

Negotiating Tips from a Master

FOR MANY YEARS I WORKED WITH JACK VALENTI, one of the masters of the art of negotiation. For most of his adult life, Valenti served at the epicenter of power in contemporary America—first in the White House and then in Hollywood. Following graduation from the Harvard Business School, Valenti cofounded an advertising-agency-cum-political-consulting group, through which he met then-Senate Majority Leader Lyndon B. Johnson. Valenti wrote speeches and composed political analytic memoranda for Johnson.

One of Valenti's most critical assignments was handling the visit of President John F. Kennedy and Vice President Johnson to Texas in the fall of 1963. Valenti flew with Johnson on November 21 aboard Air Force Two to Fort Worth and on to Dallas on November 22. In the Dallas motorcade, Valenti was six cars back from the the president when he was assassinated. Still in Dallas, LBJ summoned Valenti to Air Force One. In an instant, Valenti had become special assistant in the White House and flew back to Washington with the new president. In his White House role and in his subsequent role as president and CEO of the Motion Picture Association of America, Valenti honed his negotiating skills.

Upon his retirement, I asked him to share his "secrets" for successful negotiation and how he learned them.

The first lesson came from Johnson: An effective negotiator needs a strategic vision. Whenever possible, put the issues on the table on a moral plane and take the high road. Valenti cited the passage of the Civil Rights Act of 1964 and the Voting Rights Act the following year as examples of this lesson. By calling upon the Judeo-Christian principles underlying the injunction, "Do unto others as you would have them do unto you," an appeal was made to the religious conscience. By focusing on the constitutional principle that "all men are created equal," an effective secular appeal was made to patriotic impulses.

In 1966, Valenti left the White House when Lew Wasserman, chairman and CEO of MCA Universal, recruited him to lead the movie industry as president and CEO of the MPAA. From Wasserman, Valenti learned his second lesson in the art of negotiation: Work the room. The purpose of this tactic is to evaluate each person's sympathies and influence. Before you sit down at the negotiating table, you should know more about the issues than anybody else. Do your homework before every meeting, and continue to listen and learn during the meeting.

Valenti credits Bob Daly, former chairman and CEO of Warner Bros. and himself a master negotiator, with his third important lesson: Keep negotiations going as long as possible once it becomes clear that you cannot prevail. This lesson is illustrated in the 12-year delay between the Federal Communications Commission's proposed repeal of the Financial Interest and Syndication Rules, and their actual elimination. As chief negotiator representing the MPAA's members, Bob Daly, with Valenti at his side, managed to postpone repeal

of the Fin-Syn Rules from 1983 until 1995. Always courteous to the other side, Daly continued to raise legitimate issues for discussion.

Summarizing what he has learned, Valenti explained, "Compromise is not an ignoble word. Make concessions where you can. Don't burn any bridges. Your opponent today may be your ally tomorrow. Let your opponent depart the field with his or her dignity intact, and play hardball only after all other alternatives have been exhausted."

Combining these tactics, Valenti was able to force South Korea to repeal a newly enacted law that prohibited foreign movie companies from opening offices there. The law required the Hollywood studios

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to sell the distribution rights to their films to government-designated South Korean distributors for a maximum of \$250,000, while the South Korean distributor made several million dollars per film. To overcome the U.S. government's political reluctance to initiate an unfair trade complaint against South Korea, Valenti tried direct negotiation with the South Korean government. When those efforts were exhausted without resolution, Valenti made the issue one of "fairness" when addressing the White House and Congress, pointing out the inherent inequity of the law. South Korea had access to the U.S. entertainment market, while the United States had none in Korea. When it became clear that the U.S. trade representative would support the filing of an unfair trade practice complaint, South Korea backed down.

In September 2003, Valenti learned his fourth lesson the hard way: Don't take the initiative without allies. Don't rush in. Pave the way for the decision you want. Following a report that more than 58 percent of the 2002 "screeners"—the cassettes and DVDs distributed to voting members of the Academy, Golden Globes, and other awards programs—had been pirated to make illegal copies, Valenti acted unilaterally when instructing the studios not to distribute screeners at all. "I made a terrible blunder by failing to go to the Golden Globes, the Academy, and the independent producers before taking action. I surprised many whose support I needed. Not a good idea."

The underlying theme from Valenti is summed up in his fifth lesson: Use common sense. Negotiation is about dealing with the human condition, the inner core of a person. Find a common ground. Always be respectful. Identify the concessions you can make. Don't get tough until there is no alternative. ■

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