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Negotiating to win

---- by Karen Cho ----

In the first of a series of articles on value negotiation, INSEAD Professor Horacio Falcao tells INSEAD Knowledge about the tactics and strategies you need in order to succeed at the negotiating table.



From the most mundane transaction to strategic high-level boardroom dealings, knowing how to negotiate is integral to success and survival. Yet few have mastered the art of successful negotiation or ‘value negotiation’ as INSEAD Affiliate Professor of Decision Sciences, [Horacio Falcao](#), calls it.

That, he says, is because many people approach negotiations with the wrong approach. “I think that people just stop at ‘I want to win’. And that, throughout the negotiation, some will (find out whether) they are willing to do whatever it takes or not,” he told INSEAD Knowledge.

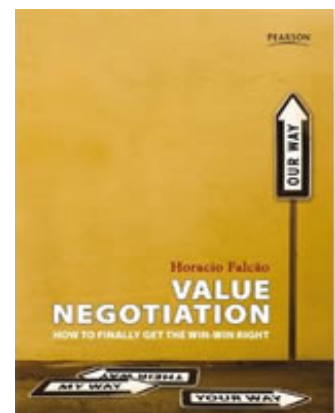
That, he explains, is the ‘win-lose’ approach, which as the term suggests, does not add value to at least one party. “Now, someone who chooses a win-lose way of approaching a situation, and therefore a process of win-lose -- normally called ‘bargaining’ as well -- they will probably come in with an idea closer to how can I use my power to obtain what I want -- meaning, how can I get what I want even at the expense of the other. And in doing so, they’re more likely to create a win-lose situation and therefore a win-lose outcome.”

Falcao, who has just written the book *‘Value Negotiation: How to finally get the Win-Win right’* believes the win-lose approach is the default setting for most people because they are afraid of losing. This could be perhaps because they had tried to do right by others but then ended up with a raw deal instead, so they do this as a defense mechanism.

“In my courses and in my negotiations throughout the years, I’ve seen many, many people say, ‘but I’ve tried win-win, I’ve tried to be partners. But then they come across as enemies and they try to put power and they bully me. So eventually, I have to go win-lose as well.’”

On the other hand, the idea of a win-win can also be very appealing. Falcao believes that to be the case because some people inherently prefer to make peace rather than go to war in business. “What is missing there, between the idea and the intention and the success, is the skill.”

That, he says, is precisely what his book addresses. Value negotiation “is our undeniable focus on



value and away from power. We try to then draw a straight line towards value because going towards power doesn't guarantee you value."

A matter of trust?

You would think that trust is key for negotiations. Not so, according to INSEAD Professor **Horacio Falcao**.

"Funnily enough and probably counter-intuitively, trust is not needed. And here *needed* is the key word. Trust is not needed for a win-win negotiation because here's an interesting paradox: If I were to need trust to do win-win and since most people, more often than not, do not negotiate with people they trust already, they would never be able to move forward with a win-win approach. So that alone would already be a barrier for a win-win."

"So the beauty of win-win is that you don't need trust to begin with. Of course we would like to build it, but we can even survive without it. What we actually need early on is what we call 'interdependence'. A sense of interdependence can be established early on in one or two sentences because as two people come together to negotiate, there's at least an implicit understanding that we can either need one another to be better off or we can be better off by working together."

Falcao advocates starting from a place of 'zero trust', and to approach each negotiation from a risk/reward standpoint. "The salient question to ask here is: 'What is the reward of moving fast in trusting (the other

A win-win approach can also deliver higher value at lower risk than a win-lose scenario. Falcao explains that whereas the win-lose approach focuses on power over the opposing party, a win-win will focus on good communication to develop more value, and hence the interests of both parties can be satisfied.

The reticence towards win-win can also be attributed to pre-conceived notions about being the 'good guy'. "Win-win many times is considered soft and that's a big misconception ... Win-win can come across as naive because some people might misidentify it or wrongly identify it as 'soft. However, win-win is supposed to be positive, not naive, and that's a very important distinction. You're trying to be positive because you're constantly trying to build value-positive moves in the negotiation that can also benefit the other side -- if they work with you."

In fact, if done right, a win-win approach can be a momentum-building exercise. "I hopefully start persuading you little by little and also by example, and leading by my own behaviour that you don't have to fear me. Therefore, you don't have to defend yourself because I'm not attacking you. You therefore don't have to resist and you don't have to bring your power to the table because I'm not bringing mine. It's not that we don't have the power; we're just not bringing it to the table."

Of course, life is all about choices and this is no different. "Most people will attribute win-win and win-lose as if the situation was already predefined for you ... I strongly believe that if you come in and you see that win-win and win-lose is a choice that you have on how to address the situation, that actually empowers us."

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party) and what is the risk?' If the deal is small, you can afford to move faster on trust and reap the rewards quicker if you are right. Conversely, you would want to be more cautious when the stakes are higher, because excess trust may just leave you high and dry."