

The Difference Between "Problem Solving" And "Negotiating"

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Problem solving between two or more parties occurs when the parties encounter an obstacle to a jointly desired path and they jointly require a solution that will alleviate the current predicament. As the parties seek a mutually desired solution, they care-fully assess and agree on the accuracy and veracity of available data. Agreement on the data is essential, because the available data point to the underlying cause of the problem. Clear problem definitions promote identification of relevant and appropriate solutions.

Sellers and buyers can problem solve if they are willing to suspend their vested differences and let their common goal—doing business together—drive their behavior. This stance allows both parties to view the gap between their positions as merely an obstacle to overcome, and to explore a range of alternative solutions for closing the gap. Some sellers would call this “win-win negotiating,” but note that this kind of behavior assumes that both buyer and seller see the situation from the same perspective. Differences in available facts, or analysis of those facts, are capable of being resolved or ignored.

Consider this example:

A representative for a manufacturer of home electronic entertainment equipment is selling to a buyer who represents a chain of retail dealers. The seller's position on pricing is driven by the selling organization's national analysis of the competition and the consumer market. However, the buyer's pricing position has been determined by detailed analysis of local competition and consumer trends. The two databases differ. As part of their discussion, the seller and buyer share their divergent analyses of the market, and they recognize the legitimacy of both data sets.

The seller is persuaded that the local market data are more compelling indices for business with this buyer, and is able to make some pricing adjustments based on the data.

or

The buyer is persuaded that national trends will quickly overwhelm local variations, and is able to support adjusting to the seller's pricing position.

For both parties, this is an ideal result. They end up seeing the situation the same way, no issues are disputed, and they agree on which alternative resolves the problem of how to do business together.

Yet conflict between the selling role and the buying role is more the rule than the exception—and most sellers expect it. An experienced seller knows that at some point in the selling cycle some conflicts probably will arise. These conflicts typically concern price, terms, and conditions of the sale, but they may also involve issues like product specification, research and development support, delivery methods, storage capability, and so on.

To effectively deal with conflict and resolve issues in dispute, a seller should know the process of negotiation and be able to implement a positive strategic approach to conflict resolution. The seller must be able to identify those situations where conflicting interests outweigh common interests, where problem solving is difficult or impossible, and where a positive negotiation strategy is the best option for a mutually beneficial agreement.

Negotiation occurs when at least two parties who begin with vested conflicting differences arrive (if successful) at a point of agreement that bridges the differences to the satisfaction of both. In a negotiation, agreement is fostered by the use of alternative currencies of exchange.

In selling situations, conflict is natural and sometimes inevitable. One type of conflict arises when two or more parties view the same situation and arrive at results which are different and to some extent mutually exclusive. Here are some examples:

A seller has a list-price or published price for a product or service. The buyer wants to buy the same product or service for a price that is eighty percent of the seller's published price. A price conflict exists.

A seller wants to deliver a product using standard delivery methods, but the buyer wants accelerated delivery. A delivery methods conflict exists.

A seller offers standard financial terms, but the buyer wants extended time to pay. A payment or terms conflict exists.

In all of these situations, the buyer and the seller both may be looking at the same information and data but have arrived at quite different approaches, based on their own interests and needs. One or all of these conflicting interests may exist within one selling opportunity, and they must be successfully resolved before the sale is consummated.

A second type of conflict occurs when data available to one party is contested or considered irrelevant by the other party. Differences in facts and evidence may be impossible to resolve or ignore. The seller, buyer, or both may be strongly committed to the data or the logic that underlies their positions—they are “vested”! In these cases, problem solving as a process for reaching agreement breaks down. There is no agreement on the facts, and so there is no agreement on the problem itself. If buyers and sellers do not perceive the same problem, they are unlikely to agree on appropriate alternatives.

Consider again our electronics products example:

The seller uses national market trend data to support the selling organization's pricing position. (Underlying this approach is the selling organization's strong belief that letting local differences drive market price would destroy the market for their high-end products.) The buyer objects, arguing that local conditions are more compelling. (The dealership is under extreme competitive pressure from a local discounter who is taking advantage of a weak economy.) The seller, believing that a careful review of the evidence will persuade the buyer, responds to the buyer's position with counter arguments about the local situation. The buyer, however, discounts the seller's analysis of local conditions as outdated and based on an inappropriate model for the region. The seller, still pursuing a problem-solving approach, offers additional counter evidence, and the buyer begins to feel abused and upset.

Both parties are becoming frustrated, and the seller is now confused. Why is the willingness to problem-solve being met with such resistance? What is the seller's next step?

In this example, the seller should abandon problem solving as a process for trying to get the buyer to agree on a common problem with mutually accepted causes. The seller must recognize and acknowledge that his or her underlying needs are different from the buyer's needs. Now, the rationale for their stated positions (their analyses may both be correct—or incorrect!) becomes irrelevant, and debate or argument about the parties' views of the situation must cease. Instead, the seller must begin to identify resources—alternative currencies of exchange—that the parties might exchange that would help to bridge the gap on price. Sometimes skilled buyers may initiate this activity, but usually do not. It is up to the seller to switch to a negotiating strategy.

Negotiation may take additional time and energy. This investment will pay off in situations where the parties involved are invested in their particular positions. The negotiation will proceed when both parties believe that an agreement can be reached even though they may not share much in common. Only when sellers and buyers acknowledge conflicting vested interests can they begin to look for resources—currencies—that will help to close the gap between the different positions, if those currencies are placed on the table.

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