Four Reasons Why Internal Negotiations Are Harder Than External Ones

Don't assume colleagues will help you out just because you're on the same team.

Jessica thought it would be easy to borrow two members of David's team for a four-month project she'd been asked to undertake on behalf of the board. As senior managers of similar rank and responsibility, she thought he'd understand her resource constraints and the enormity of the project at hand. She'd also seen a lot more of David in his office recently and put that down to him being less busy than usual.

She set up a coffee meeting and gave David a brief overview of the project before getting to the crux of the issue. But when she asked him if she could borrow his resources, she was surprised by his annoyed rejection. David explained that he was struggling to finish multiple projects and refused to discuss it further. He'd been in his office more than usual because he was tied down managing multiple teams and delegating assignments so he could focus on reporting to the board. It was a firm "no" and Jessica was back to the drawing board, the relationship slightly bruised from the interaction.

Internal negotiations – those between parties inside an organisation – are often expected to be easier than external ones but the reality is that they're often much more difficult. An internal negotiation has additional considerations and challenges that are underestimated. Colleagues are more likely to think their aims and objectives are similar, which will open doors for their internal negotiations.

Why internal negotiations fail

There are four main hurdles to successful internal negotiations, which can be overcome by framing them differently.

Jessica made the first mistake of internal negotiations: **underpreparing**. Most people fail to see their internal meetings as negotiations. She assumed that an informal meeting without much background research on David's activities or challenges would suffice. She also assumed he was less busy than usual and failed to test this assumption. Jessica should have considered potentially conflicting objectives. Despite being colleagues or even working in the same department, different parties can often be bound by conflicting interests or even divergent career aspirations. If she had been negotiating with an external party, she would have come prepared with an idea of her counterparty's objectives and constraints. She wouldn't have automatically assumed a partner's willingness to accept certain conditions without first discussing their concerns. Neither would she have approached the matter in such an offhand fashion.

This leads to the second main reason why internal negotiations often flounder and that's **a failure to consider a stakeholder's unique and potentially conflicting interests**. Most people assume or unconsciously hope that their counterparty will naturally see how their request works for the greater good of the organisation and quickly concede to their request. Internal negotiators often have conflicting views and perspectives on the organisation, its direction and priorities. These views are coloured by the parties' unique KPIs, which may be created to generate a healthy tension within organisations so that different departments balance one other out. However, such KPIs can also be created with a narrow view of the organisation in mind; for example, Finance personnel only care for finance-related goals, while Marketing personnel only care for marketing-related goals. The extent of inter-organisational competition for resources and budget cannot be underestimated.

Thirdly, internal negotiators often **suffer from long-term assumptions, perceptions and rumours about one another**. When you have been in an organisation for many years, it is natural to have some history with some of your colleagues or to have heard rumours or gossip about them. Such previous direct or indirect information could be: "David always helps me get things done." or "Jessica is always asking others for extra resources, but rarely shares her own." Such perceptions, grounded or not in facts, can create a rigid image of our colleagues in our minds. For example, David may have had plenty of free time or an ulterior motive at a time when others asked him for help. Jessica may have once rejected someone's request only to be labelled as selfish. As a result, we have no incentive to properly invest in such relationships. We either give up on them or take them for granted. Our perceptions of others may have been fixed at a particular time and now they prevent us from creating new opportunities for our colleagues to show us that they have changed or that we were wrong about them from the start.

Fourth, there is often a **zero-sum mindset in internal negotiations** that stems from parties perceiving that they are fighting internally for limited and thus zero-sum internal resources, such as status, money, attention from management, etc. With this mindset, it's easy to wind up in an "us vs. them" mentality, perceiving each other as enemies or threats, believing value creation is not possible and adopting a win-lose attitude. As such, it is not uncommon that disputes are settled based on power, authority arguments, coalitions or alliances or even escalation. This is quite unfortunate since resources are generally not as limited as initially perceived and can usually be expanded, with the right collaborative strategies and value creation techniques. But first, negotiators need to appreciate that the correct framing of a negotiation can put them in a positive-sum game and generate superior average returns.

While in external negotiations there are times that if you do not reach a deal, you can just move on to your alternative or best alternative to a negotiated agreement (BATNA),but in internal negotiations this is a much harder thing to do. Your organisation is unlikely to have two departments responsible for the same resource so that if you are denied that resource, there is nowhere left to turn. This **lack of alternatives** increases the internal negotiation tension and causes mini-monopolies to emerge inside a firm. Not only do such monopolies have a higher temptation to use their power, because the counterparty cannot walk away, they also have rules and regulations that diminish the incentives to find creative solutions. It is important not to act like a monopoly but to lead by example. Also consider what could motivate your colleagues to help you find creative solutions that encompass their own interests to discourage them from resorting to the monopoly mindset.

Take marketing and finance as an example. There is rarely a marketing executive who wants to constrain budgets, but finance executives are often ranked on how well they can optimise spending. It is hard to square the two parties in this situation.

There are also egos to contend with. Jeff, an engineer, wanted to increase his development budget for building equipment his firm was manufacturing. But budgets were diverted to marketing to increase sales. "Marketing is rubbish," Jeff said. "If we spent more money on making quality products, they'd sell themselves."

When negotiating externally, parties focus on creating value to satisfy both sides' unique interests, or even to develop a long-term partnership. They understand that they need to work hard to make these happen. Although they have different interests, time is spent analysing both parties' interests and which ones align to further the negotiation. Internally, organisational egos can often clash. Negotiators often believe there can only be one alpha.

It is easy to be lulled into thinking that consensus building among internal stakeholders would be easier when working at the same company. It is important, therefore, to be aware of the internal negotiation pitfalls and devote the necessary resources to these meetings. Under-preparation, failure to consider stakeholders´ interests, failure to reinvent relationships with your colleagues, falling prey to a zero-sum or monopoly mindset are all surmountable hurdles.

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