

Communication and Clear-Sightedness: The Keys to Successful Negotiating

Interview with **Horacio Falcão**, Affiliate Professor of Decision Sciences, INSEAD

Why is knowing how to negotiate so important? What is the most difficult aspect of negotiating? What characterizes a good negotiator, and can anyone develop this trait? How? Negotiation and mediation professor Horacio Falcão has travelled the world, working with business leaders as well as heads of state on high stake negotiations. He discusses what negotiating means today and why everyone should be concerned with the issue.

EVERYTHING IS NEGOTIATION

In 2006, Horacio Falcão travelled to numerous countries to facilitate negotiations over highly strategic matters. For instance, he coached senior executives from the Arcelor Group prior to their negotiations with Mittal in view of the merger between these two steel industry giants. He then helped a German enterprise design its negotiation strategy to form a joint venture with an African partner, enabling them to work together effectively to develop the strategy for the new business. And in India, France, Portugal, and the United States, he was involved in helping CEOs and other senior level executives negotiate their remuneration packages. Hence, Falcão is as accustomed to negotiations in the political arena as in the business world, and he even finds the time to teach in MBA and EMBA programs. As a result, he defines "negotiation" in broad terms. *"In my opinion, 'negotiation' refers to any situation where one person is trying to get someone else to do or not do something."* In a word, all human interactions are negotiations. This view makes it possible to make the most out of relationships; it allows you to approach relationships in a more pacific, clear, empathetic, and all the more effective way. It also prepares you for and thus minimizes the risk of sterile conflict or insurmountable resistance. *"When you approach every interaction as a negotiation, before taking any type of action, you first ask yourself what the best way to approach the other person is, depending on your objective."* So, as far as Falcão is concerned, if there is a single most important skill to possess to be a good negotiator, it would be *"clear-sightedness. A good negotiator should always know where he is coming from, where he is, and where he wants to end up."*

THE THREE PARTS OF NEGOTIATIONS

Falcão explains that there are always three simultaneous negotiations intertwined into one:

- **Content:** Does the given objective involved money? A promotion? A job to be done?
- **Relations:** Should the outcome of negotiations also include having established trust? Ensured a reputation? Asserted authority?
- **Process:** When and how should negotiations start and be conducted? Here and now, in public? Tomorrow, during a formal meeting or a casual dinner? How should I phrase my request and when should I bring it in to the negotiation?

The third aspect, which refers to how negotiations are carried out, must be appropriate to and coherent with the objective being pursued. Although it is highly likely that your interests undergo modifications during negotiations, the control of the negotiation resides within the negotiation process! Indeed, this is where Falcão generally gets ...



Dual national of Brazil and the United States, **Horacio Falcão** obtained his Masters from Harvard Law School with a concentration on alternative dispute resolution. He has intervened as a mediator, consensus, and negotiation strategy specialist on five continents for companies including IBM, Visa, and PwC. He has also worked for the NGO Search for Common Ground in Angola, the president of Costa Rica, and the Paraguay government. In addition, he holds an MBA from INSEAD, where he currently teaches negotiation. He has written numerous articles and he is currently working on a book on negotiations. This book will take a more universal approach to the subject than American literature has so far, and it is scheduled for publication in 2008.

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... involved to help his clients. *“It would be impossible for me to develop expertise in every sector of activity that my clients are involved in, meaning in the content of their negotiations. My role is to guide the process through which the relationship is built and the content discussed. Who are you and what do you want to achieve? Are you aware of how you behave and communicate? The way in which people engage and carry out discussion is directly related to the success rate of the negotiations. However, most people do not pay enough attention to or prepare enough for the process side of negotiations,”* Falcão comments.

FROM LAWYERS ROBES TO BUSINESS SENSITIVITY

Good communication: using the right tone, speaking the same language, and demonstrating empathy. These are the things that made Falcão decide to add a “business” string to his initial bow of legal training. *“I studied constitutional law and alternative conflict resolution (arbitration, negotiation, & mediation) at Harvard, and then I joined CMI, a negotiation company co-founded by Roger Fisher (co-author of the best-selling book, Getting to Yes). I worked on negotiation there for five years and then opened my own company. After that, I did my MBA at INSEAD. The primary reason to join an MBA program was to learn about business and finance in order to understand my clients better. I do not use my lawyers’ robes when I undertake negotiations for my clients. Rather, I call upon my business sense. It enables me to be more effective in calling their strengths into question and pinpointing their weaknesses...because I understand them!”* Nevertheless, Falcão recognizes that his training as a lawyer helps him build strong arguments. *“Lawyers are trained in logical argumentation. We are highly analytical and very specific when we communicate. Indeed, mastering the art of communication is the only way to move forward, especially in extremely conflictual situations where a single word might provoke an explosion.”*

HOW TO BE A PROFESSIONAL NEGOTIATOR

Horacio Falcão rarely negotiates for his clients alone, but rather prefers to work with them side by side. One of the reasons being, *“The negotiation relationship benefits from the involvement of the parties that are directly concerned”*. Hence, Falcão helps people to approach negotiations correctly and intervenes much as a doctor would. He makes an initial diagnosis based on discussions with the people implicated in the situation. He then studies the anatomy of the problem and dissects it to gain a *“better understanding of the interests the client is pursuing.”* And finally, he “prescribes” ideas on how to negotiate: when, based on what objective, and with what style of communication.

Falcão also provides a lot of coaching for executives. He explains, *“Companies often call upon my services to help senior executives to reach another stage in their careers. I often get involved when a businessperson takes on a new position, is going through a transition, or is trying to change the direction or advance on his or her career path. All of these situations call for strong negotiating skills.”* For instance, there was an executive who admittedly did not listen to others very well, but she was fully aware of the need to eventually develop this skill. Coaching may be spread out over a year and involve monthly checks. *“I start out by providing people with theoretical references so that they are able to acquire a rational understanding of the issue. I then move on to process and focus on behavior. I come up with specific negotiation strategies that correspond to the person’s style as well as the go over commonly encountered opportunities to use that skill. Finally, I give them exercises to do in the field, on a daily basis. The idea is to move from making a conscious effort to developing a reflex, so that the skill truly becomes second nature.”* Indeed, Falcão does not tolerate any type of faking. *“No one is born with a talent or predisposition for negotiating. The way in which we interact with others is something that is learned through experiences. This sometimes leads to reproducing behaviors that have been effective in other situations, or to letting behavior be influenced by pressure. Although developing negotiating skills takes more or less effort, depending on a person’s personality and background, everyone can and should develop his or her negotiating skills and, more generally, his or her communication style.”* ■