

LAPPEENRANTA-LAHTI UNIVERSITY OF TECHNOLOGY LUT
School of Engineering Science
Industrial Engineering and Management

Niko Sintonen

DEVELOPMENT OF CUSTOMER NEGOTIATION SUPPORT PROCESS

Examiners:	Professor Timo Kärri
	University lecturer Tiina Sinkkonen
Instructor	Ilari Laukkanen

ABSTRACT

Lappeenranta-Lahti University of Technology LUT
School of Engineering Science
Degree Programme in Industrial Engineering and Management

Niko Sintonen

Development of customer negotiation support process

Master's thesis

2020

46 pages, 1 chart and 10 appendices

Examiners: Professor Timo Kärri and university lecturer Tiina Sinkkonen

Keywords: negotiation, negotiation preparation, negotiation support

The master's thesis explores ways on how to develop the support process to annual customer negotiations in the case company and how can the negotiated outcomes be improved by developing the negotiation support process.

The thesis includes a literature review on ways to prepare for negotiations and focusing on methods of integrative negotiations. Thesis also includes interviews of persons participating in the case company's current negotiation support process and the comparison of the interview results to the presented literature.

Main findings on how to develop the current process from the interviews and literature were that current negotiation support process should be integrated with the case company's account planning process and that negotiation support process should be imbued with the methods of integrative negotiations.

TIIVISTELMÄ

Lappeenrannan-Lahden teknillinen yliopisto LUT
School of Engineering Science
Tuotantotalouden koulutusohjelma

Niko Sintonen

Asiakasneuvottelutukiprosessin kehittäminen

Diplomityö

2020

46 sivua, 1 kuvaa ja 10 liitettä

Tarkastajat: Professori Timo Kärri ja yliopisto-opettaja Tiina Sinkkonen

Hakusanat: neuvottelut, neuvotteluihin valmistautuminen, neuvotteluiden tukeminen

Keywords: negotiation, negotiation preparation, negotiation support

Diplomityössä tutkitaan tapoja kehittää olemassaolevaa yrityksen neuvottelutukiprosessia asiakkaiden vuosineuvotteluita varten ja kuinka neuvottelutukiprosessia kehittämällä voitaisiin saavuttaa parempia neuvottelutuloksia.

Työ sisältää teoriaosuuden neuvotteluihin valmistautumisesta keskittyen yhdistävän neuvottelun metodeihin. Työ sisältää myös neuvottelutukiprosessiin osallistuneiden henkilöiden haastattelun sekä vertailun haastatteluiden tuloksien ja esitellyn teoreettisen tiedon välillä.

Esitellyn teorian tiedon ja haastattelujen perusteella voitiin todeta että neuvottelutukiprosessi tulisi sitoa yrityksen asiakkuussuunnitteluprosessiin ja yhdistävän neuvottelun metodeja tulisi liittää neuvottelutukiprosessiin.

ALKUSANAT

Kiitos Maija!

Päiväys 15.5.2020

Niko Sintonen

TABLE OF CONTENTS

1	INTRODUCTION	3
1.1	Background	3
1.2	Objectives and definitions.....	3
1.3	Methodology and materials.....	4
1.4	Structure	4
2	LITERATURE ON NEGOTIATION PREPARATION	6
2.1	Interests and positions	6
2.2	Options	7
2.3	Value proposition	8
2.4	Best alternative to negotiated agreement (BATNA).....	9
2.5	Goals	10
2.6	Fixed-pie bias	11
2.7	Pre-negotiations.....	12
2.8	Summary	13
3	CASE COMPANY AND CURRENT PROCESS.....	15
4	INTERVIEW QUESTIONS AND INTERVIEW METHODS	18
4.1	Interview participants.....	18
4.2	Interview questions	18
5	SALESPERSONS' INTERVIEWS' RESULTS	20
5.1	Pre-meetings.....	20
5.2	Targets and goals.....	20
5.3	Negotiation positions	21
5.4	Negotiation interests.....	22
5.5	Coinage	22
5.6	General development of negotiation support process	23
6	BUSINESS LINE INTERVIEWS	26

6.1	Need for supportive information.....	26
6.2	Support meetings.....	27
6.3	Feedback on target setting.....	28
6.4	Summary	28
7	GAP ANALYSIS TO THEORY	30
7.1	Pre-meetings.....	30
7.2	Targets and goals.....	30
7.3	Negotiation positions and interests	31
7.4	Coinage	32
7.5	Summary	32
8	CONCLUSIONS.....	34
8.1	Integrate negotiation support process to account planning.....	34
8.2	Steer towards integrative negotiation model.....	35
9	SUMMARY	38

REFERENCES

APPENDIX

1 INTRODUCTION

Objective of this thesis is to develop the negotiation support process for the annual customer contract negotiations regarding prices and other trade terms for the case company by conducting a literature review into negotiation theory regarding negotiation preparation and to conduct interviews in the case company for personnel who have been included in the negotiation support process.

1.1 Background

The subject for the thesis was discussed and decided by the instructor from the case company together with the author of the thesis work. The author has worked in the case company for the past 10 years and has been involved in the negotiation support process from when it was started.

The negotiation support program has been run for two years in the case company and developing the process now well before the next annual negotiations suited well the needs of the case company.

The theoretical background relies much on the model of integrative negotiations developed in the Harvard Negotiation Project and referenced in this thesis from the books “Getting Ready to Negotiate: The getting to yes workbook.” by Roger Fischer and Danny Ertel and “Negotiations” by Roy Lewicki, Bruce Barry and David Saunders along with other works.

1.2 Objectives and definitions

Objective of the thesis is to provide practical ways how to improve the negotiation support process in order to achieve better outcomes in the annual customer negotiations.

Subject is restricted to negotiation preparation as that is the part of the negotiations that is affected by the negotiation support process. The main research questions for the thesis are:

1. How can the current negotiation support process be developed?
2. How can the negotiated outcome be improved through the negotiation support process?

Negotiation support systems (NSS) are excluded from this thesis as they generally are purposed to support the negotiations once they are already being conducted, not necessarily the preparation.

1.3 Methodology and materials

The thesis project will be conducted as a case study and will consist of review of literature regarding negotiation preparation, interviews of the personnel who took part of the negotiation support process in the case company and a gap analysis between the presented literature and the findings through the interviews regarding the current process.

The gap analysis will compare the methods presented in the literature chapter of the thesis to the actual practices conducted in the case company which were revealed in the interviews. The objective of the gap analysis is to find answers to the presented research questions.

The thesis work will be completed during the spring of 2020. The literature review will be made between January and April of 2020 and the interviews during February and March of 2020.

1.4 Structure

The thesis report starts with review of the literature on negotiation preparation. The theoretical information from this chapter will be used to draft the questionnaire for

the interviews for sales personnel on how they prepare to their negotiations, which are described in chapter ,4 and will also be used in chapter 7 where a gap analysis is made between the theory and the results from the sales personnel's' interviews.

In chapter 3 is given a description of the current negotiation support process as well as of the case company. In chapter 5, the results of the sales personnel's interviews are discussed, and the results are taken into the questions expressed to the heads of business lines and business lines managers in chapter 6.

In chapter 7, a gap analysis is made between the theory presented in chapter 2 and the practical feedback gathered from the sales interviews in chapter 5.

Development points are discussed in chapter 8 which are based on the inputs from the business line interviews and gap analysis in chapter 7. Conclusions from all chapters are presented in chapter 9.

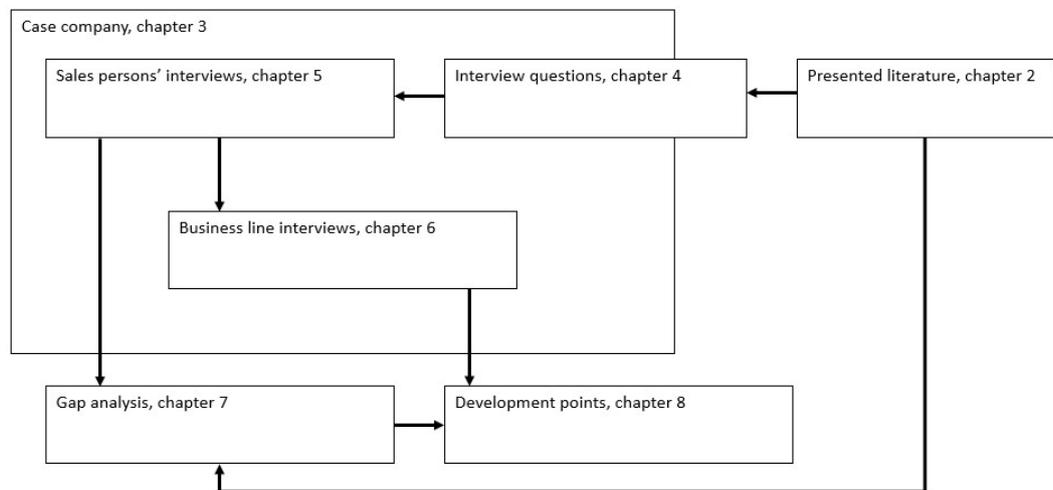


Figure 1 Structure and information flow in the thesis

2 LITERATURE ON NEGOTIATION PREPARATION

Planning and preparation is not what negotiators do willingly, for many, it is difficult to find the time to plan adequately and still planning is often considered boring and tedious and is easily put off in order to get into the action of the negotiation quickly. Devoting insufficient time to planning is one reason that may cause the negotiations to fail (Lewicki et al. 2010. p. 107).

Sometimes negotiators might think planning or preparation is unimportant since they cannot be forced into an agreement and it does not hurt to hear what the other party has to say. However, by being unprepared, there are no ways to evaluate or benchmark the agreement. Also, by being unprepared, negotiator surrenders the initiative to the other side and deprive both sides of one own's creativity (Fisher & Ertel. 1995. p. 11)

Preparation is a critical success factor for negotiations, and it is like in sports, success is based on training and adequate preparation, it takes time but ultimately it will award better results and improved skills. The performance in negotiation is mainly determined how well have you prepared (Opresnik, M. 2014. p. 13)

2.1 Interests and positions

In negotiations, everyone has underlying interest that are affecting their actions and positions. For some, it is almost difficult to understand their own interests as it is to imagine what would the counterparties interests be. During the negotiation planning phase own interests should first be identified, and then consider the counterparties interests (McCarthy & Hay. 2015. p. 65)

Interests are different from positions in that a position, assertions, demands and offers made during a negotiation, is just one way to satisfy an interest. To be successful in a negotiation, the agreement should satisfy the interests of both parties

of the negotiations, at least better than if there were no agreement. (Fisher & Ertel. 1995. p. 23)

For every position that is considered for a negotiation, it should always be thought that why is that position considered, for what purpose. If it is unsure whether a demand is an interest or a position, one should ask “Is there more than one way to satisfy this demand?”, if there are, it is probably an interest. Once own interests have been identified, it is helpful to prioritize them, this helps in evaluating different options during a negotiation. (Fisher & Ertel. 1995. p. 24)

Other side’s interests must also be understood if we expect to propose an agreement that would be acceptable for both parties. Other side’s interests can be explored in the same way as one’s own, for every position, keep asking “why?” and “for what purpose?”. Also, interests can be explored with making proposals during the negotiations and asking, “what is wrong with that?”. (Fisher & Ertel. 1995. p. 24)

Once interests or needs have been assessed, possible “coinage” should be identified. “Coinage” is a concession that has a low value to the giver but higher value to the receiver. “Coinage” is highly valuable in the bargaining phase of the negotiation and it the currency with which deals are done. (Rich. 2011)

2.2 Options

Once the negotiation parties have a common understanding of the problem and the underlying interests for both they need to generate a variety of alternative solutions, the objective is to generate a list of options or possible solutions to the problem. (Lewicki et al. 2010. p. 87).

The best negotiations are those where several different options have been explored. The more options that are generated, the more likely it is that an agreement is found how to reconcile the different interest of the negotiation parties. To find options

with which to achieve the agreement, it helps to prepare well. (Fisher & Ertel. 1995. p. 29).

Often negotiators prepare for negotiations by trying to figure out what they want and maybe trying to have three variations on the same theme; what they would love the get, what they would settle for and some point in between these two. This kind of an approach will tend to lead to two cardinal mistakes:

1. Only focusing what you want and not placing any regard on the interests of the other party. This will leave you unprepared to respond to their ideas and concerns in a constructive manner.
2. A single position, even with a fallback, will leave you unprepared to face the other side in real problem solving or to consider a wider possibility of solutions and options

(Fisher & Ertel. 1995. p. 29).

Often, just by looking at the interests for both sides, one can think of possible solutions on how to satisfy those. Classifying the interest according to how important they are for each side will serve as a guide on how to expand the pie before cutting it. Negotiators often quarrel over to interests that are of high importance to both parties. Instead of going into adversarial zero-sum bargaining, negotiators should always try to first work together and think “How could we make more?”. With having the purpose on fulfilling both parties’ interests, it instructive to look at the different skills and resources of the negotiation parties. (Fisher & Ertel. 1995. p. 31).

2.3 Value proposition

A value proposition is a clear statement of the values a seller promises to deliver to the buyer. The value proposition should be able to answer the question “Why should I buy your product instead of the competitor’s?”. It is the statement of the tangible and intangible value providing elements of the offered products and services that

differentiate the offer from the competitor. (Macdivitt & Wilkinson. 2012. p. 154-155)

In their 2017 article Payne et. al. discusses the development of customer value proposition from the concept of propositions in marketing to unique selling point, core benefits and finally to different definitions of customer value proposition in literature. Based on the development on the customer value proposition, they finally propose a below definition of the term:

“A customer value proposition (CVP) is a strategic tool facilitating communication of an organization’s ability to share resources and offer a superior value package to targeted customers.”

(Payne, A, Frow, P & Eggert, A. 2017)

2.4 Best alternative to negotiated agreement (BATNA)

Interests can be satisfied with alternatives to the negotiation, the best of these alternatives is the BATNA, and for the outcome of the negotiations to be a success, it needs to be better than the best alternative to the negotiations (BATNA). BATNA is also needed to deem when to walk away from the negotiations. (Fisher & Ertel. 1995. p. 37).

BATNA provides the minimum criterion to evaluate for evaluating whether to make an agreement or not. BATNA is the course of action that could be taken instead of negotiating an agreement. A more attractive BATNA usually increases one’s negotiation power. (Sebenius. 2017. p. 90). Strong BATNAs can influence how negotiations unfold, negotiators with strong BATNA are more likely to make the first offer and appear to negotiation better outcomes. Positive effect of strong BATNAs are especially prevalent in negotiations where bargaining range is small since those negotiations are usually more competitive and usually less likely to yield agreements (Lewicki et al. 2010. p. 37).

When negotiation, it is also useful to think what the counterparty's walk-away point is, or BATNA. It might be not be possible to know for sure what will it be, but one can always make a good guess. And if that can be made, one can also think how to make their BATNA less attractive. (Fisher & Ertel. 1995. p. 38).

The range in which agreement can be made is called zone of possible agreement (ZOPA), and it is determined by the attractiveness of each party's BATNA. If each party prefers their BATNA to any possible agreement, then no zone of possible agreement exist. (Sebenius. 2017. p. 90)

A related concept to BATNA is the resistance point. A resistance point is the place where the negotiations should be stopped since any result beyond is below what is minimally acceptable. (Lewicki et al. 2010. p. 125). A resistance point is the goal that defines the lowest estimate on what is needed or the most pessimistic assumption on what is possible. (Zetik & Stuhlmacher. 2002. p. 47)

2.5 Goals

In order to set a strategy for the negotiation, goals should be determined. Negotiators must think what goals they need achieve and how. Goals can be substantive (monetary or a specific outcome), intangible (winning or getting an agreement at any cost) or procedural (shaping the agenda or having a voice at the table). (Lewicki et al. 2010. p. 108).

Negotiators often set out one main goal and pursue towards that. It is often forgotten that there are many goals and alternatives in a negotiation, the more options that are kept open, the more likely it is that successful conclusion is found. (Opresnik, M. 2014. p. 15)

Once goals have been set out, they should be formulated as clearly as possible. Blurry target descriptions such as "cheap as possible purchase price" or "large costs sharing" should be avoided. A criterion for clear goal formulation goes by the name

SMART, where the individual letters constitute the ingredients for a clear formulation of an objective.

- S = Specific, the objective is clear and unambiguous
- M = Measurable, goal must be clearly defined so that it can be objectively assessed when it has been reached.
- A = Ambitious and attractive, goals must be attractive so that they are motivating to reach for.
- R = Realistic, goals must be achievable during the negotiation, otherwise they are unmotivating.
- T = Time-bound, each goal or target must have a defined completion date.

The SMART model supports in the formulation of clear, realistic and ambitious objectives (Opresnik, M. 2014. p. 15-16)

2.6 Fixed-pie bias

Fixed-pie bias is the tendency for the negotiators to see their priorities opposed to the other party. Such perception implies a disregard of the other party as their preferences are mere mirror-image of one's own. Fixed-pie bias may cause negotiators to overlook the benefits that are associated with differences in priorities between the negotiation parties. When such integrative solutions are overlooked, negotiators usually reach suboptimal negotiation outcomes. (de Dreu et al. 2000. p. 975)

Despite these self-defeating consequences, many negotiators hold on to their faulty fixed-pie perceptions even after extensive face to face contact with the other party and throughout the negotiations leaving much integrative potential unused. (de Dreu et al. 2000 p. 976)

One way to decrease the fixed-pie bias for negotiators is to increase the process-accountability instead of outcome-accountability for the negotiations. Negotiators who are held accountable of how they managed the negotiation process are shown to have less fixed-pie bias and are more encouraged to reach integrative solutions

than negotiators whose accountability is mainly for the negotiation outcome. (Cheng et al. 2013 p. 105)

In a study where 28 simulated negotiations were run, the findings were that giving greater attention to the process how the agreement might be found instead of the issues being negotiated will open the way for better management of the negotiation. This will increase the effectiveness of the interaction between the parties and enable them to achieve more than would be otherwise possible. (Fells. 1996. p. 8)

Increasing accountability towards the negotiation process elicits nondirectional motivation, the motivation to form an accurate and reasonable impression rather than predisposed toward any conclusion, which, in turn determines the extent to which negotiators engage in thorough, systematic processing of information. Therefore, increasing nondirectional motivation may help negotiators explore new integrative potential and create more beneficial agreements for all. (de Dreu et al. 2000 p. 986)

2.7 Pre-negotiations

In highly conflictual negotiations, pre-negotiation can serve as a phase where negotiators might suggest norms of reciprocity and try to change the relations from adversarial more towards a partnership. Negotiators could give statements that express that concessions given during negotiations will be repaid during the process. This might help overcome initially rigid positions. (Spangle & Isenhardt. 2003. p. 74)

Pre-negotiation also provides a great opportunity to decrease uncertainty about the negotiation process or expected outcome. It enables leaders to determine who will be part of the negotiations, what will be their roles, how the table will be constructed and what is on and off the agenda. This kind of an approach reduces uncertainties and lowers the perception of risks for the negotiation as well as promotes information sharing during the negotiations. (Spangle & Isenhardt. 2003. p. 75)

Pre-negotiation meeting can also serve as a good opportunity to explore on the interests for the other party, it is useful already in the preparation part of the negotiations to understand the interests both parties have. (Fisher & Ertel. 1995. p. 25)

According to research by social psychologists, if the communication channels and procedures are set in advance, the mutual effectiveness of the negotiations is usually increased. If the ground rules are not set before the negotiations are started, this often leads to competitive rather than cooperative behavior. If parties can agree on the structure of the negotiations, they can get closer together regarding the negotiation issues and are more cooperative, achieving agreement more often and more rapidly than would be otherwise possible. (McCarthy & Hay. 2015. p. 23)

2.8 Summary

In the literature, there are only two fundamental models on how to negotiate, hard, competitive negotiation style and soft, cooperative negotiation style. The hard, competitive negotiation is a way of hard bargaining, where the other party is not seen as a partner but as an opponent, an enemy to be defeated. In such negotiations, an individual wants to drive their interest at any costs, possibly at the expense of their opponent. Such style of negotiation shows its strengths with unique transactions but is less effective in long term cooperation. In contrast, the soft, cooperative, or integrative negotiation style emphasizes building and maintaining relationship between the parties. Therefore, the other part is not seen as an enemy but a partner with whom one wants to build long term mutually beneficial agreement. (Opresnik, M. 2014. p. 15-16)

The theoretical information compiled in the previous chapters refer all to the model of integrative negotiations or mutual gains theory. Characteristics of integrative negotiation include focus on commonalities rather than differences, attempt to address needs / interests rather than negotiation positions, commit to meet all the

needs of involved parties, exchange ideas and information, invent options for creating mutual gains and the usage of objective criteria for standards of performance (Lewicki et al. 2010. p. 72).

Integrative negotiation model or mutual gains hold significant benefits over distributive approaches in that it produces higher quality agreements, greater opportunities for agreements when problems are complex and strengthen the relationship between the negotiating parties. In negotiations, pareto optimality is the term used for the limit for options for joint gains and in simpler negotiations this limit can be achieved quickly but in more complex situations it might take months or years to fully achieve. (Spangle & Isenhardt. 2003. p. 49)

3 CASE COMPANY AND CURRENT PROCESS

Stora Enso is a global renewable materials solutions provider operating in over 30 countries and employing some 26 000 persons in total. In 2019, Stora Enso operated their business in five divisions; Packaging Solutions, Biomaterials, Wood Products, Paper and Consumer Board, in which the negotiation support process described later has been conducted. (Stora Enso. 2020. p. 5-6)

Division Consumer Board produces paperboard for liquid packaging, food service, graphical end uses and folding carton board for food, cigarette, cosmetic and pharmaceutical end uses at their mills located in Imatra, Skoghall, Fors, Ingerois and in Beihai. Majority of the sales for the division is from Europe (63%) and to lesser degree from Asia Pacific (28%) and other parts of the world (9%). (Stora Enso. 2020. p. 27-28)

In 2019 Division was organized into functional management teams for operations, supply chain and controlling and then further on into two business units, Liquid Packaging and Carton Board and Consumer Board China of which the first is further divided into three line-organizations called business lines. These are Aseptic Liquid Packaging & CKB, Fresh Liquid Packaging & Food Service Board and FBB, SBS & C1S.

Consumer Board division established a process to support annual customer contract negotiations in 2018. At the time, the paperboard industry in Europe was experiencing increased cost pressure together with a strong market sentiment, this triggered multiple paperboard suppliers to announce price increases before the coming customer negotiations. Consumer Board announced price increase to its customers like all major European paperboard suppliers. In order to enhance the implementation of the announced price increases, the division's management decided to start a process to support the negotiations.

In 2018, the process was designed together with one of the leading global management consulting companies and a core team from Stora Enso. The process components are described in chart 1.

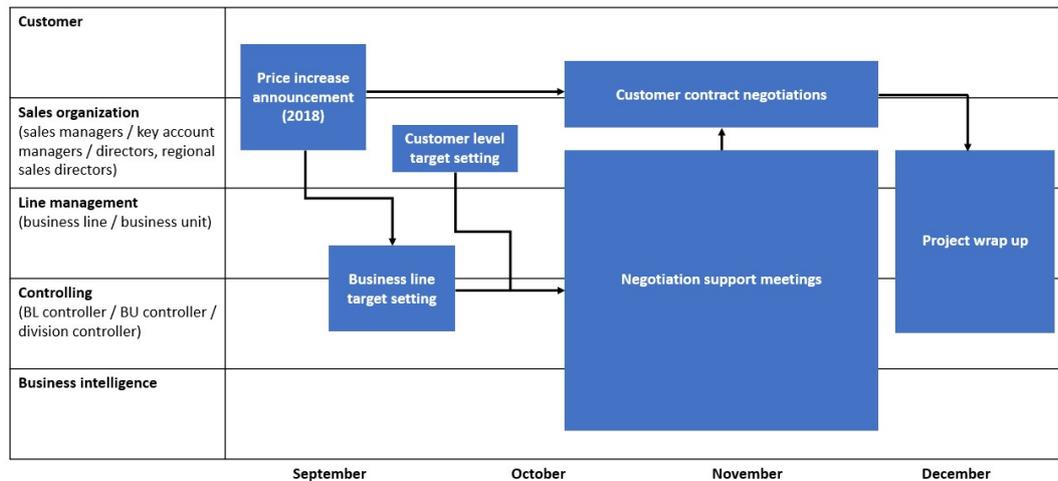


Figure 2 Negotiation support process description

The catalyst for the development of the process in 2018 was the announcement of price increases. After the announcement, business lines in division set their targets on what level of negotiation mandate they give for sales organization for the negotiations. At the same time, after the kickoff meeting has been held with sales organization, sales managers are asked to give their targets for each customer. In 2018, the business line targets and customer level targets were specific figures of how much price increase should be achieved but in 2019, as there were no general price increase announcement, the targets were more varied, for some customers or products, targets were to increase prices, for some they were to not reduce price more than to certain degree.

Once the targets had been collected and set, the negotiation support meetings were started for the customers defined to be in the scope for the process. These were the 60 largest customers who had their contract open for the next year but excluding the two biggest customers for the division.

The negotiation support meetings were held to commonly agree the targeted outcome for each negotiation. Main discussion point was to agree the price level to be achieved and to understand the implication to sales volume. Participants to the negotiation support meetings included the heads of business lines selling to the customer, business controller, who were also facilitating the meetings, the sales

manager for the customers, the regional sales director and for the largest customers, the head of the business unit and division's business controller.

In the negotiation support meetings, the team used an information template called a scorecard. The scorecard contained information regarding the product segment specific volumes, prices, revenues and profitability represented by EBITDA. Also, the scorecard included a specific type of charts called "prices spreads" where the prices for the products purchased by the customer are compared to all other customers and the chart shows up to which percentile of all customers' prices do the customer's prices fall into.

For 2019, for some of the larger customers, also a more in-depth workshop was introduced to work on the customer specific value proposition with a larger team. This team consisted of the key account manager, business line heads concerned for the customer, product managers for the products sold to the customer, possible technical sales support managers, business line controller and business intelligence manager.

4 INTERVIEW QUESTIONS AND INTERVIEW METHODS

The main targets for this thesis was to find out how the negotiation support process can be developed and one of the main tools for development was to interview the persons who took part in the process. Interviews were arranged as 30-minute telephone conferences using Microsoft's Teams application. Interview questions were share beforehand to the interviewees and during the interview by sharing the computer screen. Answers were noted down to the shared screen and reviewed together with the interviewee. Interviews were held during February 2020.

4.1 Interview participants

Interview participants were discussed with the business unit's business controller and the division's pricing director. Sales managers and regional sales directors were thought to be the main target group for the interviews so that feedback could be received from different levels of the sales organization on how negotiations are conducted and how the current negotiation support process can be developed.

17 salespersons were interviewed of which 5 were sales directors in charge of a geographical region or group of key accounts and 12 sales managers in charge of managing a group of customers.

4.2 Interview questions

Purpose with interview questions was to conduct gap analysis versus negotiation preparation methods described in literature and to get general feedback on how to develop the process. Therefore, the first five questions were based on main topics found from literature on how to prepare for negotiations, the questions were:

1. Do you conduct pre-negotiation meetings? What kind of topics do you discuss in these meetings?

According to literature, agreeing on the structure of the negotiations beforehand negotiation parties will be more cooperative during the negotiations (McCarthy & Hay. 2015. p. 23). Also, pre-negotiation provides a good opportunity to decrease uncertainty regarding the negotiations and promotes information during the negotiations (Spangle & Isenhardt. 2003. p. 75). The objective was to find out how well these benefits are being pursued.

2. How do you set targets and goals for your negotiations?

Objective was to find out how goals are set and if they are evaluated against a set criterion, for example the SMART model (Opresnik, M. 2014. p. 15-16). Also, to find if the interviewees consider alternatives to negotiation and how do these affect the goal and target setting.

3. How do you set your negotiation positions?

4. How do you consider your and the counterparties negotiation interests?

The objective with questions 3 & 4 was to find out how well negotiation approaches embrace the integrative model where focus is on addressing the needs and interests for both negotiation parties instead of focusing on the negotiation positions. (Lewicki et al. 2010. p. 72).

5. Are you familiar with “coinage” (items of asymmetric value to negotiation parties) and do you consider it in your negotiations? Can you give some practical examples?

The term “coinage” was used to introduce the idea of options in negotiations. The objective with question 5 was to find out how, if at all, the interviewees use optionality to solve the problems at the negotiation table.

Additionally, the target with the sales interviews was also to get general feedback on how to improve the process, for this end, following questions were asked:

6. What are your needs on supporting information for the negotiations?

7. What are the strength and weaknesses of the negotiation support process?

8. How can we development the negotiation support process further?

5 SALESPERSONS' INTERVIEWS' RESULTS

5.1 Pre-meetings

Negotiation pre-meeting are quite common especially for larger customer or more complex negotiations, for example, regional sales director for North & UK commented; *“The bigger customer you have, the more preparation is involved, and in my previous role, we had a premeeting to discuss the negotiation process.”*

Pre-meetings are used to “set the scene” for the coming negotiations. In some cases, sales managers/regional sales directors review the current state of the relationship and describe the overall business environment from aspects which affect the coming negotiations.

In some cases, separate pre-meetings are not necessary since sales managers are otherwise in so frequent contact with the customer or as a sales manager A from Germany commented: *“...we don't have a real premeeting but more ongoing discussion.”*

5.2 Targets and goals

Most often sales managers' target setting for negotiations follow the internal guidance from business lines or from their superior. Also, general trends impact the target setting, for example if a general price increase has been announced. Regional sales director from Central Eastern Europe comments *“We receive a certain guideline from business line, then we make a certain comparison (profitability/price) to other customers on the market. Individual goals are dependent on the customer, are they growing, how widely are we cooperating etc.”*

In many cases sales managers do base their targets more case specific, for example, sales manager for Russia bases the target setting on a SWOT analysis of Stora Enso's offering towards the customer and the regional sales director for South

Europe commented that target setting is based on the information flow from the customer during the year and on the value proposition Stora Enso has towards the customer.

5.3 Negotiation positions

Most interviewees base their position to the targets and put certain “buffer” on top of the targeted level. Some define first a walk away level and then base their position in relation to the walk away. For example, sales manager B from Germany commented: *“We put some buffer on top of the target for negotiation. When we look into the amount, we need to look customer by customer. First offer usually always has to be rejected so we cannot offer the target.”*

Most commented that it depends a lot from the customer on how to set the negotiation position and for example, regional sales director for Central Eastern Europe commented that: *“There’s a group of customers who do not negotiate but trust that we give a prices with which they can be competitive on the market.”*

Also, in the case that a general price increase has been announced, usually the first given negotiation position is the announced price increase amount. For example, a sales manager from Finland commented: *“This also very case specific, if considering price increases, we usually give the public announcement as our position.”*

There were few sales managers who focused on listening the customer and who tried to split the positions into several variables or try to frame the numbers through the advantages offered to the customer. For example, sales manager from Poland commented: *“We start from a higher position than our target and we try to break the position into multiple factors which in the end contribute to the to the target, for example for price increase we can propose slightly lower price increase but implementation of additional service fees. We try to soften the price increase with multiple factors.”*

5.4 Negotiation interests

Many sales managers highlighted that the most important prerequisite in understanding the interests of the customer is to have a long and trustful relationship. Also, many commented that understanding customer's interests is connected to building the value proposition, for example, sales manager from Poland commented: *"This is related to the value proposition, we try to find out the pains and gains for the customer, we analyze location by location, each have their own characteristics."*

On the other hand, some commented that customers' interests can be very straightforward and might be reduced to just the price, like sales manager C from Germany commented: *"For customers would be best if we have one price for all so it is easier to compare. For me it would be best to have every year inflation related extra."*

Also, some commented that some customers' purchasing organizations are very closed and it is difficult to get any information from which their interests could be understood. Or that in some cases it might also be better not to discuss customer's goals so that it is easier to drive the discussion from Stora Enso's goals and interests. One comment was interesting as well that for some purchasers, their interests might not be purely business driven for the customer company but more for the purchaser's personal bonus structure.

5.5 Coinage

None of the interviewees were familiar with the term "Coinage" but some recognized the concept behind and most of the interviewees did have practical examples of how they have utilized coinage in their negotiations after they understood the concept. For example, sales manager from Russia commented that: *"For example a few years ago in a negotiation for a big regional converter group for FBB, we found out that we had high price leakage for pallet height, when I*

checked with customer if it would be ok to use higher pallet height, it was ok for them and with this we could avoid price leakage and price increase for the customer”.

Also, it was mentioned that sales managers try to have elements around the core product of carton board, like technical expertise or special logistical solutions. Also, regional sales director for South Europe linked this to the value proposition by commenting: *“I think this is what we have in the value proposition, what I used to call added value. We have customers where our position is very strong (eg. Trayforma). What I try to do is to bring customers out of the commodity grades to the specialty grades where some of our competitors cannot go.”.*

For some, the negotiation support meetings brought up solutions that had not been otherwise thought of, as sales manager A from Germany commented: *“In the negotiation support meetings, you might encounter questions that you have not thought of at all. For example, if customer has need of very express deliveries and we can offer delivery from sheeting centers.”.*

On the other hand, some, while understanding the concept, did not think it was relevant for their negotiations stating that the customers in the end are only interested in the price or thought that it is applicable for very limited parts, for example only if there is a yield benefit with basis weight of Stora Enso’s products.

5.6 General development of negotiation support process

The interviewees were asked more generally about how to develop the negotiation support process regarding what are their needs for supportive information, what are the strengths and weaknesses of the current process and how would they develop the process further.

For supportive information, all interviewees agreed that the current scorecard used in the negotiation support meeting is a good template giving good summary and

information regarding how the customer relationship is doing. When thinking of how to develop the provided information, many were commenting that they would like to have a tool where sales managers could themselves go into and analyze customer profitability and make simulations. Also, some commented that more information regarding competitors would be needed.

Regarding strengths of the current process, most commented that the clear strength is the dialog in the meetings between persons from different functions. For example, a key account director B commented: *“It is good that we have business line and controlling to spar with in the support meetings.”*

For weaknesses, the most often comment was that the target setting was not felt as a collaborative process but more dictating from the business lines and that mandate levels that were set for the sales organization were too narrow. For example, a key account director A commented that: *“Weakness is the rigidity of the stakeholders – not knowing the customers as good as the account manager. Targets have often been unachievable and hampering the final outcome. Much more trust in account managers is needed. For sure the outcome will be more positive. Now people feel strangled by the support team and scared to bring a different result back home.”*

As commented also above, one weakness commented by some interviewees was the lack of customer knowledge of the persons participating the negotiation support meetings. For example, as commented by sales manager B from France: *“Not all the persons involved are very familiar with the customers in the process. In 2018, we were very stiff in our approach no matter who was the customer.”*

Also, some commented that the timing of the process can be challenging, the time between the support meetings and the negotiations can be too short. For example, sales manager b from Germany commented that: *“Limited time prior to the negotiation is the weakness, we started the process quite late and we should have started the negotiations the same time. We would need a bit more time to prepare.”*

Some of the interviewees did not have any concrete ways to improve the process, they felt it was already working well. Some commented that the target setting should be more flexible or that the targets should be set from a more holistic view. Also, it was commented that there should be more feedback sharing from the different negotiations. Some also commented that the timing should be less narrow, and that the process could be started earlier.

6 BUSINESS LINE INTERVIEWS

In order to get another angle to the feedback from the sales persons' interviews, it was decided with the thesis works' instructors that it would be good to interview the business lines as well as they were the integral part of the negotiation support process and also much of the feedback from the sales interviews concerned the business lines directly.

All business line heads were interviewed as well as the directors for product lines CKB&FSB and for SBS. Questions for the business lines were focused on the feedback gathered from the sales interview's last three questions concerning general development points for the negotiation support process. The questions were:

1. Almost all salespersons interviewed agreed that the current scorecard is a good tool, and if some additional information is needed, it is regarding competitors and general supply/demand situation. How do you see the need for supportive information for the negotiation support meetings?
2. Many interviewees saw that the negotiation support meetings were valuable in the sense that there were persons from different functions present and therefore the discussion brought up valuable and novel insights for them. How did you see the support meetings, were they valuable from your perspective? Would you add any participants to the meetings?
3. Regarding weaknesses and development points, many interviewees brought up the target setting, they felt it was not collaborative but authoritative. How did you see the target setting and the feedback from salespersons?

6.1 Need for supportive information

Most of the business line heads and managers did think the current scorecards provide relevant information but that they could be further developed. Interviewees commented that the scorecards provide only numerical data and more overall frame should be available as well. For example, business line head for Aseptic LPB &

CKB commented: *“Background or frame would be needed (end use, geography, competitive situation etc.). Also, we should be able to bring in more long-term view and involve more the account plan into the discussion.”*

It was also commented that the numerical data provided in the scorecard is not capturing all of the needed details like price difference between reels and sheets and pricing for different objects, like the business line director for CKB & FSB commented: *“I thought that the scorecard was a good but it is a bit of average of an average, sometimes a next level deep dive was needed. Then, when we give offers, we need to go to quite detailed level.”*

6.2 Support meetings

All interviewees felt the meetings were valuable and the discussion in the meetings was giving good insights. On the other hand some commented that the challenge with the negotiation support meetings was that it was very difficult to find common ground when discussing goals and targets for the negotiations, like director for business line SBS commented: *“People probably feel it good to have a discussion connection. One thing that was disturbing for me that we did not always reach a real common goal/target.”*

Most interviewees agreed that it could be beneficial to include product managers to at least selected negotiation support meetings, for example, business lines director CKB & FSB commented: *“I do trust the sales managers can sell yield advantages and such but product managers could be good to have in the meeting. Supply chain could also provide insight, but more maybe from a case by case basis. The support meetings could be improved with a clear agenda there we could have a point for product managers and supply chain that what could we improve or offer differently.”*

It was also commented that the negotiation support process should be tied more into the account planning process and could be spread out to a longer period. As the

business line head for FBB, SBS & C1S commented: *“The way we did the project, it was like a campaign, we had a lot of meetings in a short time. If we look at this as a process, you can view it in a different angle and see it as a part of the account planning process. In that, we could have different meetings considering the negotiations and including different persons from different functions, like we had the VP boosting workshops. So, when the time for negotiations come, we would have a longer-term approach to the negotiation.”*

6.3 Feedback on target setting

All interviewees agreed that the target setting process was authoritative in nature but that it was so because main objective for the business lines were to implement the targets set forth by the division’s management. For example, business line head for Fresh LPB & FSB commented: *“Target setting is derived from higher level since it needs to be based on the bigger picture. Although this is the forum to bring up the reasons if there is a need to deviate from the general targeted levels. Of course, it is not nice to go and increase prices to the customers, but these should be the instances to debate, there is always a reason why we are going towards a certain target. Regarding the timetable, we could start earlier even during the spring.”*

Some also commented that they would like to develop the target setting process towards more collaborative direction, business line head for Aseptic LPB & CKB commented: *“I do recognize that the process probably was authoritative, we didn't have a gentle approach but rushed the targets through, but I would see it improving so that we tie it in to the account planning process. I still wouldn't say that we should not have done it like the way we did. From a leadership perspective, we need to make it more collaborative.”*

6.4 Summary

Overall feedback from the business line heads and managers was that the process that has been run so far is working but there are possibilities to improve. The

clearest improvement feedback was that the negotiation support process needs to be tied more to the existing account planning activities and the targets and goals for the negotiations should be part discussed there.

The reaction to the feedback from the sales interviews that the target setting process was felt as authoritative and not collaborative was that it was recognized but also rejected to a degree since the business lines felt that target setting is a top-down process where targets are cascaded from a higher level and therefore it always will be somewhat authoritative. However, if the goals and targets for the negotiation would be part of the account planning process and not only discussed in the negotiation support meetings, it will probably make the process more collaborative.

7 GAP ANALYSIS TO THEORY

In this chapter, the results from the salespersons' interviews are reflected against the theoretical information presented in chapter 2. Objective is to find gaps between the actual working ways in the case company and the best practices put forth in the presented literature.

The analysis will follow the same structure with which the interviews were made to analysis will be made per the 5 first questions asked regarding how the salespersons prepare for negotiations.

7.1 Pre-meetings

In most cases sales managers do arrange pre-meetings to discuss the coming negotiations and even in cases where they do not have a separate meeting, they do discuss the negotiations. This is in line with what the theory proposes as a good practice to initiate integrative negotiations as expressed for example by Spangle & Isenhardt and by Mcharthy & Hay.

What was left somewhat unclear was that how often do the sales managers actively try to steer towards an integrative negotiation approach, that would express the sentiment that "concessions given during negotiations will be repaid during the process" as put by Spangle & Isenhardt.

7.2 Targets and goals

It seems that most often targets and goals for customer negotiations are set against input coming from business lines. From the interviews it seems that the target setting process is not structured and standardized so that targets would be evaluated with same criterion but are discussed more ad hoc. In the presented literature, it is stated that targets should always be formulated as clearly as possible and preferably

with a certain criterion, like SMART (Opresnik, M. 2014. p. 15-16), this kind of process would seem to be missing from current practice.

Also, considering alternatives to the negotiations was not mentioned by anyone. When asked regarding positions, there several interviewees mentioned that it is important to define a walkaway position, but no one mentioned how that is defined. In the presented literature it is mentioned that in order to evaluate whether to make an agreement or not, one needs to be aware of the best alternatives to negotiation and the best of these (BATNA) should always be evaluated against any possible agreement or stopping the negotiations (Fisher & Ertel. 1995. p. 37). Therefore, alternative should steer how targets and walk away levels are set. Here, from the interviews, it would seem that there is a gap to literature.

7.3 Negotiation positions and interests

Regarding interests, many sales managers commented that understanding the customers interests is achieved through a long and trustful relationship and is connected to building value proposition for the customer. This would of course mean that the general interests of the customers are quite well understood but the value proposition does not necessarily analyze the interests specific for each negotiation.

On the other hand, some commented that customers do not have other interests than price or that for some customers it is very hard or impossible to inquire about their interests. Also, that in some instances it is better not to focus on the customers' interests so that it is easier to drive the discussion from one's own point of view.

The problem with not considering the varied interests behind customers is that it is very difficult to make alternative solutions during the negotiations. Also, not considering the underlying interests and truncating the negotiations only around one dimension would imply that the sales managers are suffering from a fixed-pie bias in their negotiations.

The notion of fixed-pie bias would seem to be validated when looking into the feedback regarding negotiation positions. For majority, the focus in the negotiations would seem to circle around positions regarding price and then bargaining around those. However, there were few sales managers who, even if discussing only price, did try to split it into different variables and thereby bringing optionality into the discussion.

7.4 Coinage

Regarding “coinage” and optionality in negotiations, it seems many of the sales managers try to use optionality in their negotiations to reach an agreement, however with varying level. Many did have practical examples, and some commented that “coinage”, or similar optionality is always present in the negotiations but then others commented that their negotiations have very limited “coinage” available and some thought that the concept was not relevant at all.

As Fisher & Ertel express, the more options that are explore during a negotiation, the more likely it is to find an agreement that fulfills both parties’ interests. If discussion is only around one dimension, such as price, and the negotiations are seen as a zero-sum game, then negotiators can only expect to reach a suboptimal result. (de Dreu et al. 2000. p. 975)

7.5 Summary

Comparing the results from the sales personnel’s interviews to the presented literature regarding integrative negotiation methods, it is visible that there are various levels of applications of these methods. Some are applying the practices brought forwards in the literature, others use them to a limited degree and some not at all.

For significant portion of the interviewees, negotiations seem to revolve only around one dimension, price, and therefore are competitive and hard in style. As brought up in the presented literature, this type of competitive, hard, negotiation style is not optimal for situations where negotiation parties are in longer term relationship but is more suitable to one-time encounters. (Opresnik, M. 2014. p. 15-16)

Also, the reason why many interviewees conduct negotiations in the above-mentioned manner would seem to be that they are affected by a fixed-pie bias. The factors that would hint towards this deduction are that some interviewees did not see customers having any other interests than price and that some felt it better not to consider customer's interests but rather only one's own. Also, many interviewees were unable to identify any optionality in their negotiations.

8 CONCLUSIONS

There are three sources from where to draw input when thinking on how to develop the negotiation support process; direct feedback from the interviewed sales personnel, feedback from the business line interviews and gaps in the current process based on the sales interviews and presented literature. The development points from these were;

1. Making the target setting process more collaborative between sales organization and business lines by integrating the negotiation support process to the account planning process.
2. Steer the negotiation process towards an integrative model via negotiation support process.

8.1 Integrate negotiation support process to account planning

The feedback from the sales interviews was that the problem with the target setting in the negotiation support process is that it is not collaborative between the different stakeholders, but rather an authoritative process and that the stakeholders are not familiar enough with the customers for which targets are set. Also, additional feedback was that the timing for the process was quite narrow and that more time would be welcome for a better preparation.

This feedback was reviewed with business line heads and managers and was well recognized. As a solution to make the target setting more collaborative and reserve more time for it, some of the business line heads proposed that the annual negotiation should be integrated to the account planning process and targets for the annual negotiations should be discussed there.

This approach would provide the benefits that the target setting would be discussed around a process where a more holistic picture of the customer is present. When setting the targets, the persons involved would have all the information regarding the customer contained in the account plan which includes the stakeholders

involved with the customer, the value proposition for the customer, insights regarding the customer's business, the actual and planned sales volumes and prices and the planned actions to be conducted with the customer.

Therefore, discussing the target setting for the annual negotiations in the account planning process should make stakeholders more informed of the customer. Also, the discussions could be started much earlier to relieve the time constraints. These two factors could make the process less confrontational and taking more aspects into account.

8.2 Steer towards integrative negotiation model

The gaps discussed in chapter 7 would seem to imply that the model of negotiations followed by the salespersons is not wholly following the practices of integrative negotiations, therefore steps should be taken to introduce these practices. Also, many interviewees would seem to be having a fixed-pie bias regarding negotiations, these should try to be minimized so that integrative solutions can be found.

Introducing the target setting for annual negotiations into the account planning process could provide a good forum to better analyze the interests the customer has for the coming negotiations. Also, when discussing the target setting before the negotiations, it could be discussed how to setup pre-negotiation meetings to probe for interests for both negotiations parties.

In chapter 7, it is discussed that many of the sales managers would seem to be suffering from a fixed-pie bias, meaning a tendency in negotiation to see one's own priorities opposed to the other party. Fixed-pie bias may cause negotiators to overlook the benefits that are associated with differences in priorities between the negotiation parties and therefore ignore possibilities for integrative solutions and therefore reach only suboptimal outcomes (de Dreu et al. 2000. p. 975).

In the presented literature there is one way to remedy fixed-pie bias, this is by increasing the process related accountability for the negotiators, meaning the accountability in how they manage the negotiation process, instead of accountability on the negotiated outcome. The presented literature provides 3 different studies which all demonstrate the same conclusion, increasing accountability regarding the negotiation process increases negotiators' tendency to reach integrative agreements that are more beneficial for both parties (Cheng et al 2013, de Dreu et al 2000 & Fells 1996).

Increasing accountability regarding the negotiation process could be achieved through the negotiation support meetings and restructuring the value proposition boosting workshops. The meetings could be structured around the principles of integrative negotiation model and sales managers would be held accountable that those principles are followed in the meeting. The scorecard template could be modified so that it can be used already in the account planning process to start mapping the interests for the coming negotiations.

In appendix 9 there is a template for the scorecard which could facilitate in exploring the interests for both parties and later in the preparation process also the possible options for solutions. This template is modeled after the forms presented in Fisher's and Ertel's book "Getting Ready to Negotiate: The getting to yes workbook" and visible in appendixes 1-3 regarding interests and appendix 4 regarding options. The template presented in appendix 9 could be used when preparing to the negotiations. By starting the negotiations with a pre-meeting focusing on mapping out interests for both parties, this template would direct the negotiation process towards an integrative approach by showing the interests for both parties and steering towards creating options that settle those.

Also, following the forms presented in Fisher's & Ertel's book and present in appendixes 5-8, in appendix 10 there is a template to map out the possible alternatives to the negotiation. This template would be reading the interests mapped out earlier and would provide a good way to assess alternative ways to fulfill them.

This would help when estimating the attractiveness of possible solutions to the negotiations for both parties and would also help to think how to make the negotiated solution preferable for the customer.

By using these two templates in starting in the account planning process and then continuing to the negotiation support meetings, the preparation would be made with the tools and methods of integrative negotiations. In order to stress the accountability regarding the negotiation process and to address the feedback from the sales interviews, it would be good to review after each negotiation how the process was conducted, which options were explored during the discussions and how the agreement was achieved.

Also, to make the principles of integrative negotiation familiar to the participants of the negotiation support process, one option could be to purchase Fisher's and Ertel's book for everyone. The methods are presented in very practical and concise manner.

9 SUMMARY

This master's thesis presents the methods and tools of integrative negotiations, the benefits they provide and how to transition from a competitive bargaining or fixed pie thinking to an integrative model. Integrative negotiation methods are especially beneficial in cases where negotiation parties need to co-operate longer term between many negotiated agreements, as is the case in the case company.

The thesis also explored the current negotiation support process in the case company through interviews of persons involved in the process. The objective of the thesis was to find ways on how to improve the current negotiation support process in order to achieve better negotiation outcomes. This was achieved by evaluating the results of the interviews and comparing the results against the presented literature regarding integrative negotiation methods.

Two development points were identified from the interviews and from the literature:

1. Integrate negotiation preparation to annual negotiations to the account planning process.
2. Develop the negotiation support process by integrating methods of integrative negotiations.

By integrating the negotiation preparation to account planning process, the objective is to make stakeholders better informed of the customer and relieve the time constraints for the target setting process therefore making the process less confrontational and authoritative.

Also, by introducing methods of integrative negotiations in the negotiation support process and thereby trying to steer the sales managers to change their way of negotiation preparation and negotiation methods towards integrative negotiations it should be possible to reach better negotiation outcomes.

REFERENCES

Chang, L. J., Cheng, M. M. & Trotman K. T. 2013. The effect of outcome and process accountability on customer–supplier negotiations. *Accounting, Organizations and Society*. Vol 38. p. 93-107

de Dreu, C. K. W., Koole S. L. & Steinel W. 2000 Unfixing the Fixed Pie: A Motivated Information-Processing Approach to Integrative Negotiation. *Journal of Personality and Social Psychology*. Vol. 79. no. 6. p. 975-987.

Fells, R. 1996. Preparation for negotiation Issue and process. *Personnel Review; Farnborough*. Vol. 25, Iss. 2. p 50-60.

Fisher, R. & Ertel, D 1995. Getting Ready to Negotiate: The getting to yes workbook. New York, Penguin Books. 83 p.

Lewicki, R., Barry, B. & Saunders, D. Negotiation. 2010. New York. McGraw-Hill/Irvin. 632 p.

Macdivitt, H & Wilkinson, M. Value-Based Pricing. 2012. New York. McGraw-Hill. 291 p.

McCarthy, A & Hay, S 2015. Advance Negotiation Techniques. New York, Springer Science+Business Media. 163 p.

Opresnik, M. 2014. The Hidden Rules of Successful Negotiation and Communication. 2014. Springer International Publishing Switzerland. 144 p.

Payne, A. Frow, P & Eggert, A. 2017. The customer value proposition: evolution, development, and application in marketing. *Journal of the Academy of Marketing Science*. Vol 45. p.467-489.

Rich, C. 2011. Successful negotiation is 80 percent preparation. *Strategic Direction*. Vol. 27. no. 3, p. 3-5

Sebenius, J. K. 2017. BATNAs in Negotiation: Common Errors and Three Kinds of “No”. *Negotiation Journal*. April 2017. p. 89-99

Spangle, M. & Warren Isenhardt M., 2003, Negotiation. Thousand Oaks, California, Sage Publications Inc, 435 p.

Benlaieb, Mona / Stora Enso. 2019. Negotiation support kick off. PowerPoint presentation. 33 slides.

Stora Enso, 2020. Stora Enso Annual Report 2019, Helsinki.

Zetik, D. C. & Stuhlmacher, A. F., 2002. Goal Setting and Negotiation Performance: A Meta-Analysis. *Group Processes & Intergroup Relations*. Vol 5(1) p. 35-52.

Brand owner sales director. 2020. Stora Enso. Interview. 17.2.2020

Key account director A. 2020. Stora Enso. Interview. 6.2.2020

Key account director B. 2020. Stora Enso. Interview. 6.2.2020

Regional sales director Central Eastern Europe. 2020. Stora Enso. Interview. 6.2.2020

Regional sales director Central Europe. 2020. Stora Enso. Interview. 11.2.2020

Regional sales director South. 2020. Stora Enso. Interview. 13.2.2020

Regional sales director, North & UK. 2020. Stora Enso. Interview. 11.2.2020

Sales manager Finland. 2020. Stora Enso. Interview. 11.2.2020

Sales manager France A. 2020. Stora Enso. Interview. 6.2.2020

Sales manager France B. 2020. Stora Enso. Interview. 6.2.2020

Sales manager Germany A. 2020. Stora Enso. Interview. 7.2.2020

Sales manager Germany B. 2020. Stora Enso. Interview. 11.2.2020

Sales manager Germany C. 2020. Stora Enso. Interview. 6.2.2020

Sales manager Japan. 2020. Stora Enso. Interview. 6.2.2020

Sales manager Poland. 2020. Stora Enso. Interview. 7.2.2020

Sales manager Russia. 2020. Stora Enso. Interview. 11.2.2020

Sales manager Sweden. 2020. Stora Enso. Interview. 6.2.2020

Business line head FBB, SBS & C1S. 2020. Stora Enso. Interview. 31.3.2020

Business line head Aseptic LPB & CKB. 2020. Stora Enso. Interview. 30.3.2020

Business line head Fresh LPB & FSB. 2020. Stora Enso. Interview. 31.3.2020

Business line director CKB & FSB. 2020. Stora Enso. Interview. 31.3.2020

Business line director SBS. 2020. Stora Enso. Interview. 31.3.2020

Appendix 1

INTERESTS 1: *Identify the Relevant Parties*

NEGOTIATOR: _____

COUNTERPART: _____

SUBJECT: _____

Fill in the names of the persons or groups involved in this negotiation. Put yourself as "Negotiator" and the person you are dealing with directly as "Counterpart." In the spaces below, write the names of others who may be significantly affected by the outcome of this negotiation.

People on "my side" who may care about the outcome	People on "their side" who may care about the outcome
Constituents? _____	Constituents? _____
Friends? _____	Friends? _____
Family? _____	Family? _____
Boss? _____	Boss? _____
Others? _____	Others? _____
_____	_____
DATE PREPARED: _____	INTERESTS 1

Identifying and weighing relevant interests, identifying relevant parties (Fisher & Ertel. 1995. p. 25)

Appendix 2

INTERESTS 2: Clarify the Interests

NEGOTIATOR: _____

COUNTERPART: _____

SUBJECT: _____

Mine What do I care about?	Theirs If I were in their shoes, what would I care or worry about?	Others What are the concerns of others who may be significantly affected?
<p style="text-align: center;">Personal</p>	<p style="text-align: center;">Personal</p>	<p style="text-align: center;">Other 1:</p>
<p style="text-align: center;">Business</p>	<p style="text-align: center;">Business</p>	<p style="text-align: center;">Other 2:</p> <p style="text-align: center;">Other 3:</p>

DATE PREPARED: _____

INTERESTS 2

Identifying and weighing relevant interests, clarifying the interests (Fisher & Ertel. 1995. p. 26)

Appendix 3

INTERESTS 3: Probe for Underlying Interests

NEGOTIATOR: _____

COUNTERPART: _____

SUBJECT: _____

In the left-hand column, list the more important interests for you and your counterpart that you identified on the form **INTERESTS 2**. For each of these, ask yourself "why?" and "for what purpose?" If you discover deeper interests, list them in the second column. Finally, try to rate your own interests by allocating 100 points among them in proportion to their relative importance.

Important interests (from INTERESTS 2)	Basic or underlying interests (Ask yourself "why?" and "for what purpose?")	Relative importance (Allocate 100 points)
Mine		
Theirs		

DATE PREPARED: _____

INTERESTS 3

Identifying and weighing relevant interests, probing for underlying interests (Fisher & Ertel. 1995. p. 26)

Appendix 4

OPTIONS 1: *Create Options to Meet Interests*

NEGOTIATOR: _____

COUNTERPART: _____

SUBJECT: _____

Look at your **INTERESTS 3** form, then list possible ways to meet the interests on both sides.
(List interests in order of their relative importance.)

My interests	Possible options	Their interests

DATE PREPARED: _____

OPTIONS 1

Creating options to meet interests (Fisher & Ertel. 1995. p. 33)

Appendix 5

ALTERNATIVES 1: *Think of My Alternatives to a Negotiated Agreement*

NEGOTIATOR: _____
COUNTERPART: _____
SUBJECT: _____

My key interests:

What could I do to satisfy my interests if we do not reach an agreement?

Possible alternatives	Pros	Cons

DATE PREPARED: _____

ALTERNATIVES 1

Identifying alternatives to the negotiation (Fisher & Ertel. 1995. p. 39)

Appendix 6

ALTERNATIVES 2: *Select and Improve*
My BATNA

NEGOTIATOR: _____
COUNTERPART: _____
SUBJECT: _____

Of my alternatives, what will I really do if no agreement is reached (my BATNA)? Why?

What can I do to improve my BATNA? (Write down concrete steps you could take to improve your BATNA even before you go into the negotiation.)

DATE PREPARED: _____

ALTERNATIVES 2

Selecting best alternative and improving on it (Fisher & Ertel. 1995. p. 39)

Appendix 7

ALTERNATIVES 3: *Identify Alternatives Open to the Other Side*

NEGOTIATOR: _____
COUNTERPARTY: _____
SUBJECT: _____

Their key interests:

What could they do to satisfy their interests if we do not reach an agreement?

Alternatives	Pros	Cons

DATE PREPARED: _____

ALTERNATIVES 3

Identifying other party's alternatives (Fisher & Ertel. 1995. p. 39)

Appendix 8

ALTERNATIVES 4: Estimate Their BATNA

NEGOTIATOR: _____
COUNTERPART: _____
SUBJECT: _____

What would I do in their shoes? (Which of their self-help alternatives looks best for them?)

How might I legitimately make their BATNA less attractive?	
By making it harder to pursue?	By influencing their perception of how unwise or costly it might be?

DATE PREPARED: _____ ALTERNATIVES 4

Estimating other party's best alternative (Fisher & Ertel. 1995. p. 39)

Appendix 10

Stora Enso		
Possible alternatives to negotiation ¹	Pros	Cons

Stora Enso interests		
Person	Interest	Importance

Customer		
Possible alternatives to negotiation ¹	Pros	Cons

Customer's interests		
Person	Interest	Importance

1. What could be done to satisfy the interests if agreement cannot be reached?

Of all the alternatives, what will be really done if agreement is not reached
What can be done to improve this alternative?

1. What could be done to satisfy the interests if agreement cannot be reached?

Of all the alternatives, what will be really done if agreement is not reached
How can Stora Enso make this alternative less attractive?

Template for listing alternatives.