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SPECIAL REPORT

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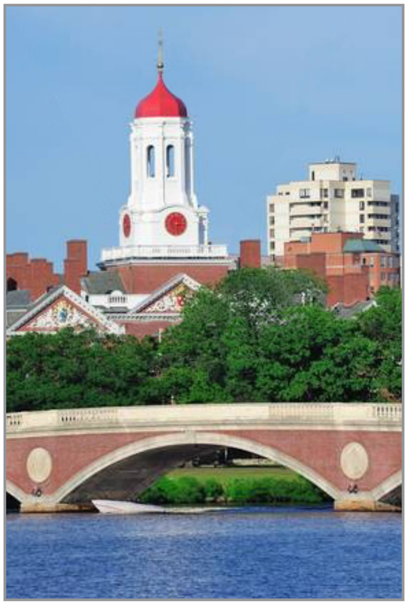

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Negotiation Special Report #9
$25 (US)

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The articles in this Special Report were previously published in *Negotiation*, a monthly newsletter for leaders and business professionals in every field. *Negotiation* is published by the Program on Negotiation at Harvard Law School, an interdisciplinary consortium that works to connect rigorous research and scholarship on negotiation and dispute resolution with a deep understanding of practice. For more information about the Program on Negotiation, our Executive Training programs, and the *Negotiation* newsletter, please visit www.pon.harvard.edu.

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Foster relationships by building rapport

Over the years, numerous firms had approached NewsQuest CEO Tamara Barrett about acquiring her company, a closely-held news distributor (names and details of this story have been changed). Barrett rebuffed all of these inquiries; potential buyers seemed overly concerned with economic efficiency and lacked an appreciation of NewsQuest's convivial corporate culture.

One day, Barrett received a phone call from Susan Hammond, head of a communications conglomerate, to discuss a possible acquisition of NewsQuest. During their short, pleasant conversation, the two CEOs discovered that they had a few acquaintances in common and had attended the same university. Something about the tone of this inquiry seemed different, and Barrett agreed to meet with Hammond. A successful first meeting led to ongoing negotiations. Within just a few months, a deal was struck.

Why did Hammond succeed when so many before her had failed? Hammond's personality was not especially charismatic, nor was her company much different than others whose inquiries Barrett had dismissed. Rather, Hammond created an initial rapport with her counterpart that she carefully built as talks progressed.

In negotiation, rapport is a powerful force that can promote mutually beneficial agreements. Negotiators who already have a good working relationship are fortunate to have rapport built into their interactions. Strangers, however—especially those whose communications are limited to telephone or computer—may unwittingly find themselves engaged in a series of increasingly tense exchanges.

What is rapport? Rapport can be thought of as a state of positive mutual attention marked by harmony and affinity. When two negotiators share rapport, they feel in sync with each other and focused on the interaction.

Negotiation often involves some degree of conflict, whether you're hashing out a potentially profitable deal or trying to resolve a nasty dispute. By nipping in the bud the impulse to become agitated, rapport between negotiators works as a kind of social tranquilizer. Rapport determines whether negotiators develop the trust necessary to understand each other's interests and reach a strong agreement.

In face-to-face interactions, we engage in subtle rapport-promoting behavior without even trying, such as facing the other person, leaning forward, and making eye contact. Negotiators with a high level of rapport take turns speaking and show signs of understanding, such as nods. High rapport also is marked by a great deal of mimicry—of posture, facial expressions, tone of voice, and mannerisms—which often occurs without conscious awareness.

To increase rapport—and the likelihood of achieving the most beneficial agreement possible—follow these guidelines:

1. Go the extra mile. When it comes to building rapport during negotiations, there's no substitute for a face-to face meeting. As Tamara Barrett and Susan Hammond discovered after their initial phone call, negotiators who meet in person gain access to a multitude of important nonverbal cues. Your counterpart's furrowed brow, for instance, may be an instant signal that the offer you placed on the table is undesirable.

By contrast, many hallmarks of rapport, such as eye contact and mimicry, are impossible when bargaining remotely. When negotiators have had no prior relationship or contact, communication technologies can perpetuate unfamiliarity and distrust. Negotiators are left imagining a vague, abstract opponent who is unlike themselves and unworthy of an investment of effort. To make matters worse, the greeting rituals of face-to-face interaction, such as small talk and personal disclosure, often fall by the wayside in telephone or e-mail exchanges. The impersonal nature of e-mail, in particular, makes it difficult to establish feelings of trust and interpersonal connection, which can lead to misunderstandings and even impasse.

2. Chat first, negotiate later. Experimental research confirms that small talk sets the stage for an atmosphere of positivity, trust, and openness that ultimately creates value. Even when talks must occur remotely, negotiators can build substantial rapport through prenegotiation chats.

An experiment I conducted confirms the value of "schmoozing" for negotiators. In a negotiation simulation, participants interacted via e-mail with strangers in other states regarding the purchase of a new car. I instructed half of the negotiating pairs to speak on the phone with each other for five minutes before e-mailing. They were allowed to discuss any topic except one—the upcoming negotiation. The other half of the negotiating pairs skipped the phone call and went straight to e-mail.

The brief, informal phone chats provided negotiators an early opportunity to establish common ground, even if the conversations themselves were exceedingly trivial ("The weather is nice here in Chicago"; "Yes, it's nice in North Carolina, too.") Small talk created rapport before bargaining even began. Those who had engaged in small talk felt more cooperative toward their counterparts, shared and reciprocated more information, made fewer threats, and developed more respect and trust than did those who skipped small talk. This rapport had an economic payoff: "small talk" negotiators were more than four times more likely to reach agreement than their "no small talk" counterparts, who more often than not walked away from offers that would have left them better off.

3. Let the other party know you. Consider that the degree to which you perceive another person to share similar traits and attitudes, and to be worthy of your generosity or assistance, depends on how connected you feel to that person.

Many negotiations are not one-shot deals but complex transactions involving a series of discussions over time—situations ripe for developing shared affiliations that provide the groundwork for rapport. Nurturing mutual self-disclosure can reap benefits when unexpected opportunities arise. Early in his relationship with a large multinational client, Mike, a salesperson with a small database company, made a point of chatting with the accounts payable clerk about the latest sports scores during routine phone calls. Later on, these superficial points of contact seemed to pay dividends when a dispute arose over an invoice. Mike's supervisor was prepared to threaten a lawsuit, which might have ended the companies' relationship. But before the dispute spiraled out of control, the clerk advised Mike to "sit tight" for a few weeks. After that time passed, the client paid the invoice without further prompting. Mike's early disclosure about his interest in sports may have saved his company many thousands of dollars.

Shrewd negotiators are proactive rapport builders who go the extra mile for face-to-face discussions, make time for small talk, and reveal their personalities and interests. More generally, an open flow of information will lead you toward the right combination of options and issues you need to structure a deal of maximum value for both sides.

Adapted from "Build Rapport—and a Better Deal"
By Janice Nadler, *Negotiation*, March 2007

Manage conflict in long-term relationships

Dan, vice president of a landscape architectural firm, had a new design project to assign. In the past, Carrie, a landscape designer with strong skills, had complained when given extra work, so Dan handed the job to a recently hired employee who seemed eager to take on new tasks.

Later that week, Carrie confronted Dan about the decision. "Why didn't you give me that project?" Carrie asked. "I can't believe you gave the job to someone who just started here."

Dan realized he had made a mistake—not about who should have gotten the project, but in how he handled the situation. For some time, he had been concerned about what he viewed as Carrie's poor attitude. Dan knew he should have spoken with Carrie directly. Instead, he had avoided having a difficult conversation. Now he felt guilty, Carrie was angry, and the new employee had been put in an awkward position.

When you're reluctant to talk about something, it can be tempting to avoid conflict altogether. Yet managers need to be willing to communicate openly with their bosses, colleagues, and clients—to get the information they need and to impart the information others need from them.

In their book *Difficult Conversations: How to Discuss What Matters Most* (Penguin Books, 2000), authors Douglas Stone, Bruce Patton, and Sheila Heen tell us how to engage in the conversations in our professional or personal lives that make us uncomfortable. Tough, honest conversations are critical for managers, whether they need to change the group culture, manage conflict on a team, give a negative performance evaluation, disagree with others in a group, or offer an apology.

The authors of *Difficult Conversations* suggest that every tough conversation is made up of three separate conversations: the "What happened?" conversation, the "feelings" conversation, and the "identity" conversation. The key to managing difficult conversations is to understand that all three levels are operating at the same time.

The "What happened?" conversation. This focuses on the substance of the discussion, with the intent of separating *impact* from *intention*. Someone's message may make you feel angry or perplexed. Before reacting, check with the other person to see what her *intention* was. After all, what seems crystal clear to you may look very different to someone else.

Dan launched such a conversation by telling Carrie that in assigning the project to the new hire, he didn't intend to express disrespect for Carrie or her work; he thought she disliked being given extra projects. Surprised, Carrie explained that she sometimes avoided taking on additional work simply because she was committed to meeting her regular deadlines while also meeting her own high quality standards. But when her schedule had room, she welcomed additional projects, especially when they could expand her skill set and hence her value to the firm.

The "feelings" conversation. Stone, Patton, and Heen also stress the important role that emotions play in difficult conversations. Dan might be feeling anger, frustration, or annoyance with Carrie and also with himself. Carrie may be feeling hurt, misunderstood, and disappointed. When feelings are managed poorly, they can sabotage good communication; when handled well, they can actually improve working relationships.

Recognizing the full range of feelings we are experiencing at any given time is not easy. Yet being comfortable acknowledging complex and competing feelings is not only an important step in self-awareness, but can ensure that your negotiating partner understands your motives and behavior.

The "identity" conversation. Finally, you'll need to consider what a particular conflict represents to you personally. The authors note that identity issues "often underlie what concerns us most during difficult conversations," including questions such as, "Am I competent? Am I a good person?"

"Even before you begin," Douglas Stone says, "ask yourself whether the conversation has the potential to challenge how you view yourself. Consider how the other party's self-image might be affected as well."

Dan likes to think of himself as fair, reasonable, and approachable. Is he a bad manager because he failed to talk to Carrie before making the decision to give the project to someone else? As for Carrie, the conflict impacts her sense of identity as a competent worker and team player. Is Dan right? Is she a complainer? The challenge for both Dan and Carrie will be to feel fundamentally good about themselves while remaining open to improvement.

"When you start the conversation," Stone says, "ask open-ended questions, such as, 'How do you feel in general about getting feedback? Do you welcome it as a way to get useful information, or is it hard for you to hear?' You can also ask, 'What motivates you in the workplace? How are things going from your point of view?'"

In the course of their difficult conversation, Dan apologized to Carrie for not consulting with her on his decision and also shared his concerns about her attitude. They resolved to communicate more regularly, and Dan promised to look for a project for Carrie that would meet her long-term interests.

Adapted from "How to Say What Matters Most"
By Susan Hackley, *Negotiation*, August 2005

Negotiate business decisions with family members

WHAT HAPPENS WHEN family members go into business together? In a few lucky cases, harmony and success follow without effort. More often, however, history, emotions, and competing visions of the firm's future complicate matters. Because of the risk posed to relationships outside of the office, many avoid confrontation with family members and hope that the tension will pass. Others behave in ways that make matters worse, jeopardizing not only the viability of the company but the family itself.

Imagine the predicament faced by a 68-year-old CEO and board chairman of a large newspaper chain that has been in his family for three generations. During his tenure, he built up the business from a local, highly respected newspaper into a national empire of more than 30 local dailies and several cable TV outlets. The CEO would like to turn the business over to one of his three children in the next few years and enjoy his retirement. But which child to choose? The eldest, age 40, is a successful pediatrician with no real interest in running a newspaper business. The middle child, age 38, has an MBA from a prestigious university and runs a small, successful video-game production company. The youngest, who is 34, has focused more on exotic travel adventures than on school or work.

Because of her entrepreneurial spirit and business know-how, the middle child seems most capable of taking over the business. Yet it's the youngest who speaks openly about wanting to fill his father's shoes. The CEO worries about whether this son has the stability and experience needed to run such a large operation. To complicate matters, several internal vice presidents are well qualified to take over the helm.

Given such complications, it's tempting to follow the age-old advice against mixing business with family. Yet this could mean passing up lucrative opportunities, not to mention the potential rewards of working closely with loved ones. Moreover, in situations such as inheritance and divorce, avoiding such negotiations is simply not possible. Here are four guidelines to make these negotiations easier and more fruitful for everyone:

1. Prepare for complications. An awareness and analysis of the complications listed above—related to interests, options, criteria, relationships, and alternatives—will dramatically increase your odds of negotiation success. Careful consideration of the web of relationships in your family and in your business will help you avoid pitfalls that could offend or impose on other members of your organization—including your family.

2. Strive for transparency. Once you've identified the various challenges of resolving your family dispute, it may be tempting to hope that they simply won't come up. This would be a mistake. When you brush aside difficult issues, other family members may play out long-held animosities in the course of negotiating the business issues at stake. Better to be explicit and transparent about the challenges and issues implicated by the negotiation.

When sitting down with his three children to discuss succession, for instance, the media-company CEO might say: "I want to begin by acknowledging that we probably each have strong feelings about what we're discussing today. I hope we can talk about our concerns in a way that is forthright and that honors our wonderful family. If we reach an impasse, let's try to work things out in a spirit of understanding." Addressing difficult issues upfront can seem scary or time-consuming, but it can often make dispute resolution easier in the long run.

3. Consult a neutral adviser. At times your negotiation may get stuck on a particularly contentious issue. Typically, this is when negative emotions surface, as family members dig in their heels and dredge up years of history that don't help resolve the conflict.

At the first sign of trouble, consider raising the possibility of hiring a neutral third party, whether a mediator, a family therapist, a mutually trusted friend, or a business expert. Imagine, for example, that the CEO and his children agree that selling cable TV outlets in certain markets should be part of their transition plan. The issue is complicated by the fact that the eldest child's spouse happens to work for one of the stations that the other two children think should be on the selling block. Putting this question to a majority vote might lead to hurt feelings, and it might be similarly unwise for the CEO to make this call on his own. Seeking the counsel of an agreed-upon mediator might be a suitable way to resolve this question and avoid a major family crisis.

In this case, the CEO wisely enlisted the aid of a business analyst who provided data about the pros and cons of various transition plans. The family then worked with a professional mediator who helped facilitate the process of the sale of the TV outlets by separating emotional issues from substantive ones.

4. Plan ahead. While many sources of disputes in the operation and management of a family-run business are unpredictable, you can plan for others, such as those related to succession, inheritance, and strategic planning. Whenever possible, family members entering into a business relationship should agree explicitly and in advance on the norms, standards, and processes they will use to resolve disputes that may arise. To ensure that all relevant stakeholders remain in agreement, it also makes sense to revisit these dispute-resolution provisions when individual family members enter, leave, or invest in the business. Finally, when planning to manage business and family, keep in mind that you may face special legal and financial issues, such as inheritance law, tax implications, nepotism, and divorce or antitrust concerns.

Adapted from "All in the Family: Managing Disputes with Relatives"
By Frank E.A. Sander and Robert C. Bordone, *Negotiation*, March 2006

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