



LESSONS FROM LEADERS

Negotiation stories to Learn From

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Introduction

A good leader is also an accomplished negotiator. Leading is the process of guiding a group of people to achieve a common objective. In the same way, negotiation is the coming together of a group of people, to achieve a common objective. As such, it can be seen that leadership and negotiation have the same outcomes, and therefore, are driven by similar behaviours.

In this special report, we uncover four leaders' stories, and show how negotiations have enabled their success, or conversely, the lack thereof causing their downfall. In each of these stories, there are lessons to be learnt, and for the leader to take and to develop for themselves.

The first story is about Nelson Mandela, who took to “negotiating with the Devil” while in prison, even going against his own political party. This story shares with us Mandela’s “tricks” in negotiations, and educates us that negotiation may sometime require backroom agreements and alliances to move the discussion towards a positive end-result.

The second story is about a man close to our hearts, Professor Tommy Koh. Professor Koh is a very astute negotiator and he showed his strength in multilateral discussion in the United Nations. Drawing from his experiences chairing or leading negotiation conferences from 1978 to 1992, this story outlines key negotiation tactics that all leaders can learn from to lead difficult, multi-party negotiations to agreement. Watch out for how he builds coalitions.

The third story is a sad one about Ina Drew, the former Chief Investment Officer of JP Morgan Chase. It details how internal disagreements can spiral down into conflict and strife, opening the way to exploitation from people on the ground. Ultimately, it was Drew’s inability to manage emotion, respond to challenges and

mediate a resolution – key expert negotiation strategies – that cause her to eventually lose her job and cause immense embarrassment.

The last story is one of another well-known person – Mark Zuckerberg. It is a story which recounts how he especially uses relationship-building to acquire both Instagram and WhatsApp. It ends with practical advice to overcome partisan positions and managing conflict.

We hope that these stories will inspire you to embrace Expert Negotiations in your leadership journey.

Nelson Mandela



Photo Credit: South Africa The Good News / www.sagoodnews.co.za [CC BY]

Some people learn to negotiate on the job, in a classroom, or in a therapist's office. In Nelson Mandela's case, "prison taught him to be a master negotiator," writes Bill Keller in his New York Times obituary of the legendary activist- turned-president, who died on December 5, 2013.

Soon after his arrival at South Africa's brutal Robben Island prison for a life sentence, Mandela "assumed a kind of command," Keller writes. He befriended many of his white captors, whom he introduced to visitors as "my guard of honour." He tried to persuade younger political inmates to analyse their opponents' strengths rather than plunging headlong into conflict. And during his 27 years of imprisonment, Mandela deeply absorbed the value of patience, discipline, and empathy.

Mandela may have honed many of his negotiation skills in prison, but he was a natural-born dealmaker. Those of us in less-challenging realms than apartheid-era South Africa can learn from his beliefs, decisions, and actions.

A hard-line position.

In the late 1940s, Mandela became active in the African National Congress (ANC), a well-established South African political organization dedicated to securing full citizenship for blacks. As he rose through the ranks and gained influence, Mandela began to question the ANC's reliance on peaceful protest to make headway. Without vetting his views with ANC leadership, he publicly spoke out in favour of armed resistance, only to be censured for diverging with the organization's policy.

Decades later, Mandela took a similar approach when making a much more fateful break with the ANC's party line. In 1985, 23 years into his imprisonment, numerous signs—including international pressure, a devastating trade boycott, and growing violence between protestors and the police—indicated that the apartheid regime was weakening.

The ANC held the stance that it would not negotiate with the South African government. Mandela himself had personally rejected the possibility of negotiation in numerous public statements, once saying, "Only free men can negotiate." Meanwhile, the government also took a hard line against negotiation with the ANC, believing that to do so would signal weakness.

Both sides insisted they would not negotiate unless each made significant concessions, a "classic problem in prolonged conflicts," writes Robert Mnookin in his book *Bargaining with the Devil: When to Negotiate, When to Fight* (Simon & Schuster, 2010). When each side demands that the other relinquish significant bargaining power before talks even begin, negotiation is unlikely, and conflict looms.

Moving ahead of the flock.

Given the entrenched stalemate, it was remarkable that Mandela decided to try to launch negotiations between the ANC and the government. Even more strikingly, he had no authority to speak on behalf of the ANC, which was run as a collective. Believing that his fellow ANC leaders would disagree with his decision, Mandela covertly sent a letter to South Africa's minister of justice, Kobie Coetsee, in which he offered to meet secretly to discuss the possibility of negotiations. Coetsee eventually agreed, and the two men launched clandestine talks that laid the groundwork for a democratic, post-apartheid South Africa. "There are times when a leader must move out ahead of the flock," Mandela wrote of his bold decision in his autobiography, *Long Walk to Freedom* (Little, Brown, 1994), and "go off in a new direction, confident that he is leading people the right way." For most of us, secretly moving forward with a negotiation against the wishes of our superiors and colleagues would be a risky, even foolish, move. Business negotiators typically must secure buy-in from others in their organization before breaking from past practice. For such contexts, Mandela, who was raised by a prominent tribal chief, offers another useful shepherding metaphor. As a result of the long hours he spent in childhood listening to the consensus-building conversations of the tribal council, Mandela observed

that the chief “stays behind the flock, letting the most nimble go ahead, whereupon the others follow, not realising they are being led from behind.”

The quote suggests the value of lobbying others in support of your cause, then letting them make your argument to reluctant parties. This is the type of “mapping backward” strategy that David A. Lax and James K. Sebenius elaborate on in their book *3-D Negotiation: Powerful Tools to Change the Game in Your Most Important Deals* (Harvard Business School Press, 2006). More broadly, Mandela’s stealth overtures remind us that those who see clearly what others cannot may have a responsibility to use their powers of persuasion to win over naysayers—and to act without them when necessary.

“Hating clouds the mind.”

One noteworthy quality of Mandela’s was his ability to negotiate calmly with his enemies at the same time that he was absorbed in a passionate, all-consuming struggle against them. Asked by Keller in 2007 to explain how he kept his hatred of the regime that had oppressed him and his people in check, Mandela replied, “Hating clouds the mind. It gets in the way of strategy. Leaders cannot afford to hate.” Even as Mandela largely succeeded in regulating his own emotions, his keen sense of empathy enabled him to identify ways to capitalise on the emotions of his counterparts and adversaries.

To take one example, after being elected president of South Africa in 1994, Mandela faced the task of ending violent conflict in the country’s large Zulu nation between the ANC and the Inkatha Freedom Party, led by Mangosuthu Buthelezi. Unlike other ANC members, who demonised Buthelezi, Mandela welcomed him into his new government, a decision that helped to end the violence, writes Keller in the Times. In an interview, Mandela explained that his peace-building efforts in the Zulu nation were based on a simple insight: Buthelezi, though raised as a member of the Zulu family, was tortured by the fact that he was a nephew rather than a direct successor to the king. By choosing “to love him into acquiescence,” writes Keller, Mandela assuaged Buthelezi’s deep-seated insecurities and won his trust and cooperation in the process.

Emotional intelligence is likely to be a valuable skill for negotiators, allowing us to accurately read our counterparts’ emotions, manage our own feelings, and

successfully mediate conflict. To cultivate these skills, spend time listening to and observing your fellow negotiators, making note of their insecurities and grievances. Doing so should enable you to address their core concerns, which could have the effect of softening their position on the issues that matter most to you.

Action over ideology.

As illustrated by his eventual willingness to negotiate with the apartheid government, Mandela was at heart a pragmatist rather than an ideologue. “He was not a theoretician, but he was a doer,” a longtime colleague of Mandela’s, Joe Matthews, said of him in an interview with the television show *Frontline*. “He was a man who did things, and he was always ready to volunteer to be the first to do any dangerous or difficult thing.”

This tendency toward action led Mandela to contradict himself at times, as when he steered the ANC away from nonviolence in favour of armed insurrection in the wake of a police massacre of peaceful demonstrators in 1961. He explained later that his nonviolence rhetoric had been “not a moral principle but a strategy; there is no moral goodness in using an ineffective weapon.”

Mandela’s decision to initiate negotiations with the South African government from prison may serve as the most prominent example of his willingness to change his positions in the service of his greater goals. As Mnookin explains in *Bargaining with the Devil*, negotiators sometimes face the difficult decision of whether to engage with a person or organization they consider to be morally repugnant. Typically, we choose not to negotiate in such situations, or we allow a dispute to escalate into litigation. Demonising the other side, we believe we will be tainted by association or that the other party will inevitably take advantage of us.

Not negotiating with an enemy on moral grounds can be a legitimate decision. But because our moral judgments tend to be based on intuition, not reason, they can be dangerous traps. When we take a hard-line stance without thoroughly analysing the likely costs and benefits of negotiating, we risk allowing our principles to get in the way of the greater good. Wise negotiators follow Mandela’s example and rationally consider whether or not to negotiate.

Professor Tommy Koh



Photo Credit: www.tribute.sg

Imagine leading negotiations involving representatives from most of the world's nations on a contentious topic such as sustainable development. Where would you start? How would you proceed when conflict emerged? How would you know when it was time to wrap things

up? These are some of the questions that Ambassador Tommy Koh has faced over the course of his 50-year diplomatic career, during which he has led international conferences, mediated global disputes, and negotiated on behalf of the United Nations and our home country of Singapore.

According to Prof Koh, the chair of an international conference must be both “a choreographer and the conductor of an orchestra.” In addition to negotiating the specifics, a conference chair must choreograph an effective structure for the conference and then evaluate and conduct the players, he explained. Here, Prof Koh offers several vivid anecdotes as illustration.

When consensus is good enough.

Arriving in Rio de Janeiro to chair the United Nations Earth Summit in June 1992, Prof Koh felt “desperate,” he said. He and his team had just one week to negotiate consensus on principles of sustainable development for the 21st century among 178 countries. Koh was armed with a draft agreement three years in the making, but it included 300 paragraphs of disputed language in brackets.

To make the Earth Summit more manageable, Koh laid down two ground rules, he explained. First, no unbracketed (agreed-upon) language could be reopened for

discussion. Second, any proposal to improve the language of bracketed (disputed) text would have to be approved unanimously by the conference. To Koh's shock, the lead representative from Saudi Arabia took the floor and asked for the entire chapter on atmosphere to be deleted from the draft, saying that the chapter was a "mistake." With the Saudis filibustering, Koh realised he would have to "outflank" his adversary. He met individually with members of OPEC, the international oil cartel of which Saudi Arabia is a founding member, and asked for their support. The OPEC nations agreed with Koh that a chapter on atmosphere was justified.

Next, Koh approached Arab countries that were receiving aid from Saudi Arabia. "If you feel that you have to speak in support of the Saudi opinion," he said to them, "please do so, but please be very brief and make your argument as weak as possible."

Then, following an entire night of Saudi filibustering, Koh announced on the conference floor that the Saudis had made their position clear, but that as chair, he was ruling that sufficient consensus existed to adopt the chapter on atmosphere. Koh asked the Saudi delegation if they wanted to object to his ruling. They declined, and the chapter stood as written.

"Consensus is not unanimity," Koh said. "If somebody is just being difficult, doesn't have a reasonable case, has no support whatsoever, I think it is incumbent upon you as the chair not to allow one delegation to hijack the process."

When one party in a multiparty negotiation refuses to budge, continued negotiation may be a waste of time. Instead, consider following Koh's lead and targeting other parties who are at risk of being swayed by the deal blocker. Work on winning over those parties with the goal of building a strong coalition. If you're effective, the deal blocker will face a choice between getting on board and being left behind.

Break the negotiation down to size.

In 1978, as part of the Third United Nations Conference on the Law of the Sea, Prof Koh was tasked with negotiating agreement on the financial terms of contracts to mine the ocean floor. Rifts had developed on the issue between various coalitions, such as developed and developing nations, and coastal and landlocked nations.

Koh described how he broke down the unwieldy negotiation, which involved about 1,000 delegates from 150 nations, to a manageable size, a process he has called “miniaturisation.” He explained that it was important to include all the nations in initial discussions, as many of them needed to be educated about the issues at stake, the technical terms to be discussed, and the parameters of an agreement.

Once everyone had been brought up to speed, Koh convened a smaller group of decision makers. To avoid the appearance of playing favourites, he used a clever strategy:

“I invented a new group called the Group of Financial Experts, and I picked a meeting room that could accommodate a maximum of 40 people. It was open-ended. ... Anybody could come, but ... calling it the Group of Financial Experts was somewhat intimidating. So a lot of my colleagues felt that they didn’t qualify to join this group. I didn’t try to dissuade them that they did.”

As Koh had hoped, only about 30 to 40 representatives felt confident enough in their abilities to join the Group of Financial Experts. This proved to be the ideal size to make further headway. When this group was close to a deal, Koh said he “took a great risk”: He formed an even smaller negotiating group. He chose just one person to represent the developed world and three from the developing world: one from Asia, one from Africa, and one from Latin America. The group surprised conference leaders by reaching a highly creative agreement. The success led to Koh’s being elected president of the entire Law of the Sea conference, which in 1982 produced an ocean treaty that has been ratified by 165 countries.

As his diplomatic career progressed, Koh came to view miniaturisation as a risky process. Negotiators who are excluded may reject the final agreement, not necessarily because they disagree with its substance but because the process appears undemocratic and lacking in transparency, he said. For miniaturisation to be effective, he cautioned, leaders must choose “men and women of standing in their respective groups” who have the power to convince their group to ratify the final agreement. “If you choose badly,” Koh said, “you will be rebuffed.”

Adopting a “tough heart.”

Ambassador Koh said he was so “softhearted” that he had never fired an employee during his 50-year diplomatic career. Yet when chairing international conferences, Koh felt a strong sense of responsibility to replace people who were not succeeding, whether due to a lack of knowledge, indecision, controversy, or some other problem. During preparations for the Earth Summit in 1990, a committee formed to draft the summit’s Declaration of Principles. Upon receiving conflicting proposals from the conference’s various delegations, the committee’s chair, the environmental minister of Czechoslovakia, Bedřich Moldan — a scientist with little diplomatic experience — personally drafted a compromise text rather than negotiating agreement with the various parties. To his surprise and dismay, the Group of 77, a coalition of developing nations, rejected Moldan’s draft on the grounds that it was biased in favour of developed countries—a characterisation that Koh called “more perception than reality.” The Group of 77 then announced that it would no longer negotiate under Moldan’s chairmanship.

With Koh standing by Moldan, the committee chose India and Norway to lead their informal negotiations, which eventually reached an impasse. Koh, with Moldan’s blessing, agreed to take over the talks on two conditions. First, he asked India and Norway to produce a single negotiating text within 24 hours. Second, he instructed them to narrow the negotiations down to eight countries from the developing world and eight from the developed world. India and Norway agreed. The smaller group finished negotiating within 24 hours, producing a final agreement that was not dramatically different from Moldan’s.

Why did Koh succeed where Moldan had failed? First, Koh adopted a more open process that relied on negotiation rather than unilateral decision making. Second, Koh believes that because he was from a developing nation, the Group of 77 viewed him as more sensitive than Moldan to their aspirations to develop economically yet sustainably. “I think being seen as a man from the south was psychologically helpful,” Koh said.

The story illustrates the importance of creating both the reality and the perception of neutrality when negotiating consensus among multiple parties.

Ina Drew



Photo credit: Bloomberg.com

As chief investment officer at JPMorgan Chase, Ina Drew earned the respect of her peers, subordinates and, most notably, her boss, bank CEO Jamie Dimon. Upon being appointed head of the bank in 2005, Dimon put Drew in charge of the chief investment office (CIO), which manages the bank's overall risks and many billions in highly liquid securities.

During morning conference calls in the midst of the 2008 financial crisis, the New York Times reports, Drew would grill the traders in her office about their positions and the risks they would face in the day ahead. While other banks suffered huge losses, Drew helped her company navigate the choppy waters relatively unscathed.

But in 2010, Drew contracted Lyme disease and was frequently absent from the office. The lack of a leader caused "long-simmering internal divisions and clashing egos" to surface in her unit, according to the Times.

In 2011, Achilles Macris, head of the CIO's London office, dropped caps on risk control that had required traders to exit positions when their losses topped \$20 million, according to the Wall Street Journal.

As Macris expanded trades in London, his counterpart in New York, Althea Duersten, raised objections. But she was "routinely shouted down" by Macris, former traders told the Times. The tension between Macris and Duersten left traders feeling nervous and distracted.

On April 6, 2012, the Wall Street Journal ran an article on a rogue CIO trader in the London office who was reportedly putting the bank at risk with his massive bets. The article prompted Dimon to take a closer look at the CIO's books and notice the mounting losses—up to \$100 million daily.

On May 10, Dimon publicly disclosed \$2 billion in losses (which was later raised to at least \$3 billion), setting off a storm of criticism and scrutiny of JPMorgan Chase. In the resulting scandal, Drew was fired, and the stellar reputations of Dimon and his bank were tarnished.

When we think of negotiation, we tend to picture a formal, painstaking dealmaking process with individuals or a team from outside our organisations. Yet every workday, we engage in seemingly small but significant negotiations with our coworkers over issues such as project assignments, departmental funding, and vacation requests.

If a serious conflict arises from one of these negotiations, it becomes difficult for us to stay focused on our jobs, and the organization can suffer. Here are several targeted negotiation strategies to help you address dysfunctional conflict in the workplace, both as an employee and as a manager.

Reappraise anger.

The morning conference calls Ms. Drew had presided over devolved into shouting matches between her deputies in New York and London, the traders said. —New York Times

Negotiation researchers have found that anger can trigger several harmful cognitive biases, including overconfidence, unrealistic optimism, and aggression. In one study, negotiators who were angry at each other were less successful at both claiming and creating value than were negotiators who viewed each other positively. Anger can also cause people to become more tolerant of risk, which could partially explain the JP Morgan Chase London CIO's increasingly reckless trades and the decision to loosen risk-control measures. And, obviously, anger distracts workers from their tasks and fosters a tense, competitive workplace. You might conclude that negotiators should try to tamp down angry feelings whenever they arise. Yet anger can be a useful emotion to feel and express. Anger insulates us from indecision and

over-analysis, and displays of anger communicate to others how seriously we take the issue at stake.

Even if we could suppress angry feelings, this wouldn't necessarily be a wise strategy. In one negotiation study, James Gross of Stanford University, Jane Richards of the University of Texas at Austin, and Oliver John of the University of California at Berkeley compared the relative costs of two forms of emotional regulation: 1) suppression, or attempts to tamp down our emotions, and 2) reappraisal, or attempts to control our emotions by changing how we think about a given situation. In this study, relative to those who engaged in reappraisal, participants who suppressed their emotions had impaired cognitive processing, and their counterparts liked them less.

How can you successfully reappraise feelings such as anger? Consider when you may be subject to strong emotional experiences and reappraise the situation beforehand, suggests Stanford University professor Margaret A. Neale. As an example, before a conference call with a coworker you've been butting heads with, think about what the other party might say that would cause you to react emotionally. If you anticipate a threat, consider what the threat might suggest about what the other side values, says Neale. This type of reappraisal may help you head off an emotional reaction and build bridges with your coworker.

Respond to challenging moves.

"The strife distracted everyone because no one could push back," said one trader in the office who insisted on anonymity. ... "I think everything spiralled because of the personality issues." —New York Times

As the New York and London CIO offices at JPMorgan Chase negotiated trades and risk, they also implicitly negotiated many other issues, including power, relationships and performance.

Whenever negotiators are bargaining over concrete issues such as price, they are simultaneously conducting a parallel negotiation regarding the terms of their relationship, write Deborah M. Kolb and Judith Williams in their book *Everyday Negotiation: Navigating the Hidden Agendas in Bargaining* (Jossey-Bass, 2003).

This "shadow negotiation" takes place under the surface, and it explains why

discussions of concrete, seemingly rational matters can lead to angry outbursts, hurt feelings, and simmering conflict. Negotiators make several “moves” to question each other’s legitimacy and assert their own power, note Kolb and Williams. A negotiator may challenge your competence or expertise—for example, by saying you don’t have the experience to perform a particular task. Someone might demean your ideas in a way that it makes it difficult for you to respond, perhaps by saying, “You can’t be serious!” And a coworker might criticise your style with a line such as “Stop being so sensitive.” By challenging, demeaning, and criticising you, the other party (whether consciously or not) may be attempting to provoke you into an emotional response that will shift the balance of power.

How can you defend yourself against such moves without being accused of overreacting? Kolb and Williams suggest several responses, which they call “turns”:

1. *Interrupt* the move by taking a break, which should give everyone time to gain control of their emotions, in addition to halting momentum that is going against you.
2. Try *naming* the move; that is, let your coworker know that you recognise it as a power play. If someone says, “You can’t be serious!” in response to one of your ideas, you might respond, “Actually, I’m quite serious. Instead of cutting me off, how about if you give me a chance to clarify my plan?”
3. *Correct* the move, substituting the other side’s negative remarks with a more positive interpretation of your behaviour. If a coworker incorrectly blames you for a decision that went wrong, rather than lashing out, provide him or your boss with hard evidence of the facts.
4. *Divert* the move by shifting the focus away from the implications of the move and back to the issue at hand. To the person who criticises you as overly sensitive, you could say, “I think it’d be best if we avoid personal judgments and concentrate on the proposal.”

Kolb and Williams’ moves-and-turns framework serves as a reminder of the hidden personal dynamics that underlie everyday negotiations, including those among coworkers, and helps you respond to them as productively as possible.

Mediate a resolution.

Drew returned from sick leave, but she relocated to an executive office removed from the trading floor and took a more hands-off approach to managing her team. — New York Times

When conflict among employees is disrupting morale, it's time for leaders to intervene. Techniques that professional mediators use can help to resolve workplace strife, writes Tufts University professor Jeswald Salacuse in his book *Leading Leaders: How to Manage Smart, Talented, Rich, and Powerful People* (Amacom, 2006).

In mediation, the disputants work together to reach a resolution that is satisfactory to both sides. The collaborative nature of mediation increases the odds that the parties will abide by any agreement they reach. The mediator's role is to assist disputants in crafting a resolution by encouraging them to share information about their interests and explore creative solutions. But it is, however, difficult for leaders to take on the mantle of an impartial mediator. Because they have an interest in furthering the organization's goals and restoring harmony, leaders are sometimes pulled in separate directions just to meet their own objectives. In times like these, leaders must balance their own opinions and allegiances, adapting mediation skills with the goal of furthering the organization as a whole.

For example, in 2011, New York's Metropolitan Opera peacefully reached a new contract with the union representing its choristers, dancers, stage manager, and staff directors by bringing in Joseph Volpe, the opera's retired general manager, as its lead negotiator. Although Volpe represented management, his history as a union member—he had started as a carpenter at the Met and worked his way up the organization—allowed him to promote compromise across the two groups and serve as a de facto mediator. Undoubtedly, Volpe's experience as both employee and manager allowed him to understand both sides' interests and bridge divides between them.

If listening closely and encouraging problem solving don't bring employees together, leaders have other tools at their disposal. For example, they can leverage punishment and rewards to resolve employee conflicts, writes Salacuse. If two unit

heads have been openly fighting over an account, you could threaten to penalise them or their departments—say, by giving the account to a third unit or by decreasing their funding—to motivate them to negotiate a resolution. Alternatively, you could reward disputants for setting aside their differences, whether with praise, additional funding, or some other valued resource.

Create accountability.

“The big lesson I learned: Don’t get complacent despite a successful track record,” Mr. Dimon said in an interview. ... “No one or no unit can get a free pass.”—Wall Street Journal

In the early years of her tenure as CIO chief at JPMorgan Chase, Ina Drew is reported to have been a detail-oriented boss who quizzed her traders carefully about their decisions and the risks they were taking, according to the Wall Street Journal. Only after she was on sick leave did destructive conflict flare up between the New York and London offices. It’s no surprise that interoffice negotiations turned tense when employees were no longer held accountable for their decisions. Making employees accountable for their decisions helps them control their emotions and engage in more systematic thinking, Jennifer Lerner of the Harvard Kennedy School and Philip Tetlock of the University of California at Berkeley have found in their research. For accountability to be effective, employees should be held responsible not only for their outcomes but also for the processes they follow.

Mark Zuckerberg



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While a student at Stanford University in the mid-2000s, Kevin Systrom met Facebook founder and CEO Mark Zuckerberg at gatherings on campus. Though Systrom declined Zuckerberg's proposal that he drop out of school and take a job with Facebook, the two men kept in touch by phone in the years following. After Systrom launched photo-sharing app Instagram in October 2010, Zuckerberg had him over for dinner at his Palo Alto, California, home a few times to discuss "philosophy," according to Vanity Fair. Zuckerberg wanted to keep an eye on the potential competitor, and, at some point, he says, "it occurred to me we could be one company."

In April 2012, after Systrom turned down a \$500 million offer from Twitter, Zuckerberg invited Systrom over to his home for a long conversation about how Facebook could help take tiny Instagram, which then had only 13 employees, to the next level.

"This never had the feeling of negotiation, because we kind of wanted to work together," Zuckerberg told Vanity Fair. The discussions quickly led to a \$1 billion offer from Facebook and a promise from Zuckerberg to allow Instagram to maintain its independence.

Systrom met with his business partner, Mike Krieger, to review the offer.

"I really like Mark, and I really like his company," Systrom told Krieger. "And I really like what Facebook is trying to achieve." The pair decided to sell. The entire negotiation had lasted three days.

Forming relationships with the leaders of companies he might want to target is a pattern for Zuckerberg. In 2012, the Facebook chief cultivated a friendship with WhatsApp founder Jan Koum over the course of hikes and dinners. Like System, Koum overcame his initial skepticism about a Facebook acquisition after finding that he and Zuckerberg shared similar views on a host of technology- and business-related issues. In February 2014, Koum agreed to sell his company to Facebook for a staggering \$19 billion.

It may not be difficult to form trusting relationships in negotiations where one party is offering the other a huge pile of cash. But Zuckerberg's strategy of patient relationship building still serves as a model worth emulating for business negotiators. Forging close bonds typically helps negotiators reach better deals, work together effectively over time, and manage conflict. As the anecdotes about Zuckerberg show, time and patience are critical to forming strong relationships. Here we present some of the challenges to relationship building in negotiation and offer advice to help you address them.

Overcome partisan perceptions.

When meeting a new counterpart, we may consciously seek a lasting relationship with him or her, but an unconscious bias may get in the way: partisan perceptions, or the tendency to see our own side as more intelligent, skilled, reasonable, and moral than the other side. Our partisan perceptions can cause us to expect the worst from our counterparts, especially those we don't know well. They also can become self-fulfilling prophecies, leading us to act in ways that trigger and exacerbate the same behaviours we've condemned, write David A. Lax and James K. Sebenius in their book *3-D Negotiation: Powerful Tools to Change the Game in Your Most Important Deals* (Harvard Business School Press, 2006). Obviously, that's not a recipe for a strong relationship. How can you lay the groundwork for a deep-rooted bond? Consider this anecdote from *3-D Negotiation*.

Late on a Friday afternoon, a senior partner in a law firm called a talented young associate into his office. The partner asked the associate to represent the plaintiff in upcoming settlement negotiations and, if necessary, a possible trial. The young lawyer worked all weekend to prepare a compelling plaintiff's brief. After reviewing the work on Monday morning, the partner praised the associate highly. Then he revealed that the firm would actually be

representing the defendant in the case, not the plaintiff. “Now that you completely understand the other side’s viewpoint,” the senior lawyer told the associate, “we need you to prepare our side.” With this “trick,” the senior lawyer prepared his younger colleague to understand the other party and its interests, a critical step in overcoming partisan perceptions.

You might try adapting the senior lawyer’s trick to your own negotiation preparation; that is, consider writing up (or having your team write up) a detailed “brief” for both (or all) sides in an upcoming negotiation. You may find that the brief prepared for your counterpart is underdeveloped and simplistic compared with the brief written for your own side. If so, go back to the drawing board until you feel you have explored the nuances of the other side’s perspective as fully as possible. You might also enlist disinterested third parties to assist you in sorting out your counterpart’s point of view.

To aid in your brief preparation, use the Expert Negotiation Planning Guide that we teach at our Expert Negotiation for Leaders course.

Do ask, do tell.

Doing deals and forming relationships are not mutually exclusive goals, writes Jeswald W. Salacuse in his book *Negotiating Life: Secrets for Everyday Diplomacy and Deal Making* (Palgrave Macmillan, 2013). Negotiators must be keenly aware that the way in which they negotiate will affect their relationship with their counterpart. For example, if you are looking to take time off from work, how you negotiate that leave will affect your relationship with your boss, for better or worse. Notably, some people are more concerned about the relationship dimensions of negotiations than others. In a survey of negotiators in 12 different countries, Salacuse found that people were more or less evenly split between whether they viewed the primary goal of negotiating to be a contract or a relationship. However, cultural and career differences played a role: Negotiators from India were far more relationship-oriented than those from Spain, for example, and lawyers (perhaps not surprisingly) were more contract-focused than managers and marketers. Such differences hint at the importance of trying to assess the degree to which an individual counterpart is focused on building a strong relationship.

Some negotiators rarely take time to get to know their counterparts, whether due to impatience or a sense that they would be wasting the other party's time. That's usually a mistake, writes Salacuse in *Negotiating Life*. Relationship building—and effective negotiation—require the kind of mutual knowledge that can come only from asking questions and sharing information. That means taking time to explore not only the other party's interests and motives through questioning but also who she is as a person.

Years ago, during tense negotiations with the United States, Israeli Prime Minister Golda Meir expressed deep sympathy toward one of the U.S. negotiators, whose wife had recently died. Meir mentioned the pain she had felt upon the death of one of her family members. The brief conversation between the two negotiators established a relationship that dramatically improved the tenor of the negotiation, according to Salacuse. As this example illustrates, asking and telling sends an important message to the other side: You are interesting, important, and valued.

Confronting conflict.

Relationships typically become all the more important after a business transaction has been completed. “Once the contract is signed, we put it in the drawer,” executives have told Salacuse repeatedly. “After that, what matters most is the relationship between us and our partner, and we are negotiating that relationship all the time.”

A significant aspect of negotiating ongoing relationships is negotiating conflict. Inevitably, problems arise in the life of a contract: Parties might realize that they neglected to stipulate a key term, leading to differing perceptions of what's fair, or one side may come to believe that the other is failing to live up to the agreement, for example. Negotiating dispute-prevention clauses in advance can go a long way toward helping you manage conflict productively when it arises. Learning how to discuss areas of conflict, rather than simply sweeping them under the rug, can be just as important. In their book *Difficult Conversations: How to Discuss What Matters Most* (Penguin, 2010), Douglas Stone, Bruce Patton, and Sheila Heen explain that every tough conversation is made up of three different conversations: the “*What happened?*” conversation, the “*feelings*” conversation, and the “*identity*” conversation. Keep these three overlapping conversations in mind the next time you are working to get a relationship back on track:

1. The “*What happened?*” conversation. When disagreements arise between parties in a business relationship, each side is likely to blame the other. But arguing about who’s to blame prevents us from finding out what actually happened. So probe to learn what the other person’s intention was, then share your own version of the story. Instead of choosing which story is “right,” embrace them both.

2. The “*feelings*” conversation. It’s tempting to focus exclusively on solving a problem and ignore the underlying emotions. But when left unaddressed, negative emotions tend to deepen conflict by blocking our ability to listen. Acknowledging your range of complex feelings can promote mutual understanding.

3. The “*identity*” conversation. Conflict can shake our sense of identity to the core, causing us to question our competence and worth. It may help to think about which personal hot buttons the conflict is pushing, such as a fear of rejection or a sense of inadequacy. Looking beyond black-and-white identities (“I’m such a pushover”), consider the nuances of your self-image, recognize that everyone makes mistakes, and acknowledge your contributions to the problem.

Conclusion

Leaders it seems have a lot on their plate, and so it must be. Negotiation is one of the key skills that leaders must develop in order to execute their job better. Be it for pushing for change, as Mandela had to do, and the backroom deals he had to make, sometimes even going against his own superiors (which is a big risk, and not a recommended course of action to adopt), to mapping the path to make the change happen, Mandela showed us that leading from behind will help coalesce the sometimes heated friction, and bring all parties to walk the narrow road to change.

Prof Tommy Koh showed us how complex it is to deal with multi-party negotiations, and the lead will have to do a lot of coalition building to get internal members to swing the course of negotiations down the correct path. We also see how the “them-versus-us” mentality can creep in when majority parties negotiation with minority ones, and personal biases come into play that make a perfectly objective solution into a subjective objection. Bringing people together by breaking down a complex issue and work on them one-by-one, employing situation shifting tactics like calling for the Group of Financial Experts, shapes the course of the negotiation and helps get to agreement faster. One thing resonates quite clearly from Prof Koh’s story, a lot of these come with great risk both to his political career as well as to the progress of the negotiations. Leaders must learn to manage risks in negotiations, because it is for this very reason that we are at the negotiation table.

Yet negotiation is not just a skill we employ outside the organisation, as the Ina Drew story depicts. If we don’t have a healthy negotiation culture within our organisation, and positional conflict come together as seen by the acrimony between the New York and London offices, that ultimately led to Macris lifting trading caps in a show of one-upmanship, and that ultimately led to the \$3 billion trading loss. The story also show how important it is for the leader to stay on top of such matters, gingerly allowing for emotions like anger to both push the negotiation ahead, and yet tampering it to maintain a level-head. Tactics to deal with such nature must therefore be in the leader’s arsenal as she parries unwarranted strikes yet moves the discussion along.

Finally, we see that negotiation is all about building relationships, and we learn how Mark Zuckerberg uses that to good effect as he builds his empire. It is use to keep a competitor close by, and it is used to build new collaborations. Ultimately, a win-win negotiation style helps both parties win, an effect we see when Zuckerberg acquired WhatsApp at a staggering \$19 billion price tag, or he closed the deal with Instagram over just 3 days! Yet, building relationships is not simply a trip to California, and great conversation over wine and dinner. Partisan perceptions need to shift, conflicts need to be mediated over, and interests need to be met. All these skills need to be nurtured and honed over time, and the time starts now!

Sign up for our **Expert Negotiations for Leaders** Course Today!

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