

Some Thoughts About Negotiation in the Business-to-Business Environment

Supplier-manufacturer and manufacturer-retailer relationships are quite often adversarial. In many cases, the players on the one side try to increase their strength through mergers and acquisitions, the formation of alliances or by building up a monopolistic position on the market. As soon as the balance of power shifts in their favor, the stronger are tempted to wring unfair concessions from their weaker counterparts. The victims of course fight back until they succeed, sooner or later, in reversing the situation. The whole game then starts the other way round!

Such lose-lose strategies generally lead to an enormous waste of opportunities. As a matter of fact, business partners in an adversarial climate are not in a position to streamline their business processes, reduce costs on both sides, create opportunities jointly and ultimately increase the volume and profitability of sales to end-users.

Although exploiting power may seem to be advantageous in the short term, it tends to be self-defeating in the long term. It is by far preferable for partners on both sides to aim at:

- * combining their capabilities and resources in a way that will enable them to maximize the satisfaction of end-users;
- * resolving their conflicts of interests in a way that both will ultimately consider as being legitimate and fair.

The negotiation strategies followed by two business partners has a determining influence on the quality of their working relationship. When either one or both take extreme positions, try to dictate the terms of the trade, or threaten to break off the relationship in order to obtain concessions, a constructive and sustainable collaboration quickly becomes impossible

Business partners in the B2B environment should better apply the strategy of principled negotiation that was originally developed in the framework of the Harvard Negotiation Project. This strategy is based on the following precepts:

- * Be trustworthy in order to build trust.
- * Focus on interests, not on positions.
- * Consider many possible ways to meet the interests on both sides or to combine skills and resources to maximize end-user satisfaction – and: invent first, decide later!
- * Where interests conflict, insist that the result be based on some fair standards independent of the will of either side.
- * Know what you will do – and consider what the other side may do – if you do not reach an agreement together.

In some cases, it may be worthwhile for two business partners to ask a negotiation process consultant to assist them in discussing how they could best work together.