

Negotiation

Class 11 - Multi-Party Negotiation

Multi-party negotiation is very common and takes a wide variety of forms. Some are extremely complex - e.g., dozens of nations negotiating a treaty. Others are much more mundane - e.g., a family deciding which restaurant from which to order takeout. Most are somewhere in between. There are certain dynamics, however, that are common to most multi-party negotiations. Being aware of these will help you manage your client's experience through the transaction.

Information exchange is more challenging

Naturally, when there are more parties involved, there is more information to be exchanged. Different parties will have different interests. And accordingly, each party will have different reasons for withholding, disclosing or trying to conceal information. The simple process of managing the logistics of information exchange can be a challenge, let alone being challenged by the different motivations for the ways in which parties will want the information to be managed. Sensible negotiators may wish to encourage the group to develop consensus on how information will be exchanged.

Particularly when there is a group of parties negotiating a transaction that has a high amount of integrative potential, the parties may wish to utilize technologies that allow for the central collection of important documents. This could be as simple as a shared Dropbox folder. In more sophisticated transactions there may be specialized tools or online data rooms where information is available for the parties to review.

Coalitions will form

Groups of parties that share the same interests in the outcome of the negotiation are likely to work together to form coalitions in the process of multi-party negotiation. This may simplify the process in that multiple groups will work together as if speaking with one voice. In that sense, it reduces the number of parties involved in the negotiation effectively. It may, however, make the situation more complex, because the formation of coalitions and their work in

pushing forward their concerns may increase the amount of discord among the parties. In any event, coalitions are a natural and almost inevitable phenomenon in multi party negotiation.

Coalition building is a key tactic for the negotiator. A party must be perceptive in recognizing advantages it may gain by aligning itself with other parties in the negotiation. Similarly, by aligning itself with the wrong parties, a negotiator's position may be weakened. A party must carefully select coalition partners.

Power dynamics will arise

Certain patterns often emerge in the process of coalition forming. These will of course most often be driven by the parties' primary interests. But sometimes secondary interests may drive the formation of coalitions. Take, for example, the members of a board of directors preparing to vote on a new chair of the board. Certain members may be aligned on important business issues and how a particular candidate for the chair may handle those issues. But there may be certain personal traits or leadership skills that make another candidate more favorable. Parties that may be aligned on the business issues may see these other factors as more important. In that situation, strange coalitions could form.

Closure may be incomplete

Some parties may get left of out of a final resolution of a particular transaction. For example, certain members of a class who are pursuing litigation against a defendant may decide to opt out for any of a number of reasons. And even if certain parties do not completely opt out of the transaction as a whole, the ultimate resolution may be unsatisfactory yet they have to live with it anyway. That member of the family who voted for pizza for takeout will still be a member of the family even if they end up ordering Chinese.

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