

**MULTI-VARIABLE,  
MULTI-STAKEHOLDER  
NEGOTIATIONS**

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In my day-to-day work in which I spend a lot of time talking to clients about their negotiations, I have noticed one recurring theme – that of negotiation with multiple stakeholders, and how to manage the complexities that this naturally brings. But before we consider some of the issues around dealing with these types of negotiations, there’s one important point to make – the more stakeholders and complexity there is within your negotiations, the more value that could potentially be created. As skilled negotiators we should be actively uncovering and positively embracing new variables, low cost high-value trading, and multiple stakeholders, particularly if those stakeholders are looking to work collaboratively within the negotiation structure.

Some negotiators believe that hard-bargaining tactics are the key to success, but in fact, negotiators who fall back on hard-bargaining strategies are typically revealing a lack of understanding about the gains that can be achieved in most business negotiations. When negotiators resort to hard-bargaining, they convey that they view the negotiation as a win-lose enterprise. The truth is that only a small percentage of business negotiations concern only one issue, such as price, and therefore can indeed be viewed as win-lose negotiations, or distributive.

Much more commonly, however, business negotiations involve multiple issues and interests. As a result, these so-called integrative negotiations give parties the potential to achieve value creating outcomes, or mutually beneficial agreements. Let’s take a look at some of the issues that need to be addressed in such complex cases.

**Disclosure.** Some people are naturally reluctant to disclose information, feeling that this will disadvantage them. That should lead us to question whether the levels of trust between the two parties are at the level required to conduct this particular negotiation. It is, however, essential. If my counterparty doesn’t know what is important to me and



what I can bring to the party (and vice versa), how can either of us be expected to construct proposals or packages that are appealing? Without the requisite level of disclosure, we are just making proposals in the dark.

**Cornerstones.** In a multi-variable negotiation, it is often useful for parties to discuss which variables need to be progressed first. It may be pointless to discuss more detailed aspects unless the fundamentals have been addressed up front. For example, there would be little sense in discussing whether border posts should be manned unless the British and Irish governments have a common vision of what kind of border they want. This is about the sequencing of variables.

**Sacred cows.** Each party should have the option of declaring a variable that they simply must have in any agreement. For example, consider the question of whether a charity funded nurse is branded in their title. For just such a sacred cow, the charity could open discussions by explaining that any deal must include exclusive use of the charity's nurse's branded title.

**Sample proposals.** In early exchanges it is advisable to test the waters by making a sample proposal (without any specific numbers). Let's use another example. As a private medical insurance company, I could suggest, "If we were to come back to you with a proposal which sought a KPI of the number of patients seen with the holistic assessment commitment from you, in return for extended contract time for you, is that something you would entertain?" That way, we know what to pair with what and we know it has a chance of progressing the deal - we just need to slot in the numbers.

**Low-cost, high-value.** The exchange of these variables is what really increases the value of any deal. While it is tempting to trade these off against each other in the early exchanges, you run the risk of reaching the final stages of a negotiation and having no more low-cost, high-value to offer up. Think of a negotiation between a retailer and a manufacturing company – early on they agree many variables because they are easy to trade, and then they spend the last minutes haggling over the contentious issues like price. They would have been much better advised to keep something up their sleeve to close the deal out.

**Understanding why.** If I have a clear understanding of why something is important, I have a much better idea of how it can be addressed. Example: if a privately outsourced healthcare company demands a number of patients treated data set and the NHS has a policy of not sharing that specific level of data, then there is the potential for deadlock. But if I understand that the company wants patient data because they fear not being able to evaluate the appropriate resource and effectiveness, I can come up with other options – joint planning and evaluation meetings for example. That gives them the information they need but doesn't infringe my data sharing policy. This is the difference between understanding interests and positions.

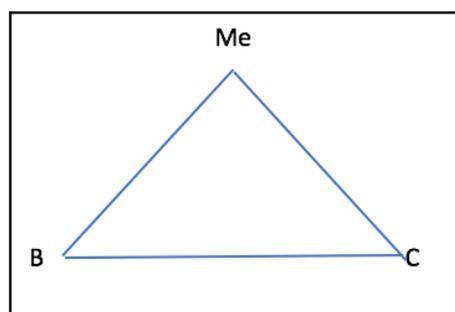
**Creating options.** A multiplicity of variables allows me to create various packages and present options to my counterparty. This generates satisfaction because it simultaneously creates the illusion of choice for them. For example, as a recruitment company, we could offer an increased level of initial recruitment support in return for an exclusive deal. Or we could reduce the level of recruitment support for collaboration with other recruitment companies. The more variables we have at our disposal, the more packages we can create.

**Alternative Currencies.** This is similar to tangible versus intangible. Any variable which represents the same monetary value to each party is distributive in nature and can therefore prove contentious. If I can re-express that variable in a way that makes it worth different amounts to each party, it becomes easier to trade. For example, homecare drug delivery company demands exclusivity on a drug. As the NHS I might go back and offer several therapy areas instead of exclusivity on any particular drug. The maths would need to stack up in terms of the responding offers when considering the needed outcomes.

If that is a summary of the issues concerning multiple variables, then we must now consider those that surround multi-stakeholder negotiations. The presence of multiple parties presents a number of additional considerations.

**Power.** When there are only two parties, the power equation is a simple binary one. If I hold 30% of the balance of power, by definition, my counterparty holds 70%. In multi-party negotiations, this becomes more complex. Two parties together can hold a greater share of power than the sum of their two parts, for example if Plaid Cymru had won a couple of seats more in the last election and the DUP had won a couple less, they could both have held the whip hand over Mrs May.

**Alliances.** In any multi-party negotiation, our interests will almost certainly be more aligned with one party than with another. We may want to resolve our differences with that party early in order to present a united front to the other parties. That is about the sequencing of conversations we are having with both B & C individually. We also need to



think about what they are talking about between themselves and what that means for us. Equally, if we want something from B but cannot get it immediately, we may have to offer something to C on the condition that he/she does something for B so that B is then in a better position to give us what we want. This is obviously more complicated if there are four, five or more parties.

Multi-stakeholder negotiations can seem daunting. However, if your strategy is for a collaborative negotiation then consider in the complexity there is also an opportunity to maximise value. Embrace multi-stakeholder negotiation, remembering to plan and prepare with regards to relationships, alliances and power balance. Multi-variable negotiation is the key to maximum value creation: look for creative proposals and opportunities, working with your counterparties to unlock low-cost high-value tradable items. Business negotiators should negotiate by brainstorming creative solutions, identifying differences in preferences that can be ripe for trade-offs, and building trust. In that way the maximum mutual value can be created for ultimate negotiation success.

