

How organisations negotiate: managing a love-hate relationship

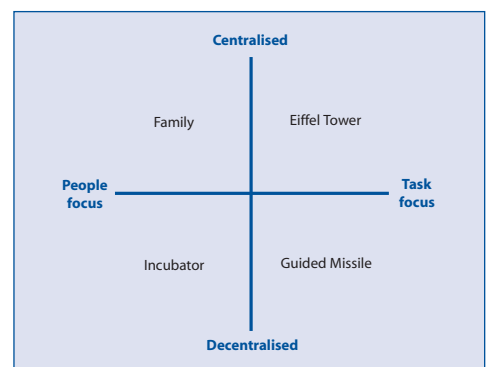
We often find ourselves negotiating with both people and their organisations. Like it or not, organisations and their culture are part of our negotiation landscape. It appears that the modern organisation has taken on many of the characteristics of George Orwell's 'Big Brother' – omnipresent and demanding obedience! Business development negotiators have to manage a love-hate relationship between the other negotiator and the respective organisations. This article analyses the impact of organisations and their culture on our negotiating behaviour.

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A review of the ever-growing literature on negotiating, either academic or practitioner oriented, indicates that we can learn much about individual behaviour and something about group negotiating behaviour. In recent years, tracking the debate on globalisation, there is also a vital and vibrant literature on the cultural dimensions of negotiating. However, the impact of the organisation on the negotiating process appears to be an academic waif. Perhaps this is because it does not commend itself as a topic to researchers and business educators. Or perhaps it is because organisations prefer to avoid scrutiny in the naive belief that ignorance is bliss.

to negotiating behaviour. The four labels of organisational culture that Trompenaars uses are the Eiffel Tower, the Guided Missile, the Incubator and the Family. They are differentiated on two key dimensions – centralisation and decentralisation – and a primacy of either task or people that is recognisable to us as McGregor's X and Y orientation.

Figure 1: Trompenaars' labels of organisation culture



The challenge is to avoid lurching into the negotiating process without having adequately understood the partner's organisational culture.

In starting my analysis I refer back to a topic that appeared regularly during the organisational behaviour course while I was teaching on the MBA programme at London Business School. Our students were asked to explore the observation 'individuals learn, groups may and organisations cannot'. An early challenge was to identify what was meant by 'the organisation'. Clearly one word cannot easily capture the range of complexity that we encounter in organisations. While there are numerous taxonomies of organisations, I utilise a simple framework which passes my own 'utility test'.

Organisational cultures

Fons Trompenaars, a leading contemporary European writer on global business and its cultural context, identified four discrete organisational cultures in his seminal monograph *Riding the Waves of Culture*. His 'labels' neatly capture organisational structures, behaviour and dynamics. Having encountered Fons in the early 1990s I subsequently spent an engaging period with Oscar van Weerdenburg, one of his close colleagues, applying the Trompenaars' typology

Business development negotiators will encounter each of these four cultures in their work. To aid in their recognition, some of the key features are set out in Figure 2. The challenge is to avoid lurching into the negotiating process without having adequately understood the partner's organisational culture.

Some examples are as follows:

- The Eiffel Tower culture can be found in state agencies. Do you send your communication to a person by name, their function, department or simply a post point? Negotiating with regulators and enforcement agencies provides ample opportunities to see this culture at work. The defence of hierarchy and status knows no limits.
- The Guided Missile culture can be found in most of the big pharma groups. Even after a merger of equals the previous corporate identities are in evidence. You have all heard the phrase 'when you meet X don't forget he/she came from Y'. Conflict and internal competition for resources are resolved only when one culture triumphs.
- The Incubator culture, found in start-ups and

Figure 2: Recognising organisational negotiating cultures

	Eiffel Tower	Guided Missile	Incubator	Family
Norms & attitudes	Formal Past driven Precedent driven	'Can do, will do' Tasks & goals Achievement oriented	Try to balance people, groups & goals Innovative for survival/growth	Loyalty United external front
Behaviour	Suspicious & hostile Polite, precise & functional Impersonal	Energetic Highly committed Adaptive Flexible Confident	Mutually supportive Relaxed Personal Friendly Creative	Sensitive Intuitive Reactive Suspicious
Values & goals	Cautious Long-term or highly expedient	Practical/rational Problem centred	Obvious Implicit Shared Evolving Adaptive	Internal solidarity Conformity
Structure & hierarchy	Highly specific/defined	Project/team-based Egalitarian	Minimalist Open Low/poor co-ordination	Hierarchical Quasi-feudal Favourites/'ins & outs'
Attitudes to authority	Status & seniority count	Democratic Participative Empower	Democratic Egalitarian Laissez-faire	Limited authority Submissive
Decision making	Role/function or rule-based Ponderous	Decentralised Consensus Quick or slow	Consultative/open ad hoc Emotional	Single source Loyalty driven Debate behind 'closed doors'
Relationships	Deliberate, ordered Specific & rule-based	Individualistic Functional Competence/task-based	Very personal Highly valued Informal	Family power Loyalty Factions
Conflict management	Interdepartmental friction Turf wars	Impersonal rivalry Internal accommodation	Avoidance or mini crisis	'Daddy rules'

spin-offs (that we may all want to love) can be a negotiating nightmare. High on ego-driven decision making, the negotiating process can be challenging if its business strategy is disconnected from reality.

- The Family culture can be found most obviously in family-owned companies. Family involvement can sometimes be erratic but hidden through the commitment and loyalty of a key group of senior executives.

allocating more time to planning or breaking off discussions to 'allow time' for an in-depth review of 'early learnings'; or perhaps 'the great leap forward'; focusing discussions on the implementation and governance issues that an agreement requires.

These responses can sometimes disguise the fact that an organisation and its culture rather than the negotiator is driving them – or vice versa.

Adjusting to a partner's culture

We live in our own organisational culture and often take it for granted because 'that's how we are'. However, an adjustment process to our partner's organisational culture needs to be explicit. It almost defines our business objectives and our negotiating strategy. It certainly shapes the negotiating process. For example, without necessarily intending to have a negative effect, a partner's organisational culture alone could exert pressure triggering a variety of possible responses: slowing down negotiations by

Even when we know there is a major difference in organisational culture (for example, a European company negotiating in Japan) we can underestimate its importance, optimistically saying to ourselves 'that's very similar to what we do at home', and thus minimise or even ignore the organisational culture gap.

Negotiating tactics

Organisational cultures shape negotiating tactics. They influence the selection and use of particular tactics. They require and reward specific

negotiating behaviour. Some of the clusters of negotiating tactics associated with each of the four organisational cultures that Trompenaars developed are listed in Figure 3. The data come from an extensive interview programme with negotiators over a ten-year period.

Organisational cultures shape negotiating tactics. They influence the selection and use of particular tactics. They require and reward specific negotiating behaviour. Recognising the clusters of tactics that organisations deploy, either wittingly or unwittingly, we can adapt our negotiating behaviour. At a minimum we must learn to cope (protect ourselves) and if possible (with luck) we can move to giving ourselves a stretched target to conclude more robust win-win deals.

Approach to negotiating

The most obvious first step is to learn from the advice given to a tourist who, having asked for directions, was informed that he was starting from the wrong place. Sometimes this is actually true! Perhaps we should recognise that breaking off negotiations with a particular organisation is not a capital offence. Their representative will also have to explain why to colleagues. This general advice has one major caveat. It assumes that individual negotiators have not over-invested or over-exposed their egos in the transaction. Negotiations with Incubator cultures need specific care. Disengagement followed by a restart that sees both parties with adjusted goals and aspirations may be the precursor to success.

A curious fact about negotiating process is that it appears to demand and consume information without regard to its value in facilitating the conclusion of robust deals.

If we have created 'thinking space', we should now begin to deal with the internal pressures that operate on us. Cynically, I could suggest that the business development negotiator should buy backplates not breastplates from his local armourer. If we understand our counter-party's approach to negotiating, we can help our colleagues to develop realistic expectations about our negotiations.

The Eiffel Tower culture is basically unresponsive to pressure. The Incubator culture demands instant gratification, which if not forthcoming may trigger sulking or a tantrum. We need to utilise our 'parenting skills' to avoid future truculent behaviour. Guided Missile and Family cultures have approaches to negotiating requiring a different strategic response. The former may drift to win-lose, the latter may believe its strategy is win-win. Research past deals, in particular sour deals, because knowing what went wrong could prevent history repeating

itself. Don't jump into the negotiations: build the relationships first and ask the searching questions. Get them to describe what worked, what failed and why.

Meeting schedule

The meeting schedule is a public manifestation of our work as negotiators. Nothing quite compares as an exercise in self-justification. However, to avoid returning empty-handed we must have explicit and agreed goals, agendas, ways of measuring our progress and opportunities to participate in these meetings. Taking along a colleague 'to listen to them' cannot be justified. He or she has to have a series of meaningful tasks, in which they are supported, or we as negotiators destroy our own internal reputation. The observation 'I wasted my time' will kill your internal credibility.

Authority and decision making

We expect organisations to have different patterns of authority and decision making. Our challenge is how, if required, we can and should adapt. The Incubator culture presents us with the greatest personal challenge. The individual and small group nature of their decision making suggests that we should prepare to encounter 'the shift to risk' phenomenon that was researched by social psychologists after the Cuban missile crisis. To avoid such a crisis we need to have a respected and trusted go-between in place to explain behaviour, not attempt to justify it.

Involvement of people

To conclude a robust agreement we make an assumption about who should be at the negotiating table. There's a risk that we become prisoners of our unconscious need to enhance our own status in wanting to talk to the director, Doctor Big, and not the deputy, Doctor Midi, or even the assistant to Doctor Mini. If we believe that a specific person must participate in the negotiations, we may reward their involvement by making concessions that are not justified. Not a good idea if we have relatively few concessions to make. We are better off negotiating with 'real' people who have to live the deal and know how to deliver.

The Eiffel Tower organisational negotiating culture neatly illustrates this problem. Where are decisions made? Perhaps it would be more useful to focus on recommendations that are accepted. We are negotiating within a higher-level veto system. Our challenge is to formulate our demands and concessions to fit within their delegated powers or secure their active support for a specific recommendation. But remember to retain concessions for any subsequent negotiations that start with the phrase: 'My director general requires...'

Use of teams

The majority of business development negotiators work alone and have developed the psychological defence mechanisms that are

Figure 3: Organisational negotiating tactics

	Eiffel Tower	Guided Missile	Incubator	Family
Approach to negotiating	Grind to Yes (attrition) Drift to No through indifference Negotiate by mandate	Active time management Vary pace & pressure for strategic & tactical gain	Energetic Opportunist Erratic Switching concerns/priorities	Moralistic/emotional Demand long-term commitments
Management of meetings	Sets of negotiations Significant time gaps for internal Activity or 'wait & see'	Explicit timetable, agreed or imposed	Immediate & intense followed by silence Restart without progress	Planned with breaks for internal talks/decisions Continuity to develop interdependence
Authority & decision making	Limited authority: internal report & review & politics	Demand decision maker and ongoing involvement	Dispersed emotional decisions Tantrums	Decisions only by 'Daddy' or a highly trusted person
Involvement of people	Based on hierarchy, need to know & politics	Project ownership Competence	Limited availability Self-appointed	Project ownership Competence Internal status
Use of experts	Access to & use of experts	Tactical use of experts	'We are the experts'	Functional use of experts
Use of teams	Teams to represent diverse stakeholders & resolve their internal politics	Teams with varied membership Teams to export their internal problems	Few teams Limited resources/'only me' Demand your teams to help them	Teams for consensus building & to avoid internal veto Blame avoidance
Information management	Claim logical analysis & rationality	Tactical information management	Incomplete data/information on take it or leave it basis	Information as personal gift/privilege to be earned
Decision criteria	Legalistic Use delegated powers	Strategic (know what they want)	Naivety as both policy & practice Dynamic	Rigidity 'Our legacy' Reputation Longer term
Risk management	Avoidance through justification by detail	One-sided	Optimism & self-belief as an alternative to risk analysis Short-term/crisis driven	Minimise by active search for mutual benefits using agreed criteria
Agreement	Meticulous records & agreements Drafted for self-protection	Explicit agreements Enforcement provisions/safeguards	Agreements identify your commitments/obligations One-sided?	Balanced agreements for action Credits & debts

associated with marginality and rejection by their organisation. However, we cannot escape from the reality that negotiating is also team sport. There are always going to be critical periods when flying solo is not enough. If our negotiating partners are primarily Incubators, we may be able to survive alone. Put coldly, the stakes are strategic but in reality they are treated by our organisation as if they were inconsequential. Trying to secure the participation of colleagues may be easier if we are engaged in negotiating with an organisation that is either like us (a Guided Missile or Family culture) or clearly unlike us (an Eiffel Tower).

Building an effective team for negotiations requires more than its fair share of bloody-mindedness. We have to be tough about who we don't want. We have to reject the negotiating voyeurs and day-trippers. We have to avoid the would-be thespians who are trying to live out

their fantasies about negotiating. How easy is it to persuade a socially skilled, emotionally stable and overworked colleague to put aside other work for a chair in a room that after several hours will become rather unpleasant? We have learnt to negotiate solo out of necessity. Therefore build in breaks, take thinking time, be assertive about taking your own notes and don't even try to answer all their questions. At least you can assume you won't be contradicted or embarrassed.

Information management

A curious fact about the negotiating process is that it appears to demand and consume information without regard to its value in facilitating the conclusion of robust deals. We all know the observation about not seeing the wood because of the trees and nowhere is this more

accurate than in negotiations with the Eiffel Tower culture. If we are discussing a regulatory issue, it is clearly incumbent on us to provide the data required, but we also know of cases where we have provided too much detailed information. In our planning for negotiations and in the meetings we should take note of Neil Rackham's observation that effective negotiators do not dilute their arguments. Leave the information kitchen sink at home, fixed to the wall.

Once again it is the Guided Missile and the Family cultures that provide us with a relatively comfortable negotiating situation. We can understand their processes. If they are one-sided, we can develop tactics to protect our position. If they are rigid, we hope that time and articulated benefits will resolve or help close the gap.

Conclusions

On re-reading some of my observations about organisational cultures and the negotiating tactics that they use, I realise that I may have been too negative about the Eiffel Tower and Incubator. This was not my intent. Experience, observation and research suggest that the negotiating gap between some cultures and others may be too large.

Negotiations between Eiffel Tower organisations and the others (Guided Missile, Family and Incubator) appear to entail a heavily skewed balance of power which seems to encourage the adoption of win-lose strategies and a resort to threats and sanctions.

Negotiators from established pharmaceutical companies who are having considerable difficulty in concluding early-stage deals may be able to comfort themselves with the judgement "it's all about structure and size". Perhaps I could be flippant and end with the observation "elephants don't dance on the high wire and butterflies cannot lift weights".

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We must always ask ourselves how decisions are made. Can we understand the criteria used in decision making during negotiations?

The Incubator negotiating culture presents us with almost the reverse situation. We require information that confirms the wisdom of our strategic intent and they appear incapable of providing it. Fragments of differing sizes may please an archaeologist trying to understand an ancient society but the finance director is not amused. His quarterly reporting cycle and financial planning systems require more than hope and promises. He or his team must be engaged in the planning stage of the negotiations so that your minimum information needs can be identified and presented in talks about talks rather than as part of the negotiations.

Perhaps we should think of organisations as systems that have been designed to manage information for rational decision taking. When negotiating with the Guided Missile and Family organisational cultures, we can make the assumption that they are in some way like us. What we must recognise, however, is that how they manage information may provide a clear indicator of their negotiating strategy. Do they talk win-win and practise win-lose, or are we meeting an upfront win-lose negotiator?

Decision criteria

Decisions, decisions, decisions – an essential element of the negotiating process – but we must always ask ourselves how these decisions are made. Can we understand and/or can they explain the criteria used in their decision making during the negotiations? In the Eiffel Tower, there is a clear awareness of grade and decision-making power. At its most extreme it becomes systematic upward delegation. In the Incubator culture, decisions are often a mix of self-belief, ideology, anxiety and financial desperation. This makes it difficult to communicate in our own organisation because each of these decision drivers alone could trigger a drift to power-based win-lose negotiations that will become the unintended launch pad for failure to complete a deal.