

How the *Negotiating Style Profile* Helped More than 600 Managers and Directors to Strengthen Their Negotiating Skills

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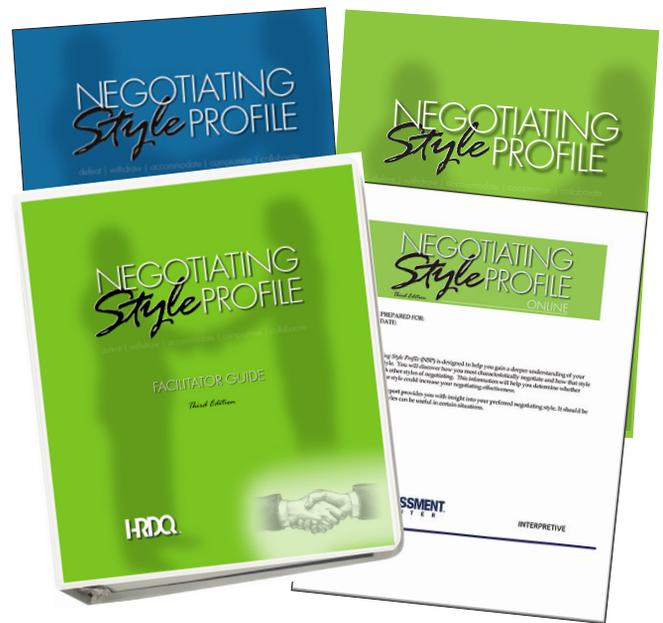
Capitalizing on a Growth Trend after a Bottom-Floor Drop

Like so many industries in America, the hotel industry experienced a number of volatile years between 2006 and 2012. After a high in 2006, the occupancy rate (Occ%) and the average dollar rate (ADR) plummeted dramatically between 2006 and 2009 before it began to rebound as the economy recovered. (See Figure 1 below.) The average daily rate represents the average income per paid occupied room during a given time frame. This combined with the occupancy rate is the foundation for measuring a hotel's financial performance.



Figure 1. Hotel Occupancy & Average Dollar Rate Based on AH&LA Industry Data, 2006-2012.

I was contacted by a client, the Vice President of Sales for a nationally-recognized upscale hotel chain. Although the organization's 2012 average daily rate was better than the national average, my client's 2013 strategic goal is to achieve an even higher rate—without damaging the occupancy rate. The Vice President of Sales was responsible for ensuring the General Managers and Directors of Sales were equipped to achieve this goal.



The *Negotiating Style Profile* Facilitator Set includes facilitator guide, sample print assessment, sample online report, facilitator support materials, and Microsoft PowerPoint presentation.

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Does Negotiating Style Help—or Hinder—Results?

Each of the client’s hotels is managed by a General Manager and a Director of Sales who are responsible for managing costs and maximizing sales. While both roles are required to negotiate as part of their everyday responsibilities, their objectives are different. The General Manager’s negotiations are centered on securing operation services and supplies such as repairs, paper products, and more through a network of vendors. The Director of Sales, on the other hand, is focused on selling accommodations to the hotel’s client base, including extended-stay reservations and à la carte services.

The client raised questions about negotiating style and how it impacts the objectives of each manager’s role:

- Do General Managers have the urge to drive a tougher bargain because of the underlying pressure to maximize revenue? Are they more demanding when making purchases?
- Are Directors of Sales more accommodating now because “times are good” and “being nice” might help them to establish beneficial long-term relationships with clients?
- Are Directors of Sales hesitant to charge the higher rates that would increase the average daily rate but damage the occupancy rate?

An Assessment of Negotiating Style

My recommended starting point was a self-assessment of personal negotiating styles. Based on Ury and Fisher’s collaborative win-win model, and heavily influenced by the highly-respected Thomas-Kilmann conflict resolution model, the *Negotiating Style Profile* offers a simple framework for determining one’s negotiating style and interprets how that behavior is likely to affect relationships and results.

Presented with 30 different statements, individuals were asked to choose one of seven possible responses, ranging from Completely Characteristic to Completely Uncharacteristic. Scores revealed a preference for one of five negotiating styles: Defeating, Accommodating, Collaborating, Withdrawing, or Compromising.

More than 600 General Managers and Directors of Sales were surveyed using the *Negotiating Style Profile* online self-assessment. The assessment results were grouped by title and then compared to the national norm:

NEGOTIATING STYLE					
	DEFEATING	WITHDRAWING	ACCOMMODATING	COMPROMISING	COLLABORATING
NATIONAL AVERAGE	19.8	28.0	31.0	25.1	31.8
GENERAL MANAGERS	20.9	20.9	32.8	26.9	36.2
DIRECTORS OF SALES	20.1	19.6	33.2	27.2	36.9

Figure 2. Negotiating Style Profile Raw Scores from more than 600 General Managers and Directors of Sales.

Summary of Negotiating Style Profile Results:

- The distribution of styles between the General Managers and Directors of Sales is relatively parallel across the five negotiating styles.
- The Defeating, Accommodating, and Compromising styles are consistent with the national average.
- The General Managers and the Directors of Sales both possess a higher rate of the Collaborating style than the national average.
- The General Managers and the Directors of Sales possess the Withdrawing style less than the national average.

Combined, the *Negotiating Style Profile* scores indicate that both the General Managers and Directors of Sales practice problem solving and patience more than most negotiators and they do not have the tendency to withdraw from the negotiating process.

Variations of each of the five negotiating styles may be appropriate in certain scenarios, and sometimes negotiators may want to use a specific style for a particular type of negotiation. For example, if the other party exerts superior power over the subject of the negotiation, a Withdrawing stance might be the most appropriate course of action in order to achieve an agreement.

However, the style that produces the best results most consistently is the Collaborating style. When satisfying mutual needs is a paramount concern, both parties can harness problem-solving strategies that benefit both the outcome of the negotiation as well as the relationship of the parties.

Negotiating Success Is a Matter of Style

Using the *Negotiating Style Profile* as the basis for insight and knowledge, the next step was to focus on the importance of raising the organization’s average daily rate by employing collaborative skills such as active listening and questioning. While this may be considered a basic skill, evidence shows that even the best collaborators lack the ability to “hear” what is being said and ask questions that elicit important and valuable information. He utilized role-play simulations as skill practice, with the General Managers acting as the client (a.k.a. the purchaser of accommodations).

In one situation, a Director of Sales “negotiated” with a potential client who wanted to reserve 30 suites for an organization that was in town during the summer months to centralize its IT function. The potential client received a bid from a competing hotel for a nightly rate of \$80. But what the Director of Sales did not know was three pieces of important information about the potential client:

1. There were several complaints about the competing hotel and it was not the first choice of accommodations for the organization’s employees and their families.
2. The potential client’s organization was building a new corporate office directly across the street from the Director of Sales’ hotel location.
3. Part of the centralization project required employees to get up during the middle of the night for “system test crashes.”

During the simulation, the potential client was instructed to withhold these valuable tidbits unless the Director of Sales specifically asked for the information. The client was also told to pay extra to stay at the Director of Sales’ hotel—if it became necessary to complete the negotiation. The role play took approximately 10 minutes, at which time the participants were told to come to an agreement in increments of \$5. Figure 4 below illustrates that not everyone got the same deal—some negotiated a better deal and some were not as successful.

DOLLAR VALUE	NUMBER OF AGREEMENTS
\$105	1
\$100	2
\$95	7
\$90	15
\$85	48
\$80	30
\$75	12
\$70	9
Had No Agreement	15

Figure 4. Results of Negotiation Role-Play Simulation.

Following the role-play simulation, I surveyed the Directors of Sales to see how many thought to ask the potential client:

1. Have you received any complaints about the accommodations at the competing hotel?
2. Where is the location of the organization’s new IT function?
3. How often—and when—were the employees expected to be on site at the new office?

Approximately one-third of the negotiators thought to ask at least one of these probing questions. The negotiator who achieved the \$105 rate did obtain this information and used it to drive the higher suite rate.

As the *Negotiating Style Profile* revealed, Collaborating is the dominant style of both the General Managers and the Directors of Sales. While this style will help them to reach successful negotiating outcomes, I supplemented the training with skill practice to further develop their skills.

The role-play simulations helped the Directors of Sales to apply the insights gained through the self-assessment. Specifically, they learned the importance of asking probing questions to uncover important information relevant to the negotiation. Coupled with action planning, the Vice President of Sales is confident the hotel chain will experience an average daily rate increase to achieve its 2013 goal.



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