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Mireia Prat

Sales Negotiations in Professional Service Firms

An Exploratory Study on Agenda
Setting and Issue Management



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Sales Negotiations in Professional Service Firms

An Exploratory Study on Agenda
Setting and Issue Management

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Foreword

Individualization in service design and production has also prompted more individualized ways of marketing those services. The sales process has thus become more and more of a negotiation situation, in business-to-business (B2B) settings anyway, but more and more in business-to-consumer (B2C) settings, too. In contrast to a pre-structured sales process in which the salesperson may follow a certain persuasion and closing-the-deal routine, a real negotiation situation is characterized by a greater diversity in terms of the twists and turns the process may take and in terms of outcomes, too.

Over the last 60 years, negotiation research in various disciplines such as game theory, social psychology, communication studies or marketing research has done a great deal to better understand negotiation processes and outcomes. Structural (e.g. power, media) and personality-specific (e.g. gender, culture, personality traits) determinants of negotiation as well as communication and cognitive processes in negotiation have received a lot of attention. Interestingly, this is not true for the tangible issues in negotiation: Only very few works have touched questions like the number of issues in a negotiation or the agenda into which they assemble.

In her master thesis, which is part of a larger research project on issue management and agenda setting at Freie Universität Berlin, Mireia Prat focuses on the service sector and a cross-cultural comparison between Spain and Germany. Using an exploration oriented, qualitative method based on in-depth interviews with salespeople in various service industries (banking, financial services, management consulting) she tries to shed light on various questions concerning the issues in negotiation. Specifically, she analyzes the following questions:

- (1) Which are the issues that are negotiated during a sale in professional service firms?
- (2) When and how are these issues introduced and why?
- (3) How are these issues negotiated and why?
- (4) Which factors (including culture) influence the negotiation of these issues?

Her most noticeable results include a finding that is contrary to prior conceptual works: Agenda setting in professional service sales negotiation in practice is not driven by negotiation strategic considerations that would advocate simultaneous treatment of the issues, but rather by industry standards. Before talking about and eventually agreeing on price and other commercial conditions, an understanding about the service scope is reached. Consequently, sales negotiations in this industry can be characterized by a division of issues and issue packages. A second interesting finding of the present study pertains to the influence of culture: Despite differences in cultural values and communication context between Germany and Spain, the only noticeable differences in negotiation conduct come from different legislations in both countries.

Overall, Mireia Prat makes a fine contribution to both sales and negotiation research. I wish her master thesis the kind of appreciation among practitioners and scholars that it certainly deserves.

Berlin, September 16, 2013

Prof. Dr. Ingmar Geiger

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List of Abbreviations

BATNA	Best Alternative To a Negotiated Agreement
e.g.	exempli gratia
HR	Human Resources
i.e.	id est
IT	Information Technology
PSF	Professional Service Firm
T&C	Terms and Conditions

1. Real-life negotiation research in Spanish and German professional service firms

Negotiations are present in our everyday life both personally and professionally. In the business world, managers spend approximately 20% of their time in negotiations (Tajima and Fraser 2001, p. 217; as in Shea 1983). Negotiation skills are proven to be very valuable and a critical factor for a company's success (Robinson and Volkov 1998, p. 95), due to the dynamic nature of businesses, the interdependence across organizations, the accelerated competition, the increased availability in the information age and the elimination of cultural boundaries through globalization (Thompson 2009, p. 3). That is why researchers have turned their attention to the topic.

In the business-to-business sector, sales negotiations are especially relevant because a sale is not a mere choice of a product but offerings are more complex and involve a larger amount of issues. Therefore, the seller and the buyer have to agree on a variable number of issues to close a sale.

Although researchers have investigated many aspects of negotiations in different industries, there are some parts of negotiation research that remain unknown. Many academics base their research on experiments in a given setting, with a given number of parties, issues and levels of choice for each issue in order to investigate agenda setting and issue management. There is a fixed bargaining set and parties try to get the best outcome given the options they have. One often finds statements like "your staff has prepared a table listing the attributes that are of concern to you" (Raiffa 1982, p. 148) or "the experimenter told participants that the negotiation concerned three issues (...). The experimenter gave each participant a payoff schedule, describing the various alternatives for each issue" (Weingart et al. 1990, pp. 14-15). Negotiators receive the material and instructions for the experiment: the issues to be negotiated, the possible alternatives with their respective payoffs and the walk-away points in case of not reaching an agreement (Mannix et al. 1989, p. 511), and try to solve the task presented with the information received.

Other academics have suggested prescriptive approaches of negotiations and several tactics involving the way issues are negotiated. However, the validity of these prescriptions has been questioned, as the results obtained are based on experiments and are sometimes even in conflict with each other (Weingart et al. 1990, p. 8).

Therefore, there is a research gap in the field, that is going to be partially covered by the research of this master's thesis, as negotiations in real life do not have a fixed set of issues and certain levels to choose from and involve more complex factors that are difficult to replicate in a laboratory setting, such as the influence of relationships.

A particular industry has been chosen in order to narrow down the scope of the thesis. Indeed, the focus lies on professional service firms (PSFs), which belong to the business-to-business sector and are distinct from other types of companies because of the nature of the services they offer, the kind of employees that work there and the relationship with their customers (Nordenflycht 2010, p. 155; Lowendahl 1997, p. 16), which are factors that can make a difference in a negotiation.

Although the strategy, governance, management style and human resource management have been already studied, there is no specific research on negotiations in PSFs. Negotiations in this industry can be different than in other industries because of the intangibility of their services. Projects are complex in nature as they involve offerings related with knowledge instead of a pure commodity. Although some PSFs are more commoditized than others, one can think that negotiators can deal with a broader range of variables and are more flexible in bringing issues to a negotiation than other industries.

In addition, due to the access and contact to both Spanish and German PSF managers, cultural specificities related to negotiations are going to be examined. Many researchers have investigated negotiations in different cultural contexts and cross-cultural negotiations, as culture is said to affect the behavior of negotiators and the way they share and exchange information (Adair and Brett 2005, p. 33), having

different goals or values (Hofstede 1983, pp. 48-49) and also different communication styles (Hall 1976).

Although this is not a study of intercultural negotiations, i.e. between parties from different cultures, the aim of the cultural aspect of this thesis is to find out possible differences in the way issues are negotiated in two different cultures, to open up a possible future research perspective in case of significant results.

All in all, the purpose of this thesis is to gain theoretical understanding on how negotiation issues are managed in a real-life sales negotiation in a business-to-business context, taking the professional service sector as the object of study and examining possible cultural differences between Spanish and German negotiators, and specifically, to answer the following research questions:

- Which are the issues that are negotiated during a sale in professional service firms?
- When and how are these issues introduced and why?
- How are these issues negotiated and why?
- Which factors (including culture) influence the negotiation of these issues?

Through an exploratory research study based on a grounded theory approach with qualitative interviews, the aim of the thesis is to contribute to the academic research on agenda setting and issue management by bringing theoretical insights based on the reality of negotiations instead of laboratory experiments.

After providing the basic theoretical foundations on negotiations, professional service firms and a characterization of the German and Spanish cultures that are necessary to have an understanding of the field covered in Chapter 2, the methodology used in the study is going to be described in detail in Chapter 3, as required by the approach followed.

Subsequently, the results are going to be presented in Chapter 4 following the structure of the initial research questions, from a descriptive and explicative point of view.

Finally, the implications of the obtained results for the negotiation research, together with its consequences for professional service and culture research are going to be discussed in Chapter 5. At last, the main insights of the thesis are going to be summarized in a conclusion, pointing out its limitations and possibilities for future research.

2. Theoretical foundations

2.1 Negotiations as cooperation and competition

Negotiation is “a process of potentially opportunistic interaction by which two or more parties, with some apparent conflict, seek to do better through jointly decided action than they could otherwise” (Lax and Sebenius 1986, p. 11).

Negotiations are both a science and an art, as on the one hand, they require analyzing a problem systematically in order to solve it efficiently, and on the other hand, include a less technical component, as interpersonal skills and tacit wisdom in relationships play a significant role (Raiffa 1982, p. 8) in a background of uncertainty (Olekals and Smith 2000, p. 527).

Negotiations are said to have a “mixed-motive” (Donohue 1981, p. 273), as parties have to both collaborate with each other to reach a mutually beneficial agreement and at the same time, compete in order to achieve their individual goals.

The cooperative side of negotiations or integrative side, allows parties to create value, i.e. enlarge the pie or increase joint benefits, as parties are interdependent for reaching a deal that is going to be mutually beneficial, without which both parties would be worse off. The competitive or distributive side of a negotiation has the goal to claim value for oneself, or divide the pie, getting the maximum gain possible for a party (Moran et al. 2008, p. 99; Walton and McKersie 1965, pp. 3-5; Pruitt 1983, p. 167; Thompson 2009, p. 76).

This duality of negotiations, involving both technical and social aspects and cooperative and competitive sides, makes communication play a prominent role. Communication is necessary in order to exchange information, which will then allow to both create joint value and also to claim value for oneself. In order to maximize one's benefits, parties have to first increase the joint gains of a negotiation through communicating, as communication will help to identify possible trade-offs and compatibility in certain issues with different relative importance or preference for the parties (Walton and McKersie 1965, pp. 3-5; Lax and Sebenius 1986, p. 11)

Indeed, negotiation issues are critical to increase joint gains. Issues are defined as “open and debatable questions, events, problems, or other forthcoming developments that are open to discussion or dispute and whose realization can significantly influence the ability of an organization to achieve its objectives” (Bendahan et al. 2005, p. 141; Ansoff 1980, p. 133). Referring specifically to a negotiation, issues refer to all variables, aspects, points and conditions that are negotiated, i.e. those that parties discuss during the negotiation process, while having some apparent conflicting interests about them (Walton and McKersie 1965, p. 5). Issues can be adapted and reformulated taking into account one's underlying interests, in order to create negotiation value, instead of focusing on the positions regarding a certain issue (Lax and Sebenius 1986, p. 87). For example, the exchange of information regarding the relative importance given by parties to the different issues, leads to higher joint gains (Olekalns and Smith 2000, p. 528).

In distributive negotiations where there is only one issue to negotiate, for example, the price of a good, what one party wins is equivalent to what the other party loses. Conversely, if a negotiation contains more than one issue, there is room to exploit the differences on preferences, beliefs and capacities, and this way achieve an outcome that is better off for both parties (Thompson 2009, p. 76; Raiffa 1982, p. 14).

Moran et. al (2008, p.100) summarize different strategies leading to a creation of value involving issue management (according to Bazerman 2005; Pruitt 1983; Thompson 2005):

- a. Logrolling, which consists of conceding on issues of low importance for the one party for high importance issues.
- b. Dealing with different time preferences when one party is more impatient and values more short term profits whereas the other party is more patient and prefers long term profits.
- c. Compatibility, which is the identification of certain issues which parties already agree on.
- d. Adding issues, which involves the introduction of issues that were previously not part of the negotiation and can add value to it.
- e. Contingent contracts, which are based on different future expectations of the participant parties.

However, before starting the negotiation *per se*, parties are said to think about how to approach the negotiation and prepare it, as the “around-the-table” negotiation is only the last step of a larger process (Saunders 1985, p. 249).

One can distinguish between the preparation that each party performs separately and the pre-negotiation process, where both parties prepare the negotiation together.

In the individual preparation, Raiffa (1982) suggests a way in which parties should prepare. The participants should identify firstly their preferences and interests, including the Best Alternative to a Negotiated Agreement or BATNA (Fisher and Ury 1981), which is the point where they are indifferent between sealing the deal or not. Afterwards, they should collect information about the other party, based on the possible alternatives they might have, credentials, past negotiations, etc. Parties also should think about the conventions, i.e. the pre-negotiation process, about the logistics of the negotiation, they should then practice using simulated role-playing and then think about their aspirations (Raiffa 1982, pp. 126-127).

The pre-negotiation process according to Saunders (Saunders 1985, p. 262) has five steps. First of all, each party should define the problem or project, so that there is an understanding of the matters that are going to be addressed (Saunders 1985, p. 256). The second step is to produce a commitment, to make sure that the parties will accept the result of the negotiation. In PSFs however, it may be that parties agree not to agree, or not to engage in the sale. Thirdly, parties agree on how to negotiate, setting the negotiation protocol, and afterwards the actual negotiation starts and the results are then implemented, as fourth and fifth steps.

Similarly, according to Rosenschein and Zlotkin (1994) the protocol is the first part of a negotiation, as they draw a model with four components: protocol, strategies, information state of agents and equilibrium. The negotiation protocol, which specifies the “rules of encounter” between parties, defining the “how” of a negotiation, its circumstances, allowed deals and sequences, and also if issues are going to be negotiated one by one or as combinations or packages (Fatima et al. 2004, p. 5). Hence, the negotiation protocol has to be decided before the negotiation begins, but at the same time, it can also involve certain negotiation, as in “negotiating what to negotiate”.

The order in which issues are negotiated is called negotiation agenda. The agenda can be exogenous, which means that the order is determined by the parties before starting the negotiation, or endogenous, which is when the order is not previously set and the parties decide which issue to negotiate next during the negotiation process itself (Fatima et al. 2004, p. 32).

According to Adair and Brett (2005, p. 34), the process of negotiation can be divided into four different stages: relational positioning, identifying the problem, generating solutions, and reaching agreement. In each of these stages, negotiators appear to have a different behavior, shifting from competitive to cooperative depending on the stage. This way, the stages of “relational positioning” and “generating solutions” are rather competitive, as parties firstly define their relationship and power positions and afterwards claim value. Conversely, the stages of “identifying the problem” and

“reaching an agreement” are more cooperative, as parties work together to create value by exchanging information about preferences and by trying to close the negotiation (Adair and Brett 2005, p. 35).

During all these phases and stages, parties may strategically think about the issues to negotiate and how to introduce them into the negotiation. Issue management can indeed help creating value, but can also be used for claiming value. The strategic management of issues and agenda setting in a negotiation are "by no means neutral to the outcome" (Schelling 1956, p. 289).

Although in theory researchers have set different strategies on how to create and claim value using issues, there is no systematic explanation on how issues are brought into the negotiation table and what consequences and effects may occur.

In order to understand how negotiation issues are managed and how the negotiation agenda is set in real-life sales negotiations, it is useful to focus on a certain sector where negotiators have a relative high degree of freedom to negotiate and where issues are not already predetermined, contrary to when a fixed product or service is being sold. That is why the choice of the object to study has been professional service firms, as will be explained in more detail in the following section.

2.2 Professional service firms as a suitable object of study

“Professional Service Firm” (PSF) is a term used in everyday business life. Companies belonging to this category are very diverse, ranging from law and accounting firms, financial services, to architecture and media agencies, including the very much in fashion management consulting and software development firms (Greenwood et al. 2006, p. 1). The characteristics of this industry, as explained in this section, can have a significant impact on the way issues are negotiated, as PSFs "rely to a large extent on the interaction between knowledgeable buyers and highly educated service providers who engage in some form of joint problem solving activity" (Lowendahl 1997, p. 16). Therefore PSFs have been chosen as the object of study of this thesis.

However, the concept of PSFs has proven difficult to define. As Nordenflycht (2010, p. 155) states, some authors do not provide a definition of the term at all or define it using examples of firms belonging to the category, e.g. law firms or accounting firms, which makes research studies about PSFs difficult to generalize, as for example, findings about law firms might not be applicable to advertising agencies.

Some authors like Greenwood et al. (2006, p. 1) use a general definition, considering PSFs “organizations comprised primarily of professionals that facilitate economic and commercial exchange by providing advice to business”, whereas others like Nordenflycht prefer not to propose one but only state their characteristics: knowledge intensity, low capital intensity and a professionalized workforce (Nordenflycht 2010, p. 156).

The main characteristic of PSFs is in fact knowledge intensity, as professionals deal with complex or scientific knowledge, delivering it in form of intangible outputs or services (DeLong and Nanda 2003, p. xiii; Alvesson 2000, p. 1101; Lowendahl 2000, p. 20; Nordenflycht 2010; Greenwood et al. 2006).

Indeed, this knowledge is embedded in the “professionals”, which are a skilled workforce, well-educated and highly qualified in a certain area of expertise (Greenwood et al. 2006, p. 6; Nordenflycht 2010, p. 156). Furthermore, it is considered that professionals act according to an ethical code of conduct, embedded in their ideology and self-regulation (Lowendahl 2000, p. 20).

The services provided to their clients are highly customized to each particular client, requiring therefore a high degree of interaction between professionals and customers (Greenwood et al. 2006, p. 6; Greenwood et al. 2007, p. 221).

The ethical and customer-oriented sides can be exemplified in the so-called “One-Firm” firms, which are those management consulting companies, where loyalty and client service are some of their keys to success (Maister 1993, pp. 303-319).

However, some authors distinguish between PSFs or "pure" knowledge firms and high-technology companies, as they consider that knowledge is embedded in the professionals that provide customized intangible services to clients in the first case, whereas it is embedded in the products and technology in the second (Alvesson 2000, p. 1101).

In this thesis, PSFs are going to be considered in the broader sense, as the focus lies on the complexity of their outputs and client customization of services, where professionals have the knowledge and independence to directly negotiate project specifications with clients. Furthermore, the fact that ethical behavior is one of the characteristics of the sector is also a key point to be analyzed in bargaining behavior.

Moreover, PSFs can be segmented according to the positioning strategies they follow, based on the characteristics of the services they offer and determining other aspects of their businesses, such as leadership style and pricing, among others (Maister 1993, p. 27), noticing a trend towards a "productization" of professional services (DeLong et al. 2007, pp. 69-70). There are four positioning strategies along a continuum: commodity, procedure, experience and expertise, as displayed in Table 1, based on the research by Nanda (2004), grounded on the studies performed at Harvard by Maister (1993) and Gabarro (Gabarro 2004; DeLong et al. 2007) and also acknowledged by the management consulting company McKinsey (Hartung 2011).

Commodity PSFs (or "standardized services") take care of relatively simple client problems, delivering a standardized solution in an efficient way. An example of companies in this segment are these consulting firms that base their service on a certain software or that deliver standardized solutions, being closer to a product than to a "pure" service.

For procedure PSFs (or "customized services") the most important issues are methodology and systematization. Companies develop a certain method that can be adapted to a broad range of customer problems and will be successful as long as the procedures set are followed with rigor. The services offered by these firms are less

standardized than in commodity firms and cannot be considered products but are not services created for a specific customer either.

Table 1: Professional service practice spectrum

	Commodity	Procedure	Experience	Expertise
Client Problem	Common and simple problems	Choosing among several complex alternatives: implementing a complex project	Deciding on a major, ill-defined issue on which the client has little experience	Addressing a unique and difficult problem with major consequences for the client
Selling Proposition	Efficiency in delivery	Systematic and comprehensive approach	Past experience with similar problems ("gray hair")	Analytical ability to solve difficult problems ("rocket science")
Organizational capabilities	Efficient delivery processes	Methodologies Knowledge management	Learning from experience Rigorous empirical analysis	State-of-the-art theory
Professionals' skills	Delivering against specific requirements	Following procedures rigorously and comprehensively	Applying learning from experience to specific circumstances	Applying theoretical and empirical tools to solve problems at hand
Profit drivers	Utilization Leverage		→ Rates	

Source: Nanda (2004, pp. 8-9), adapted from Maister (1993, pp. 21-30); Gabarro and Lees (1996); Gabarro (2004)

The problems experience PSFs (also known as "grey hair" or "cover your back") work on are client specific. Clients face a new situation and have no experience to solve it, that is why they rely on a consulting firm. Consultants base their solutions on past experience they developed performing other projects. This is the case of companies offering services based on best practices, that have a certain degree of standardization (for example, standard of a sector or an industry) but are very customer specific.

Finally, there are expertise PSFs (also called "rocket science" or "bet the company"), which are the ones solving critical problems for the client, where there is no other precedent in the industry or for the consulting company. In this case there is no standardization, as experts base their solutions on the newest research and apply it to the customer problem. The knowledge of consultants is decisive, as they need to have the ability to analyze particular situations and create a unique solution.

Lowendahl (1997, p. 105-107) acknowledges the idea of this type of segmentation among PSFs but puts more emphasis on the repetition of a buy, differentiating between firms delivering a service that can be repeatedly purchased by a client (commodity end of the spectrum) or an ad hoc service delivered only punctually (expertise end of the spectrum).

The character and kind of services that a PSF offers will determine its positioning in the industry and at the same time, its positioning will be the key factor to determine a company's success, competitive dynamics, differentiation among its competitors, sales and client relationships, which implies that it also affects the way they negotiate.

2.3 Characterization of Spanish and German cultures

Another factor that can have an implication for the way issues are negotiated is the national culture of the person negotiating and the home culture of their company. Because of the access and understanding of Spanish and German cultures, these were chosen as the cultures to be compared.

Thompson (2009) and Brett (2007) identify three dimensions of culture that are relevant for negotiations, based on Hofstede, Global Leadership and Organizational Behavior Effectiveness (GLOBE) project and Hall's studies: individualism versus collectivism, egalitarianism versus hierarchy (power distance), direct versus indirect communication. The differences on the manifestations of these dimensions in the German and Spanish cultures affect negotiators' behavior, determining their goals or motivation, influence and information exchange (Thompson 2009, p. 261; Gelfand and Brett 2004).

2.3.1 Hofstede and GLOBE cultural dimensions

Although the research performed by Geert Hofstede (1980) and the Global Leadership and Organizational Behavior Effectiveness (GLOBE) Project (Chhokar et al. 2007) has been largely discussed and criticized (Tung and Verbeke 2010), those are the two most prominent research studies that provide a characterization of different cultures.

However, one cannot take their absolute values as an orientation, as they shift over time, but one can focus on the comparison of cultures, as the relative positions have proven to remain stable (Hofstede 2012). Furthermore, most negotiation academics investigating cross-cultural differences have obtained data supporting these two classifications, together with Hall's approach (1976) on low or high context communication (Adair et al. 2004, p. 107).

Hofstede (Hofstede 2012) has identified five main cultural dimensions: power distance, uncertainty avoidance, masculinity (versus femininity), individualism (versus collectivism) and long term orientation. GLOBE's researchers (Chhokar et al. 2007) have identified nine dimensions, some of them presumably overlapping with Hofstede's five main cultural dimensions (Hofstede 2012). The dimensions are: power distance and uncertainty avoidance, as in Hofstede's dimensions; assertiveness, which is included in Hofstede's masculinity dimension; gender egalitarianism and humane orientation, which have some characteristics of the feminine dimension, GLOBE's future orientation corresponds to Hofstede's long term orientation; performance orientation, which is a characteristic of individualistic societies; and institutional collectivism and in-group collectivism, being a split of collectivism measures.

However, academics criticize that these two studies use partially the same terms but the meanings of the concepts can be interpreted in a different way, as the questions were formulated differently (Hofstede et al. 2010, p. 43). Furthermore, some of the results are even contradictory, as displayed in Table 2.

GLOBE scores include a "Band" score, ranging from A to D, which indicates significant differences among countries (Chhokar et al. 2007) and distinguishes also between West and East Germany.

As what is relevant for this thesis is a characterization of the Spanish and German cultures, the results of both studies will be taken into consideration, letting the eventual cultural differences emerge from the study.

Table 2: Cultural dimensions and scores for Spain and Germany

Study	Cultural dimensions	Spain		Germany	
Hofstede (2012)	Power distance	57		35	
	Uncertainty avoidance	86		65	
	Masculinity	42		66	
	Individualism	51		67	
	Long Term Orientation	19		31	
GLOBE (2007)*				West Germany	East Germany
	Power distance	5.52	A	5.25	B
	Uncertainty avoidance	3.97	C	5.22	A
	Assertiveness	4.42	A	4.55	A
	Gender egalitarianism	3.01	B	3.10	B
	Humane orientation	3.32	D	3.18	D
	Performance orientation	4.01	B	4.25	B
	Institutional collectivism	3.85	C	3.79	C
	In-group collectivism	5.45	A	4.02	C
	Future orientation	3.51	C	4.27	B

*GLOBE values from O'Connell et al. (2007) and Brodbeck and Frese (2007) in Chhokar et al. (2007).

In terms of power distance, Hofstede signals a higher score for Spain, although GLOBE classifies both countries as high power distance, with a slightly lower score in the case of West Germany.

Uncertainty avoidance according to Hofstede is considerably high in both countries, with Spain being in an even higher position, whereas GLOBE considers Germany to be in the highest band and Spain two bands lower, which shows a contradiction between both results.

Concerning masculinity and femininity dimensions, Hofstede considers Germany to be a more masculine society than Spain. However, in GLOBE's scores one cannot see any difference among the variables representing the same dimensions, as both countries belong to the same band in assertiveness (high), gender egalitarianism (mid-high) and humane orientation (low), which classify both countries as rather masculine than feminine.

A dimension where differences between the two countries are significant and both studies mostly coincide is individualism. Spain is presented by Hofstede as a more collectivist country than Germany, a fact that is confirmed by GLOBE in the in-group collectivism scores. Institutional collectivism is once again not significantly different between the countries. This difference reflects the higher importance of family bounds and one's local community in Spain.

Another coincidence between both studies is in the long term or future orientation dimension, where they both acknowledge a higher future orientation in Germany than in Spain.

All in all, the most salient differences between the Spanish and German culture taking the dimensions where both studies coincide, lie in the higher German individualism versus a higher Spanish collectivism, reflected in the in-group collectivism, and also on a higher long term orientation in the German culture than in the Spanish one.

2.3.2 High and low-context communication

Communication is another matter that characterizes cultures and that is relevant for negotiation research. Hall (1976) split cultures into two groups, i.e. high and low context communication, according to communication preferences. In high context communication, most of the information is already embedded in the person, indirect and implicit and therefore, the message transmitted contains only little explicit and coded information. On the other hand, low context communication is mostly explicit and words are used to transmit messages directly, without reliance to implicit or indirect communication as in high context communication. This classification of cultures has been used for negotiation research because it has an impact on the way parties exchange and share information, as Adair summarizes (2003, pp. 274-279).

Germany has been classified as a low context culture, as Germans “compartmentalize their personal relationships, their work, and many aspects of day-to-day life. Consequently, each time they interact with others they need detailed background information” (Hall 1990, p. 7).

On the contrary, Spain belongs to high context communication cultures. Although Hall does not describe this country as in depth as Germany, he mentions it both as a particular culture and as part of the Mediterranean one:

Mediterranean peoples, who have extensive information networks among family, friends, colleagues, and clients and who are involved in close personal relationships, are high-context. As a result, for most normal transactions in daily life they do not require, nor do they expect, much in-depth, background information. (Hall 1990, p. 6)

Furthermore, German culture is stated to be monochronic whereas Spanish culture is polychronic (Hall 1990, p. 14). In monochronic cultures people do one thing at a time and thus divide time into segments, compartmentalizing and scheduling their activities with high priority (Hall 1990, p. 13). On the other hand, polychronic cultures' activities run simultaneously and schedule does not play a central role, as the completion of human transactions is more important (Hall 1990, p. 14).

Hall also specifies the way Germans negotiate and characterizes it for being "slow, logical, and analytical" (Hall 1990, p. 68). They are stubborn negotiators and are very focused on reaching the best agreement possible, taking time for the process, as decisions often have to be validated by the "Vorstand" and delivering formal and standard documents to seal the deal (Hall 1990, p. 69).

The differences in the way people communicate, if it is rather explicit or implicit, the perception of time and schedules and the speed of information flows affect all business situations and are therefore also relevant for negotiations (Hall 1990, p. 7).

3. An exploratory study based on qualitative interviews

3.1 Qualitative research study following an interpretative paradigm according to a grounded theory approach

The methodology to follow when performing a research project is given by the nature of the research question (Strauss and Corbin 1990, p. 36). By performing exploratory

studies based on qualitative methodologies, one can gain understanding of unknown phenomena and also find out deep details about phenomena that would not be possible to uncover using quantitative approaches (Strauss and Corbin 1990, p. 19). In the case of the topic of this thesis, the research performed to date has not provided a dense theory about agenda setting and issue management in negotiation and their effects on and consequences to the negotiation process and result. Therefore, the choice of a qualitative research method fits the research problem in question.

According to Denzin and Lincoln (1994; 2005), qualitative methodologies investigate phenomena in their natural environment, focusing on social actors and the meaning they give and produce in order to understand these phenomena, implying an interpretative research paradigm.

Indeed, the research questions of this thesis request an interpretative paradigm, as negotiations are based on interaction between different actors. The goal of an interpretative paradigm is to "describe meanings, understand members' definitions of the situation, examine how objective realities are produced" (Gephart 1999, p. 1), which coincides with the study of real-life negotiations explained by the actors conducting them.

Since the aim of this research project is to develop some theoretical insight on agenda setting and issue management in sales negotiations, the most suitable methodology to follow is a grounded theory approach (Glaser and Strauss 1967).

A grounded theory approach "is a qualitative research method that uses a systematic set of procedures to develop an inductively derived grounded theory about a phenomenon" (Strauss and Corbin 1990, p. 24).

After learning about the grounded theory methodology and following the instructions given by Strauss and Corbin (1990), the research questions were formulated balancing the broadness and narrowness required. The research questions aim to investigate the process of introduction and management of negotiation issues in an interactional way (buyer-seller interaction), in order to uncover their effects and consequences in the

negotiation process and result, focusing on sales in professional service firms in Spain and Germany.

The second step of the process was to revise the existing literature on the field, combining it with the researcher's professional and personal experience in order to gain initial theoretical sensitivity, that is broadened during the research process later on. The aim of this step is to be able to recognize the data that has a relevance for the study and give it meaning (Strauss and Corbin 1990, p. 46), so that one knows how to be aware of the pieces of data that have a significance and be able to distinguish them to the ones that are irrelevant.

Subsequently, the data collection technique, sampling procedure and coding methods were determined, as explained in the following sections.

Regarding the evaluation criteria for qualitative studies with a grounded theory approach, one needs to note that they are different from the ones for quantitative studies. Whereas the positivist tradition values construct, internal and external validity and reliability of studies (Gibbert and Ruigrok 2010), interpretativist paradigms are concerned about other criteria due to the nature of their studies.

The criteria for judging the applicability of a theory to a phenomenon in grounded theory are: fit, understanding, generality, and control (Strauss and Corbin 1990, p. 23; and for more information see Glaser and Strauss 1967, p. 237-250), and its science is considered to be "good" based on: significance, theory-observation compatibility, generalizability, reproducibility, precision, rigor and verification (Strauss and Corbin 1990, p. 31).

That is why the thorough description of the procedure used to perform the study and the acknowledgement of the researcher being involved into the interpretation process, i.e. reflexivity, using first person for certain passages, is not only accepted but required in this kind of studies.

All in all, the use of a qualitative methodology from an interpretative point of view basing on a grounded theory approach is the suitable option to perform a thorough study and to obtain theoretical insight on the topic of this thesis.

3.2 Data collection through qualitative in-depth interviews

3.2.1 Qualitative in-depth interviews

One of the data collection methods suggested for exploratory and grounded theory approach studies is the qualitative or in-depth interview (Denzin and Lincoln 2005). This kind of interview is a long and intensive conversation about a given topic, based on relatively few and open questions, in order to cover all relevant thoughts and attitudes of the respondent about the research topic (Salcher 1995, p. 34).

The idea of in-depth interviews is to ask broad questions, both direct and indirect, and let the themes emerge from the answers given by respondents (Eisenhardt 1989; Strauss and Corbin 1990; Yin 1994). This way, one can get to know the full line of thought of a respondent, which is important to achieve a deep understanding of the topic in question (Kuß and Eisend 2010, p. 132; Salcher 1995, p. 33). Furthermore, the researcher can also find out about issues that were not consciously perceived by the respondent and better understand his perspective (Kuß and Eisend 2010, p. 133).

The disadvantages of qualitative interviews are that the interviewer needs to have deep knowledge about the topic of research and the interviewing technique and that the results can be difficult to compare because of the openness of the questions (Kuß and Eisend 2010, p. 133). Moreover, one has to take into account the influence of the researcher (Kuß and Eisend 2010, p. 133). Nevertheless, these are problems that are already acknowledged and accepted in interpretative research, considered by the different evaluation criteria in this field, as argued in the previous section.

Furthermore, the configuration of an interview guide is useful in order to have certain structure in the interview so that one can compare and better analyze the different cases (Salcher 1995, p. 30).

3.2.2 Interview guide

The interview guide was developed together with the other researchers participating in this project, including the supervising professor. The aim of the collaboration at this stage was to achieve certain homogeneity in the interview questions so that the results of the study are more easily integrated for the further steps of this research project. Furthermore, as stated by the grounded theory approach (Strauss and Corbin 1990), collaboration among scientists is encouraged in order to improve results. The interview questions also were pre-tested on negotiators not participating in the study by the three master's students working in the topic.

After giving the necessary information about recordings, direct quoting, confidentiality and a short introduction about the focus of the research, i.e. negotiation issues, the interviews had an introductory part about the interviewee and his or her company.

To begin with, the interviewees were asked to give some general information about their company, the services offered, their position and functions and the type of customers they have. Furthermore, they were questioned about their education and background and more specifically, about their education and experience referring to negotiations, including the number of negotiations performed every day, week or month.

After this introduction, the first part of the interview was about the initiation of the negotiation situation or process to closing a deal, where the participants were asked to think about a new project, representing a typical case in their company. The aim of this section was to enquire about the first contact and the development of the relationship that would end with sealing a deal, in order to find out when the negotiation happens and when the negotiated issues first appear.

The second part of the interview referred to the negotiation preparation, questioning about their preparation in general and also specifically about the issues, their importance, priority, grouping and alternatives.

For the third part, participants were requested to think about the effects and consequences of the questions with respect to the result of the negotiation and the relationship with the client. This was the most extensive part and enquired about the setting of the negotiation, the participants, the specific issues discussed, the negotiation strategies and tactics used and also the end of a negotiation. This part was more specific and aimed at understanding more accurately the negotiations experienced by the participant, trying to understand more deeply the negotiation issues, how the interviewees deal with them, when and why they negotiate them and the consequences that result from this process.

Finally, there was an open question to give the participants some room to express their own ideas or any thoughts that might have originated during the interview but were not captured by any question or some final words about it. The complete interview guide can be found in Exhibit 1.

3.2.3 Theoretical sampling process

In grounded theory based research, sampling is an ongoing process based on the concepts that are relevant for the theory that is being developed. Sampling is different depending on the coding stage the researcher finds himself in at each point and does not only imply which persons to choose for the study but also which questions to ask in the interview or how to modify them in order to obtain the data needed (Strauss and Corbin 1990, p. 177).

In exploratory research studies, there is no fixed number of interviews to conduct, as the aim is not to check how many people share certain characteristics but to gain access to a certain topic, achieving a deep understanding of it (McCracken 1988, p. 17). Therefore, the sample size cannot be determined *a priori* but is defined when the saturation concerning the findings is achieved, i.e. there are no new insights emerging from data collection and the theoretical insights are dense and well established (Strauss and Corbin 1990, p. 188). For this thesis, a total of 14 interviews have been conducted.

An example of theoretical sampling carried out in this thesis can be found in the decision of interviewing one person per company, noticed after the second interview as the first and second interview partners work for the same company. After open-coding the data of these two interviews, it turned out that there are not many differences on their negotiation logic. That is why the decision of not taking more than one respondent in each company was taken, as it ensures the required variety in the study.

3.2.4 Sample characteristics

Table 3 shows the main characteristics of the interview participants. The names used are pseudonyms with their initials coinciding with the company sector they belong to: "C" for Consulting, "B" for Banking and "F" for Financial services, so that the sector of each respondent is clearer for the reader, respecting also the sex of the interviewee. Furthermore, the participants were given German and Spanish names accordingly, so that it is easier to identify their country of origin when discussing the results.

All of the participants occupy key positions in their company and all of them have decision making power for sales negotiations. Moreover, the sample includes seven CEOs and founders that have full competence to decide the negotiation strategies of their respective companies.

The sectors included in the study are management consulting, with diverse focuses such as strategy, HR, change management, operations, market research, IT and organization; banking, considering personal and corporate investments and corporate financing; and financial services, including accounting, tax, legal, personal investment and insurance services.

Finally, the sample also includes the full spectrum of company sizes (classified according to the European Commission standards and following the criteria of number

of employees¹), which ranges from freelancers to large companies, passing through micro, small and medium-sized companies.

Table 3: Interviewees' segmentation according to PSFs positioning spectrum

Name	Position	Country	Company sector	Company activity	Company size
Carles	Freelancer	Spain	Management Consulting	Strategy, organization	Freelancer
Carl	Freelancer	Germany	Management Consulting	HR	Freelancer
Christine	CEO and Co-founder	Germany	Management Consulting	Change management	Micro
Carlota	Business development manager	Spain	Management Consulting	Strategy, HR	Small
Claus	CEO and Founder	Germany	Management Consulting	HR	Small
Christoph	CEO and Founder	Germany	Management Consulting	Strategy, market research	Small
Carsten	Project manager	Germany	Management Consulting	Strategy, marketing, IT, operations	Small
Corinna	Non-equity Partner	Germany	Management Consulting	Strategy, HR, operations	Medium
Bernat	Branch manager	Spain	Banking	Personal investment	Large
Biel	Corporate account manager	Spain	Banking	Corporate financing	Large
Britta	Investment specialist	Germany	Banking	Personal investment	Large
Benedikt	Investment specialist	Germany	Banking	Corporate investment	Large
Ferran	CEO and Founder	Spain	Financial services	Accounting, taxes, legal issues	Small
Frank	Associate and Co-founder	Germany	Financial services	Personal investment, insurances	Small

Notes: Names are pseudonyms. Company size is determined according to EU standards.

Segmentation of PSFs

Taking Nanda's segmentation of PSFs as a reference (Nanda 2004), the participants can be classified as displayed on Table 4, based on the kind of services and positioning of their companies. This segmentation is relevant because it is going to be used in the following sections to explain the results, as one can see many similarities among the

¹ http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/index_en.htm

companies that belong to the same segment. Furthermore, it helps understanding the results, as it gives some insights about the kind of companies included in the study.

Table 4: Classification of study participants according to PSFs positioning spectrum

PSF Positioning	Commodity	Procedure	Experience	Expertise
Consulting	Christoph Claus	Christine	Corinna Carsten Carles	Carl
		Carlota		
Financial services		Ferran Frank		
Banking	Britta Benedikt Bernat Biel			

Whereas the companies belonging to financial services and banking sectors have a clear positioning within the PSF positioning spectrum, consulting firms are spread out through all positions.

All banking companies belong to the commodity segment, as they deliver standardized solutions that can be easily transferred from customer to customer. They also focus on an efficient delivery of the services and need therefore very specific knowledge and the ability to adapt the offerings to the client's requirements.

Furthermore, there are also two cases of consulting in the commodity segment. These are the cases of Claus, as his company performs HR consulting but it is based on a certain software it developed in order to optimize recruiting processes, offering a customized solution of a standard product.

Also Christoph's firm is a case of a commodity company, as the main focus of the company is market research, where the client either buys a market study that is already finished or presents a standard problem and the company delivers a customized solution, based on a service that does not vary from client to client.

Both examples of financial services are classified as procedure PSFs. The services they offer are not as standardized as in the commodity segment but they can be easily transferred from customer to customer. These companies offer a portfolio of services that, after analyzing each customer's case rigorously, can be applied successfully.

Christine's company also belongs to the procedure segment because it developed a specific methodology to assess change management in companies. It always follows the same methodology and does not compromise it, even rejecting certain clients if they feel that their principles are threatened.

The case of Carlota is in between procedure and experience. Her company does have services that are very standardized, e.g. selection processes, where the company has an own method applicable to all of its clients. However, they also take care of more strategic issues and more complicated problems where clients have very little knowledge and they have to develop a tailor-made solution. Nonetheless, the problems they solve are not unique and they can base their solutions on their own experience, like for training and HR development solutions or internationalization processes.

In the experience segment we can also find Corinna's, Carsten's and Carles' companies, which are typical management consulting firms, taking care of complex problems that clients alone cannot solve, such as the generation of HR efficiencies after merger and acquisition processes or specific strategy matters.

Finally, there is one example of an expertise company, or in this case a freelancer, which is Carl. The issues he takes care of are very customer specific and he spends a lot of time analyzing the client and finding a bespoke solution. Carl's solutions are based on motivational theory and he even refuses to give a specific proposal or estimation of the length of the project, as he does not know beforehand how long it is going to take, showing that his solutions are unique and cannot be transferred to other customers. When customers ask him about specific issues about the project, his answer is simply "I don't know".

The positioning of a company within the spectrum is a key aspect for the negotiation of issues, as it determines the number of issues to be negotiated and also the negotiation room parties have within each issue.

3.3 Data analysis and interpretation

3.3.1 Data treatment: transcription and coding

The duration of the interviews ranged between 30 min and one hour, depending on the extension of the participants' answers as the questions asked left room for them to fully communicate their thoughts and insights.

All of the interviews were recorded acoustically, six of them were fully transcribed (the first four and two other ones that were found to be especially insightful) and the remaining eight were excerpted, including transcriptions of the most relevant passages, following the advice given by Strauss and Corbin (1990, p. 30):

"The very first interviews or fieldnotes should be entirely transcribed and analyzed before going on to the next interviews or field observations. This early coding gives guidance to the next field observations and/or interviews, [...]. Later, as your theory develops, you may wish to listen to the tapes and transcribe only those sentences, passages, or paragraphs that relate to your evolving theory."

Although the authors recommend only to transcribe as much as the researcher needs, the reason they give for transcribing the first interviews is that, in the beginning, one cannot judge which bits of information are relevant for the study and which ones are not, therefore they suggest to fully transcribe the first interviews in order not to miss any important information.

Furthermore, the recording of interviews and careful transcription helps increasing reliability of the results by ensuring transparency (Gibbert and Ruigrok 2010, p. 715; Silverman 2005, p. 200).

After transcribing or excerpting each of the interviews, the data was coded following the open coding technique (Strauss and Corbin 1990) in order to develop the first

categories. Thanks to the repeated sequence of transcription and coding of the first interviews, it was easier to identify the relevant information in the following interviews and that is why I decided to start excerpting and transcribing only some passages and then fully transcribe two other interviews that brought particularly interesting insights.

These categories were then linked according to the axial coding paradigm to find out the connections between them, creating diagrams to have a better overview of the results. The axial and selective coding step was carried out in a summarized way due to the limited time available to perform the study.

Once the categories were connected, the data was further integrated through selective coding in order to focus on the central phenomenon of the study, which are the negotiation issues, abstracting the relationships found to a more theoretical level.

3.3.2 Overview to data results

The results are going to be presented in a descriptive and explicative way, including diagrams that resulted from the coding process.

The following section is a summary of the results due to the large amounts of data that have been categorized, thus not all data can be presented (Strauss and Corbin 1990). In addition to explaining the patterns and similarities among the cases studied, also some exceptions or interesting facts are described more in-depth, if considered to be particularly relevant.

Furthermore, when presenting the results, direct quotations of the participants' answers are used, as according to Yin (1994) and Eisenhardt (1989) it enhances validity for the reader and transparency, which also improves reliability.

4. Results

After a preliminary introduction on the respondents' general perceptions about their sales negotiations, the results of the study are going to be presented according to the initial research questions.

First of all, it is important to identify which are the issues that are negotiated, noting that not all issues that are relevant to the sales process are indeed negotiated.

Subsequently, the disclosure of the issues is going to be analyzed, focusing on when and how the issues are introduced into the sales process in order to have the relevant antecedents for the negotiation agenda setting. The section follows the order of the sales process in PSFs, divided into three stages: contact initiation; proposal and negotiation preparation; and proposal submission and closing the deal.

The main points of the third section are agenda setting and issue management and it examines the way issues are negotiated, analyzing their order and which strategies or tactics involving issues are used for the sale, including a deeper analysis of the case of banking negotiations and also multi-party sequential negotiations, that emerged to have relevant patterns in PSF sales negotiations.

The last section describes the factors that influence issue negotiation that emerged from the study, such as institutional guidelines and employee performance evaluation; long term relationships and trust building; negotiation power and switching costs, and emerging cultural differences.

Respondents' perception of negotiations

The beginning of the negotiations is hard for respondents to identify, as there are different perceptions about it. Whereas participants like Benedikt argue that the negotiation starts from the first second, others perceive it as starting after the proposal presentation, and starting just in the case that the client has an objection, generally about the *economic issues*. Carlota states: "Negotiation starts if clients do not agree on an item, normally it is the price".

Some participants admit that in certain cases, there is no negotiation. Bernat argues that it depends on customer loyalty, as highly loyal customers just accept the proposal without any objections or negotiation, choosing one of the alternatives presented by the company.

Carl says that in his case there is no negotiation, as the client has to accept his price per session and agree just in one session, having the freedom to choose if he continues with more sessions afterwards or not. In his case, the content is not negotiated either, as it is "discovered" by both parties together, either in the first meeting or in the following paid sessions.

Frank states that "if the consultant has done a good job before, this part (negotiation) will not be necessary", planning a whole sales process in order to minimize negotiation.

Britta, Benedikt and Ferran also see it as a choice made by the client instead of a negotiation. Britta explains that "there is no negotiation, it is a conversation about giving advice".

A reason for the respondents to perceive the sales process as a choice and not as a negotiation is that the underlying interests of both parties are aligned. Although the process has a cooperative but also a competitive side, there is no real conflict as both parties aim at solving the same problem.

Corinna, Christoph, Claus and Christine agree that there is a negotiation about the contents face-to-face, which happens in the first meeting with the client. With the information gained in the meeting, they prepare the proposal and send it per email. The negotiation about economic issues happens afterwards on the phone and often with a different person. This phenomenon, which can be labeled as "multi-party sequential negotiation" appears to be relevant in several cases of consulting companies, which is why it is going to be discussed in detail in section 4.3.4.

However, the agreement about the contents is indeed a negotiation but for some respondents it appears to be unconscious, even if it is actually the part that determines if the deal is going to be closed or not. The client wants to solve a problem or satisfy a need and through the negotiation of the content issues the client can see (or feel) if that company's offering is suitable to cover that need or has enough knowledge to solve that problem.

Therefore, the negotiation starts already with the contact initiation and it is considered to end when the deal is closed. The initial conversations about the content issues are indeed a negotiation or a conjoint setting of certain issues, as it is carried out in a cooperative and conversational way instead of a competitive and confrontational way.

4.1 Which are the negotiation issues?

The first research question of this thesis is to find out which issues are the ones negotiated. Once it is clear which are the issues negotiators deal with, one can focus on their disclosure, management and factors influencing them.

As it is usual in grounded theory-based studies, new questions emerge from the data while performing the analysis. One of these questions is about the difference between the issues that are relevant for a negotiation and the issues that are in fact negotiated, as not all issues that are relevant for the sales process are indeed negotiated.

At the beginning of the sales process, all issues that are introduced have the potential to be negotiated. However, not all of them are in the end part of the negotiation. Even if a party prepares its preferences on a certain issue, identifies its BATNA values and arguments to defend it in a negotiation, it does not mean that this issue will be negotiated.

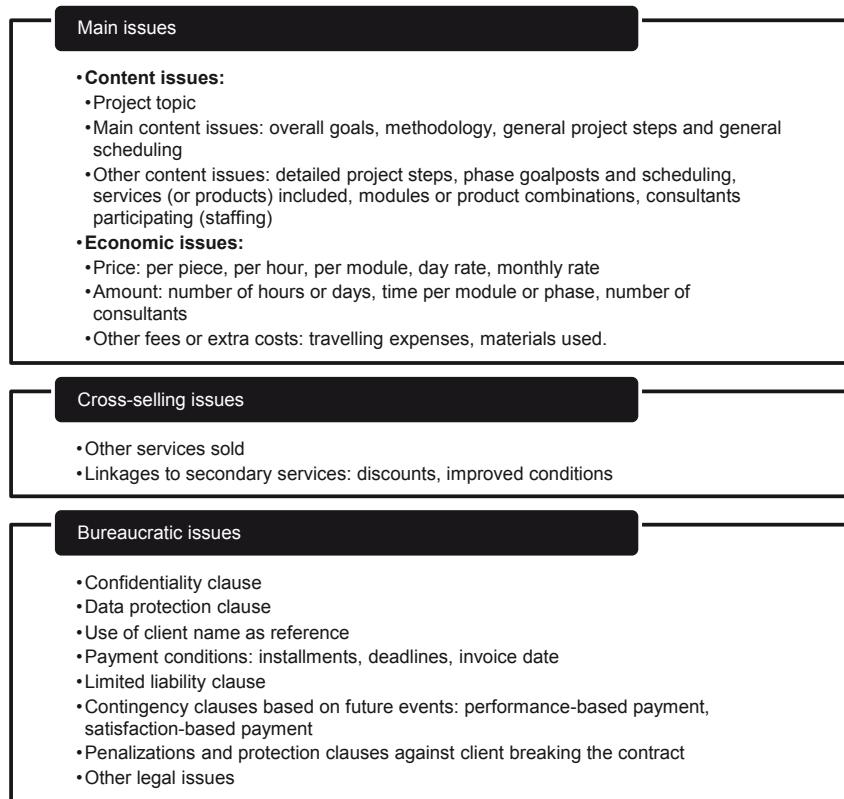
The fact that a sales issue (or potential negotiation issue), which is an issue that is relevant to the sales process, becomes a negotiated issue is determined by the client, in case he or she has an objection about the suggestion of the company on that specific

issue (usually for economic and bureaucratic issues) or is set by the client together with the company in a conversational way (especially for content issues).

This is why it is important to first identify all the potential issues to be negotiated and when and how they are disclosed, in order to then be able to analyze how they become part of the bargaining set and how they are managed in a negotiation.

The potential issues to be negotiated, according to the answers of all respondents, can be classified into several groups, as displayed in Figure 1:

Figure 1: Classification of issues by issue group



Number of issues and negotiation margins

The number of issues to be negotiated and the negotiation margin that agents have within them is determined by the positioning of a PSF.

Commodity companies have very standardized offerings, comparable to products or even called products by its consultants. In banking, respondents talk about the products they offer and not the service, although they also offer a consulting service, giving advice to their customers or offering the best product combination possible according to the customers' needs.

The characteristics of their products are set by the bank, with little negotiation margin in the issues they include. They even have product brochures to be presented to the clients, where all main issues are already present. This way, clients already know about the issues to be negotiated because they are always the same or similar. In this case, one could say that the negotiation agenda is already in both parties' minds before starting the negotiation, as stated by Britta: "in investments there is nothing to be negotiated, product conditions are fixed".

Also in the case of consulting in the commodity segment, Christoph's company sells market studies, comparable to a product, or other market research services that are very standardized. Claus even differentiates explicitly between sales of services and products, including himself in the product category and stressing the importance of their product as the center of attention. In this case, service offerings have standard conditions and prices and therefore, there is not much room for negotiation.

Claus argues that in the beginning he did change the price of his services from client to client. However, he then realized that this could give a bad impression to the clients if they found out that two clients are paying different prices for the same service, as it would damage the company's reputation, a fact that is also pointed out by Ferran.

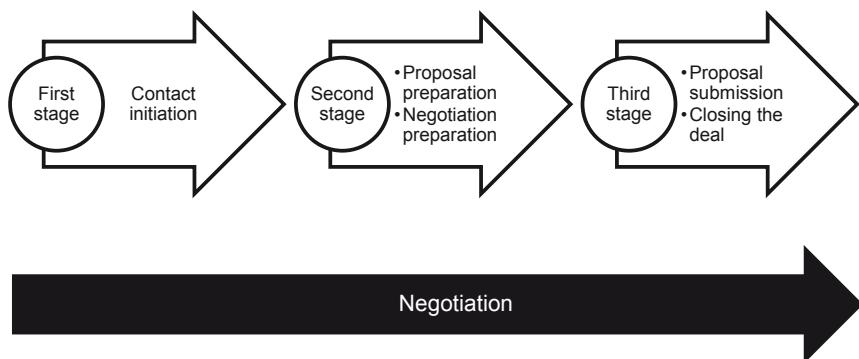
Moving along the spectrum, the issues and negotiation margins are more and more flexible. The only thing that is fixed is the consultant's fee per day or per hour but in every project there is a high degree of adaptability. Procedure companies with a

standardized methodology have certain processes to be followed and therefore less room for negotiation than expertise companies, where the process is more open. The difficulty of the problem to solve in the case of expertise companies makes the negotiation more flexible, as it is not possible to determine the exact steps and duration of the project beforehand.

4.2 When and how are negotiation issues introduced?

In order to analyze when and how the potential negotiation issues are introduced, one can take as an orientation the sales process in PSFs. In the early research phase for this thesis, three stages were identified, which were also taken as a reference for the interview guide, as illustrated in Figure 2:

Figure 2: Sales process in PSFs



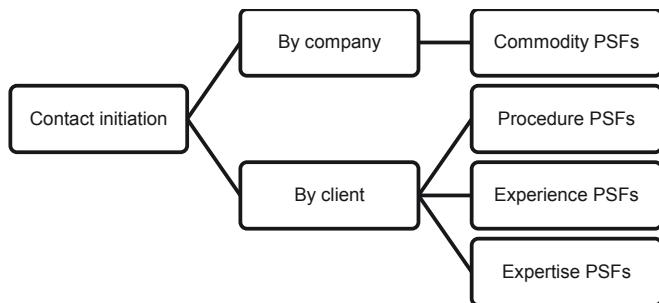
4.2.1 First stage: contact initiation

The contact for a new project can be initiated by the company or by the client, as displayed in Figure 3. In commodity companies the usual initiator is the company itself whereas in the other three segments, the contact is mostly started by the client.

This first stage is very important for the end result, as Maister argues: "The vast majority of professional projects are awarded at the pre-proposal stage: the formal

proposal and/or presentation merely confirm (or destroy) a decision already made." (Maister 1993, pp. 118-119).

Figure 3: Contact initiation



Negotiation issues at the first stage

The *issues* that appear in the first contact are different for new clients and repeat clients. For new clients it is important to have some information about the company and some main characteristics about the product (*project topic - content issues*) whereas in repeat clients, only the *project topic* is introduced.

There were no cases found where clients prepared a formal request for proposal. Only Frank and Carsten explained that sometimes they get client requests through the website, where potential clients can fill in a form and specify which services they are interested in. However, it is very general and therefore the only issue introduced is the *project topic*.

In the first call, the conversation is about the *project topic* and *content issues*. The aim of this conversation is to understand the client's problem or request (pain factor), which is why the consultants mostly listen and ask targeted questions to obtain information in order to prepare their proposal afterwards. Generally, companies schedule a face-to-face meeting at this point in order to get to know the customer (new clients) and to obtain more details about the client's problem. Corinna explains this stage as:

"The first call is always establish a basis: a basis of people that one knows, similar situations, and try to determine where the pain factor is. By asking those questions, often the other person in the phone feels like "I'm being understood". The first personal meeting is really to establish the personal fit and to get more details and to really explain and understand more of the issues. It is basically a prolongation of the phone call".

Claus and Christoph note that some clients ask about the *price* at this initial stage. Christoph prefers not to disclose it immediately, waiting to do it in the proposal. On the other hand, Claus tells the client the standard prices immediately on the phone:

"If the client asks the question "how much does it cost?", they want to have an answer. In the beginning we did not give an answer and just said " it depends" but this annoys people. This is why we give an answer now."

Furthermore, Claus explains that clients asking about the *price* in the first call are not interesting for them. His experience until now has been that clients asking about the price in the beginning always used the price as an excuse not to seal the deal. That is why he uses the price question as a signal to know if they are going to seal the deal or not: if the client wants to know the price at this initial stage, there will be no project, and if the client asks about the content, there is potential.

Also Corinna's company discloses a *price issue* in the first stage. After listening to the client's concerns, finding out the pain factor and discussing broadly some ideas about how to approach the project, she argues that she can already feel if there is a connection. Then at the end of that conversation, she discloses the *day rates* of their consultants and tells the client that she will then prepare a bespoke proposal.

Whereas some participants explain that their first face-to-face meeting is aimed at finding out the pain factor, obtaining information to prepare the proposal and at building trust (a factor that will be discussed in part 4.4.2), others bring already a proposal and use this first personal meeting to present it. This is especially the case of banks, where Bernat's case is interesting to point out. Due to the fierce competition in

the banking business, he explains that he already prepares a proposal with several alternatives and tries to seal the deal at the end of that first face-to-face meeting, in order to avoid that the client goes to the competition to get an alternative offer.

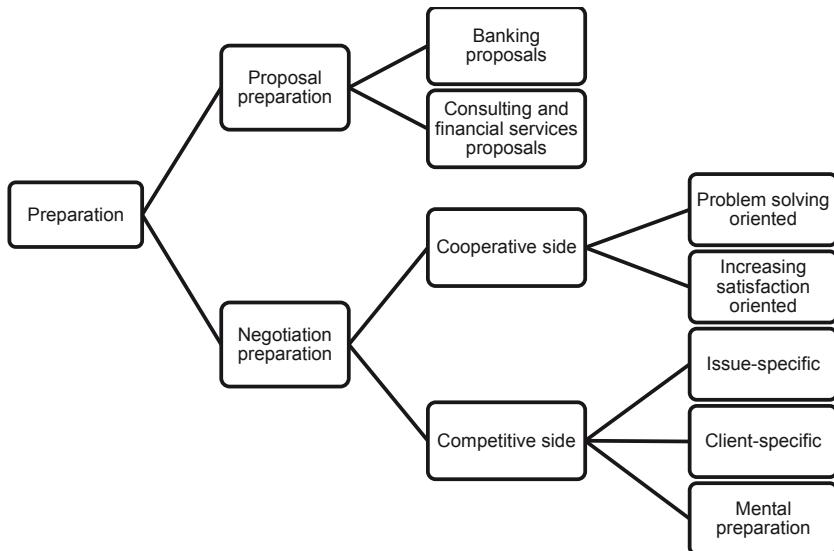
Although all companies acknowledge the importance of this first stage and have some standard procedures of dealing with a client, an interesting case to point out is Frank's. Frank has developed a master plan that includes all steps of client contact: "Everything is standardized. One needs to have a master plan. Everything is contained in the master plan, which is optimized continuously", acknowledging that this is the key to their success. This way, clients receive always the same standard of treatment, independently from who their consultant is, stressing the "way of doing" of the company, not of the individuals, confirming the theory of the "one-firm firm" (Maister 1985) and allowing the company to be efficient and optimize their client relationships in order to ensure the success of every client contact.

4.2.2 Second stage: proposal and negotiation preparation

Once companies have all the necessary information about the clients and their concerns, they prepare a proposal.

At this point, one can differentiate between the preparation of the proposal and the preparation of the negotiation. On the one hand, proposal preparation is determined by a company's sector, being different in banking than in consulting or financial services. On the other hand, negotiation preparation has a cooperative side, focused on problem solving and increasing satisfaction, and a competitive side, divided into issue-specific, client-specific and mental preparation. Figure 4 summarizes the different kinds of preparation.

Figure 4: Types of preparation



The preparation is standard in all cases in the sense that they always think about the same issues or follow the same preparation process. However, it is customized in the sense that they adapt their offers to the client's needs and focus on the pain factors and create a tailor-made solution. Furthermore, most respondents note that the preparation is proportional to the importance of a customer from an economic or a marketing point of view, preparing in a more intensive way if the customer is a large one or if he or she will be a good reference. Also, preparation is also more or less intensive and can be done either individually or in a team according to the complexity of a project. An extreme case of standardized preparation (Frank) is going to be presented at the end of this section.

Negotiation issues at the second stage

The preparation of the proposal is determining to closing a deal. The proposal contains all the *main issues*, including the *economic issues* and sometimes also the *bureaucratic issues* (some or all of them), which means that the company is the one bringing the

first offer to the table. *Cross-selling issues* are also prepared at this stage but they are not disclosed until the third stage.

Only two participants declared that they do not prepare any proposal: Carl and Carles, who are actually the two freelancers in the sample. Carl follows a different sales approach for his coaching projects, offering the client a single session at a fixed price and letting him decide if he goes on with more sessions or how many sessions he does.

Carles does not prepare a written proposal either, as he prefers to develop the project content "live", meeting with a customer with a blank notebook and creating the project content together with him. Carles has also a different invoicing system, as he has a fixed day rate and invoices the client at the end of every month for the services performed, sending a detailed document with all expenses.

Proposal preparation

The aim of the proposal preparation is to prepare the best solution for the customer in order to close the deal. Companies try to prepare a complete, detailed and outstanding concept that the customer will want to buy, with several options for him or her to choose from, so that they can win the client and maximize their profit. Profit maximization is actually in many cases a secondary aim after winning the customer, as most companies focus on long term relationships and want to make sure that the customer will repeat business.

The preparation in banking PSFs is based on the client's profile, as in this case the problem to solve is clear: either the client has liquidity to invest or needs financing. With this information, bankers prepare a product or a product combination that suits the client's needs or requests.

The proposal they prepare is based on a brochure of the product or products offered, where all main issues are introduced (*content* and *economic issues*). This brochure is developed by the institution and the issues it contains are fixed. The preparation of an extra proposal occurs only in the case of a financing project or a large investment project. The *main bureaucratic issues* are also disclosed in the proposal, as

transparency in this business is essential because of the high risks for the customer involved in financial businesses.

The proposal in consulting and other financial services companies has a standard structure in each company and it starts with an introduction or aim of the project to solve the client's problem (*project topic*). Then it describes the procedure the company will follow to approach the problem and their methodology, in many cases dividing the project into different modules (*content issues*) and afterwards there is a part about the financials (*economic issues*).

Most consulting companies do not have formal contracts and use the proposal as the document to formalize the deal, so they also include their Terms and Conditions (T&Cs) at the end (*bureaucratic issues*) and additionally a confirmation page, where clients can sign when they close the deal.

This implies that most consulting companies already introduce all the issues in the proposal, a fact that they justify with transparency reasons.

Only in the case of Frank *cross-selling issues* are also disclosed in the proposal. Frank identifies a customer's underlying interests and prepares a proposal covering all possible needs, including not only the services that the client requested but also other services that could be interesting for him or her.

Negotiation preparation

The preparation of the negotiation is very diverse and one cannot find any patterns by sector, positioning segment or country. The only reason for a difference regarding preparation that can be derived from the analysis is personal experience.

For example, Benedikt, Ferran and Carles note that thanks to their experience, they do not need to prepare much, as they have the negotiation processes already very automatized. Conversely, Christine (younger consultant) acknowledges that she asks more experienced consultants for advice to prepare her negotiations and Claus (also younger consultant) notes that he is still in the process of trying different approaches to

find the best negotiation strategy and therefore thinks about optimizing his approach during his negotiation preparation.

Moreover, negotiation preparation is "mixed-motive", the same way negotiations are. Participants are both concerned about working on the relationship and increasing satisfaction, i.e. the cooperative side of negotiations, and about maximizing their profit, i.e. the competitive side.

Cooperative preparation

On the cooperative side, companies think about the relationship with their clients, where the aim of the preparation is to deliver the best solution to them, solving their problem, meeting their expectations and increasing his satisfaction, in order to win the customer, ensure long term relationships and repeat business (creating value).

That is why Ferran argues that his priority is to *solve the client's problem*, otherwise the relationship can be damaged and the company would lose a possibly long term client, as most of their clients have been working with them for years. Thus, he analyzes and prepares a full solution for each client. Also Frank and Carsten, who are mainly concerned on getting the deal, spend time preparing the best solution possible for each customer, to ensure that they will seal the deal.

Corinna explains that her priority is to meet the client's expectations and to deliver over the client's expectations to *increase their satisfaction* and subsequently to ensure that the client will bring more business into the company, either through repeat business or recommending the company to others, i.e. "superpleasing" her customers (Maister 1993, p. 54). Hence, during the preparation phase, Corinna and her team analyze the client situation thoroughly to see if they can deliver and how well they can deliver.

Competitive preparation

On the competitive side, the aim of the preparation is to analyze all options to be able to claim the maximum value, by exploiting the totality of a client's budget and maximizing the cross-selling opportunities.

In this case, the negotiation preparation can be divided into three different areas: issue-specific, client-specific and mental preparation. All of the respondents prepare their issues, most of them are also concerned about the specificities of each client but only one of them (Claus) prepares himself mentally for the negotiation.

Issue-specific preparation

Issue-specific preparation focuses on finding out the limits and margins referring to the negotiation issues, preparing concessions, identifying one's priorities and building different packages or alternatives.

For example, Bernat and Biel stress the importance of knowing the institutional limits and guidelines on the issues, as some of the issues are already fixed (day rates, banking product characteristics) and there is no room for negotiation.

Carsten specifically prepares arguments to justify the issues and phases included in the proposal and Claus also prepares the concessions and extra services that he could offer.

Some of the participants identify their priorities concerning the negotiation issues and some do not. The ones identifying priorities focus on different aspects such as the main issues, especially the price, following the institutional guidelines, certain modules or project phases or the methodology.

All companies configure their proposals in a way that clients have some autonomy to choose. As Claus states, "clients like to have options so that they feel they are in control". This feeling of being in control makes customers feel empowered and increases the probability of closing a deal, as clients do not feel pressured or forced to take a certain project but they have the autonomy to choose what is best for them.

This autonomy to choose is presented in the form of different packages with a combination of products or services in the case of banking and financial services or in the form of different phases or modules in consulting companies.

Christoph and Christine prepare several modules in their offer, so that the client can decide to take all of them or to exclude some depending on his budget. This way, they make sure they are exploiting the maximum of the client's budget.

However, Bernat argues that it is only efficient to give a maximum of 3 alternatives to choose from, otherwise clients have an information overload and then the probability of closing the deal decreases. Claus also notes that if he gives many possibilities to the clients to choose from, it confuses them and it has a negative effect on closing the deal.

Client-specific preparation

Client-specific preparation focuses on analyzing the client and his or her characteristics in order to find the negotiation tactic that will lead to the best possible outcome.

Claus thinks about the costs of working with each specific client and the potential each one of them represents for the company in order to evaluate how much the deal is worth.

Christoph and Christine are concerned about finding out the client's budget, which follows Fisher and Ury's recommendation of finding out the opponent's BATNA in the preparation phase (Fisher and Ury 1981).

Also Biel and Britta think about the client profile and his or her characteristics. Furthermore, Ferran also analyzes clients psychologically to assess their level of knowledge, as he will have to adapt his language and explain more or less content depending on how much clients already know.

Mental preparation

Whereas all participants carry out issue-specific preparation and most of them also client-specific preparation, only one respondent also prepares himself mentally. Mental preparation consists of achieving a mental state that will be optimal for the negotiation. Only Claus explains that he prepares himself mentally before a negotiation, as it helps him to be relaxed and to keep a strong negotiating position:

"When I have a meeting with the purchaser, right before I watch a music video: MC Hammer - Can't touch this. Then I'm ready".

Frank's example: extreme case for standardized preparation

An extreme case of standard and automatized preparation is Frank. As already discussed in the previous section, Frank has created a whole master plan covering all steps of a project sale and client relationship. Also in this stage the preparation process is already set and continuously optimized. The information collected in the first stage is processed in the form of questionnaires and client profile documents and analyzed comparing it to the company's service portfolio. The company is concerned about finding out the underlying interests and needs of a customer and prepares a full solution covering all these underlying needs, not only the ones specified by the customer himself.

Furthermore, they analyze the client's personality according to the DISC model (based on the work of William Moulton Marston (1928)) in order to find the best way to approach the client and find out how to talk to him in the most effective way. All meetings with the client are prepared before, sketching different scenarios and thinking about all the possible topics that the client could bring up, his possible concerns or objections and the best answer to solve them, having even pre-defined answers to certain questions.

All of the consultants in his company are trained on this master plan, they follow it thoroughly and document all steps of the selling process and customer contact, giving feedback to the management so that the master plan can be optimized, leaving no room for improvisation. According to Frank, "if there is no standard, it is chaos" and "quality comes from standardizing because one can always improve the standard", which ensures them to always close the best deal possible.

4.2.3 Third stage: proposal submission and closing the deal

Proposals can be submitted by email, discussed on the phone or presented in person. If the company has already met the client face-to-face once in the previous stages, then

the proposal is usually sent per email and in some cases also explained on the phone. If there has not been any face-to-face meeting before (usually the case of repeat business), then the proposal is presented in a meeting in person.

Negotiation issues at the third stage

If the proposal is presented face-to-face, companies tend to follow the structure of the document, which is *content issues* first and *economic issues* later. However, if the client wants to change the order and asks specifically to skip a point or to go straight to the financials, most companies do. The only exception is Frank, who admits to redirect the conversation so that he can follow the order he prefers. This goes with his philosophy of the sales process, where he follows a standardized and detailed master plan.

If the proposal is sent per email, the order of introduction is a priori the same, as one can assume that clients read the proposal in the same order as the document is structured.

If there are *cross-selling issues*, they are also introduced during proposal presentation, as in the case of Frank, who states that he introduces cross-selling issues in the beginning of the proposal presentation in order to offer a complete solution to the customer. In some cases they are disclosed during the negotiation, being used as a condition or a concession to close the deal, especially in Spanish banking companies, as confirmed by Bernat and Biel (specific issue management discussed in section 4.3.3). However, some consultants like Corinna, Christoph and Carsten, state that they only focus on the main service and do not introduce any cross-selling issues, as they use them once the project is finished in order to create repeat business.

Finally, *bureaucratic issues* are the last ones to be introduced. In most cases the consultants disclose actively the main bureaucratic issues and explain them to the client. As there are sometimes a lot of clauses in the terms and conditions (T&C) section, not all issues are disclosed actively but they are presented in writing together with the proposal or the contract, so that the client can read them carefully.

A fact to remark is that German banking participants explain that the law obliges them to introduce all bureaucratic issues actively, which contrasts to the Spanish case, where some bureaucratic issues with negative connotations, i.e. penalizations when withdrawing funds before the deadline, are just present in the contract but not spoken about actively.

The justification for this, as Bernat and Biel explain, is that these clauses, including the ones with negative consequences, are standard and are always present in banking services. Therefore, there is no need to actively present them, as customers already have previous knowledge about it. The strategic thought behind the non-verbal introduction of these issues is that they can make the client think about the deal in another way and thus put the deal in danger. If they are not mentioned, clients keep the positive state of mind about the deal and the probability of closing it increases.

4.2.4 Issue introduction in banking

In the special case of banking, the usual sales process starts with a phone call from the banker to the client, where the *project topic* is already disclosed, and sometimes some general *content* and *economic issues* too. The next step is in most cases a face-to-face, where the banker first obtains some information about the client and then directly presents several options suitable to his requests. The options had been prepared before the meeting, based on the analysis of the client's account and the product portfolio of the bank.

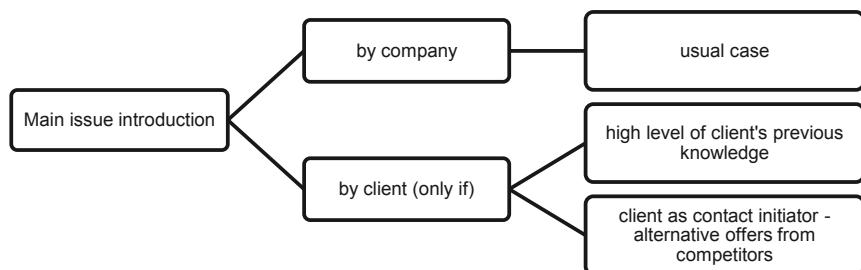
This means that most of the *main issues* are disclosed in person by the company and explained verbally, using the proposal or product brochures as written support. Although the main issues are introduced into the conversation by the banker, clients already have some previous knowledge about the main issues, as they already have experience with bank services and the main issues are always the same or at least very similar.

Therefore, the client's previous knowledge influences the main issue introduction. This way, if the client's level of previous knowledge is high, it is more likely that they are

the ones introducing the main issues, by directly asking the banker about certain aspects.

The introduction of the main issues is also by the client if clients initiate the contact, as it often implies that they have already had contact with the competition and have alternative offers that they want to compare with other banks. The main issue introduction possibilities are summarized in Figure 5.

Figure 5: Main issue introduction in banking



All of the other issues are prepared by the company during the second stage of the sales process and introduced during the third stage, which is the proposal submission or presentation and negotiation. Generally, all issues are introduced in the proposal, except for cross-selling issues, that are just introduced by the company according to the course of the negotiation, if they are part of the deal.

Only in the case of Spanish banking one can see a more strategic use of bureaucratic issue introduction, as some of the issues are assumed to be known by the client as they are standard for all banking products and are not actively introduced. This is the case of bureaucratic issues with a negative connotation, as they could break the buying mood of the client and put in danger the closing of a deal if introduced actively. However, this is not done in a deceptive way in order to get a deal at all means, as clients do have a broad previous knowledge about their services and already know about these negative connotation issues.

4.2.5 Issue introduction recapitulation

All in all, there is a general pattern of issue introduction that respondents follow in most cases, having however a couple of exceptions. Some content issues are introduced in the first stage, i.e. contact initiation. The project topic is introduced by the contact initiator, which can be either the company (commodity PSFs) or the client (rest of PSF segments). The main content issues (methodology, general steps to follow and scheduling, general goals) are also introduced in the first stage but the introducer is always the company, who poses targeted questions about these issues to know the requirements or needs of the client. The only exception is the case of banking clients that already have an offer from a competitor and initiate the contact to compare that offer. As their main objective is a comparison, they introduce the main content issues the way they have it in their competitor offer in order to achieve a direct comparison.

The proposal contains then all other content issues, economic issues and bureaucratic issues, which are introduced in this order during the third stage. All issues are introduced by the company, except the case of clients focused on price, asking straight away about the financials of the project. However, the client just mentions the issue and it is the company who introduces the complete issue, explaining the kind of invoicing or the structure of the financials that they are going to use for the project.

The bureaucratic issues that have a significant relevance for the project are introduced by the company actively as this helps the company to build trust and avoids relationship damage. The bureaucratic issues that are not so relevant or are just standard in all PSF projects are just part of the T&Cs and can be read by the client but are not actively introduced.

Lastly, there are certain issues that are only disclosed and negotiated if the client asks about them. The reason for the company to keep for themselves is that it is an unclear matter from the company's point of view, such as the exact steps of a certain phase, or involves extra work, such as the preparation of an extra contract about data protection

in the case of Claus or the disclosure of the names and profiles of each consultant participating in the project in the case of Carlota.

4.3 How are issues negotiated?

In order to find out how issues are negotiated in real-life sales negotiation in PSFs, one needs to know about the order of the issues, i.e. the agenda setting, and also about which strategies or tactics involving issues are used in the negotiation, i.e. the issue management.

Agenda setting and issue management appear to be different depending on the sector a PSF belongs to. Negotiations in banking follow a different pattern than in the other sectors studied. Banking belongs to the commodity segment, meaning that their offering is standardized but moreover, it is a regulated sector, where individuals cannot modify or decide much on the main issues negotiated, in comparison with other sectors such as consulting. Furthermore, one can also differentiate between German and Spanish banks in terms of issue management, specifically regarding cross-selling issues, as it will be discussed in section 4.3.3.

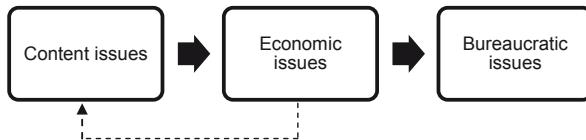
In consulting or financial service companies individuals have more autonomy to decide on their offerings. Even though consultants in the commodity segment also deal with standardized offerings, there is more margin on the main issues negotiated than in banking, as there is less regulation. Multi-party sequential negotiations, which represent a special case of consulting companies dealing with large clients is going to be presented separately in section 4.3.4, as it emerged to be a relevant pattern.

4.3.1. Agenda setting or the order in which issues are negotiated

Contrary to the academics arguing that there is a negotiation protocol where the "rules of the game" are defined (Rosenschein and Zlotkin 1994; Fatima et al. 2004), in the studied cases there is no conscious setting of a protocol, as none of the respondents answered that parties negotiate what to negotiate.

Fatima et al. (2002; 2003; 2004) argue that the agenda can be set either exogenously or endogenously, depending if the negotiators decide on the order of the issues to be negotiated before or during the negotiation. According to our respondents, there is a pattern on the agenda, as the content issues are negotiated first, the economic issues second and the bureaucratic issues at the end, as displayed in Figure 6.

Figure 6: Negotiation agenda



This order of the issues is set exogenously although not by decision of the parties but by convention of the sector. The agenda is then not questioned by the participants but just accepted as a standard. Then, within every group of issues, the order of the sub-issues is endogenously decided by the parties. Consultants and clients discuss the different points of the content and agree on them, then go through the economic issues and negotiate usually only the points brought up by the client. If there is no agreement on the economic issues alone, there is a step back to the content issues, where parties negotiate a modification of the content to achieve a lower price. At the end, when the company introduces the bureaucratic issues, some of them are also negotiated if the client requires it.

The reason is that there is a perception that if the parties talk about the content first and the price afterwards, it stresses the quality of the work. Conversely, if they talked about the price first, it would give clients a feeling of bad quality of the service or transmit bad quality to the customer, as if the company would be more interested in cashing the project than in solving the client's problem.

Even in the case of Corinna, who discloses the consultant's fee right in the beginning in order to set an anchor, the overall price of the project is also set after the content issues. She argues that the financials are very straightforward as the price is never the

issue. The key point is to see if the company can deliver and solve the client's problem, i.e. the content issues.

Bernat confirms that price is always negotiated in the end but the reason of it depends on the loyalty of each client. In the case of loyal clients, the focus lies on the content and therefore the economic issues are not relevant for the client to take a decision. Thus, the price is negotiated in the end, once the parties have agreed on the content issues, which have a higher importance. For disloyal clients, the price is a decisive aspect but the negotiation of this issue in the end is also the best strategy to follow, as it allows the company to do the persuasion work about the content issues before and this way the client is already convinced about the project before knowing the price of it, which increases the probability of closing the deal.

Benedikt notes that price can also be discussed in the beginning if it is introduced by the client. Then he adapts to the client and explains the economic issues in the beginning. However, this is influenced by the sector of his company, as content issues in banking are clearer than in consulting and the client's previous knowledge on the main issues in this case is high.

Taking into account the order previously described, issues are negotiated in a mixed sequential and simultaneous way. Issue groups are negotiated sequentially and sub-issues within a group can be negotiated simultaneously.

However, content and economic issues are related and therefore, even if there has been an agreement on content, if there is no agreement on economic issues, the negotiations shifts back to content issues in order to meet the budget, which is an usual case in consulting PSFs. This means that issues are not negotiated as a package in the sense of offering from the beginning different alternatives of content at different prices, but as the issues are interrelated, a certain project price can only include a determined level of service or content, as otherwise quality would be threatened.

Nevertheless, in banking and financial services, participants acknowledge that they do prepare different alternative packages linking several issues and clients just choose one

of them. Thus, in these sectors the negotiation tends to be more simultaneous than sequential.

4.3.2 Issue management or the negotiation strategies involving issues

When directly asking the respondents about negotiation tactics used, most of them could not find an answer or stated that they did not use any tactics. The direct question of using a strategy was in some cases perceived negatively, causing defensive answers as in Benedikt and Corinna's cases, as they declare that they "do not play any games", as it can destroy the trust they have been building and damage the relationship with the client.

The only tactic that some of them could identify by themselves is "not doing many concessions". Then going on with the interview, in the specific questions about tactics, one could indeed identify certain strategies that respondents follow. In the following sub-sections, the results of these questions are going to be presented.

Concession patterns

All of the respondents coincide on not doing any concessions on price, meaning that the rate of the service (consultant fee per hour or per day, price of the standard product) cannot be modified because it is a given by the company. Claus explains that he did concede on the price in the beginning but that he found it to be a bad strategy, as stated also by Ferran, because it can damage the relationship with the client.

Therefore, as these rates are fixed, respondents explain that they focus on other issues for their concessions, trading on issues of lower importance in order to keep the original price, which is a priority for them, i.e. logrolling tactic.

In the case of banking, as Bernat and Biel explain, concessions are based on secondary products, as clients often have contracted other products in the bank. The concessions in this case involve discounts or privileged conditions in other products of the company.

In all other consulting and financial service companies, concessions because of a high price are usually based on modifications of the content, i.e. excluding services or phases of the project. When preparing the proposal, as Christoph and Christine explain, they try to exploit all of the budget of the client, offering a very comprehensive solution that can be divided in different phases. If the client's budget is then lower than that, certain phases can be cancelled out in order to meet the budget.

All in all, in banking it is usual to introduce new issues as a concession, whereas in consulting and financial services it is not, where logrolling is based on the reduction of the content.

Last-minute throw-ins

This tactic has an especially negative connotation, as it is seen as a "dirty trick" to the customer. As relationships are in the foreground for most respondents, the use of games to claim more value are not seen as a desirable practice. Only Carlota and Claus show a more scientific understanding of this tactic, as they see it as a way to improve their result in case they had to do a lot of concessions during the negotiation.

Carlota admits that some of the issues are used as last-minute throw-ins in case that the company has gone down in the economic issues. Nevertheless, the issues introduced right at the end are just secondary issues involving unimportant but sometimes costly matters, such as the printing and binding of dossiers when they do a workshop. She explains that clients also use this negotiation tactic, for example, trying to push back the date of the invoice in order to have more time to pay.

Claus does not yet use this tactic but states that he is currently improving his negotiation strategy and therefore would think of using last-minute throw-ins as a tactic to claim value in the future.

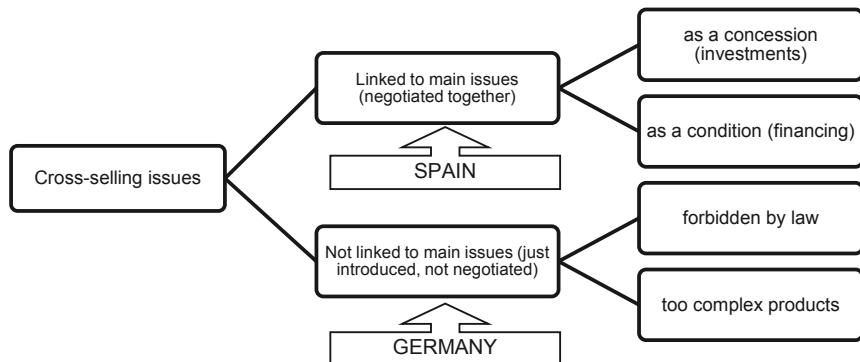
However, there is the possibility that participants did not want to admit that they use this tactic because of these negative connotations or they might use it unconsciously.

4.3.3 Agenda setting and issue management in banking

In banking, as it belongs to the commodity segment, the main issues can be rarely modified, which is why there is not much negotiation about them or none at all. Britta notes that "the issues of the products are given, there is nothing to be changed" and argues that in her case there is no negotiation, as it is just a conversation about giving advice. Benedikt explains that there is not much negotiation either, as it is just about which product combination to choose and that the task of the banker is to explain all the advantages and disadvantages of each product.

However, there is a difference to be noticed in the negotiation of other issues, i.e. *cross-selling issues*, as displayed in Figure 7. These are always introduced by the company but in the case of German banks and contrasting with Spanish banks, they are not negotiated at that point.

Figure 7: Management of cross-selling issues in banking



German law determines the negotiation of cross-selling issues because it forbids linking businesses in banking. Therefore, in the German cases, cross-selling issues are just introduced and not negotiated, as they set an appointment at another time just to discuss that other offering.

Another reason for not negotiating cross-selling issues lies on the complexity of certain products, which makes it difficult to link them to other products, as they have very specific characteristics and it would be too complicated to discuss them together.

Nevertheless, Spanish banks do negotiate cross-selling issues together with the main issues, being used as a concession in Bernat's case, as he deals with investments, or as condition to close the deal in Biel's case, in order to accede to give financing to a client.

Bernat explains that he first introduces the main issues and if the client has any objections, he uses intangible attributes as arguments to persuade the client. The intangible attributes presented are: client proximity, service quality, social engagement of the company and reliability (solvency of the bank). If this is not enough, he then resorts to concessions involving cross-selling issues, such as discounts on secondary products, where he has more negotiation margin and which have less value and cost for the company than the main issues.

Cross-selling issues can also be a condition in the case of Biel, as he uses them to claim more value for the company, as a compensation for giving financing and aims at increasing customer profitability and at protecting the company against payment default.

Biel also uses arguments to support his position based on intangible attributes, which are the same ones as Bernat's. The reason for this similarity can be that they work for the same company, so this point could be further researched using participants from other Spanish banks.

4.3.4 Multi-party sequential negotiations in consulting companies dealing with clients with organized purchasing departments

The respondents of consulting companies have brought up a consistent negotiation pattern in their project sales to companies with an organized purchasing department, usually when dealing with large clients. In large client companies, consultants usually

first contact or get contacted by the "target department", which is the end-user department that will be benefiting from the project, for example, marketing or HR. Their initial conversations and negotiations are about the *content issues* only.

Then, once they have agreed on the content, the consultants have to do a second step and deal with the purchasing department for the *economic issues*. Purchasers only have very limited knowledge about the content and are only instructed to negotiate a lower price.

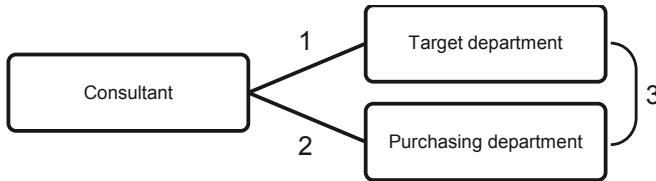
However, it often happens that an agreement cannot be reached on economic issues, as consultants do not lower the price much unilaterally because their fees are fixed. As overall price is linked to the amount of service they give, i.e. content issues, certain modules or phases of the project would have to be excluded in order to achieve a lower price.

What happens then is that there is an eventual third step, when purchasers have to internally negotiate content and economic issues with the target department and reach an agreement on them before they can close the deal with the consultants.

Therefore, a conflict arises between the target and the purchasing department. Although a part of their underlying interests are aligned as they both want to solve a problem their company has (cooperation), they also suffer a conflict of interests as the target department wants to have a certain content and the purchasing department is only concerned about achieving a lower price. Hence, there is also a competitive side on this negotiation and its outcome will be determined by the balance of power these departments have within the client company or arbitrated by their CEO or management board.

To sum up, as displayed in Figure 8, there are three parties involved in this negotiation: the consulting firm, the target and the purchasing department, which as Thompson (2009, p. 221) describes, is a kind of multi-party negotiation.

Figure 8: Multi-party sequential negotiation model



The agenda here is set exogenously, but particularly also by the target department when they inform the consultants that they will first agree on the content but that afterwards the process will need to go through purchasing to negotiate the economic issues. Within each group of issues, the agenda is developed endogenously, i.e. the order of the sub-issues emerges during the negotiation process with each department.

Therefore, the consultants do not know about the structure of the buying center if they have not dealt with that client before, but find out about it while negotiating. According to Sebenius (1992, p. 32) adding a party is a tactic "to generate joint gains or to extract value from others".

Moreover, it is a sequential negotiation as there is a negotiation about the content first and then about the economic issues. However, these settlements are not binding, as in case that no agreement is reached on the economic issues negotiation, there is another step that involves content and economic issues simultaneously, as the target department then negotiates with the purchaser.

Corinna, Claus, Christoph and Christine have coincided on explaining this kind of negotiations. Carles, Carsten have not mentioned this procedure, probably because of the smaller size of their clients. Carl does not fit into this model either because he has a different approach on sales. It could be that Carlota's company also faces this kind of situations because of the similar size of the client's. However, she did not mention it, stating that they only have a contact with the target department and it is the client who in some cases needs to request authorization to close the deal, but the company does not negotiate with two different departments.

Furthermore, as Claus explains, the consulting company has an advantage as they can play the other two parties against each other in order to achieve a better result. Claus' tactic is to keep a strong position in the economic issues in order to derive the conflict to the purchaser and the target department. This could be seen as a kind of coalition (Thompson 2009, p. 221) between the consultant and the target department, as they can align against the purchaser in order to keep the settlement on content, forcing him to compromise and accept a higher price.

A strategy by Thompson (2009) to solve the problem is to avoid sequential bargaining and negotiate all issues together by voting. However, this is not possible because parties to not negotiate together but in pairs and furthermore, the issues are divided according to each party's competences. Mannix et al. (1989, pp. 508-509) also suggest not using sequential agendas, as it is more likely to achieve mutually beneficial agreements by using package agendas.

All in all, this multi-party sequential negotiation model is common in sales negotiations of consulting companies dealing client companies with an organized purchasing department. Although academics recommend avoiding sequential negotiations to achieve a better outcome, the buying center structure of the client companies does not allow it, as each party has the competence for one specific set of issues.

4.4 Which factors influence the negotiation of issues?

From the data obtained, some factors emerged to be relevant for the sales process and negotiation of the sales issues. These factors are related to the guidelines set by each company and the evaluation of its employees' performance, the customer being the center of attention in PSFs, the balance of the negotiation power and the switching costs that customers may incur and also the cultural specificities that negotiators face.

4.4.1 Institutional guidelines and performance evaluation

In order to ensure an optimal performance of all employees, companies fix certain institutional guidelines, manuals or, as in Frank's extreme case, a full master plan that needs to be followed at all times. These institutional guidelines determine not only most of the negotiation issues and margins but also the negotiation style and philosophy to follow in the sales process.

Furthermore, employees are usually evaluated by the company according to their sales performance. Especially in the banking sector, employees have a lot of pressure to perform and therefore their company sets a lot of protocols and tools, as Bernat explains, so that bankers can maximize the firm's profits. Biel also states that their institution "gives them grades" and therefore they need to be very focused on getting the best deal possible, but without abusing the client in order not to damage the relationship.

Although these practices are more extended in large companies, also medium and small companies have institutional guidelines setting the way to handle the sales process.

4.4.2 Focus on long term relationships and trust building

According to Maister (1993, p. 111) "the single most important talent in selling professional services is the ability to understand the purchasing process (not the sales process) from the client's perspective". Certainly, all of the respondents are truly concerned about their customers. Customer orientation is a must, as Frank explains that it is essential to show the client the benefits that a service brings to them, not the mere characteristics of the service.

Corinna also stresses the need to overdeliver to the customer in order to increase satisfaction. In fact, this is a common perception in the sector, as firms concentrate on "superpleasing" (Maister 1993, p. 54), which is not only satisfying the customer with

work and service, but delighting them so that they book the company again and perform effective word of mouth, bringing new customers through referrals.

A way to show customers that the company is very concerned about delivering and about retaining the client is to offer a satisfaction-based fee instead of a mere discount. Christoph's company offers customers to pay an extra fee based on their satisfaction, which is 10-20% of the overall price.

Another essential aspect of relationships is trust. As Maister states, "the ability to win the client's trust and confidence is a dominant influence in the sales process of professional services" (Maister 1993, pp. 97-98).

Indeed, most participants mention by own initiative how important it is to build trust. At the initial stage, using the respondents' expressions, they consciously spend time on small talk, getting to know the client, creating a bond and empathy and connecting with the client.

All in all, as it is more profitable to retain a customer than to acquire a new one (Stauss and Friege 1999, p. 347), companies acknowledge the importance of long term relationships with their clients and they focus on building trust.

4.4.3 Negotiation power and switching costs

The interview had a specific question about how participants see the distribution of the negotiation power in their sales. Although Maister (1993, p. 74) reveals a shift of power from the firm to the client, this is only confirmed in the case of new business. New clients have more bargaining power, either because they have alternative offers from the competition, as Bernat argues, or because the service is not critical for the survival of the firm, which is the case when the contact is initiated by a cold call from the company, as in the cases of Christoph and Claus and often in banking.

However, most of them acknowledged that negotiation power increases with the length of the relationship, as switching costs for the buyer increase with repeated business. As

Nanda argues, "switching professionals incurs the cost of building new relationships and establishing familiarity with the client's situation" (Nanda 2004, p. 4).

4.4.4 Emerging cultural differences

Although there have not been many cultural differences emerging from the data analyzed, some aspects can be pointed out. German bankers Britta and Benedikt note that the German law regulates certain parts of the sales process, as the company has to explain all the clauses and details to the client in person and there are several signatures in different compulsory forms required in banking business.

This is different in Spanish banks, where some of the clauses are actively explained but some others are just presented in the written contract and assumed to be understood. This is the case of some of the penalizations that banking products have, as Bernat notes, because they have a negative connotation and can scare off the client if presented abruptly but are actually already known, as all products have similar penalizations.

Furthermore, Spanish banks can negotiate different products together and therewith use cross-selling issues in the negotiation to support a sale and to logroll, as Bernat and Biel acknowledge. This aspect does not arise in German banking interviews and when asked directly, respondents explain that linking several businesses together is forbidden by law in Germany. The only cross-selling actions that German bankers are allowed to use are to schedule an appointment with the client to talk about an additional service, but they cannot, for example, offer a discount on a credit card when a client closes a large investment deal.

5. Discussion

5.1 What needs to be reconceptualized on our understanding of negotiations

The setting of a negotiation agenda and the management of the negotiation issues are not trivial. First of all, the negotiation happens in an relatively informal way, being a

process that stretches through several meetings, calls and emails and not happening on a set day, where parties sit down to negotiate. This can actually be recommended because, according to Raiffa (1982, pp.57-58), it will lead to more efficient outcomes.

However, the setting of the agenda is relatively rigid, as it is not necessarily a decision taken by the parties but a convention or standard in the industry, being the content issues negotiated first and economic issues afterwards. This agenda is not questioned by the parties and there is no attempt to change it either. Therefore, this exogenous and sequential agenda cannot easily be avoided, as argued by Druckman (1977, p. 165) and subsequently, cannot be modified or manipulated for strategic reasons, making it difficult to apply an optimal model of agenda setting, such as in Fatima et al. (2004, p. 3) or Balakrishnan et al. (1993, p. 640).

Nevertheless, although the agenda is initially sequential, if there is no agreement after the negotiation of the economic issues, one can go back to the content issues and renegotiate them, generally excluding certain services in order to achieve a better price, which is an example of simultaneous issue negotiation. Also, although the issue group order is set exogenously, the negotiation order of the issues within a group is endogenous, leaving room for parties to flexibly decide the order.

This means that one cannot define an agenda to be exclusively sequential or simultaneous or exclusively exogenous or endogenous. This study proves that combinations are possible and that it is not always up to the negotiators to decide on it. This also relates to the fact that none of the respondents engages in a pre-negotiation process, negotiating what to negotiate before the actual negotiation of issues (Saunders 1985, p. 262; Lewicki and Litterer 1985, p. 45). In the studied cases this pre-stage would not be necessary, as the framework for the negotiation is already set by the sector conventions or industry standards.

Moreover, the issues that are negotiated are hardly modifiable, as they are set by the nature of the service being sold. The main issues are therefore very similar in all cases and most negotiators prefer not to introduce or cannot imagine introducing any other

issues than the usual ones. Only in the case of cross-selling issues one see the strategic issue management described by Sebenius (1983), where adding new issues strategically is a way to maximize negotiation profits.

Therefore, it is difficult to follow the authors encouraging adding more issues to increase the integrative potential of a negotiation (Lax and Sebenius 1986; Sebenius 1992; Sebenius 1983; Fisher and Ury 1981; Lewicki and Litterer 1985; Thompson 2009), as adding new issues that do not naturally belong to the bargaining set is seen as an undesirable practice as it might confuse the client or damage the relationship by giving an image of caring about the profits more than about solving the client's problem.

Thus, the decision not to introduce new issues has nothing to do with the increase of the negotiator's satisfaction (Naquin 2003, p. 97) or the decrease of bargaining complexity (Fatima et al. 2002) but with the compliance with industry standards.

Furthermore, a strategic issue management is not always seen positively, as the negotiators in PSF sales are more concerned about the relationship than about increasing their profits in a single negotiation. Hence, strategies or tactics that can damage the relationship with a client are avoided.

Only in the case of multi-party sequential negotiation one can see that the "game" is "changed" strategically (Sebenius 1992, pp. 28-32), as the third party is introduced by the buyer in order to claim more value, by negotiating only a certain set of issues. This strategic issue management performed by the buying part hints at a field of future research, as in a seller-buyer relationship, it could be that the buyer acts in a more strategic way than the seller.

All in all, agenda setting and issue management are often matters that are a convention in the sector and not used in a strategic way to create or claim value in a negotiation. Parties cannot always manipulate issues or prefer not to do it because their main objective is to preserve the relationship with the other party. Therefore, the optimization of the negotiation set presented in the agenda-setting and issue-

management literature often presents too tight a framework, as real-life negotiations are more complex and encompass other aspects that are difficult to measure or to control, such as the importance of relationships.

5.2 Towards a productization of professional services

As noted throughout the interviews, some of the respondents used the word "product" to describe the offerings of their firms. Indeed, the trend towards a productization of professional services identified by DeLong et al. (2007, pp. 69-70) can be seen in the results presented in this thesis.

Not only the product-intensive firms (commodity segment) offer their clients a ready package or product but also companies in the procedure segment have standard services at fixed prices, where customers just choose which ones to include in their purchased package.

Furthermore, traditional consulting firms that would be classified in the experience segment tend to offer some of their services as a product and thus move towards the left of the spectrum, having for example a portfolio of standard workshops or market research studies that are sold as a product, offered however only as part of the bigger consulting project (service).

Although Maister (1993), Nanda (2004) and DeLong (2007) examine different effects of this segmentation of PSFs, such as organizational structure, managerial roles, capital intensity and human resource development, none of them focuses on the effect of this positioning in sales negotiations.

From this study, it appears that this positioning has an effect on which issues are negotiated and on the room negotiators have to deal with them or introduce new ones. For example, the companies classified in the commodity end of the practice spectrum offer standardized products with therefore standardized characteristics. This implies that they have less room to modify their negotiation issues and also less negotiation margin within them. Conversely, companies in the expertise end dealing with complex

and unprecedented problems can introduce negotiation issues that are relevant for that unique case and are therefore more flexible in their negotiations.

Moreover, PSFs tend to follow the model of one-firm firms (Maister 1985), where high ethics and full customer orientation are keys of success. This implies that the tactics complied by Raiffa (1982, p. 143) and Sebenius (1992, pp. 29-30), where exaggerating the importance of certain issues is a way to claim more value for oneself, are not desirable. Negotiators from PSFs with high moral standards and worried about preserving client relationships prefer not to use any tactics that could eventually damage their relationships or that are seen as unethical. Also, they assume the same kind of behavior in their clients, presuming honesty and counting on a trust bond that parties build together.

To sum up, the fact that a company is more or less productized needs to be taken into consideration in sales negotiations. If there is not much room for negotiators to decide on the negotiation issues, they might have to focus on other strategies in order to create or claim value. Also, the use of negotiation tactics that might be considered unethical is not an option for PSFs where a focus on long term client relationships is essential for a company's success.

5.3 Attenuation of cultural differences in sales negotiations in professional service firms

As presented in section 2.3, despite some conflicting results regarding the studies from Hofstede (2012) and GLOBE (Chhokar et al. 2007), the German and Spanish cultures differ in certain cultural dimensions (individualism-collectivism and long term orientation) and have opposite communication contexts (Hall 1976).

However, the main cultural difference concerning negotiation issue introduction and management emerged from the study. It has been found that a stronger German banking regulation determines how bureaucratic issues are introduced and forbids linking businesses, which does not allow the introduction of cross-selling issues as a condition or concession in sales negotiations.

This stronger regulation would be a proof that the German culture is more uncertainty avoidant than the Spanish one, which confirms GLOBE's results and refuses Hofstede's. At the same time, the fact that in Spanish banking certain bureaucratic issues are assumed to be already known and are not actively talked through would confirm Hall's identification of the Spanish culture being high context and the German one being low context.

However, not all the cultural differences that one could assume based on the current research can be proved in this study. The reason for that could be the fact that the PSF sector is very globalized in the sense that companies have an homogeneous way of doing, or that certain behaviors are generally accepted, considered to be correct or seen as a best practice in the industry and therefore adopted globally.

Furthermore, the cultural differences regarding the more or less strategic behavior in negotiation and the willingness to take advantage or mislead the other party (Raiffa 1982, p. 47) have not been found. Negotiators from both cultures stress the importance of a fair and non-abusive behavior because preserving relationships is essential in this industry.

All in all, the main cultural difference found is related to a higher regulation of the German banking sector, implying a higher uncertainty avoidance in Germany. However, the fact that not many cultural differences have emerged from this study can be caused by the sector used as object of study, i.e. PSFs. Moreover, German and Spanish cultures are both European, sharing many aspects, therefore one would probably find more differences if, for example, an Asian culture was used as a comparison.

5.4 Conclusion: limitations and future research

This research study has brought theoretical insights on real-life negotiations in sales of professional services in Spain and Germany. From the interview data obtained through an exploratory study based on a grounded theory approach, it has emerged that the negotiation agenda is a process that is both exogenous and endogenous. The

negotiation order of the issue groups is set exogenously though not exclusively by decision of the parties but as an industry standard, not being questioned by the parties. Nevertheless, the order within an issue group is set endogenously.

This also implies that the issue groups are negotiated sequentially but issues can be negotiated simultaneously within each group. Furthermore, the negotiation settlements after each sequence are not binding, as it is possible to go back to an issue group and renegotiate due to the fact that issue groups are also linked. Also, a pattern found in negotiations of consulting companies with organized purchasing departments has been found and labeled as "multi-party sequential negotiations", as it is a negotiation involving three parties, where issue groups are negotiated one by one with different buyer representatives.

Moreover, the strategic view of issue management does not always apply to real-life negotiations in PSFs. Negotiators are often more concerned about preserving a long term relationship with their customers than about extracting the maximum value of a single negotiation and therefore avoid using tactics that may be perceived negatively by the other party and damage this relationship.

Furthermore, negotiators do not always have the competence to manage all issues freely. The issues to include in the bargaining set are often fixed by their institution or are a standard in the industry. Thus, parties do not have much negotiation room within an issue or can include new issues in order to increase the integrative potential of a negotiation.

However, as in any research study, some limitations need to be taken into account when interpreting the results.

First of all, due to the limited amount of time and resources available for this thesis, a complete grounded theory has not been build. Instead, the focus has been to obtain a first impression of real-life negotiations and to develop some theoretical insights following a grounded theory approach, meaning that a simplification of the method

has been necessary, especially concerning the more abstract parts of coding, but that the essence of grounded theory has still been preserved.

Secondly, the results obtained in this thesis are subject to the sector taken as the object of study and can be different in other industries. Professional service firms have certain characteristics that certainly influence agenda setting and issue management. Hence, further research would be needed to confirm these results in other industries.

Finally, the respondents used for the Spanish interviews are actually all Catalan and the culture literature used does not differentiate cultures within Spain. Therefore, it might be that the results would be different if the study was performed in another region in Spain. Spain is a country with several differentiated cultures and it is difficult for researchers to describe an average culture. Nevertheless, not setting an average culture would at the same time increase very much the complexity of cultural studies. Future research could be performed using respondents from other Spanish regions in order to examine if more cultural differences arise.

Furthermore, some of the theoretical insights derived from the study present potential for further development. The model of multi-party sequential bargaining could be further investigated, determining its functioning in a more specific way, investigating for example possible buying center management issues.

Another idea for future research is to study respondents from both sides, i.e. a buyer and a seller, in the same negotiation, so that one can better examine the perception of each party and see if there is a difference in a strategic setting of the agenda and management of the negotiation issues.

Also, in order to find out more possible cultural differences, it would be interesting to compare to cultures that are more different from one another, such as a European and an Asian culture.

All in all, the results obtained in this thesis present thorough theoretical insights based on real-life negotiations and show the potential for future research in the field of agenda setting and issue management in negotiations.

Exhibits

Exhibit 1: Interview guide

- *Before starting:*
 - *For analysis purposes, this interview is going to be recorded*
 - *Your name and the name of the company are going to remain anonymous*
 - *Request for permission to use direct quotations in the master's thesis*
 - *Once the thesis is completed, you will receive an executive summary including the main findings of the study.*
- *The questions of this interview are very open, so that you can freely explain a whole process or the complete reasoning behind a question. As this study is exploratory, we would like to get a deep understanding of the topic and influence your answers as little as possible.*
- *The focus of our study lies in the "negotiation issues", which are the points, aspects and conditions that are being negotiated and where the parties have in some cases conflicting interests. There are issues that are more obvious, like for example, the price of a service. But we are interested in all points discussed and how these come into the discussion.*

Introduction: information about the company and the person

- A. Please describe briefly the department in the company where you work and your position, as well as the type of customers that your company has, in order to better understand the context of your negotiations.
 - Services/Products offered
 - Size, number of employees, etc.
 - Number of customers, Turnover, amount of sales
 - Type of customers (company size, sector, etc.)
- B. Please describe briefly your education and work experience.
 - Years of experience in the sector and in the current position

C. How extensive is your education and experience in negotiations?

- Number of negotiations performed
- Company courses or seminars
- Average number of negotiations per month

In order to answer the questions, please think about a negotiation of a new project (no renegotiation) that you remember well and that represents a regular case. Also, please let me know about any special cases or exceptions that you might have encountered.

Part 1: Initiation of the negotiation situation/process to closing a deal

1. How does a contact for a new project start?
 - First contact person (in both parties)
 - Content
2. How is the first proposal developed and which issues does it contain?
 - Who sets the first offer and which issues does it contain? (Request for proposal from customer, direct proposal from your company)
 - Development (exchange of information, talks, emails...)
 - Formal documents and conditions

Part 2: The negotiation preparation

3. How do you prepare for a negotiation?
 - Standard preparation or preparation depending on the customer/sector?
 - Identification of particularly important aspects or issues?
 - Definition of priorities/preferences (scoring system)?
 - Preparation of alternative packages (less value for you) in case your first preferences are not accepted.

Part 3: The negotiation

IMPORTANT: For each answer in this part, please let me know also about the effect or consequences of the issues/how you handle the issues with respect to the result of a

negotiation (for example, reaching an agreement at all, increase of profits for your side/both sides, relationship with the customer, customer saving face, emotions, satisfaction, generation of new ideas)

Example: Why do you hold a formal negotiation?

4. Is there a formal negotiation (in person/scheduled meeting – not per telephone or email) and how is it arranged? Why?
5. Which people participate in the meetings/talks and negotiations (from both parties)?
 - What is the impact of that for the negotiated issues and the development of the negotiation?
 - Taking into account your previous answer, would you like that more or less people participate in the negotiation?
6. Which are the issues negotiated? Why?
 - Are the issues previously set (Agenda) and who sets them? Why?
 - Is the order of the issues to negotiate previously set? Why?
 - Number of negotiated issues?
7. How do you manage a negotiation? Do you follow a specific strategy/tactic in relation to the negotiated issues? Why?
 - Given by the company? Why?
 - Impact of negotiation power on issues?
 - When is each issue negotiated? (which ones first, which ones later) Why?
 - Exaggeration of its importance? Why?
 - Are issues negotiated one by one or as a package? Why?
 - Issue introduction to build package offers? Why?
8. When it seems that the negotiation is ended and you agreed on all points, do new issues come up? What do you do about it and why?
 - Last-minute Throw-ins: just forgot or on purpose?
9. Do new issues appear in relation to the formal contract? Why?

- Contractual clauses, terms and conditions discussed or just given?
- Clauses based on future performance? (contingency clauses) Why?
- Clauses in order to protect the company in case of unexpected circumstances? Why?

Conclusion: other insights and summary

- A. Would you like to add anything? Do you have any other insights about negotiation issues and how they are brought into a negotiation?
- B. Do you know anyone else from your company or sector that would be interested in participating in this study? Maybe someone from the sales/purchasing department or one of your clients?

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