

Strategy and Tactics of Integrative Negotiation

Objectives

1. Understand the basic elements of an integrative negotiation situation.
 2. Explore the strategy and tactics of integrative negotiation.
 3. Consider the key factors that facilitate successful integrative negotiation.
 4. Gain an understanding of why successful integrative negotiations are often difficult to achieve.
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Introduction

Even well-intentioned negotiators can make the following three mistakes: failing to negotiate when they should, negotiating when they should not, or negotiating when they should but choosing an inappropriate strategy. As suggested by the dual concerns model described in Chapter 1, being committed to the other party's interests as well as to one's own makes problem solving the strategy of choice. In many negotiations there does not need to be winners and losers—all parties can gain. Rather than assume that negotiations are win-lose situations, negotiators can look for win-win solutions—and often they will find them. Integrative negotiation—variously known as cooperative, collaborative, win-win, mutual gains, or problem solving—is the focus of this chapter.

In distributive bargaining, the goals of the parties are initially at odds—or at least appear that way to some or all of the parties. Central to such conflict is the belief that there is a limited, controlled amount of key resources to be distributed—a fixed-pie situation. Both parties may want to be the winner; both may want more than half of what is available. For example, both management (on behalf of the shareholders) and labor (on behalf of the rank and file) may believe they deserve the larger share of the company's profits. Both may want to win on the same dimension, such as the financial package or control of certain policy decisions. In these situations, their goals are mutually exclusive and lead to conflict.

In contrast, the goals of the parties in integrative negotiation are not mutually exclusive. If one side achieves its goals, the other is not precluded from achieving its goals as well. One party's gain is not at the other party's expense. The fundamental structure of an

A successful interest-based negotiator models the following traits:

Honesty and integrity. Interest-based negotiating requires a certain level of trust between the parties. Actions that demonstrate interest in all players' concerns will help establish a trusting environment.

Abundance mentality. Those with an abundance mentality do not perceive a concession of monies, prestige, control, and so on as something that makes their slice of the pie smaller, but merely as a way to enlarge the pie. A scarcity or zero-sum mentality says, "anything I give to you takes away from me." A negotiator with an abundance mentality knows that making concessions helps build stronger long-term relationships.

Maturity. In his book *Seven Habits of Highly Effective Leaders*, Stephen

Covey refers to maturity as having the courage to stand up for your issues and values while being able to recognize that others' issues and values are just as valid.

Systems orientation. Systems thinkers will look at ways in which the entire system can be optimized, rather than focusing on suboptimizing components of the system.

Superior listening skills. Ninety percent of communication is not in one's words but in the whole context of the communication, including mode of expression, body language, and many other cues. Effective listening also requires that one avoid listening only from his or her frame of reference.

Source: Chris Laubach, "Negotiating a Gain-Gain Agreement," *Healthcare Executive*, January/February 1997, p. 14.

integrative negotiation situation is such that it allows both sides to achieve their objectives.¹ Although the situation may initially appear to the parties to be win-lose, discussion and mutual exploration will often suggest alternatives where both parties can gain. A description of the efforts and tactics that negotiators use to discover these alternatives is the major part of this chapter.

What Makes Integrative Negotiation Different?

In Chapter 1 we listed elements common to all negotiations. For a negotiation to be characterized as integrative, negotiators must also:

- Focus on commonalities rather than differences.
- Attempt to address needs and interests, not positions.
- Commit to meeting the needs of all involved parties.
- Exchange information and ideas.
- Invent options for mutual gain.
- Use objective criteria for standards of performance.

These requisite behaviors and perspectives are the main components of the integrative process (see Box 3.1).

An Overview of the Integrative Negotiation Process

Past experience, biased perceptions, and the truly distributive aspects of bargaining make it remarkable that integrative agreements occur at all. But they do, largely because negotiators work hard to overcome inhibiting factors and search assertively for common ground. Those wishing to achieve integrative results find that they must manage both the *context* and the *process* of the negotiation in order to gain the cooperation and commitment of all parties. Key contextual factors include creating a free flow of information, attempting to understand the other negotiator's real needs and objectives, emphasizing commonalities between parties, and searching for solutions that meet the goals and objectives of both parties. Managing integrative negotiations involves creating a process of problem identification, understanding the needs and interests of both parties, generating alternative solutions, and selecting among alternative solutions.

Creating a Free Flow of Information

Effective information exchange promotes the development of good integrative solutions (Butler, 1999; Pruitt, 1981; Thompson, 1991). Research shows that the failure to reach integrative agreements is often linked to the failure to exchange enough information to allow the parties to identify integrative options (Butler, 1999; Kemp and Smith, 1994). For the necessary exchange to occur, negotiators must be willing to reveal their true objectives and to listen to each other carefully. In short, negotiators must create the conditions for a free and open discussion of all related issues and concerns. In contrast, a willingness to share information is not a characteristic of distributive bargaining situations, in which the parties may distrust one another, conceal and manipulate information, and attempt to learn about the other purely for their own competitive advantage.

Creating a free flow of information includes having both parties know and share their alternatives. Pinkley (1995) discovered that negotiators who are aware of each other's alternatives to a negotiated agreement were more likely to make their resistance points less extreme, improve negotiating trade-offs, and increase the size of the resource pie compared with situations in which one or both negotiators were not aware of the alternatives. Pinkley concluded that "it is the negotiator with the alternative who is responsible for expanding the pie, but both members of the dyad determine its distribution" (p. 409). Negotiators who did not reveal the availability of a good alternative received some benefits to themselves, but those who did share information about their alternatives received additional benefits.

Attempting to Understand the Other Negotiator's Real Needs and Objectives

Negotiators differ in their values and preferences, as well as their thoughts and behaviors (Barki and Hartwick, 2004). What one side needs and wants may or may not be the same as what the other party needs and wants. One must understand the other's needs before helping to satisfy them. When negotiators are aware of the possibility that the other's priorities are not the same as their own, this can stimulate the parties to exchange more information, understand the nature of the negotiation better, and achieve higher joint gains (Kemp and Smith, 1994). Similarly, integrative agreements are facilitated when parties exchange information about their priorities for particular issues, but not necessarily about

their positions on those issues (Olekalns, Smith, and Walsh, 1996). Throughout the process of sharing information about preferences and priorities, negotiators must make a true effort to understand what the other side really wants to achieve. This is in contrast to distributive bargaining, where negotiators either make no effort to understand the other side's needs and objectives or do so only to challenge, undermine, or even deny the other party the opportunity to have those needs and objectives met. The communicative aspects of information flow and understanding, while critical to integrative negotiation, also require that Kelley's (1966) dilemmas of trust and honesty be managed (see Chapter 1). In addition, negotiators may differ in their ability to differentiate needs and interests from positions, such as when one party knows and applies a truly integrative process while the other party is unskilled or naive about negotiations. In such situations, the more experienced party may need to assist the less experienced party in discovering his or her underlying needs and interests.

Emphasizing the Commonalities between the Parties and Minimizing the Differences

To sustain a free flow of information and the effort to understand the other's needs and objectives, negotiators may need a different outlook or frame of reference (see Chapter 4 for a discussion of framing). Individual goals may need to be redefined as best achieved through collaborative efforts directed toward a collective goal. Sometimes the collective goal is clear and obvious. For example, politicians in the same party may recognize that their petty squabbles must be put aside to ensure the party's victory at the polls. Managers who are quarreling over cutbacks in their individual departmental budgets may need to recognize that unless all departments sustain appropriate budget cuts, they will be unable to change an unprofitable firm into a profitable one. At other times, the collective goal is neither so clear nor so easy to keep in sight. For example, one of the authors worked as a consultant to a company that was closing a major manufacturing plant while simultaneously opening several other plants in different parts of the country. The company was perfectly willing to transfer employees to new plants and let them take their seniority up to the time of their move with them; the union agreed to this arrangement. However, conflict developed over the transfer issue. Some employees were able to transfer immediately, whereas others—those who were needed to close and dismantle the old plant—could not. Because workers acquired seniority in the new plants based on the date they arrived, those who stayed to close the old plant would have comparatively less seniority once they arrived at the new plants. The union wanted everyone to go at the same time to avoid this inequity. This was unworkable for management. In the argument that resulted, both parties lost sight of the larger goal—to transfer all willing employees to the new plants with their seniority intact. Only by constantly stressing this larger goal were the parties able to maintain a focus on commonalities that eventually led to a solution; management allowed the workers to select their new jobs in advance and transferred their seniority to those jobs when the choice was made, not when the physical move actually occurred.

Searching for Solutions That Meet the Needs and Objectives of Both Sides

The success of integrative negotiation depends on the search for solutions that meet the needs and objectives of both sides. In this process, negotiators must be firm but flexible—firm about their primary interests and needs, but flexible about how these needs and interests

are met (Fisher, Ury, and Patton, 1991; Pruitt and Rubin, 1986). When the parties are used to taking a combative, competitive orientation toward each other, they are generally concerned only with their own objectives. In such a competitive interaction, a low level of concern for the other's objectives may cause two forms of behavior. First, negotiators may work to ensure that what the other obtains does not take away from one's own accomplishments. Second, negotiators may attempt to block the other from obtaining his or her objectives because of a strong desire to win or to defeat the opponent. In contrast, successful integrative negotiation requires both negotiators not only to define and pursue their own goals, but also to be mindful of the other's goals and to search for solutions that satisfy both sides. Outcomes are measured by the degree to which they meet both negotiators' goals. They are not measured by determining whether one party is doing better than the other. If the objective of one party is simply to get more than the other, successful integrative negotiation is very difficult; if both strive to get more than the other, integrative negotiation may be impossible.

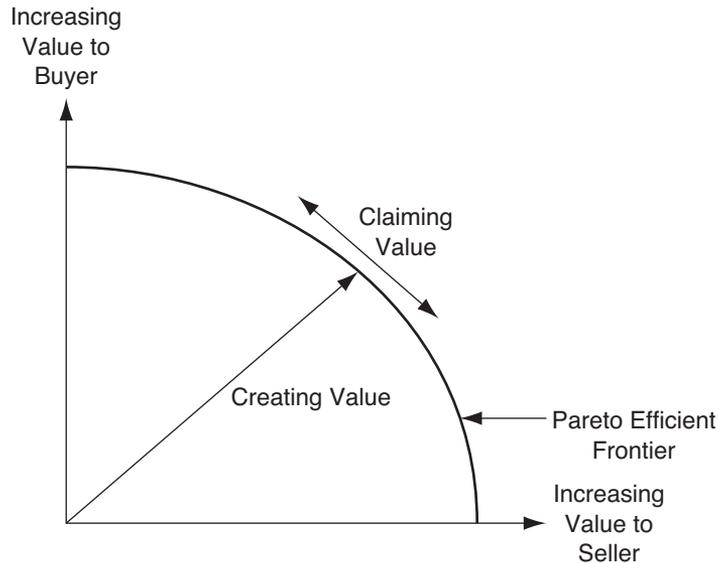
In summary, integrative negotiation requires a process fundamentally different than distributive bargaining. Negotiators must attempt to probe below the surface of the other party's position to discover his or her underlying needs. They must create a free and open flow of information and use their desire to satisfy both sides as a guide to structure their dialogue. If negotiators do not have this perspective—if they approach the problem and their “opponent” in win-lose terms—integrative negotiation cannot occur.

Key Steps in the Integrative Negotiation Process

There are four major steps in the integrative negotiation process: (1) identify and define the problem, (2) understand the problem and bring interests and needs to the surface, (3) generate alternative solutions to the problem, and (4) evaluate those alternatives and select among them. The first three steps of the integrative negotiation process are important for *creating value*. To work together to create value, negotiators need to understand the problem, identify the interests and needs of both parties, and generate alternative solutions. The fourth step of the integrative negotiation process, the evaluation and selection of alternatives, involves *claiming value*. Claiming value involves many of the distributive bargaining skills that were discussed in Chapter 2.

The relationship between creating and claiming value is shown graphically in Figure 3.1. The goal of creating value is to push the potential negotiation solutions toward the upper-right-hand side of Figure 3.1. When this is done to the fullest extent possible, the line is called the *Pareto efficient frontier*, and it contains a point where “there is no agreement that would make any party better off without decreasing the outcomes to any other party” (Neale and Bazerman, 1991, p. 23). One way to conceptualize integrative negotiation is that it is the process of identifying Pareto efficient solutions.

The graph shows that there are several possible solutions in a negotiation, in this case between a buyer and a seller. The first three steps to integrative negotiation aim to ensure that negotiators do not agree to solutions that are below the Pareto efficient frontier because these solutions are suboptimal for both negotiators. The fourth step, choosing a solution or claiming value, uses some of the same skills as distributive bargaining. The transition from creating to claiming value in an integrative negotiation must be managed carefully and is discussed in more detail later in this chapter.

FIGURE 3.1 | Creating and Claiming Value and the Pareto Efficient Frontier

It is important that processes to create value precede those to claim value for two reasons: (1) the creating-value process is more effective when it is done collaboratively and without a focus on who gets what and (2) because claiming value involves distributive bargaining processes, it may derail the focus on creating value and may even harm the relationship unless it is introduced effectively.

Identify and Define the Problem

The problem identification step is often the most difficult one, and it is even more challenging when several parties are involved. Consider the following example: a large electronics plant experienced serious difficulty with a product as it moved from the subassembly department to the final assembly department. Various pins and fittings that held part of the product in place were getting bent and distorted. When this happened, the unit would be laid aside as a reject. At the end of the month, the rejects would be returned to the subassembly department to be reworked, often arriving just when workers were under pressure to meet end-of-the-month schedules and were also low on parts. As a result, the reworking effort had to be done in a rush and on overtime. The extra cost of overtime did not fit into the standard cost allocation system. The manager of the subassembly department did not want the costs allocated to his department. The manager of the final assembly department insisted that she should not pay the additional cost; she argued that the subassembly department should bear the cost because its poor work caused the problem. The subassembly department manager countered that the parts were in good condition when they left his area and that it was the poor workmanship in the final assembly area that created the damage. The immediate costs were relatively small. What really concerned both managers was setting a long-term precedent for handling rejects and for paying the costs.

Eventually an integrative solution was reached. During any given month, the subassembly department had some short slack-time periods. The managers arranged for the final assembly department to return damaged products in small batches during those slack periods. It also became clear that many people in the final assembly department did not fully understand the parts they were handling, which may have contributed to some of the damage. These workers were temporarily transferred to the subassembly department during assembly department slack periods to learn more about subassembly and to process some of the rush orders in that department.

This example captures several key aspects of the problem definition process (see Filley, 1975, and Shea, 1983, for fuller treatments of these points). The problem definition process is critical for integrative negotiation because it sets broad parameters regarding what the negotiation is about and provides an initial framework for approaching the discussion. It is important that this framework is comprehensive enough to capture the complexities inherent in the situation, while not making the situation appear more complex than it actually is.

Define the Problem in a Way That Is Mutually Acceptable to Both Sides Ideally, parties should enter the integrative negotiation process with few preconceptions about the solution and with open minds about each other's needs. As a problem is defined jointly, it should accurately reflect both parties' needs and priorities. Unfortunately, this often does not occur. An understandable and widely held concern about integrative negotiation is that during the problem definition process, the other party will manipulate information to state the problem to his or her own advantage. For positive problem solving to occur, both parties must be committed to stating the problem in neutral terms. The problem statement must be acceptable to both sides and not worded so that it lays blame or favors the preferences or priorities of one side over the other. The parties may be required to revise the problem statement several times until they agree on its wording. It is critical to note that problem definition is, and should be, separate from any effort to generate or choose alternatives. Problems must be defined clearly at this stage, if only to accomplish an initial structure within which parties agree to disagree, albeit on a common, distinct issue.

State the Problem with an Eye toward Practicality and Comprehensiveness The major focus of an integrative agreement is to solve the core problem(s). Anything that distracts from this focus should be removed or streamlined to ensure that this objective is achieved. As a result, one might argue that problem statements should be as clear as possible. Yet if the problem is complex and multifaceted, and the statement of the problem does not reflect that complexity, then efforts at problem solving will be incomplete. In fact, if the problem is complex, the parties may not even be able to agree on a statement of the problem. The objective should be to state the problem as succinctly as possible while at the same time ensuring that the most important dimensions and elements are included in the definition. This approach is in stark contrast to the distributive bargaining process (see Chapter 2), in which parties may enhance their positions by bringing in a large number of secondary issues and concerns in order to trade these items off during the hard-bargaining phase. If there are several issues in an integrative negotiation, the parties may want to clearly identify the link among them and decide whether they will be approached as separate problems that may be packaged together later, or as one larger problem.

State the Problem as a Goal and Identify the Obstacles to Attaining This Goal The parties should define the problem as a specific goal to be attained rather than as a solution process. That is, they should concentrate on what they want to achieve rather than how they are going to achieve it. They should then proceed to specify what obstacles must be overcome for the goal to be attained. In the previous example, the goal might have been “to minimize the number of rejects.” A clearer and more explicit definition would be “to cut the number of rejects in half.” After defining the goal, the parties should specify what they need to know about how the product is made, how defects occur, what must be done to repair the defects, and so on. One key issue is whether the obstacles specified can be changed or corrected by negotiating parties. If the parties cannot address the obstacles effectively, given limited time or other resources, the obstacles then become boundary markers for the overall negotiation. A clear understanding of which obstacles are addressable and which are not can be just as critical to realistic integrative negotiation as an explicit awareness of what is negotiable and what is not.

Depersonalize the Problem When parties are engaged in conflict, they tend to become evaluative and judgmental. They view their own actions, strategies, and preferences in a positive light and the other party’s actions, strategies, and preferences in a negative light. Such evaluative judgments can interfere with clear and dispassionate thinking. (See Chapters 17 and 18 for a discussion of depersonalizing the issues.) Telling the other party that “Your point of view is wrong and mine is right” inhibits integrative negotiating because you cannot attack the problem without attacking the other negotiator. In contrast, depersonalizing the definition of the problem—stating, for example, “We have different viewpoints on this problem”—allows both sides to approach the issue as a problem external to the individuals rather than as a problem that belongs to one party only. Another way to say this is “I respect that you have constraints and a way of looking at this problem that may be different than mine. I ask that you recognize that I do as well.”

Separate the Problem Definition from the Search for Solutions Finally, it is important not to jump to solutions until the problem is fully defined. In distributive bargaining, negotiators are encouraged to state the problem in terms of their preferred solution and to make concessions based on this statement. In contrast, parties engaged in integrative negotiation should avoid stating solutions that favor one side or the other until they have fully defined the problem and examined as many alternative solutions as possible.

Instead of premature solutions, negotiators should develop standards by which potential solutions will be judged for how well they fit. These standards can be created by asking interested parties questions such as the following:

- How will we know the problem has been solved?
- How will we know that our goal has been attained?
- How would a neutral third party know that our dispute has been settled?
- Is there any legitimate interest or position that remains unaddressed by our outcome?
- Is there any legitimate interest or position that has been disenfranchised by our outcome?

Developing standards in this way and using them as measures for evaluating alternatives will help negotiators avoid a single-minded, tunnel-vision approach and allow them to differentiate a particular favorite alternative from one that may be less favorable individually but that will accomplish a collaborative, integrative resolution.

Understand the Problem Fully—Identify Interests and Needs

Many writers on negotiation—most particularly, Roger Fisher, William Ury, and Bruce Patton in their popular book, *Getting to Yes* (1991)—have stressed that a key to achieving an integrative agreement is the ability of the parties to understand and satisfy each other's *interests*. Identifying interests is a critical step in the integrative negotiation process. Interests are the underlying concerns, needs, desires, or fears that motivate a negotiator to take a particular position. Fisher, Ury, and Patton explain that while negotiators may have difficulty satisfying each other's specific positions, an understanding of the underlying interests may permit them to invent solutions that meet each other's interests. In this section, we will first define interests more completely and then discuss how understanding them is critical to effective integrative negotiation.

This example reveals the essence of the difference between interests and positions:

Consider the story of two men quarreling in a library. One wants the window open and the other wants it closed. They bicker back and forth about how much to leave it open: a crack, halfway, three-quarters of the way. No solution satisfied them both. Enter the librarian. She asks one why he wants the window open. "To get some fresh air." She asks the other why he wants it closed. "To avoid the draft." After thinking a minute, she opens wide a window in the next room, bringing in fresh air without a draft. (Fisher, Ury, and Patton, 1991, p. 40; originally told by Follett, 1940)

This is a classic example of negotiating over positions and failing to understand underlying interests. The positions are "window open" and "window closed." If they continue to pursue positional bargaining, the set of possible outcomes can include only a victory for the one who wants the window open, a victory for the one who wants it shut, or some compromise in which neither gets what he wants. Note that a compromise here is more a form of lose-lose than win-win for these bargainers because one party believes he won't get enough fresh air with the window partially open and the other believes that any opening is unsatisfactory. The librarian's questions transform the dispute by focusing on *why* each man wants the window open or closed: to get fresh air, to avoid a draft. Understanding these interests enables the librarian to invent a solution that meets the interests of both sides—a solution that was not at all apparent when the two men were arguing over their positions.

In this description, the key word is *why*—why they want what they want. When two parties begin negotiation, they usually expose their position or demands. In distributive bargaining, negotiators trade positions back and forth, attempting to achieve a settlement as close to their targets as possible. However, in integrative negotiation, both negotiators need to pursue the other's thinking and logic to determine the factors that motivated them to arrive at their goals. The presumption is that if both parties understand the motivating factors for the other, they may recognize possible compatibilities in interests that permit

them to invent new options that both will endorse. Consider the following dialogue between a company recruiter and a job applicant over starting salary:

RECRUITER: What were you thinking about as a starting salary?

APPLICANT: I would like \$40,000.

RECRUITER: We can only offer \$35,000.

APPLICANT: That's not acceptable.

Thus far, the parties have only exposed their positions. They are \$5,000 apart. Moreover, the applicant may be afraid to bargain positionally with the recruiter, whereas the recruiter may be afraid that the applicant—whom she very much wants to hire—will walk out. Now let us extend their dialogue to help them focus on interests.

RECRUITER: \$40,000 is a problem for our company. Can you tell me why you decided you wanted \$40,000?

APPLICANT: Well, I have lots of education loans to pay off, and I will need to pay for a few more courses to finish my degree. I can't really afford to pay these bills and live comfortably for less than \$40,000.

RECRUITER: Our company has a program to help new employees refinance their education loans. In addition, we also have a program to provide tuition assistance for new courses if the courses you need to take are related to your job. Would these programs help you with your problem?

APPLICANT: Yes!

Bringing the applicant's interests—paying off education loans and future education costs—to the surface allows the recruiter to offer a financial package that meets the needs of both the company and the applicant. Similarly, the applicant might have asked why the company could pay only \$35,000 and discovered that it was company policy not to offer more than this to any applicant with the same qualifications. However, the question might also have revealed that the company can pay performance bonuses and would be willing to review the salary after six months. Thus, the applicant may well make \$40,000 by the end of the first year and so have her financial goal met.

Types of Interests Lax and Sebenius (1986) have suggested that several types of interests may be at stake in a negotiation and that each type may be intrinsic (the parties value it in and of itself) or instrumental (the parties value it because it helps them derive other outcomes in the future).

Substantive interests are related to focal issues that are under negotiation—economic and financial issues such as price or rate, or the substance of a negotiation such as the division of resources (like the tangible issues discussed in Chapter 1). These interests may be intrinsic or instrumental or both; we may want something because it is intrinsically satisfying to us and/or we may want something because it helps us achieve a long-range goal. Thus, the job applicant may want \$40,000 both because the salary affirms her intrinsic sense of personal worth in the marketplace and because it instrumentally contributes toward paying off her education loans.

Process interests are related to *how* the negotiation unfolds. One party may pursue distributive bargaining because he enjoys the competitive game of wits that comes from nose-to-nose, hard-line bargaining. Another party may enjoy negotiating because she believes she has not been consulted in the past and wants to have some say in how a key problem is resolved. In the latter case, the negotiator may find the issues under discussion less important than the opportunity to voice her opinions.² Process interests can also be both intrinsic and instrumental. Having a voice may be intrinsically important to a group—it allows them to affirm their legitimacy and worth and highlights the key role they play in the organization; it can also be instrumentally important, in that if they are successful in gaining voice in this negotiation, they may be able to demonstrate that they should be invited back to negotiate other related issues in the future.

Relationship interests indicate that one or both parties value their relationship with each other and do not want to take actions that will damage it. Intrinsic relationship interests exist when the parties value the relationship both for its existence and for the pleasure or fulfillment that sustaining it creates. Instrumental relationship interests exist when the parties derive substantive benefits from the relationship and do not wish to endanger future benefits by souring it.

Finally, Lax and Sebenius (1986) point out that the parties may have *interests in principle*. Certain principles—concerning what is fair, what is right, what is acceptable, what is ethical, or what has been done in the past and should be done in the future—may be deeply held by the parties and serve as the dominant guides to their action. These principles often involve intangible factors (see Chapter 1). Interests in principles can also be intrinsic (valued because of their inherent worth) or instrumental (valued because they can be applied to a variety of future situations and scenarios).

Bringing interests in principles to the surface will lead negotiators to discuss explicitly the principles at stake and invent solutions consistent with them. For example, suppose three students who are also good friends collaborate on an essay, enter it in a competition, and win a prize of \$300. The issue is how to split the prize money. One obvious way to split the prize is for each to take \$100. But two of the students contributed equally, and together they did 90 percent of the work, so if they split it based on what they each contributed, the two hard-working students would get \$135 each and the third student would get \$30. The students may also decide, however, that it is not worth fighting over the workload, that they don't want to alienate their third friend, or that the difference in money is trivial—and so simply decide to split the prize into \$100 shares after all. Only by discussing the interests at stake—principles about what is fair in this situation and about their relationship—can they arrive at a solution that divides the prize, minimizes animosity, and maintains their relationship.

Some Observations on Interests We have several observations about interests and types of interests in negotiation:

1. *There is almost always more than one type of interest underlying a negotiation.* Parties will often have more than substantive interests about the issues (Clyman and Tripp, 2000). They can also care deeply about the process, the relationship, or the principles at stake. Note that interests in principles effectively cut across substantive, procedural, and relationship interests as well, so the categories are not exclusive.

2. *Parties can have different types of interests at stake.* One party may care deeply about the specific issues under discussion while the other cares about how the issues are resolved—questions of principle or process. Bringing these different interests to the surface may enable the parties to see that they care about very different things and that there is a need to invent solutions that address the interests of both negotiators.
3. *Interests often stem from deeply rooted human needs or values.* Several authors have suggested that frameworks for understanding basic human needs and values are helpful for understanding interests (Holaday, 2002; Nierenberg, 1976). According to these frameworks, needs are hierarchical, and satisfaction of the basic or lower order needs will be more important in negotiation than that of higher order needs. For example, Nierenberg (1976) proposed a need theory of negotiation based on Maslow's well-known hierarchy of needs. In this hierarchy, basic physiological and safety (security) needs will take precedence over higher order needs such as recognition, respect, affirmation, and self-actualization. Similarly, Burton (1984) has suggested that the intensity of many international disputes reflects deep underlying needs for security, protection of ethnic and national identity, and other such fundamental needs.
4. *Interests can change.* Like positions on issues, interests can change over time. What was important to the parties last week—or even 20 minutes ago—may not be important now. Interaction between the parties can put some interests to rest, but it may raise others. Negotiators must constantly be attentive to changes in their own interests and the interests of the other side. When one party begins speaking about things in a different way—when the language or emphasis changes—the other party should look for a change in interests.
5. *Surfacing interests.* There are numerous ways to surface interests. Sometimes people are not even sure about their own interests. Negotiators should not only ask themselves “What do I want from this negotiation?” but also “Why do I want that?” “Why is that important to me?” “What will achieving that help me do?” and “What will happen if I don't achieve my objective?” Listening to your own inner voices—fears, aspirations, hopes, desires—is important in order to bring your own interests to the surface.

The same dialogue is essential in clarifying the other party's interests. Asking probing questions and paying careful attention to the other party's language, emotions, and nonverbal behavior are essential keys to the process (see Chapters 5 and 6). You might also want to distinguish between intrinsic interests—which need to be satisfied as ends in themselves—and instrumental interests—which help one get other outcomes. In both cases, once these interests are understood, it may be possible to invent a variety of ways to address them. The result is a mutually satisfactory solution.
6. *Surfacing interests is not always easy or to one's best advantage.* Critics of the “interests approach” to negotiation have identified the difficulty of defining interests and taking them into consideration. Provis (1996) suggests that it is often difficult to define interests and that trying to focus on interests alone often oversimplifies or conceals the real dynamics of a conflict. In some cases parties do not pursue their own best objective interests but instead focus on one or more subjective interest(s), which may mislead the other party (Provis, 1996). Thus, a car buyer may prefer a fast, flashy car (his subjective interest) even though his objective interest is to buy a safe, conservative one.

Most people see negotiation as a game in which the gains of one come at the expense of another. Winning means getting 6 pieces from a 10-piece pie. But negotiation has the potential to be a win–win process by which both parties cooperate to create a bigger, better-tasting pie. The basic principle of win–win negotiating is that there is always a bigger, better deal. Only after searching and finding that deal do they worry about how to share it. These avenues might be explored in a typical purchasing contract negotiation:

Taxes. It's safe to assume that the parties to a negotiation have different tax needs. Accountants might be able to point out some unseen opportunities (particularly in foreign transactions).

Payment terms. Some sellers need quick payment; others might prefer a deferred payment (for tax or other reasons). There are many win–win variations.

Specifications. A better deal may be possible if changes can be made to balance the buyer's end-use requirements against the seller's specific production capabilities.

Transportation. Transportation costs can often be reduced at no expense to either party. Perhaps the buyer's empty trucks will pass the seller's facility.

Or maybe the seller has access to low bulk rates.

Delivery date or performance specifications. The reality is this: a buyer's delivery requirements never represent the seller's optimum production economics.

Quantity. One of the best win–win strategies I know is to close a price gap by changing quantity.

Processes. In my experience, the surest path to finding a better way to do anything is to study the detailed production and paperwork processes.

Risk and contract type. All business involves risk. Incentives might be used to balance the seller's risk with potential for earning greater profit.

Like successful entrepreneurs everywhere, win–win negotiators find hidden opportunities in what each could do for the other. Win–win raises the stakes in a negotiation. It raises the level and content of the relationship between the bargainers. It also reduces the tensions inherent in bargaining. There are few phrases that more quickly capture the attention of the other party than, "Let's find a better deal for both of us."

Source: Chester L. Karrass, "The Art of Win–Win Negotiations," *Purchasing*, May 6, 1999, p. 28.

Generate Alternative Solutions

The search for alternatives is the creative phase of integrative negotiation. Once the parties have agreed on a common definition of the problem and understood each other's interests, they need to generate a variety of alternative solutions. The objective is to create a list of options or possible solutions to the problem; evaluating and selecting from among those options will be their task in the final phase.

Several techniques have been suggested to help negotiators generate alternative solutions. These techniques fall into two general categories. The first requires the negotiators to redefine, recast, or reframe the problem (or problem set) to create win–win alternatives out of what earlier appeared to be a win–lose problem (see Box 3.2). The second takes the problem as given and creates a long list of options from which the parties can choose. In integrative negotiation over a complex problem, both types of techniques may be used and even intertwined.

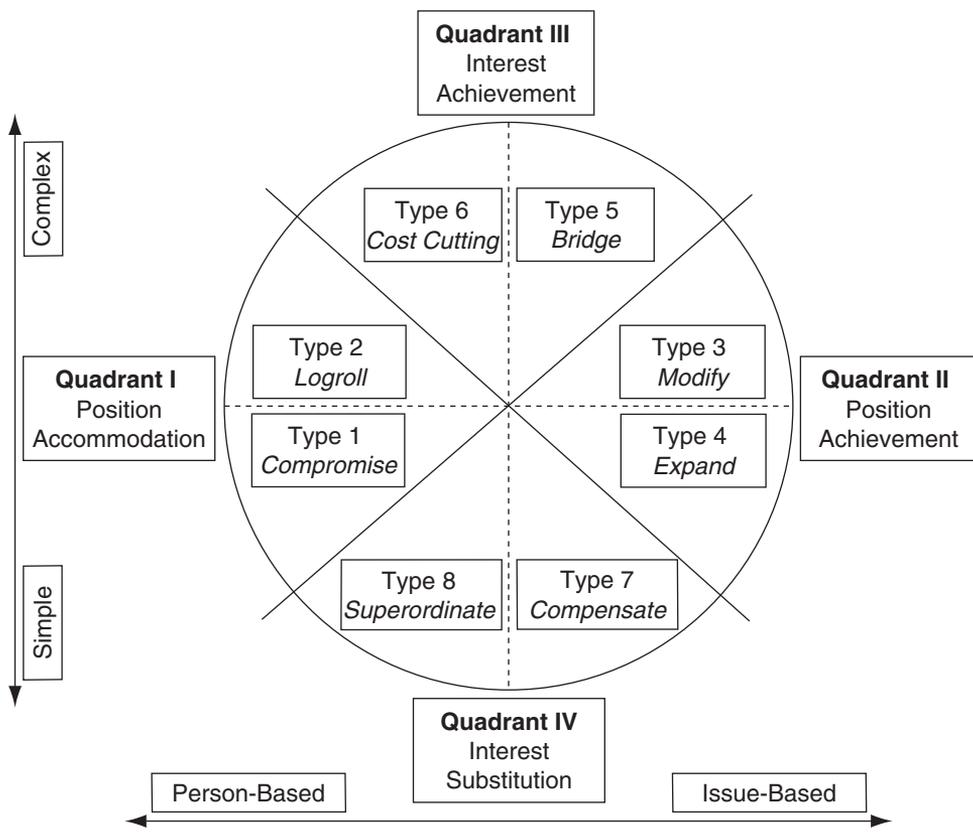
Inventing Options: Generating Alternative Solutions by Redefining the Problem or Problem Set The techniques in this category call for the parties to define their underlying needs and to develop alternatives to meet them.

Peter Carnevale has recently created an Agreement Circumplex that classifies potential agreements into four main types, each with two subtypes (see Figure 3.2). There are four important dimensions underlying this model. Each of these dimensions is discussed here, and the strategies consistent with them are identified. A more complex discussion of the strategies and an extended example to highlight each is in the next section.

1. Position Accommodation vs. Position Achievement

Positions are achieved when each party gets exactly what they wanted in their initial demand. Strategies that achieve positions include expanding the pie and modifying the resource pie. This is in contrast to position accommodation when the parties receive a portion of their initial demand.

FIGURE 3.2 | The Agreement Circumplex



Source: P. J. D. Carnevale, 2006.

2. Achieve Underlying Interests vs. Substitute Underlying Interests

When underlying interests are achieved, the negotiators' interests are completely met. Strategies to meet underlying interests include bridging and cost cutting. Underlying interests may also be substituted, modified, or changed. Nonspecific compensation and superordination are two strategies that change whether or not a negotiator's interests are met or modified in some way.

3. Simple vs. Complex

Some negotiation situations are quite simple in nature, such as a two- or three-item agreement to purchase items from a manufacturer. Other situations can be extremely complex, such as comprehensive lease agreements that cover multiple locations, sizes, and types of property. The strategies at the bottom of the Agreement Circumplex are more suited to simple situations, while the strategies at the top are more appropriate for more complex situations.

4. Person-based vs. Issue-based

Person-based strategies involve having negotiators making concessions and changing positions such that an agreement is reached through modifying positions on the issues under discussion. Issue-based strategies modify the issues under discussion to fit them to the negotiators needs and desires. Person-based strategies are on the left side of the Agreement Circumplex, while issue-based strategies are on the right side.

Carnevale presents eight different methods for achieving integrative agreements in the Circumplex, which we discuss next.³ Each method refocuses the issues under discussion and requires progressively more information about the other side's true needs. Solutions move from simpler, distributive agreements to more complex and comprehensive, integrative ones, and there are several paths to finding joint gain (Olekalns, 2002).

Each approach will be illustrated by the example of Samantha and Emma, two partners in a successful enterprise called Advanced Management Consulting, that employs eight other nonpartner consultants. The partners are deciding where to locate their new office; half their clients are downtown and half are in the suburbs. There are two possible locations that they are considering leasing. Samantha prefers the downtown location. It has less floor space but is a more prestigious address. While its offices are smaller, its location is equidistant from where both partners live. Emma prefers the location in the suburbs. It has more floor space and larger offices, and it is newer. It is also located closer to Emma's house, but farther from Samantha's.

Compromise (Position Accommodation) A compromise solution that would not further the interests of either Samantha or Emma would be to stay in their current location and to maintain the status quo. Compromises are not considered to be a good integration strategy except for circumstances where parties are very entrenched and it is unlikely that a more comprehensive agreement is possible.

Logroll (Position Accommodation) Successful logrolling requires the parties to find more than one issue in conflict and to have different priorities for those issues (Tajima and Fraser, 2001). The parties then agree to trade off among these issues so that one party achieves a highly preferred outcome on the first issue and the other person achieves a highly preferred outcome on the second issue. If the parties do in fact have different preferences on different

issues and each party gets his or her most preferred outcome on a high-priority issue, then each should receive more and the joint outcomes should be higher (Moran and Ritov, 2002). For instance, the Advanced Management Consulting could lease the downtown location and give Emma the bigger office. Samantha would get her preferred location, which is more important to her, and Emma would receive better working space, which is more important to her.

Logrolling is frequently done by trial and error—as part of the process of experimenting with various packages of offers that will satisfy everyone involved. The parties must first establish which issues are at stake and then decide their individual priorities on these issues. If there are already at least two issues on the table, then any combination of two or more issues may be suitable for logrolling. Research suggests that negotiators reach better agreements as the number of issues being negotiated increases (Naquin, 2002). Negotiator satisfaction may be less when more issues are negotiated, however, because negotiators believe that they could have done better on one or more issues. (Negotiator cognition and satisfaction is discussed in more detail in Chapter 5.) If it appears initially that only one issue is at stake, the parties may need to engage in “unbundling” or “unlinking,” which is the process of separating a single issue into two or more issues so that the logrolling may begin (Lax and Sebenius, 1986; Pruitt, 1981). Additional issues of concern may also be generated through the brainstorming processes described later.

Finally, research by Mannix, Tinsley and Bazerman (1995) suggests that logrolling is less likely in a series of negotiations when the negotiator believes that there is a higher probability that the negotiator representing the other firm will be changed in someone else.

Modifying the Resource Pie (Position Achievement) While expanding the resource pie may be attractive, it does not always work because the environment may not be plentiful enough. For instance, the Advanced Management Consulting may not have enough demand for its services to have two offices. A related approach is to modify the resource pie. For instance, Advanced Management Consulting could start a new service and offer information technology (IT) consulting or Web-based marketing consulting in addition to its traditional business consulting. In this case the resource pie is modified in a way to support opening offices both downtown and in the suburbs.

Expand the Pie (Position Achievement) Many negotiations begin with a shortage of resources, and it is not possible for both sides to satisfy their interests or obtain their objectives under the current conditions. A simple solution is to add resources—expand the pie—in such a way that both sides can achieve their objectives. For instance, the Advanced Management Consulting could lease offices both downtown and in the suburbs to serve both sets of its clients. A projected expansion of the business could pay for both leases. In expanding the pie, one party requires no information about the other party except her interests; it is a simple way to solve resource shortage problems. In addition, the approach assumes that simply enlarging the resources will solve the problem. Thus, leasing both locations would be a very satisfactory solution if Samantha and Emma liked both locations and wanted to expand their business. However, expanding the pie would not be a satisfactory solution if their disagreement was based on other grounds—if, for example, they had different visions about the future of the firm—or if the whole firm had to gather for meetings frequently. In addition, to the extent that the negotiation increases the costs of a person or organization not directly involved in the

negotiation (e.g., the employees in this example), the solution may be integrative for the negotiators but problematic for other stakeholders (Gillespie and Bazerman, 1997).

Find a Bridge Solution (Interest Achievement) When the parties are able to invent new options that meet all their respective needs they have created a bridge solution. For instance, the Advanced Management Consulting could decide to expand the number of partners in the firm and lease a larger space downtown, with new office furniture for everyone and a prestigious street address.

Successful bridging requires a fundamental reformulation of the problem so that the parties are not discussing positions but, rather, they are disclosing sufficient information to discover their interests and needs and then inventing options that will satisfy those needs (Butler, 1996). Bridging solutions do not always remedy all concerns. Emma may not enjoy the commute and Samantha may not be convinced about growing the firm, but both have agreed that working together is important to them, and they have worked to invent a solution that meets their most important needs. If negotiators fundamentally commit themselves to a win-win negotiation, bridging solutions are likely to be highly satisfactory to both sides.

Cut the Costs for Compliance (Interest Achievement) Through cost cutting, one party achieves her objectives and the other's costs are minimized if she agrees to go along. For instance, the Advanced Management Consulting could decide to lease in the suburbs and provide Samantha with a travel subsidy, a new company car, and a reserved parking space. In this case Emma gets her preferred location, while Samantha's costs for agreeing to the new office location are reduced.

Unlike nonspecific compensation, where the compensated party simply receives something for agreeing, cost cutting is designed to minimize the other party's costs for agreeing to a specific solution. The technique is more sophisticated than logrolling or nonspecific compensation because it requires a more intimate knowledge of the other party's real needs and preferences (the party's interests, what really matters to him, how his needs can be specifically met).

Nonspecific Compensation (Interest Substitution) Another way to generate alternatives is to allow one person to obtain his objectives and compensate the other person for accommodating his interests. The compensation may be unrelated to the substantive negotiation, but the party who receives it nevertheless views it as adequate for agreeing to the other party's preferences. Such compensation is nonspecific because it is not directly related to the substantive issues being discussed. For instance, the Advanced Management Consulting could decide to lease in the suburbs and give Samantha all new office furniture. In this case, Emma gets her preferred location, while Samantha receives new office furniture as nonspecific compensation for agreeing to the new office location.

For nonspecific compensation to work, the person doing the compensating needs to know what is valuable to the other person and how seriously she is inconvenienced (i.e., how much compensation is needed to make her feel satisfied). Emma might need to test several different offers (types and amounts of compensation) to find out how much it will take to satisfy Samantha. This discovery process can turn into a distributive bargaining situation, as Samantha may choose to set very high demands as the price for locating in the suburbs while Emma tries to minimize the compensation she will pay.

Superordination (Interest Substitution) Superordination solutions occur when “the differences in interest that gave rise to the conflict are superseded or replaced by other interests” (Carnevale, 2006, p. 426). For instance, after extensive discussion about the office location Samantha may discover that she would prefer to follow her dream of becoming an artist and become a silent partner in the business. At this point, the office location negotiation stops and Emma chooses how she would like to proceed in the new business model.

The successful pursuit of these eight strategies requires a meaningful exchange of information between the parties. The parties must either volunteer information or ask each other questions that will generate sufficient information to reveal win–win options. We present a series of refocusing questions that may reveal these possibilities in Table 3.1 (Pruitt and Carnevale, 1993; Pruitt and Rubin, 1986).

TABLE 3.1 | Refocusing Questions to Reveal Win–Win Options

Expanding or Modifying the Pie

1. How can both parties get what they want?
2. Is there a resource shortage?
3. How can resources be expanded to meet the demands of both sides?

Logrolling

1. What issues are of higher and lower priority to me?
2. What issues are of higher and lower priority to the other negotiator?
3. Are there any issues of high priority to me that are of low priority for the other negotiator, and vice versa?
4. Can I “unbundle” an issue—that is, make one larger issue into two or more smaller ones that can then be logrolled?
5. What are things that would be inexpensive for me to give and valuable for the other negotiator to get that might be used in logrolling?

Nonspecific Compensation

1. What are the other negotiator’s goals and values?
2. What could I do that would make the other negotiator happy and simultaneously allow me to get my way on the key issue?
3. What are things that would be inexpensive for me to give and valuable for the other negotiator to get that might be used as nonspecific compensation?

Cost Cutting

1. What risks and costs does my proposal create for the other negotiator?
2. What can I do to minimize the other negotiator’s risks and costs so that he or she would be more willing to agree?

Bridging and Superordination

1. What are the other negotiator’s real underlying interests and needs?
 2. What are my own real underlying interests and needs?
 3. What are the higher and lower priorities for each of us in our underlying interests and needs?
 4. Can we invent a solution that meets the relative priorities, underlying interests, and needs of both negotiators?
-

NB: Compromise is not considered a win–win option.

Generating Alternative Solutions to the Problem as Given In addition to the techniques mentioned earlier, there are several other approaches to generating alternative solutions. These approaches can be used by the negotiators themselves or by a number of other parties (constituencies, audiences, bystanders, etc.). Several of these approaches are commonly used in small groups. Groups are frequently better problem solvers than individuals, particularly because groups provide more perspectives and can invent a greater variety of ways to solve a problem. Groups should also adopt procedures for defining the problem, defining interests, and generating options, however, to prevent the group process from degenerating into a win–lose competition or a debating event.

Brainstorming In brainstorming, small groups of people work to generate as many possible solutions to the problem as they can. Someone records the solutions, without comment, as they are identified. Participants are urged to be spontaneous, even impractical, and not to censor anyone’s ideas (including their own). Moreover, participants are required not to discuss or evaluate any solution when it is proposed so they do not stop the free flow of new ideas. The success of brainstorming depends on the amount of intellectual stimulation that occurs as different ideas are generated. The following rules should be observed:

1. *Avoid judging or evaluating solutions.* Creative solutions often come from ideas that initially seem wild and impractical, and criticism inhibits creative thinking. It is important to avoid judging solutions early, therefore, and no idea should be evaluated or eliminated until the group is finished generating options.
2. *Separate the people from the problem.* Group discussion and brainstorming processes are often constrained because the parties take ownership of preferred solutions and alternatives (Fillee, 1975; Fisher, Ury, and Patton, 1991; Walton and McKersie, 1965). Because competitive negotiators assume an offensive posture toward the other party, they are unlikely to see the merits of a suggested alternative that comes from that party or appears to favor that party’s position. It is often not possible to attack the problem without attacking the person who owns it. For effective problem solving to occur, therefore, negotiators must concentrate on depersonalizing the problem and treating all possible solutions as equally viable, regardless of who initiated them. For example, collectively listing suggestions on a blackboard or flip chart will help parties depersonalize any particular idea and will allow participants to choose the solution that best solves the problem without regard to who originated it. Techniques for generating options that ensure anonymity may minimize the likelihood that interpersonal conflict will escalate.
3. *Be exhaustive in the brainstorming process.* Often the best ideas come after a meeting is over or the problem is solved. Sometimes this happens because the parties were not persistent enough. Research has shown that when brainstormers work at the process for a long time, the best ideas are most likely to surface during the latter part of the activity. As Shea (1983) notes, “Generating a large number of ideas apparently increases the probability of developing superior ideas. Ideas, when expressed, tend to trigger other ideas. And since ideas can be built one upon the other, those that develop later in a session are often superior to those without refinement or elaboration. What difference does it make if a lot

of impractical ideas are recorded? They can be evaluated and dismissed rapidly in the next step of the win-win process. The important thing is to ensure that few, if any, usable ideas are lost” (p. 57).

4. Ask outsiders. Often people who know nothing about the history of the negotiation, or even about the issues, can suggest options and possibilities that have not been considered. Outsiders can provide additional input to the list of alternatives, or they can help orchestrate the process and keep the parties on track.

Surveys The disadvantage of brainstorming is that it does not solicit the ideas of those who are not present at the negotiation. A different approach is to distribute a written questionnaire to a large number of people, stating the problem and asking them to list all the possible solutions they can imagine. This process can be conducted in a short time. The liability, however, is that the parties cannot benefit from seeing and hearing each other’s ideas, a key advantage of brainstorming.

Electronic Brainstorming An innovative method for gathering ideas is to engage a professional facilitator and use electronic brainstorming (Gallupe and Cooper, 1993; Dennis and Reinicke, 2004). The facilitator uses a series of questions to guide input from participants who type their responses anonymously into a computer that displays them to the group in aggregate. The facilitator may then ask additional probing questions. Electronic brainstorming may be especially useful for integrative negotiations that involve multiple parties (see Chapter 13) or during preparation for integrative negotiations when there are disparate views within one’s team (see Chapter 4 on preparation).

Section Summary

Our discussion of the two basic approaches to generating alternative solutions—generating options to the problem as given and generating options by redefining the problem—may give the impression that if negotiators simply invent enough different options, they will find a solution to solve their problem rather easily. Although identifying options sometimes leads to a solution, solutions are usually attained through hard work and pursuit of several related processes: information exchange, focusing on interests rather than positions, and firm flexibility (Fisher, Ury, and Patton, 1991; Pruitt, 1983). Information exchange allows parties to maximize the amount of information available. Focusing on interests allows parties to move beyond opening positions and demands to determine what the parties really want—what needs truly must be satisfied. Finally, firm flexibility allows parties to be firm with regard to what they want to achieve (i.e., interests) while remaining flexible on the means by which they achieve it. Firm flexibility recognizes that negotiators have one or two fundamental interests or principles, although a wide variety of positions, possible solutions, or secondary issues may get drawn into the negotiations. Thus, among the many viable alternatives that will satisfy a negotiator, the important ones directly address the top priorities. Negotiators need to be able to signal to the other side the positions on which they are firm and the positions on which they are willing to be flexible. Pruitt (1983) and Fisher, Ury, and Patton (1991) suggest several tactics to communicate firm flexibility to the other negotiator shown in Box 3.3.

1. Use competitive tactics to establish and defend basic interests rather than to demand a particular position or solution to the dispute. State what you want clearly.
2. Send signals of flexibility and concern about your willingness to address the other party's interests. Openly express concern for the other's welfare and "acknowledge their interests as part of the problem" (Fisher, Ury, and Patton, 1991, p. 55). In doing so, you communicate that you have your own interests at stake but are willing to try to address the other's as well.
3. Indicate a willingness to change your proposals if a way can be found to bridge both negotiators' interests.
4. Demonstrate problem-solving capacity. For example, use experts on a negotiating team or bring them in as consultants based on their expertise at generating new ideas.
5. Maintain open communication channels. Do not eliminate opportunities to communicate and work together, if only to demonstrate continually that you are willing to work with the other party.
6. Reaffirm what is most important to you through the use of clear statements—for example, "I need to attain this; this is a must; this cannot be touched or changed." These statements communicate to the other party that a particular interest is fundamental to you, but it does not necessarily mean that the other's interests can't be satisfied as well.
7. Reexamine any aspect of your interests that are clearly unacceptable to the other party and determine if they are still essential to you. It is rare that negotiators will find that they truly disagree on basic interests.
8. Separate and isolate contentious tactics from problem-solving behavior to manage the contentious behavior. This may be accomplished by clearly specifying a change in the negotiation process, by separating the two processes with a break or recess, or, in team negotiations, by having one party act contentiously and then having a second negotiator offer to engage in problem solving.^a

^aThis last approach, called "good cop/bad cop" or "black hat/white hat," is also frequently used as a purely distributive bargaining tactic, as we discussed in Chapter 2. In this situation, however, separate the competitive from the collaborative elements of the process by changing the individuals who represent those tasks.

Evaluate and Select Alternatives

The fourth stage in the integrative negotiation process is to evaluate the alternatives generated during the previous phase and to select the best ones to implement. When the challenge is a reasonably simple one, the evaluation and selection steps may be effectively combined into a single step. For those uncomfortable with the integrative process, though, we suggest a close adherence to a series of distinct steps: definitions and standards, alternatives, evaluation, and selection. Following these distinct steps is also a good idea for those managing complex problems or a large number of alternative options. Negotiators will need to weigh or rank-order each option against clear criteria. If no option or set of options appears suitable and acceptable, this is a strong indication that the problem was not clearly defined (*return to definitions*), or that the standards developed earlier are not reasonable, relevant, and/or realistic (*return to standards*). Finally, the parties will need to engage in some form of decision-making process in which they debate the relative merits

of each negotiator's preferred options and come to agreement on the best options. The following guidelines should be used in evaluating options and reaching a consensus.⁴

Narrow the Range of Solution Options Examine the list of options generated and focus on those that one or more negotiators strongly support. This approach is more positive than allowing people to focus on negative, unacceptable criteria and options. Solutions that are not strongly advocated by at least one negotiator should be eliminated at this time.

Evaluate Solutions on the Basis of Quality, Standards, and Acceptability Solutions should be judged on two major criteria: how good they are and how acceptable they will be to those who have to implement them. To the degree that parties can support their arguments with statements of hard fact, logical deduction, and appeals to rational criteria, their arguments will be more compelling in obtaining the support of others. Fisher, Ury, and Patton (1991) suggest that the parties appeal to *objective standards* for making decisions. Thus, the parties should search for precedents, industry standards, arbitration decisions, or other objectively fair outcomes and processes that can be used as benchmarks for legitimizing the fairness of the current settlement. These criteria may be different from what the negotiators judge to be most rational or the best solution. Negotiators have to be prepared to make trade-offs to ensure that the criteria of both quality and acceptability are met.

Agree to the Criteria in Advance of Evaluating Options Negotiators should agree to the criteria for evaluating potential integrative solutions early in the process (Fisher, Ury, and Patton, 1991). Negotiators can use these criteria when they have to narrow the choice of options to a single alternative—for example, one candidate for a new job—or to select the option most likely to succeed. If the parties first debate criteria and determine which ones are most important, they will be able to decide on criteria independent of the consideration of any particular candidate or option. Then, when they consider the individual candidates or options, they will pick the best one based on these criteria, not on the individual preferences of one side or the other. If the parties agree, they may revise their criteria later to improve their choice, but they should do so only with the agreement of all negotiators. It is a good idea to check criteria periodically and determine whether each negotiator places the same priority on them as before.

Be Willing to Justify Personal Preferences People often find it hard to explain why they like what they like or dislike what they dislike. When asked “Why do you like that?” the reply is often, “I don’t know, I just do.” Moreover, negotiators gain little by pressing opponents to justify themselves—doing so usually just makes them angry and defensive; they may feel that a simple statement of preference is not viewed as sufficient. For example, if the topic under negotiation is what to have for dinner, and one party states that she hates clam chowder, no amount of persuasive effort is likely to induce her to eat clam chowder. Yet personal preferences often have a deep-seated rationale—recall our discussion of how interests, values, and needs underlie positions. Inquiries about the other party's preferences may be an effort to probe behind a position and identify underlying interests and needs. If

the other party responds defensively to a why question, the negotiator should explain that the intent is to probe for possible underlying interests that might facilitate a collaborative settlement rather than to challenge one's perspective.

Be Alert to the Influence of Intangibles in Selecting Options One party may favor an option because it helps satisfy an intangible—gaining recognition, looking strong or tough to a constituency, feeling like a winner, and so on. Intangibles or principles can serve as strong interests for a negotiator. Intangibles can lead the negotiator to fight harder to attain a particular solution if that option satisfies both tangible and intangible needs. Some parties may be uncomfortable with discussing intangibles, or even be unaware of their nature and power in the negotiation process. It is useful to help the other party identify those intangibles and make them an open part of the evaluation process. The other party is likely to prefer options that satisfy those intangibles, and to the degree that you can accept them, agreeing to those options may be important concessions.

Use Subgroups to Evaluate Complex Options Small groups may be particularly helpful when several complex options must be considered or when many people will be affected by the solution. For example, in a recent university collective agreement negotiation a team of management and faculty members formed a subgroup to examine numerous issues around benefits to be included in the next contract. Groups of six to eight people, composed of representatives from each faction, side, or subgroup, are able to work more effectively than large groups. Group processes in negotiation are discussed in more detail in Chapter 13.

Take Time Out to Cool Off Even though the parties may have completed the hardest part of the process—generating a list of viable options—they may become upset if communication breaks down, they feel their preferences are not being acknowledged, or the other side pushes too hard for a particular option. If the parties become angry, they should take a break. They should make their dissatisfaction known and openly discuss the reasons for it. The parties should feel that they are back on an even emotional keel before continuing to evaluate options. Finally, they should work as hard as possible to keep discussions on the specifics of the proposals, not on the people advocating them. The parties should depersonalize the discussion as much as possible so that the options for settlement are not associated with the people who advocated them.

Explore Different Ways to Logroll Earlier we discussed a variety of ways to invent options. The strategy of logrolling is effective not only in inventing options but also as a mechanism to combine options into negotiated packages. Neale and Bazerman (1991) identify a variety of approaches in addition to simply combining several issues into a package. Three of these relate to the matters of outcome, probabilities, and timing—in other words, *what* is to happen, the *likelihood* of it happening, and *when* it happens.

1. Explore Differences in Risk Preference People have different tolerances for risk, and it may be possible to create a package that recognizes differences in risk preferences (Lax and Sebenius, 2002). For instance, suppose two entrepreneurs are discussing a future business

venture. One has little to risk at the moment and everything to gain in the future; the other has a lot on the line now that he does not want to risk losing if the future is bad. If the entrepreneurs simply agree to split profits in the future, the one with a large amount of current risk may feel vulnerable. Logrolling around these interests can create a solution that protects one entrepreneur's current investment first while providing long-term profits for the other entrepreneur as well.

2. Explore Differences in Expectations As with differences in risk, differences in expectations about the likelihood of future events can permit the parties to invent a solution that addresses the needs of both. For example, the entrepreneur with a lot to lose now may also have pessimistic expectations about the future of the joint venture, whereas the entrepreneur with little to lose may be more optimistic about it. The optimist may thus be willing to gamble more on the future profitability and payout, whereas the pessimist may be willing to settle for a smaller but more assured payment. It is also possible to use contingent contracts to manage different expectations about the future (Lax and Sebenius, 2002; Bazerman and Gillespie, 1999). Contingent contracts adjust as circumstances unfold. For instance, one can include changing oil prices into a contract and adjust delivery fees based on quarterly oil prices.

3. Explore Differences in Time Preferences Negotiators may have different time preferences—one may be concerned about meeting short-term needs while the other may be interested in the long-term rewards of their relationship (Lax and Sebenius, 2002). Parties with short-term interests will need immediate gratification, whereas parties who look for long-term rewards may be willing to make immediate sacrifices to ensure a future payoff. Parties with different time preferences can invent solutions that address both their interests.

Keep Decisions Tentative and Conditional Until All Aspects of the Final Proposal Are Complete Even though a clear consensus may emerge about the solution option(s) that will be selected, the parties should talk about the solution in conditional terms—a sort of *soft bundling*. Maintaining a tentative tone allows negotiators to suggest changes or revise the final package throughout this stage. Ideally, the integrative negotiation process should be open and flexible. Points agreed upon in earlier discussions are not firm until the entire package is determined. Parties should feel they are able to reopen an earlier option if circumstances in the discussion have changed; nothing should be considered final until everything is final. For instance, when buying a house recently, one of the authors of this text returned to an earlier discarded option and chose to renovate an older home rather than to pay more for an already renovated house.

Minimize Formality and Record Keeping until Final Agreements Are Closed Strong integrative negotiators do not want to lock themselves into specific language or written agreements until they are close to an agreement. They want to make sure they will not be firmly held to any comments recorded in notes or transcripts. In general, the fewer the written records during the solution-generating phase, the better. In contrast, when the parties are close to agreement, one side should write down the terms of the agreement. This document may then be used as a single text, to be passed from party to party as often as necessary until all sides agree to the phrasing and wording of their agreement (Fisher, Ury, and Patton, 1991).

We strongly urge groups to avoid the apparent expediency of voting on final agreements, and encourage negotiations to continue until a consensus is reached. While voting closes the discussion, it can also create disenfranchisement of the losing party and make it more likely that “losers” will be less committed than “winners” to the implementation of the negotiated outcome.

Factors That Facilitate Successful Integrative Negotiation

We have stressed that successful integrative negotiation can occur if the parties are predisposed to finding a mutually acceptable joint solution. Many other factors contribute to a predisposition toward problem solving and a willingness to work together to find the best solution. These factors are also the preconditions necessary for more successful integrative negotiations. In this section, we will review in greater detail seven factors: (1) the presence of a common goal, (2) faith in one’s own problem-solving ability, (3) a belief in the validity of the other party’s position, (4) the motivation and commitment to work together, (5) trust, (6) clear and accurate communication, and (7) an understanding of the dynamics of integrative negotiation.

Some Common Objective or Goal

When the parties believe they are likely to benefit more from working together than from competing or working separately, the situation offers greater potential for successful integrative negotiation. Three types of goals—common, shared, and joint—may facilitate the development of integrative agreements.

A *common goal* is one that all parties share equally, each one benefiting in a way that would not be possible if they did not work together. A town government and an industrial manufacturing plant may debate the amount of taxes the plant owes, but they are more likely to work together if the common goal is to keep the plant open and employ half the town’s workforce.

A *shared goal* is one that both parties work toward but that benefits each party differently. For example, partners can work together in a business but not divide the profits equally. One may receive a larger share of the profit because he or she contributed more experience or capital investment. Inherent in the idea of a shared goal is that parties will work together to achieve some output that will be divided among them. The same result can also come from cost cutting, by which the parties can earn the same outcome as before by working together, but with less effort, expense, or risk. This is often described as an “expandable pie” in contrast to a “fixed pie” (see Chapter 5).

A *joint goal* is one that involves individuals with different personal goals agreeing to combine them in a collective effort. For example, people joining a political campaign can have different goals: one wants to satisfy personal ambition to hold public office, another wants to serve the community, and yet another wants to benefit from policies that will be implemented under the new administration. All will unite around the joint goal of helping the new administration get elected.

The key element of an integrative negotiation situation is the belief that all sides can benefit. Whether the sides attain the same outcome or different outcomes, all sides must believe that they will be better off by working in cooperation than by working independently or competing.

Faith in One's Problem-Solving Ability

Parties who believe they can work together are more likely to be able to do so. Those who do not share this belief in themselves and others are less willing to invest the time and energy in the potential payoffs of a collaborative relationship, and they are more likely to assume a contending or accommodating approach to negotiation. If a negotiator has expertise in the focal problem area this strengthens her understanding of the problem's complexity, nuances, and possible solutions. Neale and Northcraft (1986) demonstrated in a real estate problem that expert negotiators—corporate real estate executives—achieved significantly better integrative agreements than amateurs did. Expertise increases both the negotiator's knowledge base and his or her self-confidence, both of which are necessary to approach the problem at hand with an open mind. Similarly, direct experience in negotiation increases the negotiator's sophistication in understanding the bargaining process and approaching it more creatively (Thompson, 1990a). Finally, there is also evidence that knowledge of integrative tactics leads to an increase in integrative behavior (Weingart, Prietula, Hyder, and Genovese, 1999). Taken together, these results suggest that a faith in one's ability to negotiate integratively is positively related to successful integrative negotiations.

A Belief in the Validity of One's Own Position and the Other's Perspective

In distributive bargaining, negotiators invest time and energy inflating and justifying the value of their own point of view and debunking the value and importance of the other's perspective. In contrast, integrative negotiation requires negotiators to accept both their own and the other's attitudes, interests, and desires as valid (Fisher, Ury, and Patton, 1991). First, one must believe in the validity of your own perspective—that what you believe is worth fighting for and should not be compromised. Kemp and Smith (1994) found that negotiators who were firmer about insisting that their own point of view become incorporated into the group solution achieved more integrative agreements than those who were less firm. But one must also accept the validity of the other party's perspective. If one challenges the other party's views, he or she may become angry, defensive, and unproductive in the problem-solving process. The purpose of integrative negotiation is not to question or challenge the other's viewpoint, but to incorporate it into the definition of the problem and to attend to it as the parties search for mutually acceptable alternatives. In addition, the other party's views should be valued no less or more than the negotiator's own position and viewpoint. Kemp and Smith also found that parties who were able to take the perspective of the other appeared to make better agreements than those who were less able to do so. Believing in the validity of the other negotiator's perspective does not mean empathizing with the other party. In fact, there is evidence that negotiators with high empathy for the other party may increase the size of the joint outcomes but receive less of the larger pie than less empathic negotiators (Foo, Elfenbein, Tan, and Aik, 2004; Nelson and Wheeler, 2004).

The Motivation and Commitment to Work Together

For integrative negotiation to succeed, the parties must be motivated to collaborate rather than to compete. They need to be committed to reaching a goal that benefits both of them rather than to pursuing only their own ends. They should adopt interpersonal styles that are more congenial than combative, more open and trusting than evasive and defensive, more

flexible (but firm) than stubborn (but yielding). Specifically, they must be willing to make their own needs explicit, to identify similarities, and to recognize and accept differences. They must also tolerate uncertainties and unravel inconsistencies.

It might appear that for successful integrative negotiation to occur, each party should be just as interested in the objectives and problems of the other as he is in his own—that each must assume responsibility for the other’s needs and outcomes as well as for his own. This is an *incorrect* interpretation; in fact, such behavior is more likely to be dysfunctional than successful. Parties who are deeply committed to each other and each other’s welfare often do not achieve the best solution (Fry, Firestone, and Williams, 1979; Kelley and Schenitzki, 1972). As close as the parties may feel to each other, it is unlikely that they will completely understand each other’s needs, objectives, and concerns, and thus they can fall into the trap of not meeting each other’s objectives while thinking they are (Rubin and Brown, 1975). While parties strongly committed to each other are likely to yield more than they would otherwise, the result is that they may arrive at a joint outcome that is less satisfactory than one they would have reached had they remained firm in pursuing their own objectives.

Parties in negotiation maximize their outcomes when they assume a healthy, active self-interest in achieving their own goals while also recognizing that they are in a collaborative, problem-solving relationship (Kelley and Schenitzki, 1972). Maximizing outcomes may also be negatively correlated with one party’s ability to punish the other party. Even cooperatively motivated negotiators have less trust, exchange less information about preferences and priorities, and achieve agreements of lower joint profit when they can punish the other party than when they do not have this capability (de Dreu, Giebels, and van de Vliert, 1998).

Motivation and commitment to problem solving can be enhanced in several ways:

1. Negotiators can learn that they share a common fate. To quote Ben Franklin, “If we do not hang together, we will surely hang separately.”
2. Negotiators can demonstrate to each other that there is more to be gained by working together (to increase the payoffs or reduce the costs) than by working separately. The parties can emphasize that they may have to work together after the negotiations are over and will continue to benefit from the relationship they have created. In spite of these efforts, competitive and contentious behavior may persist. In Chapter 18, we will elaborate on approaches that may be used to encourage parties to negotiate cooperatively.
3. Negotiators can engage in commitments to each other before the negotiations begin; such commitments have been called *presettlement settlements* (Gillespie and Bazerman, 1998) and are distinguished by three major characteristics:
 - a. The settlement results in a firm, legally binding written agreement between the parties (it is more than a gentlemen’s agreement).
 - b. The settlement occurs in advance of the parties undertaking full-scale negotiations, but the parties intend that the agreement will be replaced by a more clearly delineated long-term agreement that is to be negotiated.
 - c. The settlement resolves only a subset of the issues on which the parties disagree and may simply establish a framework within which the more comprehensive agreement can be defined and delineated.

4. Negotiators could create an umbrella agreement that provides a framework for future discussions. Stefanos Mouzas (2006) suggests that umbrella agreements manage three negotiation challenges:
 - a. Umbrella agreements allow flexibility when the negotiating relationship between the parties is evolving.
 - b. Umbrella agreements provide flexibility for claiming value when the actual future gains are not known at the time of the negotiation.
 - c. Umbrella agreements can be used when all the issues and contingencies have yet to be identified but the parties know they wish to work together.

An example of an umbrella agreement is in Box. 3.4.

Trust

Although there is no guarantee that trust will lead to collaboration, there is plenty of evidence to suggest that mistrust inhibits collaboration. People who are interdependent but do not trust each other will act tentatively or defensively. Defensiveness means that they will not accept information at face value but instead will look for hidden, deceptive meanings. When people are defensive, they withdraw and withhold information. Defensive people also attack the other party's statements and position, seeking to defeat their position rather than to work together. Either of these responses is likely to make the negotiator hesitant, cautious, and distrustful of the other, undermining the negotiation process (Gibb, 1961).

Deepak Malhotra and Mac Bazerman (2007) suggest three tactics to elicit information from the other negotiator when he or she mistrusts *you*:

1. *Share information and encourage reciprocity.* One approach is to suggest to the other negotiator that you are willing to describe your needs and interests if he agrees to share his as well. Malhotra and Bazerman caution to ensure there is agreement about the explicit ground rules before proceeding, and to proceed incrementally to be sure.
2. *Negotiate multiple issues simultaneously.* Negotiating several offers simultaneously allows negotiators to identify relative priorities of the other negotiator, as well as obtain some information about his interests. Malhotra and Bazerman suggest watching for issues where the other party is very engaged, emotional and attempting to control the discussion in order to infer high priority issues.
3. *Make multiple offers at the same time.* A third approach to obtaining information when the other party is distrusting is to make two or three offers at the same time. These offers should be the same value to you. The way that the other negotiator responds to these offers should provide you with information about his relative interests.

In summary, integrative negotiation is easier when the parties trust each other. When there is distrust, negotiating will be more challenging but the three tactics we presented here will help manage this challenge.

Generating trust is a complex, uncertain process; it depends in part on how the parties behave and in part on the parties' personal characteristics. When people trust each other, they are more likely to share information and to communicate accurately their needs, positions, and the facts of the situation (Butler, 1999; Tenbrunsel, 1999). In contrast, when people do not trust

Framework of Focal Points	Umbrella Clauses
Product range/services	Laundry and cleaning products.
Exclusivity	Both parties have the right to obtain competitive offers at any time.
Information	Parties defined three performance indicators. Mutual notification regarding all future capital investment and research and development.
Notification	Notification regarding product damages needs to be made within two weeks.
Subcontracting	Subcontracting is only possible upon consent.
Assignment	All requests need to be made in writing. Verbal requests need to be confirmed in writing.
Volume/price	To be agreed/continuous stock replenishment. Unilateral price determination.
Invoicing	Unless otherwise agreed, on a monthly basis. Payment in 60 days; delivery cost is paid by the supplier. (Delivered duty paid.)
Renegotiation	Annual renegotiation/business reviews quarterly. Any controversy shall be finally settled by arbitration. (International Chapter of Commerce.)
<i>Force majeure</i>	Parties bear no liability for damages occurred as a result of war, political unrest, strikes, lockouts, and governmental interventions.
Guarantee	The retailer reserves the right to demand the elimination of deficiencies or to allow the return of products within twenty days at suppliers' cost.
Liability	The obligation to remedy deficiencies applies also to services obtained from subcontractors.
Secrecy	All information exchanged is confidential and shall not be made available to third parties without written consent of the other party.
Property rights	No transfer of property rights. Supplier ensures that no third person has obtained property rights.
Saving clause	Unless it is of major importance, invalidity of one or more clauses will not have any effect on the umbrella agreement as a whole.
Legal venue	London/U.K.
Amendments	The supplier has the obligation to revoke in writing any orders that she does not wish to accept.
Addition	Need to be made in writing.
Duration	Indefinite agreement/annual renegotiation.
Termination	Each party has the right to terminate the agreement immediately with regard to a particular type of services.

Source: Stefanos Mouzas, "Negotiating Umbrella Agreements," *Negotiation Journal*, July 2006, pp. 292–93.

each other, they are more likely to engage in positional bargaining, use threats, and commit themselves to tough positions (Kimmel, Pruitt, Magenau, Konar-Goldband, and Carnevale, 1980). As with defensiveness, mistrust is likely to be reciprocated and to lead to unproductive negotiations. To develop trust effectively, each negotiator must believe that both she and the other party choose to behave in a cooperative manner; moreover, each must believe that this behavior is a signal of the other's honesty, openness, and a similar mutual commitment to a joint solution (see Chapter 10 for an extensive discussion of trust in negotiation).

Clear and Accurate Communication

Another precondition for high-quality integrative negotiation is clear and accurate communication. First, negotiators must be willing to share information about themselves (Neale and Bazerman, 1991). They must be willing to reveal what they want and, more important, must be willing to state why they want it in specific, concrete terms, avoiding generalities and ambiguities. Second, the other negotiators must understand the communication. At a minimum, they must understand the meaning they each attach to their statements; hopefully, the parties each interpret the basic facts in the same way, but if they don't then they should reconcile them. Other members of the negotiating team can frequently identify ambiguities and breakdowns in communication. If someone on a bargaining team makes a confusing statement, others can address it and try to clarify it. When one person on the other side does not grasp a difficult point, someone else from the same side will often be able to find the words or illustrations to bring out the meaning. Mutual understanding is the responsibility of both sides. The communicator must be willing to test whether the other side has received the message that was intended. Similarly, the listener must engage in active listening, testing to make sure that what he or she received and understood is the message that the sender intended.

Multiple communication channels, such as opportunities for the two sides to communicate outside formal negotiations, will help negotiators clarify the formal communication or exchange information if the formal channels break down. Conversations over coffee breaks, separate meetings between chief negotiators outside the formal sessions, and off-the-record contacts between key subordinates are all alternatives to the formal channel. The negotiators must exercise care, however, to make sure that the multiple messages and contacts are consistent. Sending conflicting messages during integrative negotiation can confuse the other party at best, and threaten or anger at worst.

Metaphors may also play an important role in communicating during negotiation. Metaphors may be defined as "talking about one thing in terms of another" (Smith, 2005, p. 346) and are useful when direct communication is difficult or threatening. Thomas Smith (2005) suggests that metaphors may play two important roles in negotiation: (1) metaphors help negotiators understand *why* the other party is saying what they said, and (2) metaphors may help identify areas for mutual gain because they provide insight into the other party's needs and motives (see Box 3.5).

When there are strong negative feelings or when one or more parties are inclined to dominate, negotiators may create formal, structured procedures for communication. Under these circumstances, negotiators should follow a procedure that gives everyone a chance to speak. For example, most rules for debates limit statements to five minutes, and similar rules are often adopted in contentious open meetings or public hearings. In addition, the parties may agree to follow a previously agreed-on agenda so that everyone can be heard

Statement	Message
Nothing ventured, nothing gained.	Risk
Only the fit survive.	Renewal
It's a dog eat dog world.	Hyper competition
Adapt or die.	Change
We're all in this together.	Interdependence family

and their contributions noted. Effective communication processes in negotiation are covered extensively in Chapters 5 and 17. In Chapter 19 we describe how third parties can help facilitate disabled communication processes.

An Understanding of the Dynamics of Integrative Negotiation

Negotiators frequently assume that the distributive bargaining process is the only way to approach negotiations. Several studies indicate that training in integrative negotiation enhances the ability of the parties to negotiate integratively. For example, Weingart, Hyder, and Prietula (1996) demonstrated that training negotiators in integrative tactics—particularly in how to exchange information about priorities across issues and preferences within issues, and how to set high goals—significantly enhanced the frequency of integrative behaviors and led the parties to achieve higher joint outcomes. This study also found that using distributive tactics, such as strongly trying to persuade the other of the validity of one's own views, was negatively related to joint outcomes. In addition, Lowenstein, Thompson, Gentner, and their colleagues have found that analogical training appears to be an especially powerful way to learn about integrative negotiation.⁵ Analogical learning involves the direct comparison of different negotiation examples to identify and understand the underlying principles and structure of the negotiation.

Section Summary

We identified seven fundamental preconditions for successful integrative negotiation: some form of shared or common goals, faith in one's ability to solve problems, a belief in the validity and importance of the other's position, the motivation and commitment to work together, trust in the opposing negotiator, the ability to accurately exchange information in spite of conflict conditions, and an understanding of the dynamics of integrative negotiation. If the parties are not able to meet these preconditions successfully, they will need to resolve challenges in these areas as the integrative negotiation evolves.

Why Integrative Negotiation Is Difficult to Achieve

Integrative negotiation is a collaborative process in which the parties define their common problem and pursue strategies to solve it. Negotiators do not always perceive integrative potential when it exists or cannot always sustain a productive integrative discussion. People frequently view conflict-laden situations with a fundamentally more distrustful, win-lose attitude than is necessary. The approach that individuals take toward conflict and negotiation

is essential to understanding the differences between distributive bargaining and integrative negotiation. The primary reason negotiators do not pursue integrative agreements is that they fail to perceive a situation as having integrative potential and are primarily motivated to achieve outcomes that satisfy only their own needs. Four additional factors contribute to this difficulty: (1) the history of the relationship between the parties, (2) the belief that an issue can only be resolved distributively, (3) the mixed-motive nature of most bargaining situations, and (4) short time perspectives.

The History of the Relationship between the Parties

The more competitive and conflict-laden their past relationship, the more likely negotiators are to approach the current negotiation with a defensive, win–lose attitude. Long-term opponents are not likely to trust each other or to believe that a cooperative gesture is not a ruse or setup for future exploitation. Because the other party has never shown any genuine interest in cooperation in the past, why should the present be any different? Laboratory research shows that negotiations who had an impasse in a previous negotiation were more likely to reach impasses on subsequent negotiations on different topics, even if the other party was a different negotiator (O'Connor, Arnold, and Burris, 2005).

Even if the parties have no history with each other, the expectation of a competitive opponent is sufficient to create defensiveness. Research suggests that the majority of people enter negotiations expecting them to be win–lose, not win–win (Thompson and Hastie, 1990a). In addition, perceptions are often loaded with self-serving rationalizations—for instance, see the other party as more unreasonable and difficult to work with than a neutral third party would—and these perceptions in turn deter them from initiating an integrative negotiation process. Negotiators can proceed past a negative history, but it takes effort. For instance, Post and Bennett (1994) report a successful transformation of union–management relations by using a five-step process (see Box 3.6).

A Belief That an Issue Can Only Be Resolved Distributively

Conflict dynamics tend to lead negotiators to polarize issues or see them only in win–lose terms. In addition, negotiators may be prone to several cognitive biases or heuristic decision rules that systematically bias their perception of the situation, the range of possible outcomes, and the likelihood of achieving possible outcomes, all of which tend to preclude negotiators from engaging in the behaviors necessary for integrative negotiation (Neale and Bazerman, 1985, 1991; we discuss these biases in detail in Chapter 5). For example, unions and management have historically clashed over the introduction of new procedures or technology that “de-skills” labor or replaces workers with machines. Labor usually pursues job security, believing that the new machines will eliminate workers, whereas management takes the position that the new machines will increase efficiency, quality, and profit and that it is management’s right to make decisions regarding these issues. On the surface, the two positions seem irreconcilable: either the workers pressure the company to keep employees at the expense of machines, or management makes the decisions about how to introduce new technology. However, recent experience shows that labor and management have devised solutions to the problem that satisfy both sides—such as retraining and reallocating employees or reducing the number of employees through attrition rather than layoff.

Union–management collective bargaining has often been used as a classic example of the distributive bargaining process. Often, the tendency for the parties to use collective bargaining rests on a long history of perceived abuse and mistrust on both sides of the table. But recent work shows that integrative negotiation can be successful even in this context, although unions may need to use some conflict tactics to ensure their share of mutual gains (Bacon and Blyton, 2007).

Post and Bennett (1994) report the results of a five-step integrative process that successfully reduced grievances from 40 per year under the previous contract to 2 in 18 months under the new contract, significantly reduced anger and hostility between the parties, and significantly enhanced the spirit of cooperation in the plant. The five steps were as follows:

1. A *commitment phase*, occurring 12 and 6 months before the expiration of the current contract, during which the parties commit to participate in a collaborative process, including commitments to harmonize negotiation philosophy, harmonize the negotiation process, and articulate the respective interests of the parties.
2. An *explanation phase*, occurring one month before contract expiration, during which the parties hold their first meeting, present their respective proposals to each other, introduce supporting documentation, and set a timetable for remaining meetings.
3. A *validation phase*, occurring two to four weeks prior to contract expiration, in which the parties gather information from employees and

employers about the validity of the interests expressed in the opening statements. This information is used to generate a collective consensus about the relative importance and priority of the interests to the constituencies of both groups.

4. A *prioritization phase*, occurring two weeks prior to contract expiration, in which the parties work together to develop a joint list of priorities based on the data. This process is often facilitated by a mediator, who uses the commitments generated in the commitment phase to help the parties represent their priorities genuinely and candidly.

5. A *negotiation phase*, occurring one week prior to the contract expiration, in which the parties meet in a series of frequent and intensive gatherings to negotiate a resolution to the prioritized list of interests. Once again, this process is often facilitated by a mediator, whose role is to vigorously ask questions of the parties, hold them to their agenda, and ensure that the negotiations proceed in an open and trusting atmosphere.

Note that this process requires the ongoing participation of a mediator, who acts as a referee and as a monitor of the parties' commitment to stay with an integrative process. Whether the parties could learn to trust each other to sustain such a process without an active third-party role is still a matter of debate.

Source: Adapted from F. R. Post and R. J. Bennett, "Use of Collaborative Collective Bargaining Processes in Labor Negotiations," *International Journal of Conflict Management*, 5 (1994), pp. 34–61.

The Mixed-Motive Nature of Most Negotiating Situations

Purely integrative or purely distributive negotiation situations are rare. Most situations are mixed-motive, containing some elements that require distributive bargaining processes and others that require integrative negotiation. For example, when people become partners in a business, the common goal of making a profit provides a basis for their collaboration. How to allocate the profits becomes a different matter, however, and is much more likely to create conflict. In this example, the parties must recognize that the integrative element is more

important; that is, there must be a successful business before there can be profits to divide. Nevertheless, their competitiveness over profit distribution may make it difficult for them to stay in business at all. As a general rule, because people are more likely to perceive negotiations as win–lose than win–win, conflict and competitiveness drive out cooperation and trust, making it more difficult for the parties to find common ground.

One of the most fundamental challenges in integrative negotiation is that parties fail to recognize or search for the integrative potential in a negotiation situation. The primary cause of this failure is the desire to satisfy one's own concerns without regard to the other's concerns. Negotiators too often assume that the other party has the same objectives and goals as they do, and accordingly they fail to search for information about the other party's preferences and priorities (Kemp and Smith, 1994). Negotiators may also be led to this assumption when they are highly accountable to someone else for their performance, when the parties have had a history of conflict, and when the issues are too complex to disentangle and are easily interpreted in simple win–lose terms. As a result, negotiators fail to invest the time and energy necessary to search for and find integrative options.

Short Time Perspectives

Effective integrative negotiation requires sufficient time to process information, reach true understanding of one's own and the other party's needs, and to manage the transition from creating value to claiming value.

Recent research suggests that a shorter length of time between the negotiation and implementation of an agreement may contribute to suboptimal integration outcomes. A series of studies by Marlone Henderson, Yaacov Trope, and Peter Carnevale (2006) suggest that negotiations to be implemented sooner tend to be more piecemeal and fragmented than those which were to be implemented later. While temporally near negotiations were better than straight compromises, negotiations that were not to be implemented until later had significantly more integrative outcomes. The pace and time pressures of modern business negotiations appear to be an important factor interfering with effective integrative negotiations. When practical, negotiators should leave enough time before the implementation of a deal so that effective integrative negotiation can occur.

Distributive Bargaining versus Integrative Negotiation

Research and practice in negotiation has seen many changes to the way people negotiate over the past 20 years. Since the publication of the first edition of *Getting to Yes* in 1981, there has been a steady growth in integrative negotiating, and it is a concept that has permeated the research and practice of negotiation (see Menkel-Meadow, 2006). Many would argue that the world would be a better place if all negotiations were integrative and suggest that distributive bargaining is an outdated approach to creating value and resolving differences.

Chapters 2 and 3 have discussed various aspects of both approaches, and our view is a strong understanding of both is important for two reasons. First, some negotiators use a purely distributive approach and there is no evidence that integrative negotiating will be effective against a strong, consistent distributive bargainer. This does not mean the distributive bargainer will do better than the integrative negotiator. In fact, there is good evidence

that bargaining distributively in an integrative situation will be suboptimal. The more troubling question when faced with a distributive bargainer is whether responding distributively or integratively is more effective. Research has not addressed this point explicitly, but we believe that negotiators who understand the dynamics and processes of both distributive bargaining and integrative negotiation will be better prepared to respond strategically to whatever situation or challenge they face.

The second reason to understand both processes is that integrative situations involve a claiming-value portion and this may involve the use of distributive tactics. Some negotiators portray themselves as win–win while in fact are solely out for themselves. These wolves-in-sheeps-clothing negotiators can be very challenging to negotiate with because they speak like integrative negotiators while acting like distributive bargainers. It can be very difficult to identify such negotiators because they appear to be negotiating integratively when they are not. The best way to manage this is to watch what they do and understand the positions that they take. A sound understanding of distributive bargaining makes it more likely that these negotiators will be identified.

Chapter Summary

In this chapter, we have reviewed the strategy and tactics of integrative negotiation. The fundamental structure of integrative negotiation is one within which the parties are able to define goals that allow both sides to achieve their objectives. Integrative negotiation is the process of defining these goals and engaging in a process that permits both parties to maximize their objectives.

The chapter began with an overview of the integrative negotiation process. A high level of concern for both sides achieving their own objectives propels a collaborative, problem-solving approach. Negotiators frequently fail at integrative negotiation because they fail to perceive the integrative potential of the negotiating situation. However, breakdowns also occur due to distributive assumptions about negotiating, the mixed-motive nature of the issues, the negotiators' previous relationship with each other, and short time perspectives. Successful integrative negotiation requires several processes. First, the parties must understand each other's true needs and objectives. Second, they must create a free flow of information and an open exchange of ideas. Third, they must focus on their similarities, emphasizing their commonalities rather than their differences. Finally, they must engage in a search for solutions that meet the goals of both sides. This is a very

different set of processes from those in distributive bargaining, described in Chapter 2. The four key steps in the integrative negotiation process are identifying and defining the problem, identifying interests and needs, generating alternative solutions, and evaluating and selecting alternatives. For each of these steps, we discussed techniques and tactics to make the process successful.

We then discussed various factors that facilitate successful integrative negotiation. First, the process will be greatly facilitated by some form of common goal or objective. This goal may be one that the parties both want to achieve, one they want to share, or one they could not possibly attain unless they worked together. Second, they must have faith in their problem-solving ability. Third, the parties must be willing to believe that the other's needs are valid. Fourth, they must share a motivation and commitment to work together, to make their relationship a productive one. Fifth, they must be able to trust each other and to work hard to establish and maintain that trust. Sixth, there must be clear and accurate communication about what each one wants and an effort to understand the other's needs. Instead of talking the other out of his or her needs or failing to acknowledge them as important, negotiators must be willing to work for both their own needs and the

other's needs to find the best joint arrangement. Finally, there must be an understanding of the dynamics of integrative negotiations.

In spite of all of these suggestions, integrative negotiation is not easy—especially for parties who are locked in conflict, defensiveness, and a hard-line position. Only

by working to create the necessary conditions for integrative negotiation can the process unfold successfully. In Chapters 17 and 18, we discuss several ways that parties can defuse hostility, defensiveness, and the disposition toward hard-line negotiating to create the conditions for successful integrative negotiation.

Endnotes

¹ Our descriptions draw heavily on the writings of several experts who have studied the integrative process in great detail, and we will note recent research findings that have affirmed the validity of particular strategies and tactics. See Follett (1940), formalized by Walton and McKersie (1965); Fisher, Ury and Patton (1991); Lax and Sebenius (1986); Carnevale and Pruitt (1992); Filley (1975); and Pruitt (1981, 1983), among numerous others. We also draw extensively on Pruitt and Carnevale (1993).

² See Chapter 5 of Sheppard, Lewicki, and Minton (1992) for a more complete discussion of the role of “voice” in organizations.

³ For example, see Neale and Bazerman (1991), Pruitt (1981, 1983), Pruitt and Carnevale (1993), and Pruitt and Lewis (1975).

⁴ For more detailed discussion of this step see Filley (1975); Pruitt and Carnevale (1993); Shea (1983); and Walton and McKersie (1965).

⁵ See Gentner, Loewenstein, and Thompson (2003); Loewenstein and Thompson (2000), Loewenstein, Thompson, and Gentner (1999, 2003); Nadler, Thompson, and Van Boven (2003); and Thompson, Gentner, and Loewenstein (2000).