

ACG Practice Management Toolbox
Negotiation 101: How to Get What You Want In A Negotiation

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Topic Overview:

Negotiation is an essential skill for every gastroenterologist in business and in life. Physicians are often required to negotiate with hospitals, third-party vendors, and insurance companies over critical issues. They even find themselves negotiating with their patients over care! Negotiation can be intimidating and confusing, even for experienced business executives. Unfortunately, most health professionals have never been trained in negotiation skills and are uncomfortable when it is required. The results can be devastating.

This toolbox article is a brief introduction to the subject of negotiation and provides a few essential tips and tricks to help gastroenterologists negotiate in the ever-changing climate of the medicine. The authors encourage additional reading and practice to improve results.

Prep, prep, prep

Preparation is vital. Knowing your numbers, your strengths, your weaknesses, and what the other party wants is crucial. Knowledge is power and the more you know, the better your negotiating power.

Questions to ask:

1. What knowledge is necessary to negotiate effectively?
2. What knowledge does the other party need from you?
3. What are some areas of common ground?
4. What are some areas of potential conflict?

Bringing Parties Together

When negotiating, it is not always just about winning or losing, or haggling over scarce resources. Successful negotiation is a process of exploring underlying interests and positions. It is a conversation that should bring parties together in a manner that is constructive and complementary. It is about investing in what is behind each position to identify what the essential issues are that must be resolved. By understanding these issues, the parties may arrive at a complementary agreement that meets the needs of both parties. Relationships are key to the process. Relationships need to be established BEFORE the actual negotiation is started. Don't expect to get what you want without first establishing a relationship with the other side. Success in a negotiation may depend on your relationship with the opposing party before the process began. Lasting relationships are important now and in the future. If you do not have the luxury of a previous relationship, focus on establishing rapport from the outset.

Insist on objective criteria

This is about making sure that the conversation stays on topic – remove any emotional or subjective components. The parties involved should be making deals based on objective and practical criteria. Connecting in advance can help facilitate this by agreeing on the process and who is involved. Additionally, plan how you will work and communicate with the other party.

Specific suggestions:

1. Establish a rapport.
2. Identify the other party's intentions or objectives.
3. Keep an open mind – you may need to continually adapt your approach. Be prepared to change course.
4. Avoid becoming emotional when facing pressure or threats.
5. Create and refine your options – make the most of your time together.
6. "Fairness" is hard to define. Instead, determine objective criteria to measure success. Consider what criteria may be applied: acceptable prices, reasonable volumes, payment conditions, quality standards, terms of cancellation, or other stipulations of your agreement.

Know Your Value

Gastroenterologists provide a tremendous amount of value to the health care system. However, many do not know the value they may bring and may even minimize this value.

Answers to know:

1. What are your "numbers"?
 - a. Number of procedures per annum
 - b. Payer mix
 - c. Discount rates per payer
 - d. Quality metrics
2. Who is your market competition and your degree of market penetration? This may be organized by zip code if available.
3. What viable options does the other party have if you do not come to an agreement?
4. What are your options if the negotiation breaks down? Remember that preserving a relationship is vital in any negotiation, regardless of the outcome.

Zone of Agreement

Negotiated settlements occur when the common interests of the parties are identified and agreed upon. This common ground is known as the "zone of agreement." Reaching the "zone of agreement" depends upon each party's alternatives to the agreement and the negotiation skills of the people at the table. An example of a "zone of agreement" between a gastroenterology group and a healthcare system would be the need to provide an affordable, jointly-owned endoscopy center.

Failure is not always the worst outcome. Avoiding a bad deal is a success. Reaching a destructive agreement in which one or both parties cannot achieve their basic needs is often worse than no agreement at all. Recognizing this reality is as critical to the process as finding creative solutions in a negotiation.

At the outset of the negotiation, seek to determine whether a zone of agreement exists between two parties. This is a key principle of negotiation. If this cannot be identified, then success is unlikely. A skilled gastroenterologist should be able to identify what the major points of agreement will be and whether the parties are likely to find solutions.

Key Questions for Zone of Agreement:

1. What are your key interests and why?
2. What are the other party's interests and how might they be considered?
3. Are there any third parties whose interests should be considered?
4. Which interests are shared, which are different, and which create conflict?
5. What trade-offs can you negotiate? For example, management contracts, control of scheduling, anesthesia or pathology ancillaries are potential tradeoffs.

Determine Your BATNA

Every negotiation has limits. You need to determine what is "off the table" in the negotiation. The next step is to clearly define the best outcomes you could expect without undertaking the negotiation. This is called the BATNA (best alternative to negotiated agreement)

Assessing the gastroenterologist's BATNA:

1. What are my alternatives to an agreement? What are theirs?
2. What are our alternatives if we fail to reach an agreement?
3. How can I improve my alternatives?
4. How can I weaken the other party's alternatives?

If the best alternative to negotiation is unclear or undesirable, it is more important to search for common ground and to do what is necessary to reach an agreement than to agree to a poor agreement.

Essential Suggestions

1. Relationships are vital.
2. Prepare before you come to the table.
3. Know the value that you bring to the negotiation.
4. Know what the Zone of Agreement is.
5. Determine BATNA – for you and the other party.

A NEGOTIATION OUTLINE:

Related Parties	Interests
	<i>Our interests</i>
Core Issues	<i>Other party interests</i>
	<i>Third party interests</i>

Options	Standards
Issue #1	Issue #1
Issues #2	Issue #2

Issues #3	Issue #3
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Alternatives	Commitments	Relationships	
<i>Our alternative to a negotiated agreement with this party (highlight the best one)</i>	<i>Elements of a framework for agreement</i>	<i>Current</i>	<i>Preferred</i>
	<i>What authority do we have?</i>	<i>Possible diagnoses for any gap</i>	
<i>Ways to improve our best alternative</i>	<i>What authority does our counterpart has?</i>	<i>Possible ways to bridge the gap</i>	
<i>Other party's alternatives (highlight the bet one)</i>			
<i>Ways to weaken their best alternative</i>			

Communication	
<i>Meeting purpose</i>	<i>Questions to ask/things to listen for</i>
<i>Desired outputs</i>	<i>Information to disclose</i>
<i>Who should be there?</i>	<i>Assumptions to test</i>
<i>Appropriate process</i>	<i>How to handle conflict?</i>

RESOURCES:

1. HBR Guide to Negotiation by Jeff Weiss
2. Getting to Yes! By Roger Fischer
3. Never Split the Difference by Chriss Voss and Tahl Roz
4. Harvard Business Review: The Most Overused Negotiation Tactic is Threatening to Walk Away by Jay A. Hewling, September 18, 2017.

Reference for Specific Situations:

1. Harvard Business Review: How to negotiation with someone more powerful than you by Carolyn O'Hara, June 06, 2014.
2. New York Times: Teaching Doctors the Art of Negotiation by Dhruv Khullar, MD, January 23, 2014.
3. Medium: Mind the Gap: Negotiations Tips for Women by Roi Ben-Yehuda, August 25, 2017