
Juice and Cake?

(The Power of Integrative Negotiation)

By Lothar Katz

Your two young daughters come to you, each asking for an orange. Problem is, you have only a single orange. What are you going to do?

In MBA classes and negotiation training workshops around the world, this question is very popular. As it happens, the most common answer suggests to “split the orange in half.” A classic compromise, this practical-but-not-overly-satisfying approach leaves, as compromises inevitably do, both sides short of meeting their objectives, in this case, of getting their orange. After all, while “splitting the difference” may seem fair, it usually does neither side justice. “But there is no (immediate) alternative here!”, you think? Well, read through this extension of the story:

Rather than splitting the orange in half, a mother confronted with this situation asked both of her daughters what they planned to do with the orange.

“I want to make orange juice!” responded one of them. “I want to bake an orange cake!”, the other shouted. “Great!” said the mother, “then you’ll both get what you want.”

[A note for the kitchen-dyslexic among us: making orange juice means you only need the fruit flesh, while the peel is all that is required for orange cake. Accordingly, the two girls can happily share the single orange.]

“Powerful story, but this example is pretty far-fetched,” you say? I respectfully disagree. The underlying principle, called “integrative negotiation,” outlines a practical and promising approach to real-world situations. It does so by concentrating on interests and aiming to identify ways to create additional value (“expand the pie”) between the parties. By focusing on WHY rather than WHAT and searching for options for mutual gain, negotiators who employ this strategy create a collaborative spirit and frequently reach agreement faster.

This is unlike “distributive negotiation,” which is based on the assumption that winning something means the other side must give it up (“win-lose negotiating”) and often leads to competitive, sometimes controversial, interactions.

The real world tends to be a bit more complex than in our story here. One reason for this is that we humans rarely state clearly what it is we want—sometimes we don’t even know. For instance, how often have you heard “I need a better price,” only to find out later that what the other person really wanted was either lower cost (not the same thing!) or an altogether different product or service. How often did someone tell you what mattered most to him or her was “a reasonable price” where the person ultimately turned out to be motivated by superior prestige or performance? Left unexplored, such statements tend to become roadblocks that lead to negotiations becoming heated and charged with unpleasant emotions.

As a strategy, integrative negotiation allows you to overcome such roadblocks. A simple set of information exchanges designed to identify interests, such as “Why do you need a better price?” “Because we have a certain budget and cannot exceed it.” “Are you willing to consider other ways to meet your budget constraints?” “Sure.” opens doors to discussing the cost of shipping/ installing/training/maintenance, for example, and creates room for reaching an agreement that satisfies both sides. Moreover, since positions play less of a role with this attitude, it becomes easier to keep cool and “separate the people from the problem,” even when the two sides are initially poorly aligned and some stated positions seem outrageous.

We all know that in life, things are rarely black and white. The same is true here: most real-world negotiations include both, distributive and integrative elements. When working inter-nationally, you may also notice certain cultural preferences towards one or the other. People in Sweden or Finland, for example, commonly prefer integrative approaches, while their Russian neighbors may show a bias towards distributive win-lose exchanges. When preparing to negotiate, you will want to factor such aspects into your planning.

No matter where you are, one thing is certain: interpreting people’s positions as invitations to identify their real interests promotes cooperation much better than digging in your heels and trying to force your counterparts to accept what you want. More often than not, the latter merely yields foul compromises and hurt feelings.

What do *you* like better: getting half an orange, or enjoying your juice/cake?

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