

William Ury
2013 National Leaders' Webcast

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Let's shift gears now and move your leadership forward today. For the next 20 minutes or so, we're going to hear from William Ury, one of the world's foremost experts on conflict negotiation. I had the privilege of interviewing Dr. Ury who actually co-authored the textbook on negotiation that I studied at the Harvard Business School.

In this interview, he described different practices that he has developed in helping leaders negotiate the challenges we all face when managing through differences. William Ury's interview is classic Summit - meaty, substantive, and full of practical application for leaders everywhere. So take a look at this interview with Dr. Ury:

[applause]

So Bill, you've dedicated an entire career to helping people bridge this disagreement gap, conflict resolution. How did you get started in this? Why did you give yourself to this?

Well, Jim, I grew up in the Cold War, under the shadow of what we called the Bomb. And I could never understand why - because of a conflict between two countries, however important - we were willing to put at risk all of humanity, perhaps all of life itself. And as an anthropologist, I see that at this moment, if we were to look back 1K years from now at this moment in human history and say, this is the moment of the human family reunion. It's a time when all the tribes on the planet, all the language groups, all 16K of them, were all in touch for the first time, thanks to the communications revolution, thanks to events like this one where we've got people from around the planet linked together.

And the question to me is, like many family reunions, it's not all peace and light. There's some injustice. There's some inequity. There's some resentment. And the question is how do we learn to live with each other? How do we learn to deal with our deepest differences? That's the question that I've devoted my life to.

And why do you think this topic is relevant for everybody? Some might say, I'm not a negotiator. This is not for me. You beg to differ. Why?

I do. Because I see negotiation very broadly as the act of back and forth communication. You're trying to reach agreement. You have some interest which you hold in common, like an ongoing relationship, and you've other interests which are in tension.

Now think about it for a moment. Think about your own lives. Think about who you negotiate with in the course of your day - your family, your spouse, your kids, your parents. You go in the workplace - your colleagues, your associates, your Board, your congregation, vendors, constituents, governments. Think about if you had to make a ballpark estimate, think about how much time you spend engaged roughly speaking in the act of back and forth communication trying to reach agreement on some issue however small.

Just a ballpark figure, what's a percentage? How many of you would say it's at least 25%? Put up your hand if it's at least 25% of your time you spend back and forth in that process. I see a lot of hands go up.

Keep your hands up if it's over half of your time.

Whatever your percentage is, we're negotiating literally from the time we get up in the morning to the time we got o bed at night. We may not think of it as negotiation. And if you think of say, the 10 most important decisions you had to make in the last year, the ones that really affected your church, your organization, how many of those could you just make by yourself unilaterally, and how many of them did you actually have to make with someone else through some process of sharing decision making, something we might call negotiation?

I think most of them, maybe all of them. So negotiation has become the preeminent process for making decisions, whether it's in family, in church, in work life, in the larger community. And that's why negotiation is so central. It's maybe the core competence for leadership.

I couldn't agree more. I think you mentioned in your book also that today we have flatter organizations. And so people don't always have authority over the people that they need to do some things with. And so they have to negotiate across department lines with other vendors, outside service providers, whatever. And when they can't do that, everything breaks down.

To get our jobs done nowadays, we're literally dependent on dozens, 100s, 1000s of individuals over whom we exercise no direct control. If we're going to get our jobs done, if we're going to be successful, we need to negotiate.

And I thought it was very interesting that you say the goal isn't the elimination of conflict, because you actually say that conflict can be constructive. Talk to us about that a little bit.

Conflict isn't necessarily something bad. It's something natural. We need conflict in life. No injustice, no unfairness in the world ever gets addressed without some kind of conflict. In business, competition is what makes it work. In politics and democracy, we need to hear lots of different views that are very different.

So the choice isn't about eliminating conflict. The choice is can we deal with the conflicts in a constructive way through honest dialogue, negotiation, trying to reach solutions that work for everyone? Or are we going to do it through destruction?

So let's get right to that. In your experience, what is the thing that is the greatest obstacle to success in negotiation?

Interestingly, in the more than 3 decades since Roger Fisher and I collaborated on *Getting to Yes*, the thing that struck me the most, the single biggest obstacle to us getting what we need in a negotiation, is not what we think it is. It's not that difficult person, the difficult Board member, the difficult congregation member. It's not that person.

It's right here. It's ourselves. We are the biggest barrier to us achieving success. Because it's a very natural, human, all-too-understandable tendency to react. In other words, to act without thinking.

As the old saying goes, when angry, you will make the best speech you will ever regret.

I mean, think about this in terms of email nowadays, because a lot of it is handled by email. Email is maybe a good way to communicate information. But we see an email that makes us angry. The most tempting button on that screen is reply. You just that instant satisfaction. What's worse is you hit the reply all button and then everyone gets that email. And you start to see conflicts escalate.

The most important button on that screen is the one that we never use, the one that says save as draft. Write it. Then you go for a walk around the block. Talk to a friend. The key foundation of successful negotiation is the ability - I use the metaphor of going to the balcony. It's almost as if you're negotiating on a stage.

Part of your mind goes to a mental, emotional, spiritual balcony, some place where you can get a larger perspective, a place of clarity as Patrick was just mentioning. A place of clarity where you can keep your eyes on the prize. Why are we here? What are we really trying to achieve? And that's what's key.

If I could just give you a personal story just for an example. A number of years ago I was working in the country, as you mentioned, of Venezuela. There were 1M people on the streets calling for the downfall of the President, president Chavez. 1M were on the streets for him. The country was bitterly polarized. And I was involved as a 3rd party working with President Carter, actually.

And at one point, I had a meeting with the President. 9 o'clock, he liked to work at night, in his presidential palace. I go there, and I wait patiently. 9:30, 10, 10:30, 11. Finally at midnight, I'm ushered into see the President, expecting to see him alone. In fact, he's got his entire cabinet behind him. He says, so, Bill, how have things been going?

I said, well Mr. President, I've been talking to your government ministers. I've been talking to the opposition. Seems to me you're making some progress.

He said, what do you mean, making progress? You're not seeing anything. You're being fooled. You're just totally naïve. You're not seeing what the other side is doing. They're traitors. And he leaned into my face, very close, much closer than I am to you right now. And he started to shout at me for approximately 30 minutes.

Now I'm there, and I'm thinking -

Did he have a machete?

Almost. I'm there, and I'm thinking, I'm not naïve. You're feeling embarrassed, on the spot, all this work has gone down the drain. Your mind is going through that. And then I remember, wait a minute, I'm just about to get into an argument. I say, wait a minute. Is it in my interest to get into an

argument with the President of Venezuela? And I was able to just go to the balcony. And I pinched the palm of my hand. Give me a little bit of pain to give me alert.

And I said, no. I'll just listen to him. So I just listened to him. And after 30 minutes, you can only go on for so long if someone's not feeding fuel to the fire, after 30 minutes his shoulders kind of sagged a little bit. And in a little weary tone of voice, he said to me, so Ury, what should I do?

And I said, Mr. President, I think the entire country needs to go to the balcony. Because it was almost Christmas. The previous Christmas all the festivities had been canceled because of the conflict. I said, give everyone a break. Let everyone go, spend Christmas with their families. We'll come back in January. We'll resume the conversations then.

He said, that's a great idea. In fact, while I'm going around Christmas seeing the country you should go with me, see the country. But wait a minute. You're a neutral. No problem. I'll give you a disguise.

A disguise!

But what I learned from that is maybe one of the greatest powers we have in negotiation is the power not to react. It's the power to get centered again on the balcony, remember what we're trying to do, and that's the power of successful Getting to Yes.

No, I think that's true. So those are some of the things that prevent us from negotiating well. Ourselves kind of being the first on that line. What are the 4 things, the most significant things, the skills that we need to get good to be able to negotiate well?

You've got to focus on the people. We're human beings. We've got to negotiate with human beings. We've got to focus on their interests, their underlying needs. You've got to be creative, come up with creative options to address the needs of all.

And then fairness, objective criteria. How do you resolve issues that can't be resolved easily?

Let's talk about that first one. Let's unpack each one of those a little more deeply. The first one about people, separating the people from the problem. Talk about that.

The two most maybe common mistakes we make around this is that person is really important. It's a key customer. A key congregation member. We end up being soft on the people. And in being soft on the people we end up being soft on the problem. We end up not solving the problem at all.

Or we make the opposite mistake. We think because we've got a real hard problem, we've got to cut costs here, we're hard on the problem, we end up being hard on the person. And the people get in the way of dealing with the problem.

What you find successful negotiators doing is they almost like they draw a line in the middle of their head between the people and the problem. So that simultaneously they can be soft on the people while they remain very hard dealing with the problem. In fact, the harder you need to deal with that

problem, the softer you're going to need in dealing with the people if the people, their emotions, their egos, their personalities are not going to get in the way of dealing with that problem.

Soft on the people means listening. There's a reason why God gives us two ears and one mouth. It's to listen at least twice as much as we talk. It's to put ourselves in the shoes of the other side. If someone were to say what's the most important skill you need here, it may be that ability to put ourselves in the shoes of the other side. Understand how they feel. Understand what it's like to be in their shoes.

Because after all negotiation is an exercise in influence. You're trying to change someone's mind. How could you possibly change someone's mind unless you know where that mind is.

And respect. The ability to show respect, which you often do by listening, to me is totally undervalued. The cheapest concession you can make in a negotiation is to give someone basic human respect, to listen to them. Because it costs you nothing. And it means everything to them.

I remember resonating that with so much when I read that book some years ago, because as Christians, one of the fruits of the spirit is kindness. You don't want to be unkind to people. So we struggle with being soft on that person and that also making us be soft on the issue, so when you separated that out, oh I can be kind to the person, and viciously hard on attacking the problem, and I'm not being unkind to the person, it really resonated with me. It changed a lot of my conversations and negotiations with people along the way.

That's it. Because essentially what you're trying to do is you're trying to change the game from face to face confrontation, where you're enemies staring across the table at each other, to where you're both metaphorically on the same side of the table, side by side, tackling the problem together.

But there's no reason not to be side by side and addressing the problem at the same time.

Okay, the second one, focusing on interests, not positions. Unpack that one.

Sure. Most negotiations, they revolve around positions. The things we say we want. The dollars and cents, the terms and conditions, the concrete things. But actually what you're trying to do in a negotiation is address the underlying interests, needs, or desires, or fears, or aspirations that people have. And the key in negotiation is always to probe behind positions for what the underlying interests are.

Too often we end up with positions like the two kids who get into a quarrel about the orange. They each want the orange. Find we'll cut the orange in half. And one child takes her half, peels the fruit, and eats the fruit. The other one takes her half, peels it, throws away her fruit, and uses the half the peel for baking a cake.

In other words, we end up with half a peel for one, and half a fruit for the other, when if we had thought about what the underlying interests were, which were cooking and eating, we could have

ended up with a whole peel for one, and a whole fruit for the other. So the key to negotiation is to always ask the question why. Why is it you want that?

Behind that position, help me understand what your needs are. That's what successful negotiation is about.

The next one, developing multiple options. Why is this so critical in the process?

Because the thing we bring to a negotiation is our ability to be inventive and creative. And once we have those interests, then we can come with creative possibilities, because it may seem like on the level of positions everything is opposed. But if we can look behind those positions for the interest, then we can ask ourselves, there may be many ways of doing that.

Let me give you an example from international relations, from Jimmy Carter. When he was President, Egypt and Israel were at war with each other over the Sinai Peninsula where Moses received the commandments, that huge piece of desert. And Israel was occupying the Sinai. Egypt wanted it back. That was their position.

Israel was saying, we're only going to give you part of it back. We'll keep a third, a quarter. Where is the line going to be. It was all about position. But at Camp David there, what they were able to do is look behind those positions to ask what are the underlying interests. To the Egyptians, why do you want the whole thing? Our interest is sovereignty. The land has been ours since the time of the Pharaohs. We want it back.

How about the Israelis. Security. Egyptian tanks have rolled across the Sinai and attacked them. They didn't want that happening again. So instead of just dividing it up somehow, they came up with the idea of how do we get the Egyptian interest in sovereignty at the same time the Israeli interest in security?

Someone came up with a creative idea, which was how about de-militarizing the Sinai so that the whole Sinai, the whole peninsula goes back to Egypt. The Egyptian flag flies everywhere. But Egyptian tanks can go nowhere.

So Israel got the whole Sinai as a buffer, not one part of it. And Egypt got total sovereignty. That's what you're looking for, creative options that meet the interest of all sides.

I actually find this part pretty fun, when you can sit with the other person or organization you're talking to. When you start talking at an interest level and saying, let's just brainstorm some options on how we can meet the various interests. And now both of us, we're like together a team, engaged on trying to understand each other's interest and then get creative and imaginative about different possible ways. And it gets us away from that hard line position that keeps us pretty much - if we have this position, they have that position, the only thing left is to cut it in half.

Instead of that you can focus on meeting the underlying needs that develop that.

That's the key.

Okay, last one here. Let's talk about the power of objective criteria and fair process.

Yeah, because through the inventing process you're taking what so often we see as a fixed pie and the question is so often how much of the pie I get, how much of the pie you get. And through the inventing process, the first question you ask is how do we expand the pie before we divide it up?

But let's imagine now that you do have to divide up the pie. There's certain things like you want that lovely corner office with a view and so does your colleague. Or there's a question of money. More for me means less for you. How do you deal with those situations in negotiation?

Often in a positional process that becomes a question of will. We're not going to pay one cent more. We're not going to accept anything less. And you start to hear the word will in there and ego, whether it's our own personal ego or the organizational ego. And it becomes I'm not giving in. And then suddenly you're faced with a situation where something that you could have resolved in an hour starts dragging out for weeks, months, the transaction costs start to go up, neither side wants to give in. It has a bad effect on the relationship. What's the alternative?

The alternative is to use standards that are independent of each side's will that are based on fairness. Let me give you an example. Two companies I was working with wanted to merge, much like churches, they like to merge. They were two big aerospace companies. And it all made sense on paper, but then it became the question of which CEO is going to become the CEO of the combined company? And where are the company HQ going to be? Because one was in sunny CA and one was 1000s of kms away near Washington, DC.

And no one wants to take all their children and move, teenagers, and all that. And so that's where the negotiations were stuck.

Now they could have handled it, I'm not giving in unless you give it my way. But no, they said, what are some objective criteria of fairness. They said, we're both very obviously skilled successful CEOs. But you're older than me. You're 64. I'm 63. That's the only one we can figure out. So the 64 year old became the CEO until, both companies had a mandatory retirement age of 65. That was fair. For one year, that guy was the CEO. Then the second guy took over. And they said, okay, we'll resolve it that way.

Now how about HQ. And they looked at all the criteria. And they said, well the one that's probably most relevant here is who is closest to the customer base? And in both cases, the largest customer for both companies was the federal government in Washington, DC. So all those executives in sunny CA moved their families,

But what was interesting about was because they resolved it that way, then in the merger all these different departments have to merge - finance, law, HR - they all used that same methodology, basing it on fairness rather than on will alone. No one had to give in to the other side. They just deferred to what was right.

So that worked smoothly. It was a success. And this company has gone on to merge at least 30 other times. They've developed a reputation for merging on the basis of fairness. So everyone wants to merge with them. So that's their key competence. Because no one has to give into the other side. You just defer to something that seems to be fair and objective.

So we agree on the process. And then it's all about implementing that process we agree on.

Yes.

Okay, it's not if you're reading any books on negotiation that you're going to run into an odd term called BATNA. Can you describe what a BATNA is and how is it different than a bottom line?

BATNA was a term we coined at the HBS. It stands for Best Alternative to a Negotiated Agreement. It's your walk away alternative. Before you walk into a negotiation, one of the big mistakes we make, is we don't think about what are we going to do if for some reason we're not able to reach agreement with the other side?

We might think, well that's negative thinking. But it's not. It's alternative positive thinking. In other words, what's our alternative?

Just imagine you're looking for a job. Just take a simple example. And you have one job interview. And you have no idea what your alternative is. You think, I have no alternative. You're going to accept anything that they offer you.

But if you've taken the intervening week and thought, what am I going to do if I don't get that particular job? Maybe I could go back to school, get some training, get another job in another city. You could maybe have another job offer, maybe not so good, but you have that alternative. You're going to negotiate with more confidence because you have a BATNA, because you have an alternative.

So it's always good to go into negotiation knowing what you're going to do if for some reason you're not able to reach an agreement. For one thing, the only way you can measure a good agreement is if it's better than your alternative. And it might seem perfectly obvious, but a lot of times, people reach agreements that are worse for them than their alternatives because they haven't thought them through.

Or they walk away from a deal that's better for them than their alternative. So BATNA is better than bottom line as an indicator, an anchor for us to feel confident, to have some leverage, to level the playing field, to arrive at a fair agreement.

I felt when I started looking at BATNA it was really useful because before you go into the conversation, you spend some time ahead of time preparing and thinking through creatively and imaginatively of all the different alternatives that you would be happy with. And you have different levels of happiness with each of them. But you walk in there with that pre-knowledge to know, if they push here, I've got these interests.

Now I know it's a subtlety, because you say, a bottom line is if I don't get that, I walk. But what's different about BATNA as I learned reading the book is that the position of a bottom line is not imaginative, it's not based so much on real knowledge about the underlying interests. It's I want \$10. If I don't get \$10, I'm going to walk. And I haven't done any preparation going into that to really be knowledgeable about my interests to know if those buttons get pushed I know how to react.

That's it.

So it just opens up the door in terms of being able to reach an agreement instead of walking in and saying, I got to get that number no matter what. And it focuses you on your interests, because your BATNA is your best alternative for satisfying your interests rather than on your position. That's it.

[applause]

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