

**Structuring creativity:  
Creative Templates in Negotiation**

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Creativity, in the negotiation context, is considered a key ingredient in the creation of value, and in transforming “fixed pie” or even deadlocked situations into integrative, win-win agreements (Fisher, Ury & Patton 1991; Pruitt & Carnevale 1993; Thompson 2001). Furthermore, creatively constructed, integrative solutions are known to yield higher joint benefits than distributive agreements, since they are able to reconcile the parties’ needs and interests (Pruitt 1983a). However, discovering and tapping into the creative potential in any negotiation is a challenge that is easily advocated, but in most organizations, hard to implement.

One promising approach to this problem may be found in recent developments in the creativity literature, demonstrating that creative and insightful problem solving can be achieved through systematic inventive thinking (Goldenberg, Mazursky, & Solomon 1999a; Goldenberg & Mazursky 2002; Maimon & Horowitz 1999). The main thesis advanced in this stream of research, is that certain structures in creative ideation and problem solving processes are identifiable, objectively verifiable, and can be studied, generalized and implemented across various managerial areas. These structures, termed *Creativity Templates*, can serve as facilitative tools in channeling the ideation process, thereby enabling the negotiator to be more productive and focused in generating creative options and proposals.

The template approach to creativity and problem solving has, so far, been successfully applied in new product development processes (Goldenberg, Mazursky, & Solomon 1999b), technological innovations (Goldenberg, Mazursky, & Solomon 1999c) and in advertising (Goldenberg, Mazursky, & Solomon 1999d). The current research is an attempt to bring this innovative technique into the negotiation arena.

### **Organizations, Negotiations and Creativity**

The rapidly changing and dynamic nature of today’s business world, and the growing interdependence of people within and between organizations, implies that negotiating is a fundamental part of everyday business life and a core managerial and leadership activity. In essence, negotiations occur whenever interdependent parties make mutual decisions regarding the allocation of scarce resources (Bazerman, Mannix, & Thompson 1988). This means that people in the workplace are negotiating continuously in order to accomplish their goals, whether they are trying to reach a deadline, build team consensus, or market a product.

Negotiating successfully however, requires the parties to discover integrative solutions that reconcile divergent interests and provide high joint benefit (Pruitt 1981). This in return strengthens the long-term relationship between the negotiating parties, and promotes future cooperation and organizational effectiveness (Pruitt & Carnevale 1982). The emphasis on reaching integrative solutions as opposed to reaching distributive outcomes or compromises (i.e. splitting the difference) has brought to the forefront the importance of introducing creativity to negotiation (Fisher, Ury & Patton 1991, Pruitt 1983a, 1983b). Creativity is considered a key ingredient in enhancing the creation of value, and in transforming seemingly “fixed pie” or even deadlocked situations into integrative, win-win agreements (Pruitt & Carnevale 1993; Thompson 2001). Therefore, managers who are able to be creative in the process of a negotiation are more likely to reach successful solutions to conflicts, and are better positioned to maximize potential opportunities and achieve personal and organizational objectives.

Considerable research has been conducted to help improve our understanding of the antecedents, conditions and processes that lead to effective negotiations; however, perhaps less emphasis has been placed on the creative aspect of the negotiation process. Although there is wide agreement concerning the importance of creativity, discovering and tapping into the creative potential in most negotiations remains a challenge that is hard to implement. In practice, negotiators commonly fail to reach creative solutions and win-win agreements, and tend to settle for ineffective compromises instead (Bazerman & Neale 1983). As a result, opportunities and resources are left on the table rather than being used to promote interests and achieve goals. These sometime ineffective results can be explained by negotiators tendency to entirely overlook the potential for creative and integrative solutions. Often negotiators assume that the parties’ interests are either incompatible or even opposed, when in fact; these interests may be similar on many issues (Thompson & Hastie 1990a, 1990b). It seems negotiators tend to approach negotiations with a fixed pie perception, thinking that the negotiation is a zero-sum game or a win-lose enterprise. This competitive way of thinking tends to inhibit the creative problem solving processes necessary for the development of integrative solutions (Bazerman, Magliozzi, & Neale 1985; Thompson & Hastie 1990b). Consequently, instead of creatively capitalizing on compatible interests and reaching win-win agreements, these commonly held assumptions often lead negotiators to a lose-lose effect (Thompson & Herbec 1996). Interestingly, some research shows that even negotiators, who are genuinely interested in building a long-term relationship

with the other party, have a hard time being creative and often fail to reach integrative agreements (Fry, Firestone, & Williams 1983; Thompson & DeHarpport 1998; Kurtzberg & Medvec 1999). Further, even if negotiators do succeed in improving their efficiency, and move towards an improved joint outcome, more often than not, they fail to reach optimality, and rarely achieve a Pareto optimal solution (Neale & Northcraft 1986; Pruitt 1981; Raiffa 1982; Hyder, Prietula & Weingart 2000; Bazerman 1998).

Over the years, many strategies have been proposed to help negotiators overcome ineffective tendencies and perceptions, and promote creative problem-solving processes. These strategies are aimed at improving negotiators' ability to generate creative options, expand the pie, and reach integrative agreements. In essence, the prevalent strategies emphasize the importance of creating a wide base of information, expanding the issue space, focusing on the differences between the parties (and capitalizing on them), and then creating trade-offs for mutual gain. In the following section we introduce a new approach to bringing creativity to the negotiation table – the Creative Negotiation Templates (CNT) approach.

### **Creative Negotiation Templates (CNT)**

Creativity Templates can trace their roots to research conducted during the 1940's by Altschuller (1985, 1986), who postulated that repeated patterns or formulas underlie successful ideas. After analyzing and mapping over 200,000 patents and technological innovations, Altschuller succeeded in identifying a number of consistently emerging patterns of innovations. The basic contention being that if these regularities can be identified, they can be used as tools to project new creative product ideas for the future. This framework has since been successfully applied to technological innovations (Maimon & Horowitz 1999), new product ideation (Goldenberg, Mazursky, & Solomon 1999b) and advertising (Goldenberg, Mazursky, & Solomon 1999d), and has demonstrated that creative and insightful problem solving can be achieved through systematic inventive thinking (Goldenberg, Mazursky, & Solomon 1999a, 1999c; Goldenberg & Mazursky 2002). Further, applying the idea of templates is consistent with the “Restricted Scope” principle to ideation. According to this principle, channeling thinking along pre-defined inventive routes is more efficient than many other alternatives such as divergent thinking or unbounded scope (Finke, Ward & Smith, 1992).

In this chapter, we propose that such inventive routes (templates) also exist in negotiation, and that they can be effectively utilized by negotiators seeking new creative solutions. As in the original domains of discovery (new products), the approach is founded on identifying the patterns that underlie recognized creative outcomes - this time in negotiation. Therefore, we started with a detailed mapping of past examples of well-known creative and successful solutions to negotiations. The mapping procedure allowed us to identify, understand and characterize four main underlying patterns, and produce a systematic way of looking for these types of outcomes in future organizational situations. These four Creative Negotiation Templates (CNT) discovered in the negotiation arena are termed *Attribute Dependency*, *Multiplication*, *Replacement*, and *Displacement*. A prescribed procedure accompanies each of these templates and allows the negotiator to manage the ideation process and produce creative results effectively (Nir, Goldenberg & Maoz, 2003). It is important to note that using creative templates is not intended to replace other methods and processes for increasing the levels of creativity in a negotiation (e.g. mood, Carnevale & Isen, 1986). Rather, it is our contention that using templates can increase the chances for successful outcomes even when such strategies are employed. Further, since a template is, in essence, a recipe for managing the generation of effective creative ideas, it goes beyond approaches such as ThinkLets (Sosik, Avolio & Kahai 1997; Briggs, Vreede & Nunamaker 2003; Hender et al. 2002) that suggest that such recipes might be useful, but do not direct negotiators as to "how" specifically to go about the process.

In the next section we introduce each unique template from three different angles. First, we briefly describe the basic idea behind the template. Then we illustrate how the template exists in the field of new product development - the original field of discovery. Finally, we systematically walk through an example from the negotiation literature, to demonstrate the existence of the template in negotiation, and to show how this particular template can be implemented.

### **The Attribute Dependency Template**

The basic principle behind Attribute Dependency involves finding seemingly independent attributes and discovering new, potentially productive, dependencies between them. This approach is consistent with earlier work done by Mednick (1962) who defined the creative process as the forming of associative elements into new combinations. Koestler (1964) viewed

creativity in much the same manner, and explained the creative process as the ‘bisociation’ of two conceptual matrices, which are not normally associated. Indeed, even Albert Einstein has elaborated on using ‘combinatory play’ as a creative, productive process (Ghiselin, 1952). Although both Mednick and Koestler emphasized the importance of these creative cognitive processes, they did not fully explain how these processes actually work or how one may promote their reoccurrence. In this section we propose the Attribute Dependency procedure as one possible avenue for reaching these desired results.

Since Attribute Dependency was first developed in the new product arena, an example from that field might help clarify the procedure and its characteristics. Consider the problem of dripping wax from a candle. Can Attribute Dependency help us fix this problematic characteristic and create a ‘clean’ version of the candle? We can start by listing as many of the attributes of the traditional candle as possible (length, radius, melting temperature, color, etc.) noting that most are unrelated (i.e. same color throughout the length of the candle, same melting temperature throughout its radius). We now, systematically, examine possible dependencies between these attributes. Once we reach the dependency between the radius and the melting point we can proclaim ‘Eureka’! Producing a candle with a lower melting point in its center and a higher melting point in its outer parameter creates the ‘non-drip’ candle we sought (see Figure 1). By causing a U-shaped dimple in the top surface, we are able to prevent the melted wax from dripping.

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**Insert Figure 1 about here**

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This innovative, and obviously beneficial, structure of a candle can be graphically described as a new dependency between two variables that were previously independent (i.e. the melting point and the candle radius – see Figure 2a). Note that this process was not necessarily specifically focused on solving the candle-dripping problem. Indeed, many other new candle products can also emerge from using the Attribute Dependency template (e.g. a candle with different color wax along its length), and so the non-drip product is just one, obviously successful outcome, of the many creative options that may be produced through this approach. Creating such a dependency between two previously unrelated attributes is a regularly recurring pattern in

successful and innovative new products and has been empirically observed across a wide range of product categories (Goldenberg, Mazursky, & Solomon 1999b).

### **Attribute Dependency in Negotiation**

The Attribute Dependency template can be used to generate many creative solutions for negotiators. In order to illustrate the underlying template in the context of negotiation, consider the following example concerning The Mayor of Pageville and Townsend Oil (Fisher Uri & Patton, 1991). The Mayor of the City of Pageville intends to raise tax rates on local businesses. The mayor is also interested in encouraging industrial expansion in order to provide new jobs and strengthen the city's economy. Under this new policy, Townsend Oil, a local refinery, will experience a tax increase from \$1 million to \$2 million a year. Townsend Oil is presently considering a major refurbishment and expansion of the plant and has been encouraging a plastic plant they work with to relocate nearby and so lower their costs. With the threat of increased taxation, both initiatives may be halted. A creative solution was reached when the mayor agreed to implement a tax holiday of seven years for new industries and a reduction in tax for existing industries that choose to expand. Thus the town will be encouraging Townsend Oil to expand its plant and introduce more industries to the area, while at the same time meeting its true objectives.

This example illustrates an Attribute Dependency outcome; since a relationship was created between two previously unrelated variables (see Figure 2b for graphic representation of this example). Before the new dependency, the tax level was related only to standard economical criteria and not to 'Type of Company' (New vs. Existing or Expanding Vs. Non-expanding). Graphically, this non-relationship is represented by a straight line in the two-attribute space. The new dependency creates a link between these variables: tax level and Type of Company, and is described as a step function in Figure 2b.

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**Insert Figure 2 about here**

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In addition to the solution reached by both parties in this example, using the Attribute Dependency template can offer a wide range of creative and potentially beneficial options that could reconcile the interests of both city and industry. Consider for example, creating a new

dependency between the level of tax and the number of local workers Townsend would employ (the more they employ, the lower the level of taxes). Another option could be creating a new dependency between the timing of the expansion, and the number of years they receive a tax reduction (the quicker they start expanding, the longer their tax reduction period will be).

In order to develop trade-off offers through the Attribute Dependency template, a negotiator should start by assembling a list of as many relevant *variables* that exist within the negotiation context (internal variables), and its immediate surroundings (external variables). The main distinction between *Internal* and *external* variables is that internal variables are under the direct control of at least one of the parties in the negotiation, whereas external variables are not controlled by either party, yet are part of the immediate environment (see table 1 for a list of these variables in the case of Townsend Oil and the city of Pageville).

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**Insert Table 1 about here**

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After defining the variable space, an initial, internal forecasting matrix may be constructed to start managing the ideation process. The internal forecasting matrix has all the internal variables (of both parties) in both the rows and the columns (see partial matrix in Figure 3) and contains all the possible tradeoffs the parties can reach without including variables that are not under their control. We now turn our attention to the numerous interactions inherent in the matrix. First, interactions between the same variables are marked with an X, as are the redundant cells on the top right of the matrix. When an existing dependency between two variables is identified in the matrix, the relevant cell is marked with a “1”. For example, in Figure 3, if different tax rates result in different payment schedules, then a dependency already exists between the two variables and so cell D5 must be marked as “1”. Similarly, the number “1” in cell A2 denotes an existing dependency between plant size and the required investment. When a dependency is not identified, the relevant cell is marked with a “0”. For example, there is no dependency between the Tax Rate and the plant size of a company, and therefore cell A4 is marked “0”.

After all the cells in the matrix are filled, the matrix becomes a tool for systematically scanning all null cells for potential integrative trade-offs. Each “zero mode” cell is an opportunity to define a new dependency! All we need to do is preliminarily examine whether the situation is able to *sustain* the added dependency and then *identify the benefits* of the new idea in terms of a

trade-off offer. What would the advantages be for the parties implementing this offer? Would this option satisfy their interests? Here each party draws on their different capabilities, resources, attitudes and preferences, and examines whether the specific trade-off on hand would effectively satisfy their own interests. For example, let us examine the B4 cell. We can create a dependency between investment in growth and tax rates. That is, companies' committed to substantial growth would pay a lower tax rate than other companies. The benefits of this offer to both parties are easy to see. Cell A5 suggests a dependency between plant size and payment terms – thus different sized companies can pay on different schedules (or get different cash incentives). Obviously, every dependency identified in this manner will mean changing the number in the matrix from “0” to a “1”.

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**Insert Figure 3 about here**

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After examining the possible dependencies inherent in the internal forecasting matrix it is time to move into the third dimension. This is done by crossing the internal matrix with the external variables. Thus, every identified dependency (cell with a “1”) in the initial matrix can also be dependent on an external variable. For example, the dependency suggested above between growing companies and tax rates is problematic in one regard - Is a current investment in growth worth a lifetime tax reduction? Obviously, this offer would benefit if we add “time” into the equation (e.g. provide a tax break for seven years only). Additional two-dimensional trade-offs, this time between internal and external variables may be introduced as well. For example, creating a dependency between tax rate and new vs. existing companies will encourage Townsend's customers to relocate to the area and, at the same time increase, employment and create future income for the city.

As we have illustrated in this case, when using the Attribute Dependency template, our aim is to “read” the information already embedded in the negotiation context and its immediate environment, and seek new and insightful ways of combining this information. Therefore, we propose that using this structured technique is bound to result in the creation of numerous, innovative and effective trade-off options.

### **The Multiplication Template**

The multiplication template involves multiplying a component once or more to create different sub-functions that contribute synergistically to the accomplishment of the main desired function. The additional component does not carry the same exact function as its parent, rather, with a modification in its parameters, carries a different function, in order to obtain a synergetic or additive effect. A classic example is the doubled-bladed razor. The first blade's function was to shave the hair off the face. Simply adding an extra blade to provide another shaving surface is not very useful. However, adding an extra blade at a slight angle that shaves, but also raises whiskers so that the other blade can cut them cleanly, has tremendous value to shavers (see Figure 4a for graphic representation of this example).

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**Insert Figure 4 about here**

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### **Multiplication in Negotiation**

The example we have chosen to depict the Multiplication Template is that of managements attempt to introducing a new salary scheme in an insurance agency (Lewicki, Saunders & Minton 1999). An independent insurance agent in a small town, discussed the difficulty of moving some of the agency staff from a straight salary compensation system to a base salary and performance pay beyond that, with no limits to the amount they could make. The agent was surprised to discover a lot of resistance among the sales representatives. The representatives were afraid of loosing the guaranteed base pay, without knowing how much money they would really make under the new system. The problem was that the representatives did not trust the system and did not trust in their ability to earn the performance based income. The problem was solved when the agency agreed to maintain the old system, but also keep a new set of records, as if they were already on the new system. During this time the staff could see actual results and compare the two systems (see Figure 4b for graphic representation of this example).

This example illustrates a creative multiplication that enabled the insurance company to prove their system is advantageous to their employees before actually transferring to the new system. Obviously, the salary system was the component that was multiplied; however, it was multiplied with a modification, and so created two parallel salary systems that could be

compared. Consider the benefits of using Multiplication even further, and multiplying the salary system more than once. This would create a comparison across multiple salary schemes, and so allow the insurance company (and salespersons) to discover the optimal scheme.

### **The Replacement Template**

The Replacement Template is based on removing an intrinsic element in the negotiation and replacing it with another element that fulfills the same function. The replacement element is a resource or component that exists in the immediate environment of the negotiated context. Basically, we look for a component of the negotiation that is used to achieve some goal of one or more of the parties. The first step toward implementing the template is to eliminate a valuable component from the situation, but at the same time, retain the component's function. This operation creates a temporarily inconsistent structure, which is then remedied by finding another way to fulfill the same goal - using other components that exist in the negotiated space.

For an example from the new product design field, consider a manufacturer of children's products, applying this template. The manufacturer could visualize a kitchen high chair, and remove an essential internal component, for instance, the chair legs. Removal of the legs from the chair (while maintaining their function) would leave the chair floating in the air at a desired height. This seemingly inconsistent thought construct, serves us to complete the Replacement Template. The aim at the second stage would be to replace the chair legs with an existing external component that would keep the seat at the proper height constantly. One creative option would be to attach the chair to a table, consequently the table replaces the missing component (the legs) and a new product emerges: A lightweight, easy to carry, baby's high chair that can fit any table (for graphic representation of this example see Figure 5a). Another benefit of this product is that no matter what the height of the table may be, the baby seat is always positioned at the appropriate convenient height in relation to the table.

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**Insert Figure 5 about here**

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## **Replacement in Negotiations**

Resource shortage is a constant issue of conflict in most organizations. Consider, for example, a case where two departments in a large Consulting Firm are fighting over an adjacent room that had recently become vacant (The Space Wars Case, Nir et al., 2003). The room was originally designated by management to be evenly distributed between the two departments. While the Information Technology Department had long been depending on this area for a much needed conference room, the Accounting Department was desperate to get its hands on the same space to alleviate its problem of overflowing archives. Dividing the room between the two departments could not solve either party's needs, since the space wasn't big enough to maintain both functions at the same time. The solution in this case was for the Information Technology Department to design and help implement a new 'paperless' storage system for the Accounting Department's overall needs, and in return the Accounting Department would relinquish its hold on the new room. Thus, The Information Technology Department obtained the entire room, and transformed it into the meeting room they needed all along, and the Accounting Department would gain an efficient, long-term solution for its overflowing archives. Further benefits were created, since the Accounting Department was able to increase their available space even further by transferring most of its existing files to the paperless system. Moreover, both parties agreed that the Accounting Department could use the meeting room for its own needs whenever it was free.

In this case, beginning the Replacement Template process would involve the removal of an intrinsic component from the configuration, which would be the Accounting Department's intended new archive room. However, this leaves the department with all the overflowing cabinet files in the air, since the need for extra storage still exists. Then, the missing component is replaced by another component existing in the immediate (yet not obvious) environment – the Information Technology's ability to construct a paperless filing system (see Figure 5b). In hindsight, this solution obviously works well for all concerned, but often these creative options elude negotiating parties centered on dividing the pie rather than on its possible expansion.

### **The Displacement Template**

The Displacement Template states that a component may be eliminated from the configuration of a system *along with its functions*, and thus a new solution will be created. As in the case of the Replacement Template, here too an essential internal component (element) is removed from the configuration. However, in contrast to the Replacement Template, its associated function (goal) is removed as well.

In the example of the chair we presented earlier, the legs were removed from the configuration of the chair while retaining their function (which is to support the seat at a certain height). In the Displacement Template however, the function of the missing component is excluded as well. The chair does not ‘hang in mid-air’ as it did in the Replacement Template, but rather the chair seat is now at ground level (the legs and their function are gone). But what benefits can emerge from a legless chair? Actually, this configuration of a legless chair is widely used for sitting on the sand at the beach, where it solves the problem of legs digging into the sand and causing regular chairs to be unstable and uncomfortable to sit on (see Figure 6a). Such a chair has an additional advantage: it is easy to carry.

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**Insert Figure 6 about here**

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### **Displacement in Negotiation**

Consider for example the following negotiation between two companies (Bazerman & Neale 1992): A large corporation (Corp) wanted to make a friendly acquisition of one of its suppliers, a privately held company (Private). Corp had offered \$14 million for Private, but Private had insisted on \$16 million. Neither side found a \$15 million price tag acceptable. The two parties had very different views about a new high tech entrepreneurial division (Venture) of Private. Corp considered Venture worth only \$ 1 million (of the \$14 million they offered), while Private truly believed in the viability of the new products under development and had valued this division at \$6 million. An agreement was reached whereas Corp agreed to acquire Private for \$12 million (\$2 million less than they offered, while losing only a \$1 million asset from their perspective), but the owners of Private would retain control of entrepreneurial division (Venture). From Private’s perspective, this agreement would be better than the \$16 million they had

demanded, since they receive \$12 million and they still owned Venture, which they valued at \$ 6 million. Therefore, their total value stands at \$18 million. The agreement reached in this example, depicts the thought process of the Displacement Template while successfully ‘expanding the pie’ for both parties. As described earlier, a Displacement would occur due to the elimination of a significant component along with its functions from the configuration of a system (see Figure 6b). Indeed, in this case, the entrepreneurial division (Venture) was eliminated from the deal, and so the companies were able to reach an agreement with higher utility for both sides compared to a compromise on price. The added value was reached due to the different views regarding the worth of the entrepreneurial division, but it was the removal of the division that enabled these benefits to be ceased. In the next section, we present the results of a study aimed at exploring and verifying the prevalence of these templates in the negotiation context.

### **Mapping Study**

Altschuller (1985, 1986) employed a mapping of patents and technological inventions to formulate ‘patterns of inventions’. A similar mapping technique was later used to identify templates in the engineering, new product development and advertising fields (Goldenberg, Mazursky, & Solomon 1999b; Maimon & Horowitz 1999). Thus, it seems only logical to use the same procedure in order to ascertain whether, as we posit, certain templates underlie negotiated outcomes. Further, the study was also designed to test the hypothesis that agreements displaying a template would, on average, be judged more creative than non-template based agreements. The basic approach to this study was one similar to that used in the marketing area for mapping new products and advertising campaigns, that is, using judges to pigeonhole a wide variety of negotiated agreements into templates "bins" (including a "no template" bin), and then using different judges for the creativity evaluations.

### **Procedure**

A set of forty examples of negotiations and their corresponding negotiated (or proposed) agreements were collected from the negotiation literature. The negotiated situations ranged from personal home situations to negotiations between organizations, businesses and countries. Each sample case was rewritten, for the purpose of the current study, in a fixed two-part format keeping the text as close as possible to the original narrative. The first of the two parts explained

the negotiated situation and included background information while the second part presented the agreement actually reached or the one proposed by the original authors.

Each of the forty cases was presented to judges on a separate page to be classified according to the underlying Template identified in the agreement - if such a template was recognized. Three judges, who were chosen due to their ample experience in the creativity templates approach to new product development and ideation, took part in this part of the study. Training the judges in identifying templates in the negotiation context involved a fifteen-minute session in which examples of templates in this milieu were demonstrated.

The categories used for template classification included four different templates: “Attribute Dependency”, “Multiplication”, “Replacement”, and “Displacement”. Obviously, a “No-Template” option was given as well. During the classification task there was no interaction between the different judges. After the results were returned and analyzed, the judges were presented with the cases on which they disagreed, and, through rigorous debates, tried to reach an agreement on the outstanding cases.

### **Classification Results**

The three judges reached unanimous agreement on thirty-two of the case. After discussing disagreements consensus was reach on all but one case (where majority opinion was used). Furthermore, the judges also agreed on there being two cases (out of 40) that could be classified by two different templates (Attribute Dependency and Replacement). In total, 25 out of the 40 cases were classified as having templates, and 15 cases were classified a having no templates. The results of the classifications are summarized in Figure 7.

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**Insert Figure 7 about here**

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The mapping shows that templates do indeed underlie many negotiated agreements and thus can be beneficial for creating such agreements in many future cases. The question still remains regarding whether agreements with underlying templates are more creative and effective than agreements without templates. This question was also addressed in this study and is reported below.

### **Judgments of Creativity and Effectiveness**

Two judges were presented with the same forty cases described above. The same two-part format of background information and negotiated agreement was maintained. Both judges were experts in negotiation and had at least 10 years experience in teaching negotiation courses to Israeli MBA students. In order to prevent bias, judges were not exposed to the notion of templates, nor were they aware of the theory of Creativity Templates in marketing. Following each case, the judges answered a questionnaire containing 10 questions on a scale of one to seven. These items were designed to measure three unique constructs regarding the agreement reached in each case: creativity, integrative value and effectiveness. However, the results of a factor analysis revealed the existence of only two factors with a total communality of 82.7% (The initial principle component factor analysis did not yield a simple structure, and so an oblique rotation was used). While one of the factors was indeed the creativity construct hypothesized, the other included all of the integrative value and effectiveness items combined. It seems that integrative agreements were deemed as effective by the judges. The list of items loading on each construct is presented in table 2 along with their corresponding intra-class correlation coefficient (ICC<sub>2(2)</sub>). As can be seen, inter judges reliability was high (ICC<sub>2(2)</sub> ranging from .69-.84).

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**Insert Table 2 about here**

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### **Creativity and Effectiveness Results**

Next, t-tests were run on both constructs to determine whether agreements that have underlying templates were deemed more creative and/or effective by the judges. The results show that cases displaying templates had a mean creativity score of 5.25 (Std. Dev. of .99) compared to 2.26 (.98) for cases without such structure ( $t_{38}=9.32$ ,  $p<.000$ ,  $d=3.03$ ). Further, the results were similar for effectiveness with cases displaying templates having a mean effectiveness score of 5.51 (Std. Dev. of .89) compared to 3.28 (.91) for cases without such structure ( $t_{38}=7.60$ ,  $p<.000$ ,  $d=2.48$ ). Although the sample size is relatively small, the results show a very strong effect size for both creativity and effectiveness.

After demonstrating the prevalence of the template structures in the negotiation context, we then turned our attention to the question of whether using templates will indeed facilitate an

actual negotiated situation within or between organizations. This course of study (Nir, Goldenberg & Maoz, 2003) is briefly reported below.

### **Applying Creative Templates in Negotiation**

The aim of this study was to examine whether negotiators trained in using one creative template, namely Attribute Dependency, will generate more creative and effective proposals than negotiators using other creative techniques. Groups of MBA students enrolled in a negotiation class were randomly assigned, by section, to experimental and control groups. The experimental group received a thirty-minute lecture on using the Attribute Dependency template and the control group received a lecture on using other prevailing creative techniques. Then, subjects in both groups were divided into dyads and engaged in a simulated negotiation. The subjects themselves recorded all proposals raised in the course of the negotiation, and at the end of the simulation they rated their experience on multiple semantic differential scales.

First we compared the total number of proposals raised in the negotiation between the two groups and found that the group using the Attribute Dependency template created significantly more proposals than the control group. Next, the proposal content was evaluated and was classified (by independent judges) as either a trade-off or a single-issue proposal (concession or one sided demands) and once again, a significant difference, in favor of the template manipulation, was found between the two groups. This was mirrored by self-evaluations of the research participants themselves who also rated the process they went through and the results they reached as being more creative and effective. In order to determine whether indeed the proposals generated by the experimental group were more creative and effective, external judges analyzed all the proposals obtained from both groups. The results showed that the external evaluation reached similar results to the ones obtained internally from the subject themselves. That is, those using the Attribute Dependency Template created proposals that were more creative and effective than the proposals generated by the control group.

### **Discussion**

Past research has demonstrated that negotiators commonly fail to reach creative solutions and integrative agreements. In most cases negotiators tend to perceive the negotiation as a zero-

sum game or a win-lose enterprise. This competitive way of thinking hinders the creative problem solving process that is necessary to create integrative solutions, and leads parties to a lose-lose effect. Indeed, even when parties are interested in a long-term relationship and are concerned about the other party's needs, they often fail to reach integrative agreements, and at best tend to settle for compromises instead. Increasing negotiators ability to be creative is often proposed as the solution to this problem. However, the road to creativity is not always clear to the parties involved.

In this chapter, we propose the application of the creativity templates approach, first put forth in the realm of new product development, to the negotiation arena. We identified and described four creativity templates known in the new product development field as *Attribute Dependency*, *Multiplication*, *Replacement*, and *Displacement*, and set forth to demonstrate their pervasiveness in the negotiation context. A mapping study indeed verified that creativity templates underlie creative agreements. Furthermore, we found that negotiated agreements that were classified as pertaining to one of these templates were also evaluated more creative and effective by independent judges. Interestingly, similarly to findings in both the new product and advertising fields, the most pervasive template identified in the mapping study was *Attribute Dependency*. This particular template provides a structured approach to creating multiple creative and effective trade-off offers that are considered to be essential in the formation of creative, win-win agreements. Another recent exploration of the template approach to negotiation set out to examine the actual use of Creative Negotiation Templates in a negotiated inter-organizational situation. The results demonstrated that dyads using the CNT approach produced significantly more creative offers and more effective trade-offs than those generated by dyads using other prevailing creative strategies.

The CNT approach can be viewed as mapping onto several well-established creativity strategies in negotiation. Specifically, since the procedures pertaining to all four of the templates suggest viewing the negotiation space either in terms of *attributes* or *component*, negotiators are encouraged to seek more information within the context of the negotiation, and assemble and define the issues at hand. As a mechanism for initiating and managing the exchange of information and the expansion of the issues to be traded on, templates can therefore be viewed as mapping onto creativity strategies such as Asking Many Questions, Adding and Creating New Issues, and Unbundling or Unlinking Issues (Lax & Sebenius 1986; Pruitt 1981). In general, the

CNT approach may enhance strategies pertaining to Building Trust and Sharing Information between the negotiating parties (Bazerman & Neale 1992; Thompson 1991, Kemp & Smith 1994). This may be possible since parties using CNT, engage in an agreed upon and prescribed process, and thus are more likely to build trust along the way, and share information more readily.

More specifically, working with the Attribute Dependency template helps generate multiple creative trade-off offers and therefore facilitates the implementation of strategies such as Building Trade-Off offers for mutual gain, and Making Multiple Offers Simultaneously (Bazerman & Neale 1992; Froman & Cohen 1970; Pruitt 1983a). Other creative negotiation strategies, such as Capitalizing on Differences (Lax & Sebenius 1986), Cost Cutting and Non-Specific Compensation (Pruitt 1983a), suggest focusing on specific issues that, in many cases, offer higher potential and, in essence, may hold the key to creating mutual gain. Similarly, the CNT approach provides a mechanism to achieve this goal by focusing the parties on the more potentially “profitable” areas of the forecasting matrix.

Boden (1991), on reviewing Koestler's “bisociative” creative thought processes, comments that what is missing from the mix is the “how” component, and that not understanding how these outcomes are arrived at, does not allow for complete understanding of their creative potential. Boden asks a simple yet profound question regarding how creative ideas are discovered: “How is it that people can notice things they were not even looking for (Page 25)?” What the template approach tries to do is to provide negotiators with a solution to this question - a systematic procedure by which to “look for” these creative and insightful outcomes. Thus, by providing highly formulated directions, the template approach can show negotiators *how* to manage the construction of creative proposals and mutually beneficial agreements. The template approach offers negotiators a method by which to identify the issues, attributes, components and goals of the negotiated situation – thus keeping the parties well focused on the task at hand, and then, through reformulating the relationships between these elements, help the parties arrive at new, creative solutions they might not have “seen” before. Furthermore, since each one of the four templates discussed accomplishes this task in a different way, different types of solutions can be derived from applying them individually.

Future research is needed to further evaluate the effectiveness and efficiency of the various Creative Negotiation Templates and to ascertain whether templates unique to the negotiation field

can be identified. Other interesting issues to be explored in the near future are the potential benefits of the CNT approach in facilitating Mediation processes and the effect of using templates on trust and cooperation between parties engaged in a negotiation. The results to date, demonstrate the potential inherent in the Creative Negotiation Templates. These templates bring structure to creativity by providing negotiators with prescribed methodologies and proven paths to follow on the long, and sometimes bumpy, road to a mutually successful outcome.

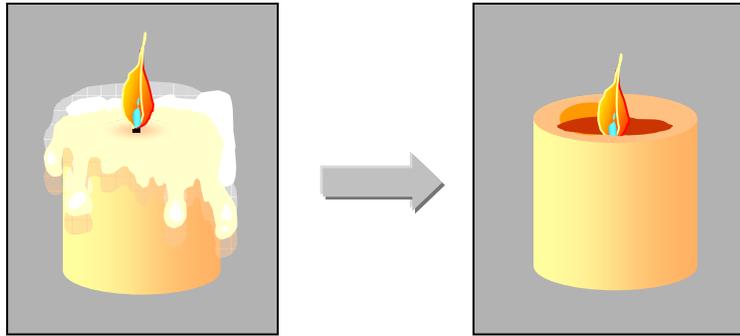
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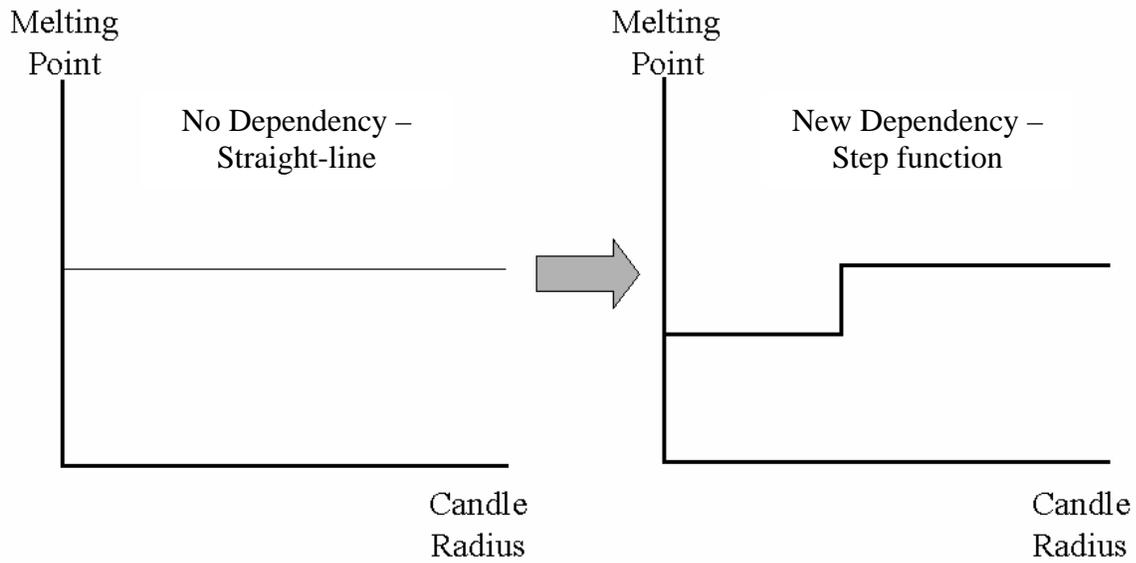
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**Figure 1: Melting candle example**

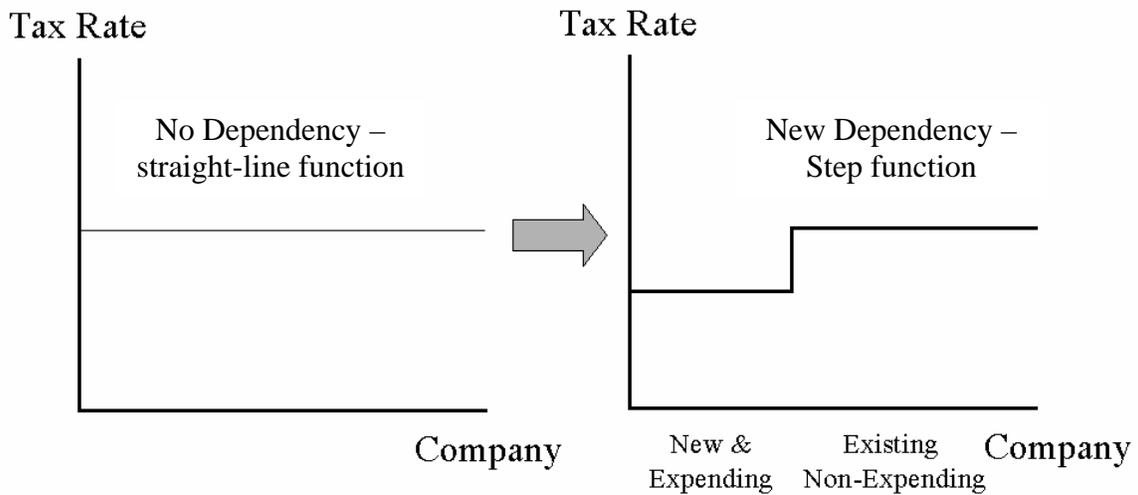


**Figure 2: The Attribute Dependency Template**

**Figure 2a: Attribute Dependency in the candle example:**



**Figure 2b: Attribute Dependency in the Pageville and Townsend case**

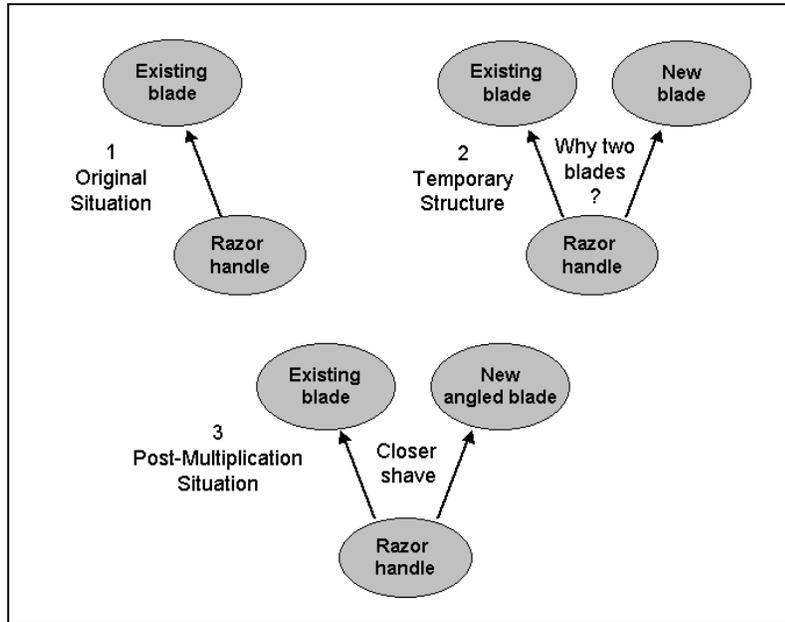


**Figure 3: A partial matrix of the Townsend Oil case**

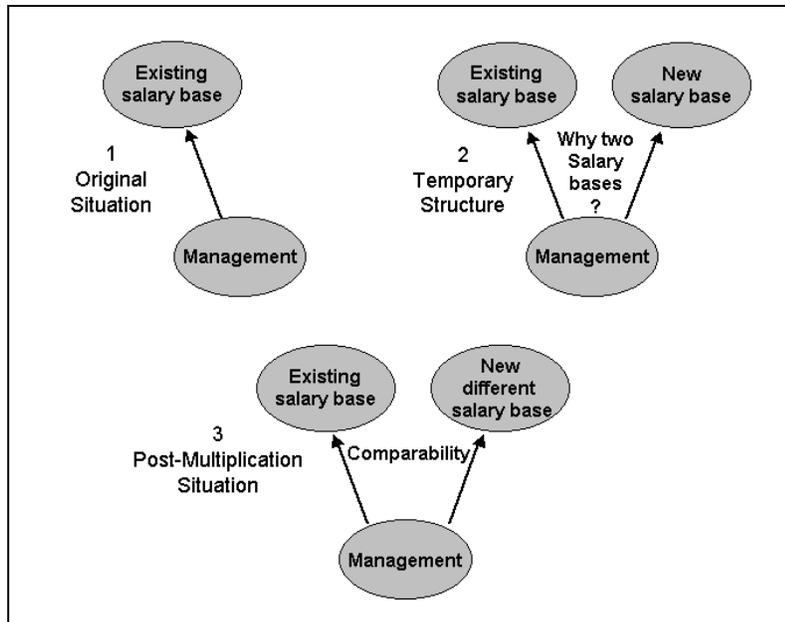
	<b>A</b> Plant Size	<b>B</b> Investment in Growth	<b>C</b> ...	<b>D</b> City Tax Rate	<b>E</b> Tax payment terms	<b>F</b> ...
<b>1</b> Plant Size	X	X	X	X	X	X
<b>2</b> Investment in Growth	1	X	X	X	X	X
<b>3</b> ...	0	0	X	X	X	X
<b>4</b> City Tax Rate	0	0	0	X	X	X
<b>5</b> Tax payment terms	0	0	0	1	X	X
<b>6</b> ...	0	0	0	0	0	X

**Figure 4: The Multiplication Template**

**Figure 4a: Multiplication Template in the razor example**

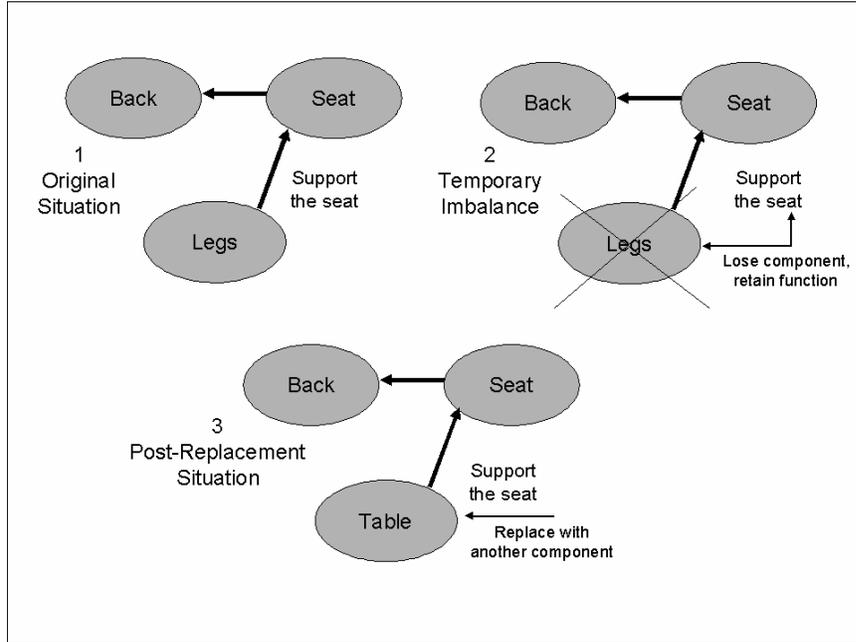


**Figure 4b: Multiplication Template in the salary base example**

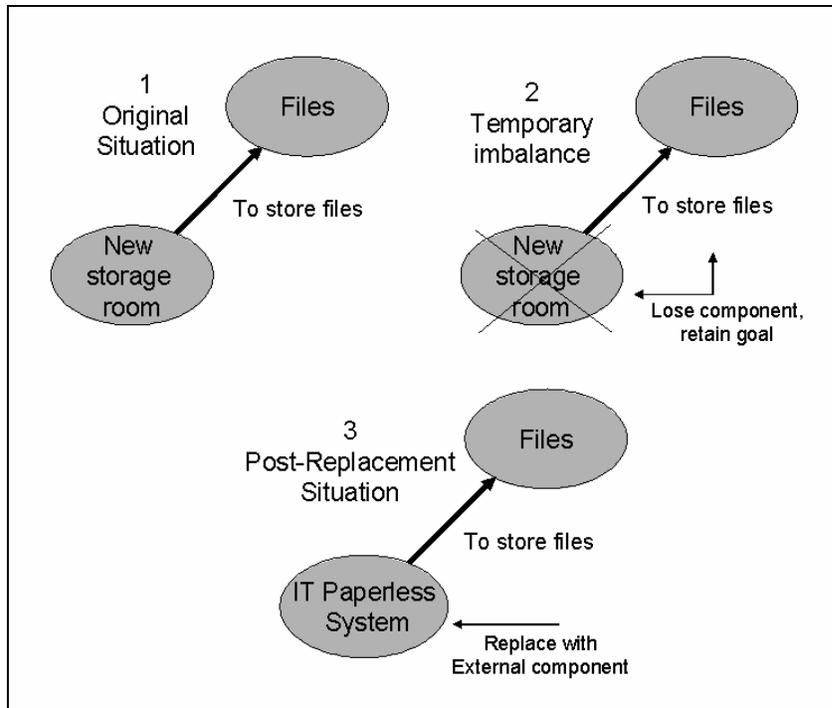


**Figure 5: The Replacement Template**

**Figure 5a: Replacement Template in the chair example**

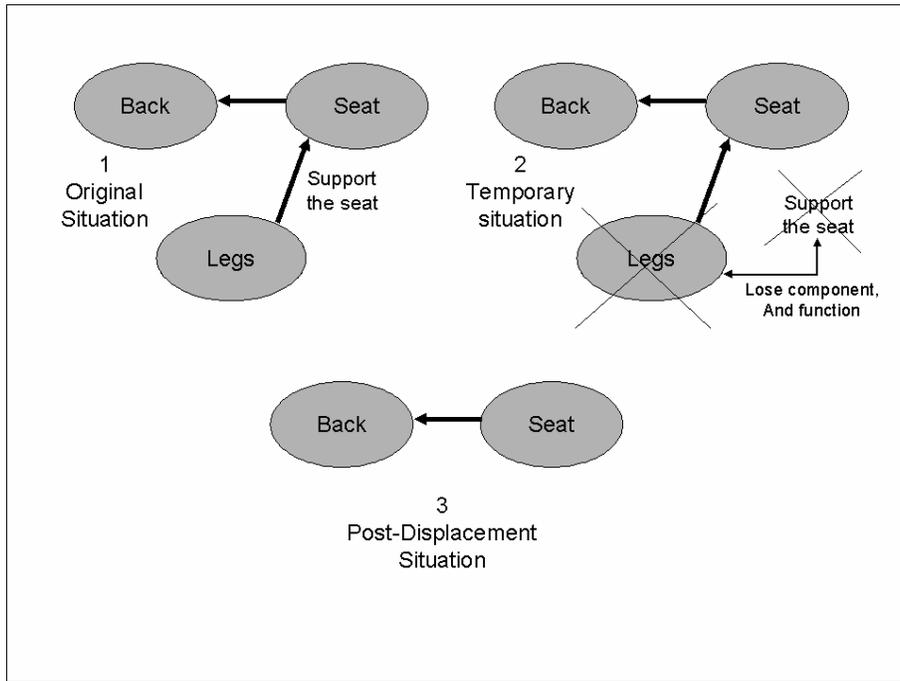


**Figure 5b: Replacement Template in the Space Wars case**

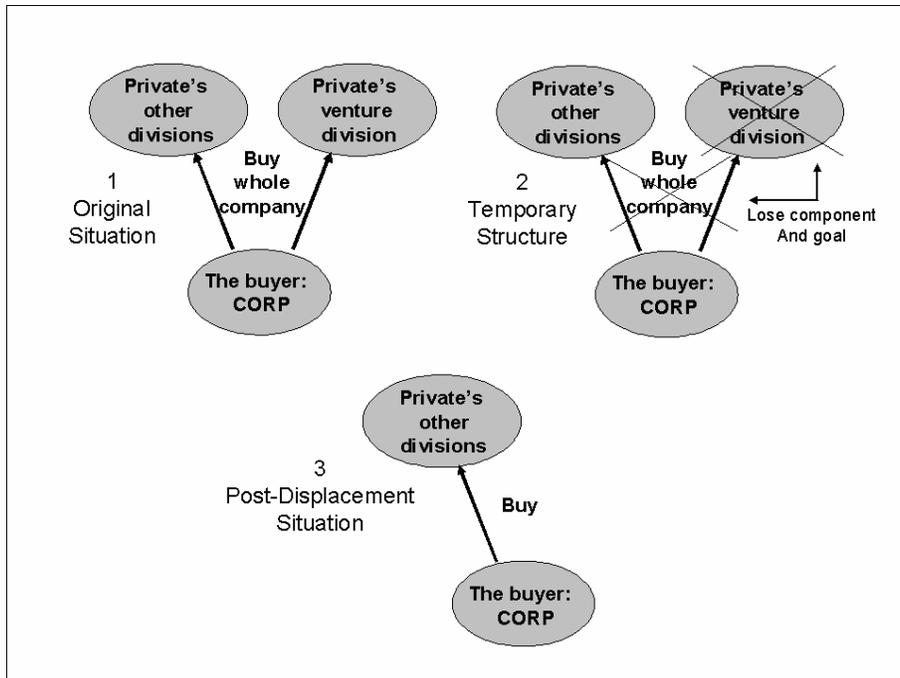


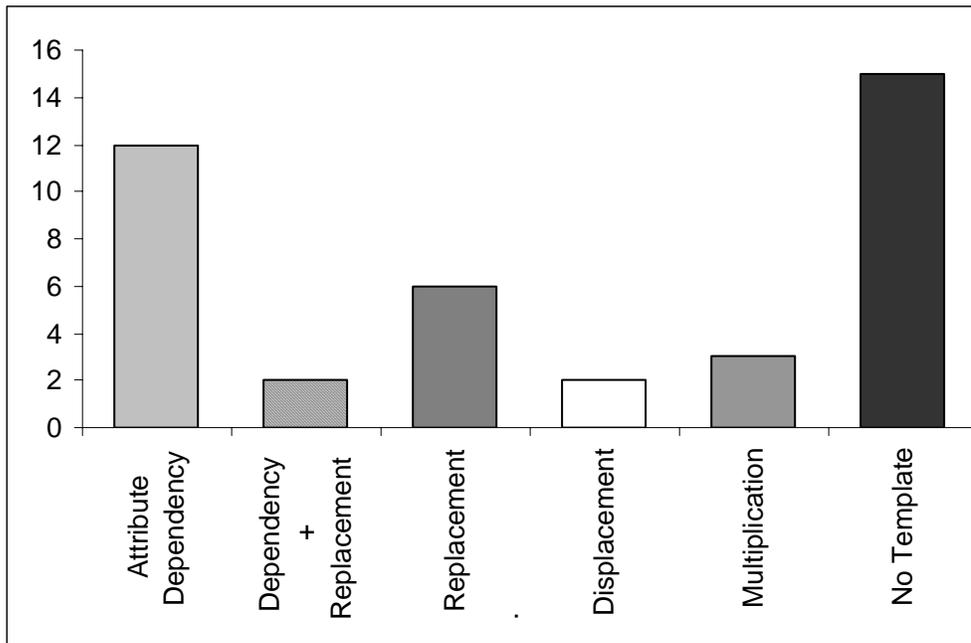
**Figure 6: The Displacement Template**

**Figure 6a: Displacement Template in the chair example**



**Figure 6b: Displacement Template in the Corp and Private case**



**Figure 7: Results of template classification of cases by judges (n=40)**

**Table 1: Partial list of Internal and External Variables in the Pageville & Townsend Oil Case**

<b>Internal Var. under the control of Townsend</b>	<b>Internal Var. under the control of Pageville</b>	<b>External Var. in The immediate Environment</b>
Plant Size	City Tax Rate	Time
Number of Employees	Tax payment terms	City tax rates in neighboring towns
Community Projects	Service levels	State of the Economy
Political contributions	Investment in Infrastructure	State and Federal Tax levels
Investment in Growth	Community activities	Existing vs. New companies
...	...	...

**Table 2: Items used to measure Creative and Effective agreements**

<b>Construct</b>	<b>Items</b>	<b>ICC(2)</b>
<b>Creativity</b>	1. How innovative is this agreement?	.71
	2. How creative is this agreement?	.81
	3. How original is this agreement?	.74
<b>Effectiveness</b>	4. To what extent have the two parties reached an integrative agreement?	.72
	5. Does this agreement address the issues that are important to both parties?	.84
	6. Would this agreement promote trust between the parties?	.77
	7. Is this a fair agreement?	.69
	8. To what extent does this agreement create value in the negotiation?	.76
	9. How effective is this agreement?	.81
	10. How close is this agreement to a win-win agreement?	.82