

A Sumbiosis Think Piece

Managing Relationship-Related Issues in Negotiation: An Experience in China

INTRODUCTION

When we started leading negotiation training courses in the Middle East and in Asia, we asked ourselves whether what we teach (principled negotiation) – and in particular what we say regarding the management of relationship-related issues in negotiation – was applicable there.

As far as China is concerned, we did not train only our clients but also the trainers and account managers of the local partner of the European Negotiation Center: LCL Business Consulting & Training Co., Ltd. During the introductory workshop we lead for them in June 2013, we made an interesting experience.

EXPERIENCE

According to the principled negotiation method, one should:

- disentangle relationship and substance;
- deal with relationship-related issues independently from issues of substance, and address them differently (be hard regarding the substance¹; but concerning the people you are talking with, treat them correctly, politely and respectfully);
- tackle relationship-related issues first.

We discuss these principles in particular when we debrief an exercise during which participants negotiate a conflict between a franchise business (a worldwide chain of fast food restaurants: Fast Food Inc.) and a franchisee. In this exercise, one participant plays the role of Fast Food's CEO: Alicia Burger; another participant plays the role of Fast Food's franchisee in Barcelona: Max Latruffe.

The main issue of substance is about standardization and flexibility: Fast Foods' business model is based on uniformity (same menus and visual identity all over the world), whereas Mr. Latruffe wants to have at least a certain degree of freedom to innovate. There are several relationship-related issues, the most crucial one being that during a meeting of the European franchisees, Mr. Latruffe spoke badly about Ms. Burger to his colleagues behind her back – and in the meantime, she heard about it.

In the Western world, we often notice that negotiators immediately start discussing issues of substance. Even when they begin with small talk, they very quickly make one or two small and "innocuous" remarks with the intention of influencing the other party for the later part of the discussion

¹ Make all the efforts you can to create mutual gains and reach an agreement that truly satisfies both parties. At the same time, do not make unilateral concessions. Refuse to sacrifice your legitimate interests and/or to accept unfair proposals; if forced to do so, have a plan B ready allowing you to walk-away.

(e.g.: Mr. Latruffe invites Ms. Burger to taste one of the new meals he has added to the menu, actually in violation of the franchise agreement...).

We also regularly notice that negotiators find it difficult to address relationship-related issues (disappointment regarding the behavior of the other party, loss of trust, etc.). They tend to try resolving issues of substance without talking about such touchy topics.

As we always do, we recorded the LCL participants on video while they were negotiating. Although we lead the workshop in English, in one room, the participants started to speak Mandarin and switched to English only after 4 or 5 minutes. When we debriefed the exercise with the whole group and watched the beginning of this video, we could not understand what the participants were saying. We noticed however, that according to facial expressions, body language and vocal tones, the discussion seemed to be extremely friendly, polite and respectful (although, in the story, Ms. Burger and Mr. Latruffe are quite angry at one another!). We therefore asked the participants to summarize the content of the initial discussion. We also asked what they had been trying to do during those first minutes. As could be expected, they answered that according to the Chinese culture, both sides had aimed at nurturing a good relationship. They themselves said: "You have told us that one should strive to build a good working relationship independently of substance. This is exactly what we did."

Probably because the workshop was held in English, on two occasions, the participants used one English word in the middle of a sentence spoken in Mandarin. The first word was "innovation"; the second one was "family". When we heard the word "innovation", we stopped the video and asked what the whole sentence was; answer from the participant playing the role of Mr. Latruffe: "Oh, I just said that innovation was one of the major drivers of business success"!... We again stopped the video after hearing the word "family" and asked what the whole sentence was; answer from the participant playing the role of Ms. Burger: "Oh, I just said that Fast Food Inc. was like one big family"!...

In both cases, we asked the participants on the other side of the table whether they had noticed the "innocuous" comment and suspected what the reason behind it was. They said, "Of course yes", and the whole group laughed.

From all participants who made the exercise, none mentioned the incident of Mr. Latruffe speaking badly about Ms. Burger to his colleagues behind her back – neither at the beginning, nor later during the negotiation. We of course also discussed that with the group during debriefing – and emphasized one paragraph in the instructions given to Mr. Latruffe:

"During the last European Franchisees Meeting that took place one month ago, you talked to some of your colleagues and quite bitterly complained about the company in general and about its management in particular. At least some of them woke up and agreed that you had a point. (Thinking about it now, you recognize that it might have been wiser to speak to Alicia Burger first.)"

At the beginning of this discussion, participants gave two reasons explaining why, in China, one would not openly address such a hot, relationship-related topic:

- "It is enough for Ms. Burger to show through her attitude during the negotiation that she is the boss, staying way above such trivial incidents."

- "It is enough for Latruffe to maybe say something like: Yes, Ms. Burger, I said something – but I did not actually criticized you".

However, following this, two participants in the group made the following remarks - which would certainly apply anywhere in the world:

- "If the topic would be addressed at all, in China, it should not happen in front of other people; Burger and Latruffe should talk privately about it."
- "In China, the worse would be if Burger would hear about the incident from somebody else".

We did ask the participants, what would happen if they would talk badly about the partners of their firm (LCL) behind their back. Again, they all laughed and one of them said, "I guess, we would be in trouble".

Finally, we explained that in our view, when someone has been hurt by the behavior of the person he or she is negotiating with, it creates something like a mental and emotional "wound". If that wound is not addressed and "cleaned", it tends to get worse – making much more difficult to resolve the issues of substance. The participants seemed to agree completely.

CONCLUSIONS

Based on this (admittedly non-representative) experience, we draw the following conclusions:

1. When negotiating, Chinese participants have the same difficulties as in the Western world in totally disentangling relationship and substance. Even if they say that they focus on nurturing the relationship, while they talk, they actually try to score points and push their interests. When they do this, the other party detects the maneuver immediately – which creates tensions at the relationship level.
2. When negotiating, Chinese participants claim that they should not and would not address relationship-related issues, because it would be too confrontational. They are however fully aware, as in the Western world, that such problems can spoil a negotiation. However, our feeling is that, compared with what we see in Europe for instance, they are more reluctant to address them (and maybe – as a legacy of the Cultural Revolution – less skilled at doing it).