



SOCIETY OF ACTUARIES

Article from:

The Stepping Stone

February 2012 – Issue 45

You Are the Negotiator

By Nick Jacobi

Leadership is just a series of speeches and a string of conversations. But throughout your career you're not just speaking to other people, you're negotiating with them, too. You may not notice it, but in almost everything you do in business and in your personal life, you are negotiating. Think about it. When was the last conversation you had in which you were not trying to present yourself in a specific way or find out about some crucial piece of information? What I've included below are some tips to keep those conversations going, become a better negotiator and even a better actuary.

STOP SAYING "WIN-WIN"

It is enjoyable to think of yourself as someone who "has a good grounding on win-win, value-added, client-based business solutions," and to list that in your resume. But what if you are in a situation in which "win-win" is not your desirable outcome? What if you are trying to reach a "win-lose," "lose-win" or "lose-lose" outcome.

Maybe you can only achieve something at someone else's expense, or are willing to fail for the greater good or want to teach someone a lesson by destroying a process. Have you ever walked out of a restaurant to teach your children a lesson? The ability to negotiate is not the ability to always achieve a specific type of outcome; rather it is the ability to achieve your specific objective.

Picture yourself playing baseball. For any given at-bat your goal is not to "achieve a win-win for all teams involved" or "synergize your skills in harmony with all parties." As a hitter you have a specific goal, usually to get a hit but sometimes to advance a runner, sacrifice fly or draw a walk.

Likewise when speaking to others in your business life you usually have very specific goals that you want to achieve such as getting someone to provide data, getting an update on a process, etc. As a negotiator you should focus entirely on those goals and not get distracted by larger holistic, and often unrelated, outcomes. Also, like in baseball,

you usually won't succeed. If you fail to achieve your goal in seven out of 10 negotiations you can consider yourself a success, and by focusing on your goals more you can improve that average.

Questions are more powerful than statements

There are undoubtedly many actuaries who can win a negotiation by simply making a statement powerful enough to defeat any argument. I've heard people say such things as, "*the numbers are credible, let's not talk about it anymore,*" or "*this number you projected is not right, try again.*" Imagine how those statements make everyone in the conversation feel.

Now imagine if I rephrased them as questions: "*what aspect of these numbers do you feel is not credible, and is it worth another look?*" or "*do you think this number looks correct compared to an independent source?*" Now think about if you would rather work for a boss that uses these original versus the rephrased statements? Why?

The difference between questions and statements is that not only are questions less confrontational than statements, but they also include an emotional payment to the person hearing them. By asking the right questions you avoid assigning blame, include the person being questioned in the discussion, and give them a chance to explain.

PATIENCE, PATIENCE, PATIENCE

You're much more likely to get everything you want if you don't ask for it all at once. Most people under age five understand this innately, but at some point we all seem to forget.

I was in a conference with some IT representatives recently in which they were telling me that a particular data generating process could only be executed once due to data processing constraints. If I had asked them to do a second run they would have turned me down flat, so instead I led them in small increments to the conclusion that it could and should be done:



Nick Jacobi, FSA, CERA, is an actuary in the disability finance unit of Metropolitan Life Insurance Company. He can be reached at njacobi@metlife.com.

By asking the right questions you avoid assigning blame, include the person being questioned in the discussion, and give them a chance to explain.

“What is involved with running this process on your end?” I said. It took several jobs, some manual data copying, and then several more jobs.

“How long do these jobs take to run?” Three hours was the response.

“I’m willing to run them for you, and do the data copying and compiling, can you give me access rights?” That was a flat no.

“Do you have three hours in the next week in which you are not scheduled to work on something? Has this particular set of jobs ever been repeated in the past? What if I can guarantee you that I won’t ask you for any more runs beyond this one? Is there any group more qualified than yours to do this work?” After this series of questions I not only got my second run but they were happy to do it.

Is this process manipulative? I would say no – asking nicely for help is not a bad thing. And throughout this questioning I was sincerely asking for help, I never changed the tone of my voice, in the back of my mind I was willing to accept no for an answer, and I was giving them emotional payments because I truly valued what they did.

Accusations are for lawyers

“Winning isn’t everything, it’s the only thing.” Do you know who said that? Well here’s a surprise for you, Lombardi never actually said it – that was a misquote, part of an effort to sell more newspapers. What he actually said was *“winning isn’t everything, but wanting to win is.”*

In the long term it’s not productive to do everything in our power to win, and the worst thing we can do is try to get what we want using blame. Recently a co-worker of mine asked me via email late on a Friday night to do something. I didn’t get the message. During a meeting the next morning she made a point of starting off the meeting by saying that *“This was not done.”* I amused myself by counting how many times this phrase was repeated in my general direction. Five.

After this meeting I performed the task, and I’m sure I’ll perform other requests that she will send my way. Now go beyond the business aspect of this – how likely am I to consider her my teammate in the future? If she ever needs a favor from me, how responsive will I be? How does this conduct make her look to the other members of the team? We all like to think that our reputation will gain substantially if we constantly and immediately pounce on any degree of error we can find in our co-workers, and it’s true that spotting errors is helpful when done right, but in the long term the only way to become a better negotiator is to make yourself the kind of person other people will be happy to work with.

Your facts do not matter (much)

Have you ever followed a major court case in which all the facts of the matter clearly indicated a suspect’s guilt, only to watch that person be acquitted? Have you wondered how it could happen? Well the answer is that a criminal trial is a negotiation. The law may try to be scientific, but all the events in a courtroom consist of one or two people talking to the 12 members of a jury. All the world’s witnesses, expert testimony, and scientific evidence amount to very little if the jury simply dislikes the prosecutor, defendant or witnesses. A study by the University of California concluded that about 10 percent of all court decisions are based on the facts of the case. The other 90 percent of decisions are arrived at based on the people involved and the impact of the court process and arguments used.

As actuaries we spend our time trying to arrive at a final universal truth that is based on facts, and any lawyer will tell you that the goal is not truth but rather the crafting of the best argument for your position. It’s the same with our work. Through powerful and varied technical analysis we can find answers, but they only matter to the point in which we bring them to the right people and communicate them in an effective argument. When trying to achieve your goal in a negotiation it’s better to resort to facts last and focus on the argument your facts create in terms of the people involved and processes used.

People will avoid contradicting themselves

“It is generally the case that men are readier to call rogues clever than simpletons honest, and are as ashamed of being the second as they are proud of being the first.” That’s Thucydides in *The Peloponnesian Wars*. Everyone wants to feel like they are clever all the time, and this leads to an innate desire in everyone to avoid self-contradiction. It is rare to hear a businessperson caught in a contradiction simply admit that they were initially mistaken even though this may be the best solution. This would amount to “losing face.” By taking notes at meetings and paying attention to what your colleagues say, you can keep them honest later.

STANDARDS ARE YOUR BEST FRIEND

Almost without exception every company, corporation or business entity of any size has standards. Much like people, businesses hate to contradict themselves and will almost always adhere to these standards when confronted with them, even indirectly.

For example, I recently had to call my power company, but was unable to get through until way past midnight. They explained to me how heavy the call volume was, how understaffed they were, etc. But they have a standard - right on the back of my electric bill they say that they offer “superior customer service.” I simply asked the representative, *“does your company offer superior customer service?”* The answer was yes. *“How long was I on hold?”* About 40 minutes. *“What is the current time?”* 12:45 am. *“Does this sound like superior customer service to you?”*

Think about all the ads you see throughout the day. Some of them talk about how a company offers “reliability you can depend on” or “a quality assurance guarantee,” and almost every company offers “superior customer service.” All of those standards are useful both in the company you work for and the ones you have to deal with.

WHY AM I TELLING YOU THIS?

You’re probably wondering why I’m telling you all this. If everyone becomes a great negotiator, I’ll never get a good deal on a new car, I’ll end up doing more for other people at work, and I’ll end up donating or volunteering to all the charities of the world. The truth is I’m fine with that. I’m admittedly not a “great” negotiator; there are better and worse negotiators in the world I – but think about what the world would be like if everyone used these skills. We would all ask each other nicely for everything, respect each other for the hard work we do, people and corporations would be held to their own high standards, and we would all get what we want more often. That’s the world I’d want to live in, and that’s why I hope you and everyone else reading this will become “The Negotiator.” ●