

FACULTY INSIGHTS

BETTER NEGOTIATING: MOVING PAST “US” AND “THEM”



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AN INTERVIEW WITH GUHAN SUBRAMANIAN



Success at the negotiation table depends on much more than interpersonal effectiveness—it demands the ability to create value for all parties, a command of the negotiation process, sophisticated decision-making skills, and much more. Learn how Harvard Business School (HBS) helps executives deliver better outcomes in high-stakes negotiation in this interview with Guhan Subramanian, H. Douglas Weaver Professor of Business Law at HBS and Joseph Flom Professor of Law and Business at Harvard Law School. He teaches in the HBS Executive Education negotiation programs—Strategic Negotiations and Changing the Game: Negotiation and Competitive Decision Making.

Why are negotiation skills so important today?

The world we live in now is changing in a massive way because of the economic crisis of 2007 and 2008. One of the ways companies are managing that change is by rethinking the rules for engaging with each other. The title of the HBS flagship negotiation program is “Changing the Game: Negotiation and Competitive Decision Making,” and I think that keeping your eyes open for opportunities to change the game is even more important today than it was five years ago, or certainly 10 years ago. The conventional way of doing things worked fine in 2007, and then the world blew up. Now, people are taking a new look at how to work optimally with customers, suppliers, employees, and other constituencies in this new phase of capitalism.

How does HBS help executives be better negotiators?

Our portfolio of negotiation programs is designed to help executives create value for their organizations by being better at decision making, better at negotiating, and better at designing and executing the processes for negotiation and dealmaking in general. We want participants to come away thinking about problems in a fundamentally different way so they can take the deal to the next level. To accomplish this, we emphasize more systematic ways for executives to be effective; help executives understand why others are not as systematic and what to do about it; and enhance the ability to maximize the opportunities for success in any negotiation. Each of our programs has its particular emphases, but these are core elements of all the programs

What kind of executives need dealmaking skills?

Negotiation and interactive decision making are important for people in many different roles across the company, not just those in full-time sales roles. These skills are essential to forming partnerships, dealing with suppliers, pursuing mergers or acquisition strategies, securing capital, and even just working effectively with colleagues. An improvement in skills benefits every deal that an executive is involved in for the rest of his or her career—that’s a lot of value being created.

The typical participant is a fairly high-level senior executive, with 10 to 25 years of experience; they are often high performers moving to larger responsibilities. They are looking to step back from day-to-day responsibilities and improve their ability to deliver more value to constituencies internally and externally.

What problems do you see with the way negotiations are conducted today?

Many people approach a negotiation as “us” versus “them.” If we win, they must lose. However, there are almost always opportunities to make the pie bigger. One of the goals of our programs is to pinpoint the sources of value in negotiation. How do you identify them? How do you capture them? How do you make sure you’re keeping other possibilities on the table?

In fact, most deals leave a lot of value on the table. The parties reach an agreement, but there’s a big pot of money sitting there that they haven’t been able to capture because of breakdowns in the negotiation process. We try to help executives minimize—or even eliminate—that pot, capture as much as they can, and walk away with a very good deal for all parties.

For complete information, program updates, and an online application, visit:

www.exed.hbs.edu/category/negotiation.html

**What kinds of skills help negotiators create more value?**

We work to give executives tools that enable them to approach negotiations and big decisions in more productive ways, using a more rational approach. We also help executives to be more aware of psychological biases and other factors that might cause people to behave in certain ways. In other words, we help executives learn from the moves of others and apply that information to their strategy. This is something people don't do instinctively—and when they do, they often get it wrong.

Another key take-away is the ability to look forward and reason back much more effectively. In the heat of the battle, people tend to think one move ahead. The result is that they just walk themselves off a cliff. We help people think systematically two or three or even four steps ahead, which yields a real tactical advantage.

We also try to help participants understand the connection between auctions and negotiations and how deals really get done in today's marketplace. Negotiators today are almost always fighting on two fronts: across the table with their potential counterparty and on the same side of the table with known/unknown/potential competitors. That's the interplay that I examine in my book *Negotiauctions: New Dealmaking Strategies for a Competitive Marketplace*. Great dealmakers have the ability to constantly reassess the situation and make new moves as needed. These moves can be categorized as *set-up moves*, which shape the entry in the situation; rearranging moves of parties, assets, or both; and *shut-down moves*, which end a negotiauction situation to your advantage. This is a useful taxonomy for how to think about what is possible in a negotiation in today's environment.

How do you help program participants develop these kinds of negotiation skills?

We deliver what we call experience-based learning, which has three elements. First, we deliver research-based global best practices through lectures and discussion of theory. Next, we use case studies, where we analyze business situations, diagnose what went well and what didn't go so well, identify what the protagonist in the case should do differently going forward, and draw out general lessons from the situation. The third element is role play. For this simulation-based learning, we give each participant a role in a complex business negotiation with their fellow participants. Executives find that experience to be extremely helpful because you get to see dozens of different perspectives on the same deal.

HBS offers “Changing the Game” in Boston and in London. Is there a difference between the two offerings?

Many aspects of the curriculum are the same, and both sessions are attended by people from all over the world, although we tend to have more Europeans in the London program. In London, we include more case studies from Europe and discuss the European business context. As a result, an executive who is going to be negotiating primarily in Europe and wants to make connections in Europe might prefer to attend that session. Executives from other regions, however, also benefit from the European focus: One of the things I hear from Americans who attend the London session is that they gain European connections and an understanding of how Europeans think that they are able to draw on for years to come.

During our next London session, Professor Francesca Gino will be drawing from some of her own research and the research of others to examine topics such as the stereotypes of Europeans. How do Europeans perceive themselves? How do countries within Europe perceive each other? These perceptions have a direct impact on how an executive can best negotiate with people from different regions.

What advice would you offer someone considering one of the HBS negotiation programs?

It sometimes surprises people that these are quite intensive programs. You need to be willing to put away your BlackBerry or iPhone for five days, work hard, really focus, and dig deeply into the material. There's not a lot of downtime during the week. That can be a challenge, but the payoff is significant.



What feedback do you receive from participants?

People come away saying this was a transformative experience that has changed the way they fundamentally think about negotiations. I'm genuinely touched when people email me to report that what they learned in one of the cases helped during a difficult negotiation and or that their new skills helped them create a significant monetary benefits for their company. It's quite satisfying to know people are taking these ideas and deploying them in highly effective ways. At Harvard Business School, we don't just hold up theoretical frameworks—it's important that the ideas have traction and work in real situations. The feedback we receive is evidence that people really do come away thinking about problems in a different way—and are able to do more for their companies.

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