

British Airways: is win-win just pie in the sky?



On Wednesday 10 August 2005 Gate Gourmet, catering services provider to British Airways, brought 120 agency workers into its Hounslow plant near Heathrow Airport. The arrival of lower-paid agency workers provoked a walkout by Gate Gourmet's morning shift which was then addressed by Gate Gourmet management via megaphone. Three minutes later, the entire shift was dismissed. The pattern was repeated when the afternoon shift arrived. By the end of the day more than 600 workers had been dismissed. Gate Gourmet was unable to supply BA with in-flight meals. BA began to give passengers meal vouchers so that they could eat at the airport.

The following day about 1,000 BA workers at Heathrow walked out in sympathy for dismissed workers at Gate Gourmet, causing the cancellation of all BA flights for 24 hours. The walkout should not have come as a surprise. The BA workers belong to the same union as those from Gate Gourmet and they come from the same community. It was the busiest week of the year and, in the ensuing chaos, approximately 100,000 passengers at Heathrow and other airports were delayed.

Gate Gourmet pickets occupied a grass mound near the airport until, six weeks later, conciliation service, ACAS brokered a deal between Gate Gourmet management and the Transport and General Workers' Union, who represented both Gate Gourmet and BA workers.

Six weeks provided ample time for blame allocation. The Union blamed Gate Gourmet. Dave Siegel, global head of Gate Gourmet blamed both "militants and radicals" within the work force and BA itself. Sir Rod Eddington, now-retired BA CEO, blamed not the Union but Gate Gourmet, describing the company's handling of the dispute as "ham-fisted". In a statement, the mayor of London claimed that "Gate Gourmet appears to be a very bad employer with appalling Dickensian labour practices".

When the dust finally settled, BA estimated the cost of the strike to have been between £35m and £45m, roughly £60,000 per fired worker.

1. So, what went wrong?

BA sold off its catering service to Swissair in 1997. When Swissair collapsed, Gate Gourmet was bought by venture capitalists Texas Pacific.

The rationale of "sticking to the knitting" or focusing on a company's core competencies cannot be faulted. Neither can the other reason for outsourcing non-core parts of the business – the driving down of costs. However, any provider of an outsourced service needs to be able to stay in business and a company can only stay in business if it makes a profit. Over the years, BA used its bargaining muscle to drive down the costs of Gate Gourmet's services. It was clear that, from Gate Gourmet's perspective, the deal was not sustainable and the only way out was to cut its own costs.

2. Could the strike have been avoided?

Much has been written about the need to negotiate sustainable deals. It is all too easy for negotiators to focus on short-term gains: getting the best possible price without considering whether the deal will work. This is particularly tempting in outsourcing deals where the supplier is in a far weaker position than the purchasing company.

Today most negotiators understand that it is important to take into account both sides' needs and interests in order to ensure a "win-win" outcome. Unfortunately this is often no more than an intellectual understanding. Faced with the adversarial conditions that prevail in many situations and the tough mandates that they are given, negotiators often find it difficult to "walk the talk" of win-win.

This is why, at Huthwaite, one of the criteria used to select skilled negotiators to study was that they had a track record of successful implementation of negotiated deals. A skilled negotiator is not just someone who can make deals, a skilled negotiator is someone who can make deals that can be implemented. Skilled negotiators anticipate implementation issues before the deal is agreed. Less skilled negotiators make deals which others find difficult or impossible to implement.

Extensive behavioural research by Huthwaite has found significant differences between skilled and average negotiators. These differences provide an insight into the "how-to's" of getting the best, sustainable deal even if the going is tough: in other words, the skills that support a win-win strategy.

As we were not "flies on the wall" during the Gate Gourmet-BA negotiations we can only guess at what was actually said. But we would be willing to bet that the negotiators did not use enough of the following behaviours, which we know they should have been using.

The first insight that the research gives us, is that skilled negotiators seek information more than twice as much as average negotiators. Seeking information is defined as "seeking facts, opinions or clarification from the other party". Skilled negotiators pay a lot of attention to understanding where the other side is coming from: what the reasons for making certain proposals are and why some issues are more important and others less so. This background information is usually more important than the proposals themselves – it tells us what the other side's needs really are.

Second, skilled negotiators spend a lot more time testing understanding and summarizing.

Summarizing is a behaviour which restates accurately and concisely the content of a previous discussion. Not only does this give a degree of control and contributes to keeping negotiations on track but it ensures that both sides are in agreement about what has gone before.

Testing understanding is a behaviour which seeks to establish whether or not an earlier contribution has been understood such as "Are you saying..." or "Let me just check, you believe that...?" Testing understanding enhances both sides' understanding of not only the other's needs and interests but also their own. It is only necessary to use a simple exercise, with two people taking opposing positions on an issue, to demonstrate that, if they each test their understanding of statements made by the other, mutual understanding is improved. In addition, if a statement has been made which is false or exaggerated, the side making the statement will often withdraw or modify it once the other side has played it back to them.

Finally, skilled negotiators give feelings nearly twice as much as average negotiators. Giving feelings is defined as revealing information about internal thoughts and feelings. Skilled negotiators talk about their feelings? This flies in the face of a general perception of the skilled negotiator as the poker-faced professional who would never talk about his or her feelings. The truth is that, while they do not resort to emotional displays, skilled negotiators comment on their own feelings where appropriate. For example, they might

say "I am concerned that we are not making any progress on this issue" or "I am pleased that you have raised that issue here." Giving feelings promotes trust by revealing internal information about feelings, beliefs and motives and invites the other side to do the same.

Huthwaite research reveals a number of other behavioural characteristics of skilled negotiators but the ones outlined above are those that are key to developing mutual understanding of the interests and needs of both sides. These are the skills that enhance mutual understanding and encourage both sides to look beyond the issues that are on the table, encouraging them to shape their proposals to meet long term and mutual interests.

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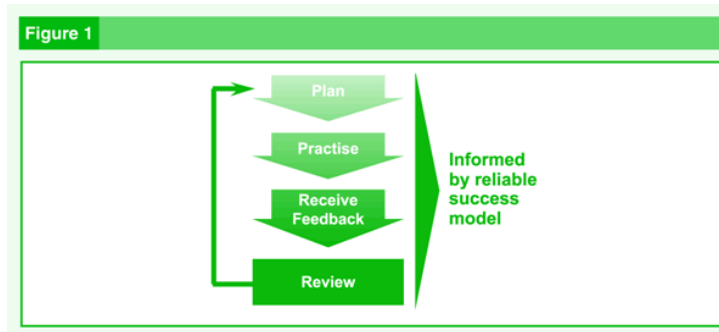
The development of negotiating skills

Huthwaite research into the skills of effective negotiators has been conducted using behaviour analysis. Trained researchers observe negotiations and record the behaviours used by both the effective and average negotiators. The behaviours are then statistically analysed in order to determine significant differences between the two groups. Statistical data is therefore available on all behaviours where we found significant differences between the two groups. For example, the behaviour of "seeking information" (asking questions) comprises 9.6 percent of all behaviours of average negotiators compared to 21.3 percent of all behaviours of effective negotiators (see Figure 1).

During training delegates have several opportunities to negotiate in roleplays. The same behaviour analysis that is used in research is then used during the roleplays so that delegates may receive structured feedback. The feedback is presented to them in a way which allows them to compare their own behaviours to those of the effective negotiator.

For example, a delegate may receive feedback that the behaviour of "seeking information" comprised 12 percent of her total behaviours during a negotiation. This is more than average but quite a bit less than the effective negotiator's 21.3 percent.

The trainer/analysts then work with the delegates to help them achieve individual behavioural change targets. Several cycles of plan, practice, behavioural feedback and review enable delegates to make real changes to the mix of behaviours that they use in negotiations. The rigour that behaviour analysis brings to the training enables real, measurable skill development.



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