Charting A Wiser Course

Negotiating Turbulent Times Together

by Kaye M. Shackford

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When Wayne Harvey and Gail Vent invited me to talk with you, they did so because they had come across a reprint of a speech I made called "MRO: Doing More With Less." They found it on Air Transport World's web site.

They then read a book I wrote. This book was published in December 2003, on the 100th anniversary of manned powered flight. I imagine it as having come out at a transitional point of time between an era that was ending and an era that, like it or not, is unfolding, bringing all of us along with it.

Wayne and Gail are providing each of you a copy of that book, so that, if you want, you can take these ideas back to your colleagues and extend the conversation.

When they asked me to talk with you, I struggled with what could I say that could be of help to you as you figure out how to help yourselves and your organizations survive and thrive under truly uncharted circumstances.

I also wondered what relevance the perspective of someone who grew up in the aviation industry in the US might have for folks in Canadian aviation enterprises. The truth is, I can only talk about my reality. You'll know whether what I say has merit for you. Take what rings true.

I want to tell you why I wrote the book. This book was my September 11th response.

As you may recall much too vividly, after September 11th, aviation businesses in much of the world were struggling to survive, stabilize and rebuild. To quote a 2002 article in *Business Week*, they were "grappling with their costs, capacity, pricing and product features in ways they hadn't seriously contemplated since the start of deregulation in 1978." They were laying off appalling numbers of people. They were simultaneously implementing major change initiatives – lean applied to the shop floor and to business processes, Six Sigma, value-streaming, supply chain management and others. They were seeking to implement massive changes in how they worked in the marketplace with suppliers, customers and partners. And they also had identified the need to change the working relationship between management and employee groups.

But there was one key element of change that no one was addressing. I kept waiting for someone famous and visible to talk about it and write about it, because I knew that unless it too was addressed, these other efforts could not succeed.

This element has to do not with the *content* side of change – which is what everyone was paying attention to – but with the *process* side of change, with what Douglas McGregor called "the human side of enterprise."[1] It has to do with how we do what we do with one another.

But nobody wrote that book. Nobody made that case. I finally realized that I was closest.

So I wrote it.

Here's the two-part concept that defines my 37 years in aviation, that underlies a workshop my husband and I have been running for 21 of those years, and that forms the core premise of the book. It's very simple:

The purpose of our behaviors is to achieve our objectives in a particular environment…and negotiation underlies most of our behaviors at work.

We do things to get what we want and need for ourselves and for the folks we represent, for our constituents. Hopefully, to get the very best solutions possible within the timeframe and the other constraints we have to deal with.

But as a species we get *taught* much of how to behave and what to do by the communities we find ourselves in. So you were hired – or you volunteered to get involved with the union - and someone said, "Sit here." "Do this." "Don't do that." "You'll get fired for that." And "Follow my lead." And, all too often, in response to your questions, the answer was some variant of these statements: "Because that's how we do things around here; that's the way we've always done it."

So a lot of what we do in organizations we learned from others, who learned from still others, about *how to be effective in an environment that presumably existed when those behaviors were first codified*. You can imagine that some of these models, assumptions and behaviors trace back for decades. In some cases they trace back for hundreds, maybe thousands, of years.

But what happens when our environments change? Are the behaviors still effective? I'd like to suggest to you that sometimes our business environments and objectives change so much that the very behaviors that were key – or at least sufficient – to our success are now literally working at cross-purposes to what we say we're trying to do.

That was the case I sought to make in my post-September 11th book. And I believe it to be even more true now. We have reached the end of managerial and behavioral models that once served us well, or well enough, but that no longer are adequate to the environments we must succeed in and no longer sufficient for who our employee populations have become.

So the rest of my message is this: If we're going to survive and thrive in this vastly different business environment, here's the very best piece of advice I can give you:

> *Align your behaviors and your people's behaviors with your organization's objectives.*

Now, as you probably know from personal experience – if you've ever tried to stop smoking or lose weight - changing behaviors on an *individual* basis – and maintaining that change - is very hard. Changing behaviors across a function or an organization or an industry is mind-bogglingly difficult.

The challenge is even more daunting because those of us who need to lead this effort to align our behaviors with our objectives – the operations managers and union leaders of our businesses – are not well prepared by inclination, training or prior experience to do so. Many of you have few skills at, and little interest in, what tends to be dismissed as the "touchy-feely" side of business.

So I want to make a case for why this must be done, and why it's time.
I invite you along on a discovery process:

- First, I'll review with you some elements from my time at GE, which may parallel your experiences.
- I'll then sketch out the end stages of models that no longer serve us well.
- I'll briefly identify some macro-elements that created this tectonic shift.
- I'll show you a model my friend Rich Hodapp reviewed with me.
- And I'll define negotiation in our context.
- I'll then review with you some typical MRO objectives and principles of Lean.
- We can then place our current negotiating behaviors side-by-side with these objectives and ask the operative question, "Can we achieve our objectives using these behaviors?"

- I'll propose an emerging model and look at *it* in relation to our objectives.
- Hopefully, your next question will be, "So how can we change our behaviors?" I'll share with you what I've learned about changing behaviors.
- And I'll tell you just one story about folks in our industry who are working to change their culture and their results.
- I'll introduce you to an 800-pound gorilla that's just sitting there.
- And I'll suggest to you an underlying meta-mind change.
- Then I'll propose to you some initial steps to start down this path, should you want to.

This should take about an hour. The plan is for us to take a break and then come back to a panel chaired by my husband Joe. The last page of your handout provides a place for you to jot down the questions you have. This should make that panel discussion more valuable for everyone.

GE and me, circa 1972

So, let me take you back to when I joined GE Aircraft Engines. In 1972, I was hired as an Organization and Manpower Representative. I was to work in support of the Manufacturing Technology Organization, which included advanced manufacturing process development, the development shops and the new engine development programs.

I came into GE with a tremendous advantage, though I didn't know it at the time. I wasn't an engineer by training. I did not have a degree in business administration. I had no preconceptions about how things were supposed to work in a manufacturing organization. So I asked lots of questions.

The place and the people absolutely fascinated me. It was as if I'd gone on an anthropological field trip to a distant and foreign part of the planet. If I was going to be of help to them, I badly needed to understand who they were, what they were

doing, and what the context was. And I truly did want to be of help to them.

By the way, I've learned that this single element can take you far; most people sense your good intentions, forgive you a lot of mistakes, and take the time to help you learn how to help them.

I had another advantage. My mother's Naval Officer younger brother – my uncle Jay – was a physicist and an adventurer. For many years, he was the head of the Office of Naval Research in San Francisco. He shared his love of science with me. He not only took my brothers and me to back roads to teach us how to do wheelies in his '55 Ford, he also took me out of school to go to meetings with him at places like Varian Associates and Stanford Research Institute. In ninth grade, my birthday present from Jay was a subscription to *Scientific American*, renewed annually for years afterwards.

GE Aircraft Engines was filled with hundreds of people like my Uncle Jay. I loved it. I loved those no-nonsense, make-it-happen people who would sign on for challenges they didn't know how to accomplish, and then somehow figure it out, set a path, and make it happen. And we did some remarkable things while designing, building, and supporting jet engines worldwide. We worked to figure out how to manage knowledge workers who knew more about their technologies than their supervisors did. We created a job posting process that gave people more control over their own career decisions, and we provided them access to the data they needed to make wise choices. We set out to integrate the organization with competent, goal-oriented women and members of minority groups, and in the process found out that they brought talents and perspectives that enriched us all.

But within a few years of my joining GE, things started to change. At the time, I had no awareness of the dynamics that were tumultuously reshaping the global landscape beyond our horizons. I suspect most of my colleagues were no better informed. One colleague did realize. Bob Garvin managed

the network of representatives that GE utilized around the world. In the early 80s, he told me of an article he had read in *The Economist* magazine. It made the point, he said, that for the first time, our children's generation would be less well off, less affluent, than we were, that global competition was going to change everything.

All I knew and all my colleagues knew, was that each year we were now being asked to do more and more with less and less.

About the same time, GE's new CEO - Jack Welch – required that each year every manager had to identify the top 20% of people in his or her organization and reward them, and to identify the bottom 10% of people and get rid of them. To the credit of many managers, after a year or two, they resisted identifying the bottom 10%. They identified people who had just left. Some identified dead people. As they continued to resist, they were told there would be no Incentive Compensation payouts for their entire organization. They still resisted. Then they were told that if they didn't come up with the names, their names would be in the bottom 10%. So they caved - on their own integrity. When you force people to give up their integrity, it becomes easier to give it up the next time and the next. And then, what do you have left?

The psychological contract between company and employee was eliminated. Employees were told the company's obligation to them was paid in full with each paycheck, and that they in turn (here's the quote) "should always be prepared to go and flourish elsewhere." The imperative to produce 10% or more profit quarter after quarter remained, cascaded down as bogeys and measurements on each person in the system. And each year that bottom 10% of employees was to be eliminated.

The End Stages of Once Useful Models

I now can see we were cycling downward through the stages that happen to people in organizations as they approach the end of problem-solving models that once served them well.

In Stage One, measurements are ambitious. Given the incentive to be in the top 20% and the fear of being identified at the bottom, people try harder and work longer. The first years, this works fine. As the model continues into its fourth and fifth year and beyond, the elimination of the bottom 10% gets very arbitrary; uncertainty builds in. The business appears to be thriving. Home life suffers. Some of your best and brightest are starting to wonder if this is all there is.

In Stage Two, beyond a certain point, you can't work harder or longer. To meet our measurements, we start finding ways to beat them instead, or to squeeze benefit from someone else. We engage in "Sausage Casing School of Economics" behaviors. "Sausage Casing" thinking assumes a finite amount of resource. To meet my needs, I squeeze the sausage somewhere else to plump it into my portion. Or to increase value for my customers, I squeeze my suppliers or eliminate some employees. I'm no longer creating value; I'm just moving it around. But it gets me through the next measurement period.

This was when our Corporate purchasing czar sent out a memo that said, "If your supplier likes doing business with you, you're not doing your job."

At the same time that Jack Welch was asking everyone to "take a swing," internal dynamics were making it far riskier to try something and fail. And it was becoming less fun to go to work in the morning. Life was getting more administrative and less personal.

In Stage Three, you start to dismantle your own infrastructure. You reduce R&D spending. You strip out legions of engineers working on advanced technologies that aren't going to come to fruition on your watch. You eliminate clerical personnel. Now, I have no problem with doing away with the secretaries who used to act as Keepers of the Gate in front of upper managers' private offices. But every strategic administrative assistant

who does a good job supporting the work of professionals makes each of those professionals far more effective.

Instead of following Demings' advice to drive out fear,[2] we are driving *in* fear. I'm afraid to take a new job. I'm afraid to have honest disagreements with my manager. I'm afraid to share information or perspective with you because it might put you higher than me on the list.

This is the point at which the answer to the rhetorical question, "An eight hour work day – what's that?" became "Sunday."

In Stage Four, everything is getting harder to make happen. You still have to meet your measurements. You start to cave on your own ethic; you cheat or you lie. The first time it bothers you a lot, but you rationalize your actions. You have to do it to protect yourself. Or, you're being a good team player. Over time, it bothers you less. Everybody does it, you tell yourself. We had to do it; they would have done it to us.

This global economic meltdown we're now in has precipitated some of our businesses into Stage Five, which is despair, decay and implosion. We're seeing it in the auto industry. I suspect that Rick Wagoner and his former management team at General Motors still believe they know best how to run an automobile company. Don't assume it can't happen to us. If USAir and United go into bankruptcy again, when they've already taken the benefits of Chapter 11 bankruptcy, what's the chance they'll come out as viable organizations?

Stage Six is simple – dinosaur time. We shutter our doors or end up much diminished as organizations, with our employees and probably ourselves having endured horrific personal pain, life disruption, and devastating economic loss.

Others operating with models more appropriate to the current environment take over the industry.

I have asked myself, how is it that we find ourselves doing these things? What is wrong with us? My conclusion is that I don't think there is anything wrong with us. We do these things because the culture we're part of supports them; because those in positions of authority declare them within the rules of engagement and necessary to our success; because we have a frightening ability to segment human beings into "us" and "them;" and because we tend to let our need for inclusion in our communities or approval by our top management override our individual sense of decency and right-doing.

I also think we do them because it has crept up on us over time. Roger Fisher introduced me to the concept of a slippery slope. You've probably heard the story about how to boil a frog. If you try to throw a live frog into a pot of boiling water, the frog isn't dumb; it leaps out. But if you put the same frog in a pot of tepid water and slowly turn up the heat, it will stay there until it cooks.

A slippery slope is similar. Bit by bit, we adjust to behaviors that we'd never participate in if we were hit with them all at once.

Macro-Changes in Our Landscape

What I know now is that huge changes have been affecting our industrial landscape. Those who study such things[3] identify several factors that are key to who we have been and who we now need to become.

• First, our commercial aviation business grew out of a military industry. A command-and-control mentality transferred to our commercial businesses in the mindsets of our top managers. This approach is not unique to aviation; it goes all the way back to the command structure of the Roman Legions and the Catholic Church. And it worked all right until the nature of the exempt, non-exempt, and hourly workforces changed.

• Many of us came to adulthood in the decades that followed World War II. The industrial machines of Europe and the Far East had been destroyed. North American industry faced no international

competition and many of our businesses had little domestic competition. Students of the labor movement suggest that this near monopoly or oligopoly situation lasted from 1947 to 1973 – the year after I joined GE. Our organizations could absorb a lot of non-optimal behavior and still succeed.

• And, we in commercial aviation had been operating in a regulated environment since 1938. Not only was commercial aviation protected, but many military contracts were "cost plus."

• Then, there was the rise of a sizeable middle class. Henry Ford's $5 a day salary started building that middle class in North America. The GI Bill of Rights in the U.S. – which initially extended from 1944 to 1956 - created an *educated* middle class with perspective and aspirations. Many of our companies were still seeking to manage what were now educated, knowledge-based workers using the assumptions, procedures and contractual concepts that had been developed early in the 20th century when we had to integrate masses of low-skilled, uneducated, and presumably under-motivated immigrants into the workforce.

• Things actually went along well enough for a few decades. Even though our union-eligible employees were increasingly dissatisfied and our organizations were rife with game-playing, private fiefdoms and plain old inefficiencies, there was so much slack in the system that we could get away with it.

• And then we got hit with a double whammy. International competition started kicking in around 1973. And deregulation hit in '78. The slack in the system disappeared, but in spite of some wonderful though relatively small-scale experiments, our managerial and behavioral models and assumptions really didn't change in any system-wide way.

• And then we were hit with September 11th. And then with this global economic meltdown, truly a tectonic shift.

So here we are. Our environments have changed. We may wish that they haven't, but they have. The old protections no longer exist. We are awash in an increasingly competitive global environment, with hungry competitors operating at far lower hourly rates than ours.

And we are realizing we can't get from where we are to where we need to be with business as usual.

So what should we do – give up and commit collective suicide? Or quit the industry and find employment at the corner garage? Maybe not.

Because I'm actually here to bring you good news.

And here it is:

Most aviation companies haven't even touched one very large element of the cost of doing business.

When people assume they can't change something – or when they don't have the concepts, models or words that let them get their minds around it – that opportunity becomes invisible to them. Precisely because it's been invisible and largely untouched, this element can result in great gains in organizational effectiveness.
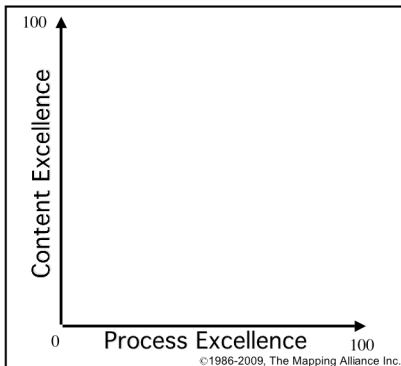
In the early 80s, I heard Tom Peters[4] talk about productivity improvement. He was convinced, he said, that the opportunity existed not for 5% or 10% improvement, but for hundreds of percent. When I first heard that, I remember thinking, "Yeah, right." But what if he is right? What if there are 100%, 200%, productivity improvements just lying there waiting for us to pick them up?

The longer I've worked in our industry, the more convinced I am that he *is* right. I'll seek to make this case for you; it's at the crux of everything.

Content/Process Model

A man named Rich Hodapp[5], who also taught me to satisfy the customer instead of competing against the competition, introduced me to this concept. Rich suggested that a mature

business can gauge its effectiveness in terms of two things – its *content* excellence and its *process* excellence.

Content Excellence (vertical axis, 0 to 100) vs. Process Excellence (horizontal axis, 0 to 100). ©1986-2009, The Mapping Alliance Inc.

Content is *what the business does*. It includes things like the excellence of your designs, products and services, your manufacturing, assembly, test and repair capabilities and facilities, your maintenance capabilities, information systems technology, distribution systems, the know-how in the heads of your technical folks, and so forth.

Please think about your own organization and rank it on a percentile basis on your *content* excellence, with 100 percentile being perfect. Put an "x" somewhere on the "content excellence" axis.

Then imagine what it would take - in terms of money, resources, people, time, and effort - to grow that another five percentile points.

Process excellence has to do with *how you do* what you do with one another – inside your own organization across organizational silos and with your employees, as well as out into the marketplace with customers, suppliers, partners, and regulators. These would include people management skills, problem-solving skills, grievance-resolving skills, communication skills, personal interaction skills, customer satisfaction skills, coordinating skills, account strategy skills, group decision-making skills…

If you blow away stuff like this, you call it *soft skills*. If you're slightly more open, you might call it *behavioral skills*.

Again, please rank your own organization on a percentile basis on your *process* excellence. Put an "x" somewhere on that "process excellence" axis.

And then think about what would it take in terms of resources to grow *that* five percentile points…ten percentile points…

I have asked this question many times – to individuals, at conferences, to top officers in aviation companies of all sizes. Invariably, they tend to mark their content excellence between the 75th and the 90th percentile. When asked what it would take to grow it another five percentile points, the answer is always, "A lot!" And they're right. The closer you get to 100, the resources required for incremental improvement increase at an exponential rate.

When asked about the current state of their process excellence, almost every person puts it much lower – usually from the 35th to the 50th percentile. When asked what it would take to grow this by five or even ten percentile points, the answer was almost always, "A lot less."

I agree with that, too. First, there is so much room for improvement. And it doesn't take huge investments in systems, technologies, bricks and mortar, or equipment.

Rich Hodapp says that, in mature businesses, these two together roughly define your business effectiveness and your marketshare.

In developing businesses – such as, until recently, the technology market – there is a period of time in which you can be boorishly interpersonally *incompetent* and get away with it, so long as you keep coming out with quantum-leap product improvements three to six months ahead of your competition. There comes a time, though, when content excellence is not sufficient.

Now, we *have* to keep our content excellence high – it's our ticket to the ballgame. And we'll continue to pour resources into it, just to maintain parity. Yet this chart suggests that massive leaps in effectiveness are available to us by

growing our *process* excellence. I think this is at the base of what Tom Peters was saying.

I'd like to suggest that the thread that ties all these process skills, these behavioral skills, together – management, communication, problem-solving, decision-making, agreement-shaping – is this game of life, is negotiation.

So let me define negotiation in this context. Whenever you're seeking to solve problems, make decisions, shape solutions or reach agreements with people over whom you don't have direct control - in what's called a mixed-motive environment - you're negotiating.

A mixed-motive environment is a situation where some of your interests overlap with those of the other person and some don't…and of those that don't, some may be in direct conflict.

How many of you, every day, have to solve problems, shape solutions and reach agreements? How many of you must do this in a mixed-motive environment? And how many of you must do this with others over whom you don't have direct control – employees and employee groups, peers, bosses, regulators, customers, suppliers and partners?

The truth is, we're all negotiators.

When we realize that negotiation underlies our behaviors, the findings of the Harvard Project on Negotiation can be used to identify the pattern of those behaviors. We can then place them side-by-side with our objectives and ask a simple question:

Can we achieve our objectives using these behaviors?

Here are two sets of objectives. The first reflects sample objectives from a variety of aviation maintenance organizations. The second reflects classic principles of Lean/Six Sigma.

First, some MRO Objectives:
• Become #1 in the eyes of our customers:
  o in safety, compliance and quality.
  o in aircraft appearance and on-time availability.

• Operate as a team-based, decision-making organization.
• Improve working relationship and trust between management and employee groups.
• Use collective knowledge and commitment to achieve operational excellence.
• Streamline operations and infrastructure to contain the cost of maintenance.
• Continuously improve our operations and business processes, applying lean principles in a volatile environment.
• Keep jobs in-house by reducing maintenance CASM (cost per available seat mile) to that of the external MROs.
• Enhance our safety and compliance culture; improve our relationships with regulators.
• Align supplier and inventory functions with lean product delivery system.
• Leverage our services capability to increase company revenue.
• Link suppliers with customers in alliances profitable to us.

And some principles of Lean:
• Define value from the customer's perspective.
• Initiate work to the needs/specifications of the customer.
• Identify value streams for products and services.
• Create a system where value is continually added.
• Clear away obstacles that block or don't add value.
• Relentlessly reduce waste.
• Have an intolerance for errors.
• Strive for perfection in all elements.
• Involve everyone as an owner (who knows where great ideas lie?).

Now let's add our behaviors. The Harvard Project calls our current model *Positional Negotiation*.[7] I take a position more extreme than I'm willing to settle for and so do you. Then through a series of tactics, measures and countermeasures, we ratchet in toward the middle.

In one version of this model – *Hard* Positional Negotiation – the premise is that

the pie is fixed, negotiation is about claiming value and my job is to get more than you. They identified these elements:

- Participants are adversaries.
- The goal is winning.
- Demand concessions to continue the relationship.
- Be hard on the people and the problem.
- Distrust others.
- Dig in to our position.
- Make threats.
- Mislead as to our bottom line.
- Demand one-sided gains.
- Search for the single answer - the one we can accept.
- Insist on our position.
- Apply pressure.

When we operate in the marketplace, we're comfortable enough with negotiation being a game whose purpose is winning. When we operate internally, we may use other words. But most of us learned that our job is to get our job done, meet our measurements and get our people to do what we want. And since we truly believe that our position is the right one, our job is getting others to fall in line with us, like it, hopefully, or not.

The words may be gentler; but the underlying assumptions are the same.

Some of us play a "nicer" version of the game. It's called *Soft* Positional Negotiation.

- Behave as if we're friends.
- The goal is agreement.
- Make concessions to improve the friendship.
- Be soft on both the people and the problem.
- Trust others, hoping that reciprocity will cause them to be trustworthy.
- Change position easily.
- Make offers.
- Disclose our bottom line.
- Accept one-sided losses.
- Seek the single answer - the one they'll accept.
- Readily yield to pressure.

Positional Negotiation

Soft Positional	Hard Positional
➢ Participants are friends.	➢ Participants are adversaries.
➢ The goal is agreement.	➢ The goal is winning.
➢ Make concessions to cultivate the relationship.	➢ Demand concessions to maintain the relationship.
➢ Be soft on the people & the problem.	➢ Be hard on the people & the problem.
➢ Trust others.	➢ Distrust others.
➢ Change your position easily.	➢ Dig in to your position.
➢ Make offers.	➢ Make threats.
➢ Disclose your bottom line.	➢ Mislead as to your bottom line.
➢ Accept one-sided losses.	➢ Demand one-sided gains.
➢ Search for a single answer - theirs.	➢ Search for a single answer - yours.
➢ Insist on agreement.	➢ Insist on *your* position.
➢ Yield to pressure.	➢ Apply pressure.

You can see it's the flip side of the same game. Game theory says that a hard game dominates a soft one. Given the choice of being the "beater" or the "beatee," most of us in aviation play the Hard Positional game. We didn't invent it, but we're very good at it.

Now, back to our core concepts: The purpose of our behaviors is to achieve our objectives…

Does this compute?

Behaviors	Objectives
➢ Participants are adversaries.	➢ Become #1 in safety, compliance, quality, aircraft appearance & on-time availability.
➢ The goal is winning.	➢ Operate as a team-based organization.
➢ Demand concessions to maintain the relationship.	➢ Improve working relationship between management & employee groups.
➢ Be hard on the people & the problem.	➢ Use collective knowledge & commitment to achieve operational excellence.
➢ Distrust others.	➢ Streamline operations & infrastructure to contain the cost of maintenance.
➢ Dig in to your position.	➢ Apply lean principles in a volatile environment.
➢ Make threats.	➢ Reduce maintenance CASM to that of the external MROs (in order to preserve jobs).
➢ Mislead as to your bottom line.	➢ Enhance our safety & compliance culture.
➢ Demand one-sided gains.	➢ Align supplier & inventory functions with lean product delivery system.
➢ Search for a single answer - yours.	➢ Leverage our services capability to increase company revenue.
➢ Insist on your position.	➢ Link suppliers with customers in profitable alliances.
➢ Apply pressure.	

Does this compute?

Behaviors	Principles of Lean
➢ **Participants are adversaries.**	➢ **Define value from the customer's perspective.**
➢ **The goal is winning.**	➢ **Initiate work to the needs/specs of the customer.**
➢ **Demand concessions to maintain the relationship.**	➢ **Identify value streams for products & services.**
➢ **Be hard on the people & the problem.**	➢ **Create a system where value is continually added.**
➢ **Distrust others.**	➢ **Clear away obstacles that block or don't add value.**
➢ **Dig in to your position.**	
➢ **Make threats.**	➢ **Relentlessly reduce waste.**
➢ **Mislead as to your bottom line.**	➢ **Have an intolerance for errors.**
➢ **Demand one-sided gains.**	➢ **Strive for perfection in all elements.**
➢ **Search for a single answer - yours.**	➢ **Involve everyone as an owner (who knows where great ideas lie?)**
➢ **Insist on your position.**	
➢ **Apply pressure.**	

If this strikes you as seriously dysfunctional, I agree. It's like trying to get from Halifax to Toronto by way of Prestwick, Ireland.

When we ask that operational question I mentioned earlier:

"Can you achieve these objectives using these behaviors?"

I think the honest answer is, "*You can get part way there*." Managers and employees regularly do incredibly difficult things. But the rest of the answer is this, *"You can't get all the way there."*

I hope your next question might be this: *"Is there a better way?"* That same project at Harvard suggests that the pie is not fixed and negotiation really is not about beating the other guy.

Rather, it's about this: solving problems, realizing opportunities and shaping solutions to satisfy your constituents' – and your counterparts' - interests and needs better than any alternative reasonably available to you or them, and doing so in such a way that you and your counterparts look forward to solving problems and shaping solutions together again.

Their researchers laid out the old options against these criteria. Soft positional or hard positional negotiation – which game should you play?

Some of you may remember a movie called *War Games*, in which a computer played endless sessions of Tic Tac Toe and nuclear war scenarios. Finally it learns. In both cases, the only way to win is not to play.

Which game should you play? Neither, they said. Change the game. In interest-based negotiation:

- Participants are problem-solvers.
- The goal is a wise outcome reached efficiently and amicably.
- Separate the people from the problem.
- Be hard on the problem, unconditionally constructive with the people.
- Be wholly trustworthy.
- Get below positions to the motivating interests.

- Avoid having a bottom line.
- Multiply options for mutual gain.
- Insist on objective criteria.
- Reason and be open to reason.
- Yield to principle, not to pressure.

Here are those objectives and these behaviors…

How About This Instead?

Behaviors	Objectives
➢ Participants are problem solvers.	➢ Become #1 in safety, compliance, quality, aircraft appearance & on-time availability.
➢ The goal is a wise outcome reached amicably and efficiently.	➢ Operate as a team-based organization.
➢ Separate the people from the problem.	➢ Improve working relationship between management & employee groups.
➢ Be hard on the problem, unconditionally constructive with the people.	➢ Use collective knowledge & commitment to achieve operational excellence.
➢ Be wholly trustworthy.	➢ Streamline operations & infrastructure to contain the cost of maintenance.
➢ Get below positions to the motivating interests.	➢ Apply lean principles in a volatile environment.
➢ Avoid having a bottom line.	➢ Reduce maintenance CASM to that of the external MROs (in order to preserve jobs).
➢ Multiply options for mutual gain.	➢ Enhance our safety & compliance culture.
➢ Insist on objective criteria.	➢ Align supplier & inventory functions with lean product delivery system.
➢ Reason and be open to reason.	➢ Leverage our services capability to increase company revenue.
➢ Yield to principle, not to pressure.	➢ Link suppliers with customers in alliances profitable to us.

…and those principles of Lean and these behaviors…

How About This Instead?

Behaviors	Principles of Lean
➢ Participants are problem solvers.	➢ Define value from the customer 's perspective.
➢ The goal is a wise outcome reached amicably and efficiently.	➢ Initiate work to the needs/specs of the customer.
➢ Separate the people from the problem.	➢ Identify value streams for products & services.
➢ Be hard on the problem, unconditionally constructive with the people.	➢ Create a system where value is continually added.
➢ Be wholly trustworthy.	➢ Clear away obstacles that block or don 't add value.
➢ Get below positions to the motivating interests.	➢ Relentlessly reduce waste.
➢ Avoid having a bottom line.	➢ Have an intolerance for errors.
➢ Multiply options for mutual gain.	➢ Strive for perfection in all elements.
➢ Insist on objective criteria.	➢ Involve everyone as an owner (who knows where great ideas lie?)
➢ Reason and be open to reason.	
➢ Yield to principle, not to pressure.	

Some of you will question whether your people really do use hard positional behaviors. We certainly *talk* enough about collaborating with employees, customers, suppliers and partners. More than twenty years of helping thousands of your colleagues make this mind change – from first line supervisors to master black belts to union leaders to vice presidents of Maintenance & Engineering and their staffs – leaves me convinced that Positional Negotiation really is our current model, even though almost everyone knows that what we're doing is nuts.
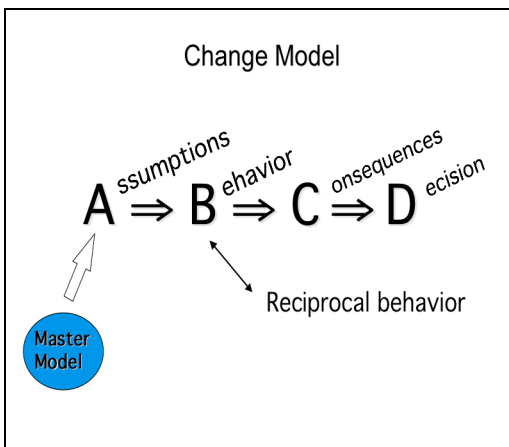
So, how do we change our behaviors?

But should you ask the next question - *"How do we build these skills in our people?"* - skills training can't do it. Skills training can improve behaviors *within* an existing model. But when the model itself can no longer solve the problems we need to solve or realize the opportunities we need to realize, skills training doesn't work.

Changing the invisible model that drives our assumptions and behaviors seems to require highly experiential, immersion education to the paradigm-shift level. If in the past you've sent your people to skills training as part of your change initiatives and nothing much seemed to change, let me show you a major reason why.

Years ago, a colleague showed me this model for behavior change. We start with our *Master Model* – our paradigm - for how to make the world work.

Our master model drives our *Assumptions*, which include our vocabulary and our metaphors - the images we use to define reality. Bill Moyers[6] says that when we get our metaphors right, we tend to do the right things.

Change Model

$$A \Rightarrow B \Rightarrow C \Rightarrow D$$

assumptions · behavior · consequences · decision

Reciprocal behavior

Master Model

Our assumptions drive our *Behaviors*.

Our behaviors tend to elicit *Reciprocal Behaviors* - not always, but they tend to.

And these behaviors have certain *Consequences*.

The model says that if we don't like the consequences, if they no longer serve us well, we can make a *Decision* to change. Usually, when we decide to change, we try to change our *Behaviors*. This is the province of skills training, good intentions and trying.

No matter how well intended we are about changing, if our underlying master model is no longer sufficient, we learn the skills but they don't last. Our model pulls us back into old familiar assumptions and behaviors.

This is really important to understand.

We have to go all the way back to surface and then change our master model, which drives different assumptions, results in different behaviors, elicits different reciprocal behaviors, and…you get the idea.

Here's a pop quiz that applies this to negotiation. I'm going to take you through it twice, and all I'll change is a couple of words.

Suppose, based on your current model, the words you use to describe the other guy in a negotiation are "my opponent," or "my adversary." May I assume you've heard these words?

So, if that's your *opponent*, your *adversary*, what *Assumptions* are you likely to make about your *purpose* as you prepare to negotiate *against* your opponent?

A. To solve problems, to shape agreements.
B. To avoid losing, to protect myself.
C. To win, to beat them.

Form follows function. If your purpose is to win, to beat them, what might your *Behavior* be like?

A. More open, trustworthy, collaborative.
B. Defensive, suspicious, distrustful.
C. Adversarial, aggressive, abusive.

Note that your behavior clarifies your actual objectives. If your behavior is defensive, suspicious, covert, your primary objective is probably to avoid losing.

Now, remember I said that your behaviors tend to elicit reciprocal

behaviors from the other guy? So if you behave adversarially and aggressively, what *Behaviors* are you likely to elicit?

    A. More open, trustworthy, collaborative.

    B. Defensive, suspicious, distrustful.

    C. Adversarial, aggressive, abusive.

And what might the *Consequences* be? More precisely, what's the likelihood that you're going to come up with creative, near-optimal solutions and look forward to working together again? Somewhere approaching zero? You got it.

So, what would happen if we did change our minds? Let's take that quiz again. But this time, the words we use aren't "my opponent" or "my adversary." This time, let's describe the other guy in the negotiation as "my counterpart." Kind of like me, works too hard, goes home tired, doesn't see family enough. Has a job to do, kind of like me. My counterpart.

So what *Assumptions* might you make about your purpose as you sit down to negotiate *with* your counterpart? Here are your choices:

    A. To win, to beat them.

    B. To avoid losing, to protect myself.

    C. To solve problems, to shape agreements.

Form follows function. If your *purpose* is to solve problems and shape agreements, what might your *Behavior* be like?

    A. Adversarial, aggressive, abusive.

    B. Defensive, suspicious, distrustful.

    C. More open, trustworthy, collaborative.

So, if you operate in trustworthy ways and are open to finding things that are better for you and them, what *Behaviors* are you likely to elicit from them?

    A. Adversarial, aggressive, abusive.

    B. Defensive, suspicious, distrustful.

    C. More open, trustworthy, collaborative.

May I assume this makes sense?

And what might the *Consequences* be?

    A. Near optimal, mutually beneficial.

    B. Time efficient, amicable.

    C. May strengthen the relationship.

    D. Potentially, all of the above.

You got it. In a nutshell, this is what we're talking about.

So that's the concept behind a paradigm shift – small changes in our perceptions lead to small changes in our assumptions, which lead to *significant* changes in our behaviors and *very* significant changes in our results.

The good news is that when you make that shift, your assumptions change and your behaviors change, and you can do with relative ease and simplicity things that felt like pulling teeth before. Years after attending our workshops, graduates continue to create value with their counterparts and craft far better solutions for their constituents in a world that hasn't changed much yet. So we know it can be done.

You'll find that my book contains a lot of stories about people in our industry who have been using this approach. Some are good news stories; some are about things we've learned the hard way.

I want to tell you one story that is not in the book. Like all our stories and lives, it is still being played out.

This one began in Canada about eleven years ago when a gentle man named Oliver Martins – some of you may know him – moved from Air Canada to American Airlines' Maintenance and Engineering organization in Tulsa, Oklahoma. He was hired as Managing Director in their Engine Maintenance organization.

He entered a very hierarchical and adversarial shop environment, one with a long history of poor working relationships between *everyone*. It was and is a unionized shop, represented by the Transport Workers Union.

Not too long after he arrived Oliver asked his staff a simple question. "How long," he asked, "does it take us to turn a JT8D 200 series engine?"

The answers he got would have warmed the cockles of any manager's heart. "Thirty-five days," they said. "Maybe thirty-six days." As good as anyone in the industry.

"How do we know?" he asked. Notice that he didn't say, "How do *you* know?" He said, "How do *we* know?" They didn't know; they were just swagging numbers. "Let's find out," he said. It turned out it was taking 81 days to turn those engines.

Oliver sat down with his staff and with the leaders of the TWU, and he said something like this: "Unless we can find a way to be competitive with the Best in Class external MROs, sooner or later top management will do due diligence. When that happens, they'll outsource all this work."

I don't know if he made the next statement, but everybody understood what it was. The next statement was this: " And I'll lose my job, you'll lose your jobs and thousands of people in the Tulsa, Kansas City and Fort Worth areas will lose their jobs. Someone will do the work, but it won't be us."

Now, most of you know that union leaders and union members are rightfully not particularly keen about massively improving productivity. Because historically, whenever productivity is improved, the next thing that happens is what? Sure, people in the shop get laid off. If the improvements are significant enough, first line supervisors and unit managers also get laid off.

So Oliver also committed, as much as was possible to commit in an imperfect world, that as shop space and manpower were freed up, they would bring in third party work to keep the shop loaded and keep employment as steady state as possible.

Within a few years, as productivity, quality and innovation improved dramatically in the engine maintenance shop, Oliver was promoted to Vice President of Engineering, Quality Assurance and Planning. And he was commissioned to expand this change effort throughout M&E.

He also knew that he was a short-timer, and that it was *his* internal mindset that was driving this change effort. If the changes were to last beyond his tenure, he would have to find a way to share that mindset with others.

Five years ago, he sent two engine maintenance managers to one of our workshops. One of them is convinced he is alive today because of what he learned there.

Now, you can't see mindsets; they're invisible. But you can see the actions that derive from those mindsets. What Oliver noticed in the months that followed was that both these gentlemen had changed their behavior and changed their results, and that the behavior changes were lasting. So he sent more people. And more people. And they sent their people.

I recently got an email from one of our graduates. Here's what it said in part:

> *"We did it in Landing Gear, we did it in Pratt & Whitney, and now we have done it in GE…We communicated, found common ground, set mutual goals, and then just did it. The entire organization has a say in what goes on. They know the goals, the schedule, and have a say in the day-to-day business. The Supervisor and Crew Chiefs and the employees now own the business, and they just allow me the pleasure of leading them, and providing them communications from the upper groups."*

That 800-pound gorilla

Now, I need to pay a bit of attention to that 800-pound gorilla that's sitting in the corner of this discussion. This audacious experiment to change American's M&E culture and results has a chance of working because they recognized the union's need to preserve jobs.

Many of you are deeply involved in Lean/Six Sigma activities. Some of you may be familiar with a remarkable book in which the term "lean production" was first

coined. It is called "The Machine that Changed the World," and it reports on a five-year MIT study of the automotive industry in Japan, North America, and Europe.

Here's a quote from the section on the Toyota Production System:

*"After the war, Toyota…faced a host of problems…The native Japanese work force…**was no longer willing to be treated as a variable cost or as interchangeable parts.** What was more, the new labor laws introduced by the American occupation greatly strengthened the position of workers in negotiating more favorable conditions of employment. Management's right to lay off employees was severely restricted, and the bargaining position of company unions representing all employees was greatly reinforced. The company unions used their strength to represent everyone, eliminating the distinction between blue- and white-collar workers, and secured a share of company profits in the form of bonus payments in addition to basic pay."* [8]

These three changes – greatly strengthening the in-house union to represent both blue- and white-collar workers, essentially guaranteeing lifelong employment, and linking a sizeable amount of each person's pay to organizational profitability - became the cultural foundation that made Lean production possible.

There is a pathetically ironic footnote to this story:

"…both a new approach to labor relations and a new system of industrial finance were imposed on Japan by American occupation officials sympathetic to President Franklin Roosevelt's "New Deal." [Roosevelt] had been unable to gain the political support for similar measures in the United States. Two

of Roosevelt's most vehement and effective opponents in the area of labor law reform were Alfred Sloan [head of General Motors] and Henry Ford [head of the Ford Motor Company]." [9]

Is there some underlying meta-mind change?

What's it all about, Alfie?
Is it just for the moment we live?

I have continued to wrestle with a frustrating feeling that we haven't yet reached the underlying master model. So the question remains, what's at the base of all of this?

Let's see if I can make this case. In his *Wall Street Journal* column "The Front Lines," [10] Tom Petzinger for years has been documenting seemingly spontaneous outcroppings of elements of this approach to doing business.

In all likelihood, none of these folks had attended anybody's workshop in interest-based negotiation. So interest-based negotiation wasn't *driving* the change, though it was a key element of the change, helping it succeed and embed.

As Joe and I have worked over the years with our clients, we're more and more convinced that a meta-paradigm shift is slowly occurring.

This mind change does indeed let us get far better solutions far more efficiently. It lets our outer actions be congruent with our inner values. And it gives back to us our life outside of work.

So what is it? Deming taught us to ask why five times. I've spent my entire life saying, "What's going on here? What's the frame of reference that lets what I'm seeing make sense?"

We can get part way to this emerging paradigm through reverse engineering. I asked you to play with the difference between "negotiating *against* my *opponent*" and "negotiating *with* my counterpart."

If I'm negotiating against my opponent, my basic model is this: It's me against you.

If I'm negotiating with my counterpart, my basic model is this: We're in this together.

This became the opening for me.

The old model was, "It's us against them." The foundation layer of this alternative paradigm is,

> *"For better or worse, we're in this together; we're all interconnected."*

Not in a hierarchy. As an ecosystem.

In an ecosystem, you may be big and I may be little, but we're in this together, and you need my participation as much as I need yours.

You may be the manager and I may be the employee or the union leader. If we do our jobs with integrity, each of us has appropriate objectives we're charged to achieve to maintain a balance. You may have more interest in meeting quarterly measurements and growing the business's financials; I may have more interest in preserving jobs and ensuring job maintenance factors are met. We both have an overriding interest in the success and long-term survival of the organization and its people. We're in this together.

You may be engineering and I may be manufacturing or customer support. You may be looking for that optimal design. I may be looking at how on God's green earth do we make that thing or support it in the field? We each have a responsibility to create value for the entire organization. We're in this together.

You may be the buyer and I may be the supplier, each looking for the best solution for our constituents. But as long as your organization and mine agree we're in a long-term relationship *or may be again*, you have as much interest in my surviving and thriving (though not at your expense) as I have interest in your doing well and continuing to do business with me. And we should look long and hard before we decide we're not now and never will be in a long-term relationship. Business life has some curious turns and twists in it. We're in this together.

It gets even harder.

We're in this together, even during tough times. If so, when times are tough, I don't have the luxury to reward myself while I'm squeezing you (and that includes salaries and bonuses and stock options). When times are tough, I don't have the luxury to disregard agreed-upon employment policies to get through or to change unilaterally the terms of our payment agreements. I do have the right to sit down and talk it through with you and to decide jointly how to get through tough times. We are in this together, and we will work it out together, sitting on the same side of the table looking at the problem or the opportunity.

Now, these are the kinds of assumptions and behaviors that a small but growing set of people across our industry have been moving toward for the past twenty years or so. These assumptions and behaviors make up the cultural mindset that does let Lean embed and spread, that does let supply chain management add value at every point along the value stream, and that does change the working relationship between union and management; employee groups, employees and management.

Folks are working on it in various pockets around our businesses, and we're making inroads. Yet, culture change finally succeeds because enough people change their minds about the nature of reality. Individuals choose to act in these ways. It starts with people who take a step in faith to apply the new model because it seems to work better *and because it just feels right*.

So, if this speaks to you, please choose to learn more and to extend these ideas to others. Please email this reprint to everyone you think would find it of value. And I would absolutely love it if you decided to loan out your copy of our book to others.

Some ways to start…

I want to leave you with a set of ideas that underlay a training program called *Influence*.[11] These ideas greatly retooled my own thinking when I was just starting down this path.

Some years back, the Forum Corporation concluded that the next major key to success was going to reside not in what you did within your *own* function, though that remains important, but in your ability to get work done *across* functions and as members of temporary work teams.

The people at Forum wondered if there was a pattern to what people did who were especially successful in these influence environments. The people they looked at were seen by their peers as highly effective in influence environments and seen by their managements as promotable. The Forum researchers found that the behaviors that differentiated *high* performers from *average* folks clustered in three areas:

- those things people did to set up an effective structure for working together,
- those things they did with others to gather data and solve problems,
- and those things they did to ensure the solutions actually got implemented.

They called these areas *Building Influence*, *Using Influence*, and *Sustaining Influence*. They discovered that one core element differentiated people in each of these areas.

Here's the kicker:

In relation to *Building Influence*, this was the core behavior:

"Being willing to help others in the pursuit of their interests and needs."

In relation to *Using Influence*, *this* was the core behavior:

"Being willing to share your power in the interest of the overall organizational goal."

And in relation to *Sustaining Influence*, the core behavior was this:

"Behaving in ways that caused others to trust you."

When I first learned this, it blew my mind. What do you mean, be helpful to *others* in relation to *their* objectives? I'd been taught my job was to achieve *my* objectives! What do you mean, *share* power? I thought my job was to gain and exploit my *own* power. And what do you mean, behave in such a way as to cause others to trust me? I thought they were supposed to respect me, maybe fear me a little…

But the data was drawn from feedback given by people whose involvement with me on projects was critical to my own job success. Little tumblers started turning differently in my mind. Coming from my battlefield mentality, where everyone else was a potential obstacle to my success, these thoughts blew me away. At that point, I had two choices. I could deny them. Or I could play with them. I chose the latter.

I invite you to play with them, too.

In your daily life, be open to opportunities to help others in the pursuit of their interests and needs.

Be open to sharing your power in the interest of the larger organizational goal. When you do, you'll find you're not lessening it; you're growing it.

And monitor your behavior as seen by others so they conclude you are indeed trustworthy: that you're open with them, that you tell it to them straight, that you do what you say you're going to do, and that you're accepting of them.

A Chinese proverb says the best time to plant a tree is twenty years ago; the next best time is now. This mind change should have occurred across our industry more than twenty years ago – but it didn't.

I hope you agree that the next best time is now.

Tom Petzinger placed this quote from a play called *Arcadia* in the beginning of his book *The New Pioneers*.[12] I offer it to you as an invitation to step forward together into quite incredible times, to create anew our wonderful world of

aviation as we know it can be and should be, and to revitalize ourselves.

> "A door like this has cracked open
> five or six times
> since we got up on our hind legs.
> It's the best possible time to be alive,
> when almost everything
> you thought you knew
> is wrong."
>
> - Tom Stoppard, Arcadia

Thank you very much for your time and consideration.

Kaye Shackford, Vice President of the Mattford Group and author of "Charting A Wiser Course: How Aviation Can Address the Human Side of Change," can be reached through www.negotiatingsolutions.com. Her book can be previewed at www.chartingawisercourse.com and other aviation web sites.

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