

Negotiation Techniques for Health Care Professionals

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Negotiation is an essential part of health care practice and is not formally taught during medical training. This article aims to improve the negotiation skills of readers by explaining the essential components of preparation before a negotiation and reviewing common techniques for optimizing negotiated agreements. The terms *reservation point*, *target value*, and *best alternative to a negotiated agreement* are defined, and their importance in negotiation preparation is explained. The concept of anchoring, or making the first offer, in a negotiation is reviewed, and important techniques for team negotiation are provided.

Key Words: Negotiation, target value, reservation price, best alternative to a negotiated agreement (BATNA), anchoring

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INTRODUCTION

Negotiation skills are extremely important for all imaging professionals, regardless of their roles at imaging practices or hospitals. Whether imaging professionals serve as radiology administrators or department chairs, film readers or section heads, academicians or private practitioners, they need to be well versed in negotiation tactics. Unfortunately, negotiation is not a subject taught in medical training programs. It is the intent of this article to introduce readers to several common terms in negotiation science and convey their significance in the negotiation process. This article also presents several practical tips for improving the outcome of a negotiation.

SCOPE AND PREVALENCE OF NEGOTIATION IN RADIOLOGY PRACTICE

Situations requiring negotiation permeate all aspects of health care and radiology practice. In addition to negotiating with their colleagues and ancillary staff members on a daily basis, radiologists negotiate with payers (including the government, insurance companies, and managed care companies), hospitals, referring physicians, patients, and primary care and spe-

cialist physicians [1]. Obvious scenarios in radiology practice that involve negotiation include the purchase of new imaging equipment or the hiring of a new partner, but other everyday situations may also involve negotiation, even though the participants may not realize that they are negotiating. Such situations include asking an emergency room physician for a contrast-enhanced computed tomographic (CT) scan to evaluate the cause of nonspecific abdominal pain rather than a noncontrast study and asking a sonographer for Doppler interrogation of the ovaries when the sonographer has already discharged the patient after assuming that the examination was completed. In each of these two situations, both the radiologist and the other party may have a competing interest. The emergency room physician's interest might be to have as rapid a diagnosis as possible, and in a particular patient with nonspecific abdominal pain, the physician may feel that a faster diagnosis could be accomplished with a noncontrast CT scan rather than a study requiring the administration of oral contrast and a minimum 2-hour delay. The sonographer's interest may be in meeting the goal of minimizing patient discomfort if the patient is having difficulty tolerating the ultrasound examination. The radiologist's interest is to obtain the highest quality diagnostic examination possible to facilitate a correct diagnosis and minimize the uncertainty level and potential error rate. The radiologist may initially be unaware of the specific clinical scenarios that led the emergency room physician and the sonographer to proceed as they did. Thus, in each of these hypothetical scenarios, a type of negotiation takes place, in that parties with differing interests and

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positions are put in a situation requiring that they communicate their interests and differing viewpoints in an attempt to reach an agreement.

DEFINITION OF NEGOTIATION

The *American Heritage Dictionary* [2] defines negotiation as “to confer with another or others in order to come to terms or reach an agreement—to arrange or settle by discussion and mutual agreement.” Although this definition is quite thorough, an additional facet and goal of effective negotiation is to reach an optimal agreement, or one that is closest to the outcome that a negotiator had hoped to reach before the commencement of the negotiation. Arriving at that point can be facilitated by an understanding of several key definitions and concepts in negotiation science that are reviewed in the next several sections of this article.

KEY TERMS IN NEGOTIATION SCIENCE

An effective negotiation requires extensive preparation and involves a sincere and realistic effort by participants to estimate their own target and reservation points as well as their best alternative (or alternatives) to a negotiated agreement (BATNA). *Target* or *target value* refers to the best possible outcome that a particular side has for the negotiation: it is the most a negotiator hopes to achieve. *Reservation point* or *reservation price* refers to the least a negotiator or team of negotiators will accept before abandoning the negotiation [3]. *Best alternative to a negotiated agreement*, a somewhat more difficult concept, refers to the most favorable option a negotiator has if a negotiated agreement is not reached, or a fallback position [3]. An important point regarding the definition of BATNA is that it is determined by factors external to the negotiation.

To illustrate the concept of BATNA, the following example may be of use. Assume that a radiologist at hospital X is thinking of switching jobs. That radiologist is currently in negotiation for a new job at hospital Y and also has a competing job offer at hospital Z. In this hypothetical case, independent of the negotiation process at hospital Y, the BATNA of the radiologist is either to stay at the current job at hospital X or to accept the competing offer at hospital Z. It is essential to understand that the BATNA must be realistic: the competing offer at hospital Z should be considered as contributing to the radiologist’s BATNA only if the terms of the job at hospital Z are solidified and if the radiologist understands the terms of the job and is willing to accept the job. If the radiologist would not consider taking the job at hospital Z, then this job offer cannot be considered as

contributing to the BATNA. Thus, fully appreciating one’s BATNA requires a realistic understanding of the acceptable options available should the negotiation fall through.

PREPARATION FOR A NEGOTIATION

Adequate preparation for a negotiation is essential and includes arriving at realistic target and reservation values as well as a thorough assessment of one’s BATNA before entering the negotiation. Determining these figures often requires data-gathering research of the external environment as well as an examination of the collected data. For example, if a negotiation team is charged with the task of purchasing a new magnetic resonance imaging (MRI) scanner, the team will likely need to research the current market for MRI scanners, which includes but is not limited to the current MRI scanner pricing options of several vendors and appropriate financing arrangements. The negotiation team will also need to examine the financial situation of the practice they represent to determine how much they can spend on an MRI unit. Additionally, an effective negotiation team may also need to survey the competition in a particular geographic area so that they can best determine their particular needs for the MRI scanner.

It is important to realize that in addition to estimating these parameters for their own side, a good negotiating team will make an earnest effort to evaluate these parameters for the opposing side (or sides) as well. To emphasize this preparation, many formal negotiation courses have participants write their BATNAs, reservation prices, and target prices for themselves and for their opponents as part of an official negotiation preparation document that is drafted before the onset of the negotiation.

POWER IN A NEGOTIATION

Another parameter that needs to be estimated before a negotiation begins is that of power. Power in a negotiation is defined as the degree of leverage that a particular party has during the negotiation. Power may come from the position or role that a negotiator has within an organization. For example, assume that the chair of the largest and most prestigious academic practice in a major metropolitan area is recruiting a new radiologist. If the candidate the chair is interviewing wants to become an academic radiologist, the reputation of the university practice can serve as a source of power during the negotiation. Conversely, if the chair of a private practice is recruiting a new fellowship-trained pediatric radiologist, and the chair’s practice is the only private practice in a

particular geographic area that has a large pediatric volume, that specific job attribute might be used by the chair as a source of power to assist in recruiting a preferred candidate.

Other sources of power may involve knowledge a negotiator has regarding the negotiated topic. For instance, a salesperson with 20 years of experience in the field of MRI may have acquired a greater understanding of the industry than a junior radiologist or practice administrator seeking to purchase a new MRI scanner. In many cases, that knowledge can be used to help influence the terms of the sale. Power can also come from the strength of one's BATNA. Power in a negotiation is important because the degree of power that a particular negotiator has correlates with the outcome of the negotiation [4].

INTERESTS VERSUS POSITIONS

In addition to adequate preparation, negotiators should attempt to focus on interests rather than positions. Interests are the ultimate goal of a negotiation, whereas positions are the particular stances a negotiating side takes to help them arrive at the ultimate goal. To illustrate this difference, assume that in a negotiation involving the purchase a new CT scanner, the ultimate goal of the negotiators representing the purchasing radiology department is to procure a fair deal on the piece of equipment. To accomplish this goal, the negotiators choose to focus on the position of obtaining a below-invoice price for the equipment. However, an overall fair deal on a CT scanner may, in some cases, be achieved by receiving a below-invoice price for the service contract on the machine or in other cases might also be achieved by a generous trade-in on an older piece of imaging equipment that could be applied to the cost of the new CT scanner. These alternative scenarios, a better trade-in value on older equipment or a lower price on a service contract, may be easier for a vendor to grant than a low price on a new CT scanner. Thus, by focusing on the overall interest of a fair deal for the new scanner rather than solely emphasizing the position of a below-invoice price on the equipment, the negotiators may be more likely to meet their goal for the negotiation.

PEOPLE VERSUS POSITIONS

In many negotiations, it is easy for a negotiator to become emotionally involved with the other negotiating party (or parties). For example, assume that a particular radiology department is negotiating a contract with an outpatient imaging center to provide on-site interpretations of examinations performed at the center. The out-

patient imaging center is located close to the home of an extremely valuable radiologist in the practice who is eager to work closer to home and has expressed a desire to work on site at the center. Although the negotiating team for the outpatient center is known to be fair and honest, two of the team members have difficult personalities. In this example, if the negotiating team representing the outpatient imaging center is trustworthy, reliable, and willing to make a fair deal, the negotiators representing the radiology practice should make an honest attempt to establish a working relationship with the team members representing the imaging center, because striking a deal with the outpatient center may allow the radiology practice to acquire additional volume and increase the happiness of a valuable partner.

ANCHORING AND THE FINAL OUTCOME

Anchoring refers to the first offer that is put forth in a negotiation. It is extremely important, because first offers tend to correlate with final outcomes in a negotiation [5]. With this in mind, negotiators should attempt to make the first offer whenever possible. In almost every case, the offer should be realistic but aggressive. Determining an appropriate anchor often requires an intensive investigation of the external environment. For example, a radiology practice extending an offer to a new associate would likely need to have a solid grasp of the average salary for that particular position in its specific geographic region and probably should also be aware of what the average national salary figures are for the position being filled. The practice should then assess its strengths and weaknesses and use these attributes to arrive at suitable target and reservation salary figures before the negotiation.

An experienced negotiator will often be aware of the anchoring concept and will try to apply this concept by attempting to set the anchor value first. When this occurs, an attempt should be made to reanchor, using objective criteria to justify the repositioning. For example, assuming that a new radiologist completing a fellowship asks for \$280,000 in annual salary, but the practice feels that a more appropriate figure is \$230,000, the practice might tell the candidate something approximating the following:

We appreciate your frankness regarding salary, and we absolutely would love to have you join our practice. You are a great candidate and would complement our group nicely; however, because our two previous hires this year were started at \$230,000, and our informal survey of competing practices in the area shows starting salaries between \$210,000 and \$235,000, we believe that a more appropriate starting figure is \$230,000, given our newer equipment and our in-house section of emergency radiologists, which the competing practices in the area do not have.

This type of response accomplishes several things. First, it compliments the candidate in an attempt to build trust and lets the candidate know of the practice's interest. Second, it uses validated external data to support the position of a \$230,000 salary. Third, the positions articulated in this response emphasize the strengths and unique attributes of the practice as a source of power in the negotiation. By applying these techniques, the radiology practice may be able to re-anchor the starting point for salary negotiation at \$230,000 rather than \$280,000.

ESTABLISHING A FUNCTIONAL RELATIONSHIP IN NEGOTIATIONS

Establishing a functional working relationship is important in all negotiations and is often a prerequisite to resolving issues. In the case of differing backgrounds or personality conflicts between negotiators, establishing such a working relationship may be difficult. Establishing the trust needed to facilitate such a working relationship is an ongoing process, but several techniques can be of assistance during the process. First, concessions during a negotiation should be bilateral. In other words, if one party offers a realistic and appropriate concession, the opposing party should offer one as well, so that both parties feel that they are in a reciprocal agreement. Second, negotiators should not try to obtain a concession from an opposing other party by coercion or threat [6].

Another good overall guideline to help negotiators establish a functional working relationship is to follow the "golden rule," which means that negotiators should treat the opposing party or parties as they themselves would want to be treated in the identical situation [7]. For example, if a negotiator feels that the opposing side is treating the negotiator in a poor or inappropriate manner, the negotiator should make an earnest attempt to not treat the opposition poorly in return; if the negotiator believes that the opposition is acting irrationally, the negotiator should not act in an irrational manner as a response. The behavior of the negotiator should serve as a model for the opposition to emulate [6].

In an attempt to facilitate a functional working relationship, an effective negotiator should try to make an earnest attempt to listen to what the opposition has to say and try to understand and acknowledge their point of view. An attempt to understand how the opposing side may have reached their position may be of assistance during negotiations, in that it may assist an effective negotiator in influencing the opposition.

TECHNIQUES FOR TEAM NEGOTIATIONS

Although team negotiation is similar to negotiation among individuals in many ways, it is important to realize negotiating in teams requires an additional area of preparation, namely, communication among the members of a team before the negotiation [8]. As a general rule, all members of a particular negotiating team should maintain a unified front during the negotiation. Team members should meet before the negotiation and decide on a unified approach to the issues they will be negotiating. Any disagreements among team members regarding the parameters of target point, reservation point, BATNA, and prioritization of issues should be decided before the negotiation starts. One of the worst things that can happen to a team during a negotiation is the contradiction of one team member's position by another team member. When such a contradiction occurs, the credibility of the entire team may be compromised. If, during a negotiation, one of the team members disagrees with the positions or priorities previously decided on during the preparation period, such disagreements should be expressed privately to the other team members. This may necessitate the entire team requesting a break during a negotiation so that such disagreements can be worked out privately.

To facilitate a common front, a team may decide to have a single representative speak during the negotiation or may decide on a predetermined order of speakers to present and negotiate different facets of the negotiation; however, whenever possible, the team should attempt to function as a unified group during the negotiation.

CONCLUDING THOUGHTS

Negotiation is an extremely common and important part of radiology practice that involves radiologists and other imaging professionals at all levels, often on a daily basis. This article reviewed the importance of preparing for a negotiation, which includes a calculation of BATNA as well as a determination of target and reservation values before the negotiation. Thorough preparation also requires an estimate of these parameters for the opposing party or parties. The importance of anchoring, or making the first offer during a negotiation, was also reviewed, as were techniques to establish and maintain a functional working relationship with the opposing parties during a negotiation. Learning to become a better negotiator can lead to many rewards in both the practice of radiology and other nonclinical areas.

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