

MAKING MULTI-PARTY NEGOTIATIONS WORK ON OUR TERMS

December 2020

Negotiation

With multi-party negotiations being commonplace in business, politics and everyday life, what skills and strategies can be employed to overcome the complexity and challenges of the process?

Picture a negotiation scenario and, chances are, you will visualize a meeting of two people coming together to reach an agreement.

While this is, undoubtedly, the traditional way that negotiation is viewed, it is not unusual for the process to involve three or more parties, says Jonathan O'Brien in his new book, 'Negotiation for Procurement and Supply Chain Professionals'.

Multi-party negotiations are, without question, more complex and challenging than a two-party process as they involve trying to reach agreement with three or more parties, each with its own interests and priorities.

Consider the scope of Brexit negotiations, involving representatives from 27 European Union states, where no fewer than 11 negotiating tables were established to reach agreement on subjects covered by the EU Political Declaration.

Meanwhile, representatives from an incredible 196 state parties came together for the Paris Agreement on Climate Change of 2015.

In business, too, multi-party negotiations are commonplace, from departmental meetings for the purpose of allocating budgets to company-wide HR initiatives encouraging staff to accept changes to employment terms and conditions.

In fact, multi-party negotiations are surprisingly frequent in everyday life and can be as simple as a group of friends deciding which restaurant to visit for dinner while on vacation.

What differentiates them from simple one-to-one negotiations is that agreement must be reached with all parties separately and collectively.

In such situations, the underlying principles of negotiation do not change, but it becomes necessary to adapt skills accordingly and apply them effectively in different scenarios.

While you would expect the basic principles for negotiation to apply, in fact multi-party negotiations are 'a world apart' from negotiations between two parties.

COALITIONS

Perhaps the main differentiating factor in multiparty negotiations is the likelihood of coalitions.

Defined by the Oxford English Dictionary as 'a temporary alliance for combined action', a coalition is a group of two or more individuals working together to influence an outcome.

Whether well organised or entirely disorganised, coalitions are likely to form in any multi-party negotiation. These represent a significant source of power that can be either incredibly constructive or destructive.

They are best managed by 'anticipating them, putting in measures to deal with them and proactively forming them.'

UNDERSTANDING INTERESTS

In two-party negotiations, we tend to make concessions back from a party's ideal outcome, whereas with multiple parties we need to consider the degree to which interests can be satisfied. As the biggest interest of all is usually to achieve a deal, this helps to manage expectations and facilitate overall agreement.

A further component in understanding interests is the ability to identify what alternatives each party might have and the likelihood of them taking these. We refer to these as BATNAs (Best Alternative to a Negotiated Agreement). For two-party negotiations, being able to anticipate the others' BATNA is essential, but for multi-party negotiations, this can prove impractical. Instead,

we should focus on general BATNAs that parties and coalitions may hold and be ready for BATNAs to shift as negotiations progress.

HOW TO WORK TOWARDS AGREEMENT

Multi-party negotiations rarely have all involved gathered 'around a table' or even involved in all the discussions, but rather take the form of a series of negotiations and interactions with different parties, each achieving a small step towards a bigger unified agreement.

The adoption of a holistic approach to managing multiple parties is recommended, with ten steps for managing multiparty negotiations:

AHEAD OF THE NEGOTIATION

1. What do we want?
2. Multi-party negotiation check
3. Anticipate coalitions and prepare

MANAGING THE MULTI-PARTY EVENT

4. Pre-condition parties
5. Create an imperative to act
6. Determine how decisions will be made
7. Understand negotiables, interests and priorities of parties
8. Determine best alternatives (BATNAs)
9. Break it down
10. Propose-Gauge-Refine-Agree

The first three steps take place ahead of the negotiation and involve establishing what we want from the negotiation, confirming we are in a multi-party negotiation in which our agreement and that of other parties is required and anticipating and preparing for coalitions.

The remaining steps encompass the management of the multi-party event. These begin with emphasising the importance of reaching agreement and establishing a 'spirit of the negotiation', creating an imperative to act, determining how decisions will be made and understanding negotiables, interests and priorities of parties.

Best alternatives, or BATNAs, should be anticipated and determined, before breaking down the negotiation and working on the negotiables one by one, breaking into sub-groups, where appropriate.

Finally, the process of propose-gauge-refine-agree should be applied, through which agreement is secured point-by-point. After a final summary and overall agreement, it is time to sign and go home!

Multi-party negotiations are surprisingly common in everyday life. While they are a world apart from negotiations between two parties, the basic principles and processes of negotiation still apply. They are riddled with complexities, due in no small part to the prevalence of coalitions that can facilitate or decimate the entire process. Despite this, the greatest strength of multi-party negotiations is that they are powered by the fundamental interest of all parties to reach agreement. It is this that lies at the heart of the process and forms the greatest source of power behind doing that all-important deal.

This article, adapted from "Negotiation for Procurement and Supply Chain Professionals" by Jonathan O'Brien is © 2020 and reproduced with permission from Kogan Page Ltd. It first appeared on the Supply & Demand Chain Executive website on October 1, 2020.

Jonathan O'Brien, CEO of Positive Purchasing Ltd, is a leading expert on negotiation and works with global blue-chip organizations to help transform their negotiation and procurement capability. He was also a pioneer of the Red Sheet® negotiation methodology.