

Win-Win Negotiating Tips



It might be a brand new vendor contract. It could be a revision to existing terms and conditions with a trusted supplier. It might even be an internal debate over the best materials and suppliers to support the launch of a new product or service. Whatever the case, if you're involved in procurement, chances are you'll find yourself engaged in negotiation at one point or another. The traditional negotiation process is focused on victory with minimal concession. But in the modern, global, and increasingly interconnected marketplace, working to achieve win-win outcomes through win-win negotiation is the new hallmark of principled negotiation.

Playing hardball might make for good drama and short-term gains, but a win-win approach achieves lasting mutual gain for—and stronger relationships between—all parties involved in business negotiations.

Win-Win Negotiating vs Win-Lose Negotiating

The classic narrative of the fiery and contentious negotiator, vociferously pursuing their own interests in a win-lose negotiation at the expense of other parties, remains useful if the negotiation in question is with someone you don't expect to ever deal with again.

But it may not work so well in modern, real world contexts. Many business negotiations—from internal conflict resolution to strategic decision making to contracts with trusted suppliers—involve parties that will be in long-term relationships. As a result, achieving what negotiation experts Roger Fisher and William Ury call “Getting to Yes” in their bestselling book of the same name is preferable, both for obtaining mutual gain and preserving or improving those same relationships.

Win-win negotiation differs from win-lose negotiation approaches in several important ways.

Win-lose negotiation:

- Is often characterized by *distributive bargaining*, i.e. single-issue conflicts where each party seeks the biggest “piece of the pie” they can obtain, regardless of how this impacts their relationships with the other parties or the other parties’ goals.
- Is focused on conflict and competition, rather than collaboration.
- Often leads to *brinkmanship* (also called *brinksmanship*), wherein one party abruptly imposes a serious change to the terms and conditions agreed upon, demanding acquiescence from the other party under threat of cancelling the agreement altogether.
- Can damage relationships by destroying trust, hampering communication

and collaborative endeavor, and creating the potential for reprisals from wounded parties.

Win-win negotiation:

- Relies on *integrative bargaining*, i.e. complex negotiations seeking shared success and satisfaction.
- Seeks common ground and mutual gain through collaboration, rather than competition.
- Aims to preserve and improve valued relationships.

By focusing on win-win negotiations, you can turn suppliers at all levels into collaborative partners working to support your shared success. Take the long view, and you'll also be able to take advantage of opportunities for market expansion, product innovation, and mutually beneficial shared initiatives that you might've missed if you were rigidly focused on low prices or fast delivery.

How to Practice Win-Win Negotiating

In *Getting to Yes*, Fisher and Ury acknowledge the importance of a strong, clear, and well-developed position, while simultaneously encouraging aspiring win-win negotiators to avoid playing hardball and instead pursuing negotiation outcomes that respect their own interests, the interests of their negotiation partners, and the long-term relationships that are certain to be affected by negotiation.

This approach is the heart of principled negotiation, supported by five conceptual pillars that promote a win-win situation for all parties.

1. Empathy is Key: Separate the People Involved

from the Problem at Hand

Your mindset sets the tone for negotiation. Regard the other party as your partner, rather than your opponent, and you'll find putting yourself in their shoes much easier.

Partners, after all, seek common ground and shared success. Viewing the other party in this way can help you remain confident in your position without heaping undue rancor or criticism onto theirs.

In addition, remaining calm and working to maintain an emotionally stable environment, rather than one full of red-hot conflict, will make it easier for everyone to feel heard and understood. Both clear communication and active listening will help all parties recognize and acknowledge one another's rights and dignity while still allowing for a healthy and robust debate over how best to reach your shared goals for mutual gain.

2. Eyes on the Prize: Interests, not Positions

Being wedded to a position (e.g. "We deserve lower prices because we're a good customer") as opposed to an interest (e.g., "Our goal is to reduce material spend by 3% over the coming year for products X, Y, and Z) can impede empathy and make communication and collaboration difficult, if not impossible.

Understanding that your negotiation partner(s) is/are under pressures of their own, and pursuing goals that are equally important to their own interests, can move you toward common ground. To continue our example, let's say you're negotiating with Vendor A, your primary materials supplier for Product X. Their interest lies in preserving and increasing your company's spend with them over the next year—ideally, increasing your spend by 10%. However, they also value your business and relationship, and are willing to discuss all the potential ways in which both your interests and theirs can be satisfied.

Shifting focus away from a position, which can be colored by everything from personal values and culture to external pressures and responsibilities, and toward interests, which are clear, negotiable, and focused on professional, rather than personal, factors, can help you move beyond conflict to find common ground.

3. Mine, Yours, Ours: Find or Create Mutual Gain

Rather than settling for the first outcome that both parties can accept, principled negotiation encourages participants to put their negotiation skills to use brainstorming a range of options that both parties consider to be acceptable.

In our example, it seems like your goals and those of your supplier may be in direct conflict. But through brainstorming, you can identify new opportunities; for example, perhaps Vendor A is willing to lower their price point on materials for Product X if your company agrees to a long-term contract and/or bringing other materials they produce into your supply chain. In this way, their goals and yours become aligned, and both parties benefit.

4. Stay in the Lines: Use Objective Criteria

The “soft skills” that come with empathy are best accompanied by firm criteria in win-win negotiation. Establishing standards helps encourage collaboration, and reinforces your desire to achieve an outcome that’s mutually beneficial.

Revisiting our supplier negotiation example, the 3% reduction in spend (for your company) and the 10% increase in total spend by your company with Vendor A are both good examples of objective criteria. They’re clear targets that can be reached in a wide number of ways, depending on the solutions you identify in your brainstorming session. Establishing boundaries for the negotiation to operate within maintains flexibility and creativity while keeping things concrete and centered on interests, rather than positions.

5. Don't Be Afraid to Compromise: Always Have a BANTA

It might sound like a fruit-forward soft drink or a comedy award, but BANTA is actually an acronym for *Best Alternative to a Negotiated Agreement*. The negotiation process is fraught with risk, and sometimes, things just don't end up the way you'd planned or hoped. Your BANTA is your fallback plan—a contingency that allows you to achieve as much of your intended purpose as possible while still preserving the win-win outcome.

Having a BANTA allows you to enter and conduct negotiations with clarity without the rigidity of a “bottom line” demand. So while your original goal in negotiating with Vendor A was to reduce as much of your spend as possible for Product X, and their goal was to increase your total spend with them, your BANTA might include:

- Reduce spend with Vendor A by 5% for materials that support Product X, but agree to make them your primary supplier for Product X materials for the next three years.
- Increase total spend with Vendor A by 7% by adding them as a preferred supplier for Products J and Q.
- Engage in win-win negotiations with Vendors B and C to still achieve a total reduction in spend of 3% for Products X, Y, and Z.

Win-Win Negotiating in Procurement

Optimizing your supply chain is about more than just optimal pricing and terms. The core of your supply chain is supplier relationship management. The relationships you build, grow, and deepen with your suppliers—especially your best, most trusted ones—are the backbone of not just smooth operations and production, but the transformation of procurement into a value center instead of

merely a source of cost savings.

By focusing on win-win negotiations, you can turn suppliers at all levels into collaborative partners working to support your shared success. Take the long view, and you'll also be able to take advantage of opportunities for market expansion, product innovation, and mutually beneficial shared initiatives that you might've missed if you were rigidly focused on low prices or fast delivery.

A Win for Everyone Brings Shared Success

In the race for success in today's business world, having a partner you can count on, and who's headed the same place you are, can make all the difference. Win-win negotiating is a key part of strengthening all your business relationships, both internal and external, and achieving the goals that will help your company innovate, expand, and thrive.

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