

Negotiating with Colleagues

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We overlook, or would prefer to deny, the fact that conflicting priorities and vested interests are now a part of life in any organization. The way organizations are designed today makes it inevitable that managers and their work units will come into conflict over issues relating to priorities, coordination, and allocation of resources.

Other changes taking place in organizations require managers to acquire skills they have never needed before. Product diversity and technical specialization are splintering organizations into smaller and smaller parts, making coordination and integration more difficult.

These new, more complex organizational structures require managers to orchestrate the activities of individual contributors and work units over whom they have little or no formal authority. Decision-making is being pushed downward to make organizations more flexible and responsive, making it necessary for peers to resolve differences and work together smoothly, often without recourse to a common superior. Managers at all levels must contend with special interest groups, inside and outside of the organization, rather than simply refer them to a staff department.

Management education has failed in large part to prepare managers to deal with these changes in the task of managing work relationships. We have focused our attention on providing them with up-to-date analytical tools and planning methods, and keeping them abreast of changes in technology. But we teach management skills and rational problem solving and decision making much as we did in the 1960s and early 1970s.

MANAGING AGREEMENT

Among managers today, one of the most common and serious skill deficits is in managing the agreement process, especially across work unit boundaries. Lateral agreements become extremely important when “independent” managers are in fact dependent upon each other to carry out the tasks assigned to their separate units. Such agreements are especially difficult to manage when there is a conflict in goals or priorities (for example, when maximizing productivity in one group reduces it in another). Despite the best efforts of organizational design experts, this type of structural conflict persists.

The failure to manage the agreement process efficiently manifests itself in a variety of familiar ways:

- People deal with colleagues as if they were outside competitors.
- Unresolved issues are passed on to a higher-level manager who must use valuable time becoming familiar enough with the details of the problem to make a decision that should have been reached at a lower level.
- Agreements are reached but not implemented.
- Meetings proliferate and take longer, involve more key contributors, and produce fewer results.
- Tough issues are not dealt with because managers fear open conflict.
- Units that need to coordinate their efforts compete or act independently.

Negotiation is the best tool for reaching agreement when there are conflicting interests and when neither party has authority over the other. Used well, a negotiation strategy can produce better quality agreements that last, as well as improve rather than disrupt working relationships. Negotiation is the most appropriate strategy in situations where at least one of the parties is vested—that is, where one party has something to gain by getting the other party to agree to a particular proposal or solution. This is the type of situation where a rational problem-solving and decision-making strategy breaks down!

Despite these positive features, the potential of negotiation as a powerful tool for improving coordination and resolving conflict within organizations has not been realized. Most managers view negotiation as something conducted with competitors, not colleagues, with the single objective of getting as much as possible while giving up as little as possible. Others have not developed the skills required to negotiate in a way that does not endanger key working relationships.

THREE STRATEGIES

Managers who view negotiation as tough and competitive are unlikely to use it to settle disputes with colleagues. A failure to distinguish between different strategies for resolving conflict and reaching agreement contributes to this adversarial view of negotiation. The strategies most often confused are: “take it or leave it,” bargaining, and negotiation. Each of these strategies is discussed below.

In the discussion which follows, strategy refers to the general approach taken to resolve a conflict and reach agreement. A strategy remains constant if there is no radical change in the situation. Tactics are used to implement a strategy, and they will change frequently in response to the other party's behavior.

A “take it or leave it” strategy involves taking a non-negotiable stance or position. For example, if you demand \$100 for your product and refuse to lower your price, you are using a “take it or leave it” strategy. If you change your price, you are changing your strategy, probably to bargaining.

Bargaining is another strategy for resolving conflict and reaching agreement. It is important to distinguish bargaining from negotiation, despite the fact the two terms often are used interchangeably. Bargaining is characterized by having only one variable currency of exchange. If you demand \$100 for your product and then drop your price to \$90 to try to reach agreement, you are bargaining. The single currency of exchange involved (other than your product) is money; it is variable since you are willing to haggle about the final price. Note that in the “take it or leave it” strategy, the single currency of exchange is not variable, but fixed.

A negotiation strategy involves multiple currencies of exchange. For example, were you to offer to lower your price if I would double my order or pay cash, you would have introduced alternative currencies of exchange. Alternative currencies are exchanged instead of, or in addition to, the prime currency of exchange—the currency of controversy. In our example, the prime currency is money.

Here is a hypothetical example of each strategy in a situation where maintaining a positive working relationship is important:

“Take it or leave it.” An operations manager asks the maintenance manager for 1,000 hours of maintenance in the next month to keep some machinery operating. The maintenance manager answers: “The most I can give you is 800 hours” and refuses to change position.

Bargaining. The same operations manager asks for 1,000 hours, and the maintenance manager offers 800 hours. After a few minutes they agree on 900 hours.

Negotiation. The same operations manager asks for 1,000 hours of maintenance, and the maintenance manager offers 800 hours. They talk at some length about the problems they each have and what they need to solve them. The operations manager learns that the maintenance manager has extra personnel available during the day shifts when the machines are most heavily used, but is short of help at night when more of the machinery is available for maintenance. The operations manager also learns that because of union work rules, the maintenance manager must assign two skilled mechanics to certain jobs, even though one of them merely pushes a button to stop and start the machinery. Similarly, the maintenance manager learns that the operations manager always has apprentice machine operators who are not fully occupied and who need to learn as much as possible about the machinery they will be operating.

On the basis of this information, the two managers reach an agreement whereby the operations manager reschedules production so that more machines are available for maintenance during daytime shifts and provides an apprentice operator to start and stop the machinery that maintenance mechanics are working on. The operations manager is confident that all maintenance needs will be met, and the maintenance manager believes that, with the help promised, the work can be completed in less than 800 hours.

In the “take it or leave it” example, the maintenance manager achieved a settlement that meets his needs, but ignores those of the operations manager. If the operations manager feels she can get more maintenance help by going to her boss or taking some other action, she will probably do so. The working relationship, if one existed, has been damaged: the operations manager will view the maintenance manager as a poor team player who cares only about his personal needs and those of his department, and she will try to reduce her dependence on the maintenance manager. In the bargaining example, both managers may be satisfied with the agreement, but unless they misrepresented their needs and available resources, neither one got what he or she really needed. Use of a bargaining strategy led to an acceptable compromise, but not to a high-quality agreement.

The use of a bargaining strategy did little to strengthen the working relationship and more likely weakened it. Neither party will be very committed to the agreement. The maintenance manager will be happy if he can cut back on the 900 hours agreed to, and the operations manager will look for ways to extract more than 900 hours from maintenance.

The use of a negotiation strategy helped the managers achieve a more positive and creative agreement, and at the same time strengthened their relationship. They identified and exchanged several alternative currencies to resolve problems and meet underlying needs. Both will feel committed to carrying out the agreement and will continue to work together to solve new coordination problems as they arise. It is worth noting that negotiation is the most time-consuming strategy. The gains from using negotiation must be weighed against the extra time required. If the managers had been at odds over ten rather than 200 maintenance hours, they might have been wise to bargain and resolve the issue quickly. The results of a successful negotiation are an agreement that meets the needs of both parties and an improved working relationship. Managers who are inflexible, or who bargain when they should negotiate, do not achieve this result.

Many persons would view all three scenarios as examples of negotiation. If so, no wonder they are reluctant to “negotiate” with friends and colleagues! Confusion is encouraged by the fact that both “take it or leave it” and bargaining can be used as tactics to carry out a negotiation strategy. In a complex negotiation, it is not unusual to make a non-negotiable demand or offer—and then to change it a few minutes later! Similarly, persons using a negotiating strategy may at some point in the negotiation bargain over one of the several currencies being exchanged. Negotiation, however, can never be used as a tactic in implementing a “take it or leave it” or bargaining strategy, because the introduction of even one alternative currency changes the strategy to one of negotiation.

CRITICAL TASKS AND SKILLS

If negotiation is such an effective strategy for reaching agreement, why are conflicts so difficult to resolve? Even diplomats, lawyers, and experienced managers often have trouble reaching agreements without straining relationships. One answer is that it requires sophisticated interactive skills to negotiate well—skills that are not easily gained through experience and are not taught in our universities, including business or law schools.

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