

Power vs. Trust

	<u>Power Game</u>	<u>Trust Game</u>
<u>Modus Operandi</u>	Create fear	Create trust
<u>Guiding Principle</u>	Pursue self-interest	Pursue what's fair
<u>Negotiating Strategy</u>	Avoid dependence by playing multiple partners against each other Retain flexibility for oneself only	Create interdependence by limiting the number of partnerships Both parties make investments, which lock them in
<u>Communication</u>	Primarily unilateral	Bilateral
<u>Influence</u>	Through coercion	Through expertise
<u>Contracts</u>	Formal, detailed, rigid, short-term Use competitive bidding frequently	Informal, general, flexible, long-term Check market prices occasionally
<u>Conflict Management</u>	Reduce conflict potential through detailed contracts Resolve conflicts through litigation	Reduce conflict potential by selecting partners with similar values Resolve conflicts through arbitration or mediation

Source: Nirmalya Kumar, *The Power of Trust in Manufacturer-Retailer Relationships*, Harvard Business Review, November-December 1996