
Common Goals Not Necessary for Win-Win Negotiations



By [Horacio Falcao](#) , INSEAD Senior Affiliate Professor of Decision Sciences

Negotiators often develop the wrong impression that common interests between the parties are the cornerstone of a successful win-win negotiation.

While teaching value negotiation recently, a student of mine asked, “for a win-win outcome, don’t you need interests to be well-aligned or at least have common interests?”

Well, “yes and no”, I replied. If two negotiators both want a certain project to succeed, then maybe sharing that common interest will facilitate a negotiation about how much money or time each of them should invest. However, if they both have the common interest of making more money, but find themselves differing on ways to get there, this "common" interest is actually a conflicting interest, but that doesn’t mean they can’t still find a mutually beneficial solution.

As I wrote in [my last post](#), wringing all you can out of a negotiation at the expense of your opposite rarely yields more long-term opportunities. More collaborative solutions are increasingly sought after, so negotiations should

be looked at as momentum building exercises. A good value negotiator looks for common interests, but as only one ingredient for value creation.

Negotiating the win-win way

Win-win negotiation strategies are not about trying to achieve a particular mutually beneficial outcome. Instead, the parties should appreciate that their task when they choose to negotiate win-win is to uncover and accept all of the interests on the table and design options that will appeal to all of the interests. We cannot make an interest common or uncommon, but we can design an option that satisfies the interests, much like a tailor wouldn't try to adjust the body of his customer, but cut a suit to fit him instead.

All negotiators come to the table with a set of interests, which usually fall into three buckets; common, different or conflicting. When approaching common interests, look for mutual gain to build economies of scope or scale. Leverage the fact that both sides want the same thing and work out how you can both lay a path to the outcomes you want. For example, we both want our joint venture to make more money; one party is very good with the production, while the other is good with the distribution and sales of the product. In this instance, the parties coming together could look at an option that puts their strengths together to achieve what neither could do alone. Alternatively, the parties in the joint venture could jointly negotiate for raw materials, such as securing a higher volume and thus a lower unit cost and potential for becoming a priority client..

If you have different interests, the parties can trade. For instance, one party wants to work in the management of the venture full time and give up a day job. The other partner doesn't want to work there, but is willing to invest more financially. If the venture needs a manager, now it's a matter of working out the adequate compensation for the party investing more time.

When it comes to conflicting interests, the parties need to be more creative, but not necessarily adversarial. Usually, conflicting interests are just different interests disguised as deal breakers. As I teach my students, there are multiple nuances even for the simplest things. Take money, for example. One party might want more and the other will think that means less for them. But modes of payment, e.g. lump sum versus installment, assets versus cash, currency A versus currency B can make a significant and relevant difference and a potentially conflictual situation more palatable to the other party's stakeholders.

As I wrote in this [previous post](#), even take-it-or-leave-it job offers can be negotiated. It might be that the seemingly non-negotiable offer is only limited to salary. In that case, work around the headline salary with other potential areas of compensation or reward. Perhaps you can get the firm to agree to a bonus component if you outperform to a certain degree. Negotiation theory calls this a contingency option, a good alternative to a conflicting interest.

Take the recent negotiation between the US and Iran over reducing Iran's nuclear capabilities in exchange for sanctions relief. While they did have some common interests; an economically stronger and more developed Iran, they differed widely over how much to constrain Iran's uranium enrichment capability and what sort of inspection regime it should follow. But they were able to construct a mutually acceptable solution/option when they agreed that inspections would be under a "managed access" regime and sanctions would be instantly re-imposed if Iran violates the agreement.

Interests are not the solution, they are the challenge. Thus, while performing a good value discovery process and eliciting as many interests as one can is usually associated with a successful value creation exercise, understanding the interests is the first step in framing the challenge so that the parties can craft and tailor options to satisfy them.

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