

The Principled (MGA) Approach

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In the book **Getting to Yes: Negotiating Agreement Without Giving In** (2006), Fisher, Ury and Patton claim that positional bargaining is an inefficient means of reaching agreements, and that agreements reached in this way neglect the parties' interests, encourage stubbornness and harm the business relationship. They argue for an interest-based approach: the Principled or Mutual Gains Approach.

This approach, developed by the Harvard Negotiation Project, advocates 4 fundamental principles of negotiation:

The principled approach

PEOPLE	Separate the people from the problem
INTERESTS	Focus on interests, not positions
OPTIONS	Invent options for mutual gain
CRITERIA	Insist on using objective criteria

Getting to Yes (1999), Fisher, Ury and Patton

The following pages summarise the key ideas presented in: **Getting to Yes: Negotiating Agreement Without Giving In** by Roger Fisher, William Ury, and Bruce Patton (2006)

Positional bargaining v the Principled Approach

PROBLEM Positional Bargaining: Which game should you play?		SOLUTION Change the game – Negotiate on merits
SOFT	HARD	PRINCIPLED
Participants are friends.	Participants are adversaries.	Participants are problem-solvers.
The goal is agreement.	The goal is victory.	The goal is a wise outcome reached efficiently & amicably.
Make concessions to cultivate the relationship.	Demand concessions as a condition of the relationship.	Separate the people from the problem.
Be soft on the people and the problem.	Be hard on the problem and the people.	Be soft on the people, hard on the problem.
Trust others.	Distrust others.	Proceed independent of trust.
Change your position easily.	Dig in to your position.	Focus on interests, not positions.
Make offers.	Make threats.	Explore interests.
Disclose your bottom line.	Mislead as to bottom line.	Avoid having a bottom line.
Accept one-sided losses to reach an agreement.	Demand one-sided gains as the price of agreement.	Invent options for mutual gain.
Search for the single answer: the one <i>they</i> will accept.	Search for the single answer: the one <i>you</i> will accept.	Develop mutual options to choose from; decide later.
Insist on agreement.	Insist on your position.	Insist on objective criteria.
Try to avoid a contest of will.	Try to win a contest of will.	Try to reach a result based on standards independent of will.
Yield to pressure.	Apply pressure.	Yield to principle, not pressure.

Modified extracts from: *Getting to Yes* (2006), R.Fisher , W.Ury, and B. Patton

Separate the people from the problem

Negotiators have 2 interests: in the substance, in the relationship.

Problem:

People tend to become personally involved with the issues and with their side's positions and consequently they take responses to those issues and positions as personal attacks. The relationship tends to become entangled with the problem and positional bargaining places relationship and substance in conflict.

Solution:

Separate the people from the problem. Separating the people from the problem means separating relationship issues (people problems) from substantive issues, and dealing with them independently. Separating the people from the problems allows the parties to address the issues without damaging their relationship. After all, the long-term relationship is often more important than the outcome of any particular negotiation.

People problems can be divided into 3 categories:

Perception

Most conflicts are based on differing interpretations of the facts. Negotiators see or define a situation differently, depending on who they are and what their situation is. When different parties have different understandings of the situation, effective negotiation may be very difficult so it is crucial for both sides to understand the other's viewpoint. Both parties should attempt to put themselves in the other's place.

The principled approach offers 7 basic strategies for handling perception problems.

7 Strategies for Treating Perception Problems

- 1. Put yourself in their shoes.** Try to see the situation from your opponent's perspective. You do not have to agree with their perceptions of the situation. However, it is important to understand what they think and feel, and why.
- 2. Don't deduce your opponent's intentions from your own fears.** It is common to assume that the other party plans to do just what you fear they will do. This sort of suspicious attitude makes it difficult to accurately perceive their real intentions; whatever they do, you will assume the worst.
- 3. Don't blame them for your problem.** Avoid blaming TOP for the problem. Blame, even if it is deserved, will only put the other party on the defensive. Even worse, they may respond by attacking you. Blaming is counterproductive.

4. **Discuss each other's perceptions to avoid misunderstandings.** Explicit discussion of each side's perceptions will help both sides to better understand each other and will help each side avoid projecting their fears onto one another. Also, discussion may, in the end, reveal shared perceptions and acknowledging shared perceptions can strengthen the parties' relationship.
5. **Seek opportunities to act inconsistently with your opponent's misperceptions.** In other words, try to disappoint your opponent's worst beliefs and expectations about you. Just as it is important for you to have an accurate perception of your opponent, it is also important for them to have an accurate perception of you. Disappointing your opponent's negative or inaccurate beliefs will help to change those beliefs.
6. **Give your opponent a stake in the outcome by making sure they participate in the negotiation process.** Agreement becomes easier if both parties feel ownership of the ideas. If your opponent does not feel involved in the negotiation process, then they are unlikely to feel involved in its outcome.
7. **Face-saving: Make your proposals consistent with the principles and self-image of your opponent.** All negotiation parties need to be able to reconcile the agreement with their principles and self-image: they need to feel the final agreement does not compromise their integrity. Proposals which are consistent with your opponent's principles and which do not undermine their self-image are more likely to be accepted.

Emotions

Emotions are a second source of people problems. People often react with fear or anger when they feel that their interests are threatened. These emotions get intertwined with the substantive issues in the dispute and make both harder to deal with.

5 tactics for disentangling and defusing emotional problems

1. Recognise and seek to understand emotions.
2. Make emotions explicit and acknowledge them as legitimate, even if you don't regard the feelings as reasonable. Dismissing another's feelings as unreasonable is likely to provoke an even more intense emotional response.
3. Allow the other side to express their emotions.
4. Do not react emotionally to emotional outbursts.
5. Use symbolic gestures such as apologies or expressions of sympathy to defuse strong emotions.

Communication

3 problems:

1. **Negotiators are not really talking to each other.** While their comments are formally addressed to the opponent, they are actually addressing some outside audience. They are grandstanding, or playing to the crowd.
2. **Parties are not listening to each other.** Rather than listening attentively to the opponent, parties may instead be planning their own response, or listening to their own constituency.
3. **Misunderstandings and misinterpretations** occur even when parties are both listening and talking to each other.

Minimising communication problems

- Listen actively and acknowledge what is being said. Use nonverbal and verbal feedback to show that you are listening.
- Summarise the speaker's points to confirm your understanding. Remember that understanding the other's case does not mean agreeing with it.

Let me see whether I've understood you correctly...

Sorry. Could I just go over the points that you've been making ...

Generally the best way to deal with people problems is to prevent them from arising. People problems are less likely to come up if the parties have a good relationship, and think of each other as partners in negotiation rather than as adversaries.

Focus on interests, not positions

Fisher and Ury explain: 'your position is something you have decided upon. Your interests are what caused you to so decide.' Defining a problem in terms of positions means that at least one party will 'lose' the dispute. When a problem is defined in terms of the parties' underlying interests it is often possible to find a solution which satisfies both parties.

Position A necessary outcome.

Interest The motivating force behind the position.

Example

Consider the story of two men quarrelling in a library. One wants the window open, the other wants it closed. They bicker back and forth about how much to leave it open ...

Enter the librarian. She asks one why he wants the window open. To get some fresh air. She asks the other why he wants it closed. To avoid the draft. After thinking a minute, she opens wide a window in the next room, bringing in fresh air without a draft.

Getting to Yes (1999), R.Fisher , W.Ury, B.Patton.

- Position 1: window open
- Position 2: window closed
- Interest: fresh air with no draft
- Solution which satisfies both interests: window open in the other room.

The first step is to identify all the parties' interests regarding the issue or issues being discussed. This can be done by asking the other party why they hold the position(s) they do, and by considering why they don't hold some other possible position. Each party usually has a number of different interests underlying their positions and interests may even differ somewhat among the individual members of each side.

Invent options for mutual gain

By focusing on interests, parties can more easily fulfil the third principle: invent options for mutual gain. This means negotiators should look for new solutions to the problem that will allow both sides to win, not just fight over the original positions which assume that for one side to win, the other side must lose.

Problem: 4 obstacles to inventing sufficient options:

1. Premature judgement

We should be careful not to judge TOP's ideas too quickly.

2. Searching for the single answer

Negotiators often search for the one possible answer. They view negotiation as a narrowing of the gap between the two sides rather than expanding the number of options from which the two sides can select a mutually acceptable solution.

3. The assumption of a 'fixed pie'

Many people see negotiation as an 'either-or' situation: the more they get, the less I get. This severely limits the number of alternatives that are generated.

4. Thinking 'solving their problem is their problem'

If we limit ourselves to searching for solutions to our own problems, then we'll fail to create a variety of options.

Solution

1. Separate inventing from deciding

Invent first, then decide. Separate the creative act from the critical one. Postpone criticism and evaluation of ideas. Brainstorm first to generate options and then only after a variety of proposals have been made, evaluate the ideas. Evaluation should start with the most promising proposals. The parties may also refine and improve proposals at this point.

2. Broaden your options

- multiply options by shuttling between the specific and general
- look through the eyes of different experts
- multiply options by inventing agreements of different strengths
- divide the problem into smaller more manageable units

3. Look for mutual gain

- identify shared interests
- dovetail differing interests by exploring options that are of low cost to you and high value to the other party, and vice versa
- ask for their preferences

Insist on using objective criteria

When interests are directly opposed, parties should try to use objective criteria to resolve their differences. Allowing differences to cause a battle of wills will destroy relationships, is inefficient, and is not likely to produce wise agreements. Decisions that are based on reasonable standards make it easier for the parties to agree and preserve their good relationship.

While not always available, if some outside, objective criteria for fairness can be found, this can greatly simplify the negotiation process. For instance, if people are negotiating over the price of a car or a house, they can look at what similar houses or cars have sold for. This gives both sides more guidance as to what is 'fair', and makes it hard to oppose offers in this range.

Developing criteria

Usually there are a number of different criteria which could be used. The parties must agree which criteria are best for their situation. Criteria should be both legitimate and practical. One way to test for objectivity is to ask if both sides would agree to be bound by those standards.

Example of objective criteria

- Market value
- Professional or industry standards / norms
- Costs
- Moral standards
- Tradition

Sometimes, rather than agreeing on substantive criteria, the parties may create a fair procedure for resolving conflicts of interest. For example, 'one cuts, the other chooses'.

There are three points to keep in mind when using objective criteria.

1. Each issue should be approached as a shared search for objective criteria. Ask for the reasoning behind the other party's suggestions. Using the other party's reasoning to support your own position can be a powerful way to negotiate.
2. Each party must keep an open mind. They must be reasonable, and be willing to reconsider their positions when there is reason to.
3. While we should always attempt to be reasonable, we must never give into pressure, threats, or bribes. When TOP stubbornly refuses to be reasonable, you may shift the discussion from a search for substantive criteria to a search for procedural criteria.

BATNA

'Remember, the goal of negotiating is not to reach just any agreement, but to reach an agreement that is better for you than what you would get without one'.

Bazerman and Neale (1992)

BATNA stands for the **B**est **A**lternative **T**o a **N**egotiated **A**greement. By defining our BATNA we know what we will do, what our alternative course of action is, if we don't get a deal. Before entering into a negotiation we need to clearly define our own BATNA and also determine that of The Other Party (TOP) we are negotiating with.

For example, it would be unwise to agree to buy a car from a friend for EUR 10,000 without knowing what the market value is - how much a similar car would cost us elsewhere, our alternative. Without a clear idea of our BATNA we are simply negotiating blindly.

Know your own BATNA

BATNA is strategically crucial because it:

1. Enables us to determine the level of our walk away position. The more options we have, the higher the bottom line, the more demanding we are going to be.
2. Helps us define our ideal objective in a realistic way.
3. Provides us with back-up solutions.
4. Helps us make the most of our existing assets and can help us tip the balance of power in a negotiation in our favour.

Know the other party's (TOP's) BATNA

If your friend does not sell the car to you, how much can (s)he get for it elsewhere? Knowing the answer to this question might substantially affect the amount you offer.

Although this may sometimes be difficult, it is worth spending time and effort to discover as much about TOP's BATNA as possible.

If TOP has a strong BATNA you may well have to be less demanding and more accommodating.

The Principled Approach (MGA): 5 key elements

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1. **ALTERNATIVES:** Ascertain BATNAs
2. **INTERESTS:** Focus on interests, not positions
3. **OPTIONS:** Generate options for mutual gain
4. **CRITERIA:** Insist on objective criteria
5. **RELATIONSHIP:** Separate people from problem

ALTERNATIVES: Ascertain BATNAs

Definition: Alternatives

- The walk-away possibilities each party has if no agreement reached

Measure of success

- An agreement which is better than your BATNA

Preparation advice

- Start by ascertaining your BATNA
- Try to improve your own BATNA
- Estimate TOP's BATNA
- Consider making their alternative less attractive

Adapted from material prepared and presented by the President and Fellows of Harvard College, 2009

INTERESTS: Focus on interests, not positions

Definition: interests

- The needs, concerns, desires that motivate us to negotiate

Measure of success

- Satisfies parties interests
- Yours well, theirs acceptably, others tolerably

Preparation advice

- Clarify yours; estimate TOP's
- Consider which are shared, differing or conflicting
- Create packages with reasons

Adapted from material prepared and presented by the President and Fellows of Harvard College, 2009

OPTIONS: Generate options for mutual gain

Definition: options

- All the possibilities on which the parties might agree
- Create multiple proposals

Measure of success

- An option that maximises joint gains, is efficient, and expands the pie

Preparation advice

- First discover interests, **then** brainstorm options

Adapted from material prepared and presented by the President and Fellows of Harvard College, 2009

CRITERIA: Insist on objective criteria

Definition: criteria

- External criteria for measuring possible agreements
e.g. laws, industry standards, market price, third party opinion

Measure of success

- Using standards which ensure that everybody feels the process is fair

Preparation advice

- Use as a sword: 'Let me explain why this is a fair amount'
- Use as a shield: 'Why is that a fair amount?'

Adapted from material prepared and presented by the President and Fellows of Harvard College, 2009

RELATIONSHIP: Separate people from problem

Definition: relationship

- The connection between the parties in a negotiation especially their ability to manage differences well

Measure of success

- As a result of the negotiation the relationship is improved, not harmed
- Parties are able to handle ongoing differences

Preparation advice

- Be unconditionally constructive on the relationship
- Speak for yourself, not them

Adapted from material prepared and presented by the President and Fellows of Harvard College, 2009

A successful negotiation is one in which any agreement we reach:

- Is better than our **BATNA**
- Meets our **interests** well, theirs acceptably, and others tolerably
- Is the best of many **options**
- Is legitimate, supported by objective **criteria**
- Improves, or at least does not damage the **relationship**

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