

Negotiation: It can pay a lot to learn a little

The economic impact of medical practice causes physicians to make business decisions that affect them and others. Obtaining a desired outcome through business decision making can be challenging for those without experience or education in negotiations.

Benjamin Brzezynski, MA

While doctors become medical professionals by training, they become business professionals through necessity. Outside of clinical duties, doctors create and maintain business relationships with salespeople, accountants, lawyers, administrators, and countless others. Unlike medical decisions, which follow a model of cause and effect, most business decisions are a product of negotiation.

What do doctors negotiate?

To provide the highest quality of care, doctors depend on a sustainable and engaged practice environment. The creation and maintenance of this environment comes from negotiated business decisions. Doctors negotiate everything from where they work (leases, procurements, professional services) to how they work (clinical contracts and agreements) to whom they work for (patient procedures, consultations, and care plans).

Mr Brzezynski is a negotiations analyst with Doctors of BC. He holds a master of arts in dispute resolution from the University of Victoria and lives in Vancouver.

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How can doctors negotiate?

Generally, the best outcomes to negotiated processes come through an objective analysis of the situation and a rational and strategic approach to negotiations. Regardless of what you are negotiating, the same processes and strategies can be applied. Successful negotiations can take place using a variety of approaches; two of the most common are positional and interest-based.

Positional negotiation

Positional negotiation involves the presentation of the wants or needs by all parties. Not surprisingly, these rarely align. The process of positional negotiation involves a deliberate give-and-take to protect your interests while cooperating at the same time. Bernie Mayer calls this “the negotiator’s dilemma.”¹

When preparing for positional negotiations, it is important to determine your “best alternative to negotiated agreement”—your BATNA. Having a clear understanding of what happens if you don’t get a deal gives you the perspective to evaluate offers and compromises. However, you only compromise to your bottom line. Depending on the degree of openness shown by the other parties and your own willingness to expose your inten-

tions, it may be strategic to disclose your bottom line at different points in the negotiation process.

Sometimes positional negotiations can be aggressive, with an upfront statement of bottom lines leading to a bargaining situation. In these situations, the manner in which you present your offer can make or break the deal that you get. Instead of merely stating a price, try starting by describing the benefits and value that you will provide. Accentuate the fact that, by choosing you as a provider, the other party gets more than an expenditure—they get unique, attentive, and professional services of the highest quality. If you first frame the discussion around a successful outcome for the other party, you set them up to anticipate your valuation, not fear it.

Interest-based negotiation

An interest-based approach has parties look beyond their wants or needs to try to determine their inner motivations for achieving an outcome—their interests. Interest-based negotiation requires parties to spend time exploring perspectives and positions that can build a mutually beneficial outcome. It’s not about option A or option B, but about creating option C. Roger Fisher and William Ury,²

Harvard's interest-based negotiation gurus, recommend the following principles:

1. Separate the people from the problem.
2. Focus on interests, not positions.
3. Invent options for mutual gain.
4. Insist on using objective criteria.

The approach to interest-based negotiations typically starts with a high-level discussion of outcomes (forget about the people). For example, you and your clinic manager might decide that your ultimate goal is to provide a functional, inviting, and safe environment for patients (these are your interests). While your needs might include a maximum overhead rate of 35%, and the clinic manager's needs might include a minimum income of \$5000 per month, these are only two small factors that impact your ability to achieve your interests. Alternate outcomes such as interdisciplinary care, directed contributions for ergonomic office supplies, or special shared expenses are all examples of options that you can invent for mutual gain.

When approaches blend together

Positions and interests are never completely separated. While positional negotiation seems straightforward, experienced negotiators will present a variety of positions that, instead of pointing to a direct outcome, will align with a greater strategic objective. The best way to respond to this is to ask questions and conduct background research to uncover this objective (the interest). Take the time to explore positional statements—"I need \$5000"—with open-ended questions—"What would you achieve with \$5000?" Open-ended questions encourage the other party to explain their reasoning in more detail, and it is in this reasoning that you find their interests. It is important to look for places where the strategic objectives of other parties align with your own,

and to then consider what material or nonmaterial concessions can help you reach agreement.

The main principle to keep in mind is that wants and needs are often misaligned with the ideal outcome. While the process of deciphering the interest behind wants and needs requires persistence and commitment, it can change outcomes to a greater degree than you might expect.

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Who can help doctors negotiate?

There is strength in numbers. A negotiating team can bring a greater perspective and can work together to evaluate offers. The pressure to immediately accept or reject an offer is mitigated when there is an option to deliberate with team members. Realizing that a formal negotiating team of lawyers and accountants is likely unreasonable for a physician-sole proprietor, members of your team can be your business partners or simply someone you trust for a valued second perspective. Prioritize those with whom you have existing relationships, for their understanding of your perspective and worldview can be just as valuable as their financial or legal acumen.

In addition to negotiating physician compensation and service pro-

vision on a provincial level, many medical associations share their expertise as a member benefit. Most provincial/territorial medical associations offer their members advice and support with the negotiation of local contracts and some practice management issues. Medical association negotiators can evaluate local contracts for compliance with provincial agreements and, in some cases, can directly assist in negotiations with a provincial agency.

Finally, consider furthering your skills. The sources cited in this article make for excellent introductory reading, and many postsecondary institutions offer courses on communication and negotiation. Private institutions have begun to offer courses in negotiation and conflict resolution for doctors, with a focus on practice management and communicating with patients. The CMA offers online advice and support for practice management³ as well as negotiation and conflict management courses⁴ in Toronto and Ottawa.

While medicine may be the profession that you chose, business is undoubtedly the profession that chose you. By being well prepared to negotiate business decisions, you can create the practice environment that puts you and your patients before anyone else.

References

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