case studies of exemplary negotiations within the company or industry
- Discussion forums that allow employees to debate best practices
- Chat sessions with outside negotiation professionals
- Interactive practice exercises

Dear Negotiation Coach: Negotiation Training that Works

Question:

My company is selecting a firm to deliver a two-day negotiation training program for 250 executives and staff. From your experience, when is training most effective? We want to make sure it's worth the expense.

Answer:

If negotiation training is preceded by the right kind of organizational needs assessment and followed by post-training support, results could reach your company's bottom line within months. Training should focus not just on individual skills, but also on improving how the company backs its negotiators. Think of your task as building a "world-class negotiating organization."

Tailoring training to your employees is important. While your sales staff may face negotiation challenges similar to those of sales forces in other industries, they also must deal with unique organizational demands and market conditions. The return on your investment will depend on the extent to which the instruction is matched to your colleagues' needs. Trainers can ensure such matching by talking (confidentially) with some of your colleagues before training begins to find out which negotiations worry them most and what obstacles they'll face when applying new skills. Trainers should adjust their teaching materials and presentation based on what they hear. In addition, I urge your company to set up a pretraining intranet site where participants can test their negotiation knowledge, find background readings, and anonymously post their own negotiation "nightmare scenarios."

If possible, to maximize conversation, have trainers divide your large group of employees into smaller groups. Training should include lectures on key principles and multiple opportunities to apply those principles in negotiation simulations that resemble the situations participants face regularly. Each exercise should be debriefed, first in small groups, then within the classroom, and finally with the full group, where the process and results can be compared.

Once your employees complete their training, you can take a number of steps to increase the odds that the skills and ideas they've learned won't fade away. In the months that follow, have them write up accounts of how their negotiating strategy has changed as a result of the training and how they have used what they learned to save money or add value. Second, based on pretraining needs assessment and the training itself, list the ways in which your organization should alter its usual practices to enhance company-wide results. You might find that negotiators need more time to prepare, greater authority to explore options, salary incentives for improved outcomes, and clearer individual- and group-performance benchmarks. Finally, think about ways to improve the coaching skills of your key executives so they can help their direct reports (and perhaps others) apply the lessons learned in the training.

The value of negotiation training depends heavily on your organization's follow-up efforts. Unless senior staff models good negotiation practices, trainees may not think it's important to use what they have learned. If employees aren't rewarded for stellar results, don't expect them to improve. And if the organization doesn't adjust its rules, norms, and practices to support employees in their negotiations, training will be a waste of money.

By Lawrence Susskind, Professor, Massachusetts Institute of Technology.

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