



SOCIETY OF ACTUARIES

Article from:

The Stepping Stone

January 2005 – Issue No. 17



Using the Win/Win Approach to Build Lasting Success

by Richard J. Lauria

Both in business and other interpersonal dealings, a common desire is the building of successful long-term relationships. Such relationships are the foundation of the financial services business. Yet maintaining this foundation is often an elusive challenge for many individuals and organizations. The business media teems with stories where such relationships deteriorate into conflicts, often resolved through difficult and expensive legal procedures. What are the causes of such conflicts, and what can be done by the business community to improve the overall health of its relationships?

Stephen Covey provides answers to these questions in his best selling work, *The Seven Habits of Highly Effective People*. Chapters 4, 5 and 6 discuss techniques to building interpersonal relationships that can be applied to many business situations. I will discuss one of those techniques, the principle of “Win/Win” thinking in this article.

Win/win means an approach that creates a win for all parties involved, when taken from each party’s respective point of view. Win/Win has not occurred if one side does not view the resulting agreement as a win, even if the other party believes that the party in question should view the agreement as a win.

Win/Win does not necessarily imply that a compromise has been reached. Compromise is a lower form of Win/Win where both sides give up part of what they viewed as a “true win” in order to close the deal. There may be an arrangement to be found through patience and creativity that is better for both sides. Such an arrangement may be quite different from the original thinking that each side brought to the table.

Win/Win does not mean just being nice. Such an approach requires a balance of courage and compassion. Courage is required

to honestly state what one reasonably wants and needs from the relationship. Lacking such courage will lead to compromise at best, and being rolled over and taken advantage of at worst. Lacking courage produces a Lose/Win mindset and result. And continually being on the short end of the stick over time will inevitably create frustration and a desire to change or terminate the relationship.

At the same time, compassion is needed to understand the reference frame of the other side to best help meet their wants and needs. Without compassion, the mindset brought to the table is one of either Win (not caring how the other side feels) or Win/Lose (wanting the other side to not get what they want). This often leads to a confrontational situation where both sides are thinking Win or Win/Lose. And if both sides are thinking Win/Lose, then the relationship will likely fester with either one side winning or both sides losing (a Lose/Lose situation). At this point, it may be best for all parties involved to go their separate ways, as the relationship is often beyond repair.

Note that there are situations where Win or Win/Lose approaches may be unavoidable and even necessary. An example would be an organization with separate sales offices working independently of each other in different markets. To increase sales, competition can be evoked by providing extra monetary incentive for the office with the best production. Since the offices work independently of one another, there is minimal chance of one office sabotaging another’s production. Another less benign example occurs in succession planning, where multiple qualified individuals are competing to be the successor. While the competition may be necessary to determine the best candidate, it’s important that appropriate incentives for cooperation



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be included to protect the long-term interests of the organization.

Getting an organization to think Win/Win when dealing with internal issues requires setting up incentives that foster such a culture. The saying, “You get what you pay for,” clearly applies. An example that used to occur frequently in insurance organizations was to compensate marketing and sales based solely on production while compensating underwriting and actuarial based solely on earnings. This system led to silos and produced tensions between the front and back offices when negotiating pricing and product design. Shane Chalke’s “Macro Pricing” paradigm linking production, price and profitability paved the way for many companies to redesign their compensation systems, resulting in improved organizational alignment.

Cooperative actions will only happen if the right systems are in place to encourage such actions. The goals, resources, accountabilities and consequences associated with such systems should be clearly stated in performance agreements. The clear documentation of these items helps the organization focus on the right objectives and eliminates the need for micro-management.

Getting to Win/Win requires that each side has a high “Emotional Bank Account” with respect to the other party. This means that there is significant mutual trust and respect. Such trust typically requires enough experience in dealing with each other to make the necessary “deposits” to build up the accounts. Having high account balances fosters the courage to state unambiguously what each side wants while encouraging the empathy required for a mutually satisfying result.

If such a desirable relationship does not exist, the two parties may agree to go for “Win/Win or No Deal.” This means that both sides agree to try to reach an agreement that works for everyone. If such an arrangement cannot be found, then both sides agree to walk away, no hard feelings. An example where this approach can work is an insurance company negotiating terms with a potential new product distributor. Of course,

there are situations where No Deal is not an option. An example would be a contract negotiation between insurance company management and the labor union representing the company’s career sales agents.

One other important element for Win/Win to be feasible is that both sides have an “abundance mentality.” This is the belief that there is enough for everyone. There is a human tendency to believe in limited resources and that we are all competing for them in a never-ending rat race. This “scarcity mentality” will typically produce Win/Lose results.

In summary, the Win/Win approach provides the mindset necessary to developing successful long-term relationships among individuals and businesses. Such thinking leads to better cooperation within an organization and opens the door for creative solutions between business partners. While Win/Win is not applicable to every business situation, there are many cases where it has been applied successfully. Where possible, the inclusion of the “No Deal” alternative is desirable because it allows both sides to explore all possible avenues with courage and conviction, under less pressure. Finally, Win/Win must go beyond thoughts and words and be reflected in the systems and processes that comprise all organizations. □

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