

Win-Win Negotiations

Professor Horacio Falcao¹ suggests a win-win approach to negotiation should be based on a risk/reward standpoint. The salient question is: ‘What is the reward of moving fast in trusting (the other 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 may want to be more cautious when the stakes are higher, because excess trust may just leave you with a problem².

Falcao advocates starting from a place of ‘zero trust’. “The beauty of win-win is that you don’t need trust to begin with, what is actually needed early on is *interdependence*”. This can be established early in the negotiation because as two people come together to negotiate, there’s at least an implicit understanding that they need one another to be better off or at least will be better off by working together.

Counter-intuitively, trust is not needed to establish interdependence or to negotiate to a win-win outcome. The key word here is *needed* it helps if you can build trust, but you can survive without it. This is fortunate because most people do not negotiate with people they already trust, and consequently they would never be able to move forward with a win-win approach.

The idea of a win-win can be very appealing but needs skill to achieve. Win-win is a positive negotiating stance focused on constantly trying to build value by making positive moves in the negotiation that can also benefit the other side; but only if they ‘work with you’.

Win-Win -v- Win-Lose

A win-win approach can deliver higher value at lower risk than a win-lose scenario.

- A win-lose approach focuses on obtaining power over the opposing party. Both parties treat the other as an enemy and try to use power to bully other side into a losing position. This is not so bad if you ‘win’ but at least 50% of all parties in a disputed negotiation lose. Sometimes everyone loses.
- A win-win approach focuses on good communication to develop more value, and hence the interests of both parties can be satisfied. Value negotiations focus on creating value and away from power. Focusing on gaining power will not guarantee value whereas creating value will.

Implemented correctly, a win-win approach can be a momentum-building exercise:

- I start persuading you little by little 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.
- Therefore you 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.
- If we don’t have to fight over power, we can cooperate to create a valuable outcome for both of us.

Achieving this outcome, particularly in the face of someone initially focused on win-lose requires courage, integrity and honesty, win-win is not a soft option but can be a very successful option³.

¹ **Value Negotiation: How to finally get the Win-Win right.** See: <http://www.valuenegotiation.com>

² For more on trust see: http://www.mosaicprojects.com.au/WhitePapers/WP1030_The_Value_of_Trust.pdf

³ For more on negotiating see: http://www.mosaicprojects.com.au/WhitePapers/WP1024_Negotiating.pdf

Summary

The reticence towards win-win on the part of many naive negotiators can be attributed to pre-conceived notions about 'good guys' being soft and not winning! Consequently, they consider win-win as a soft option which is a big misconception ... The whole purpose of negotiating is to 'win' as much as possible with the minimum risk. Done properly a win-win approach can create a much larger 'win' for a much smaller risk and allow the other party to win as well reducing the possibility they become an intractable enemy. It really does not matter how much they 'win' what matters is that you win what you need for a successful outcome⁴.

Life is all about choices and choosing a negotiating style is no different. As Falcao says in his book, 'Most people will attribute win-win and win-lose as if the situation was already predefined... I strongly believe that win-win and win-lose is a choice you have on how to address the situation and that making a choice actually empowers us.'

⁴ For more on negotiation and setting objective targets see:
http://www.mosaicprojects.com.au/WhitePapers/WP1024_Negotiating.pdf