CHAPTER
14

Multi-Party, Team and Complex Negotiations

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Introduction

Most of the theory in this book has been developed for the simplest case: two parties, each speaking with one voice, bargaining over a surplus that only they can create. Many of the negotiations that matter most in business are not like this. A merger may need the consent of shareholders, lenders, regulators in several jurisdictions, unions and governments. A supply chain may involve a manufacturer, its suppliers, its suppliers' suppliers and the customers of all of them. A trade agreement or a climate treaty may involve dozens or even hundreds of parties. And even an apparently bilateral negotiation is usually conducted by teams and agents, each bringing its own interests to the table.

This chapter asks what changes when the simple model is extended. It proceeds in four steps. Section 14.1 shows how the addition of parties transforms a negotiation: the number of relationships and possible coalitions rises sharply, decision rules become decisive and each party's alternatives come to depend on what the others do. Section 14.2 examines coalitions: why they form, which ones are likely to form and why they break apart. Section 14.3 turns to negotiations conducted by teams and agents, in which every side must first negotiate with itself. Section 14.4 presents methods for managing complex talks, including chairing, working groups, sequencing and the design of decision rules.

All three pillars of the book are at work in multi-party negotiation, and they interact in new ways. **Profit** is created and divided among more claimants, so that the surplus available to any one party depends on the deals the others strike. **Power** shifts from the strength of a single party to its position in a network of possible coalitions, so that a small party can sometimes decide the outcome. **Persuasion** must reach many audiences at once, some of whom are not at the table

at all. The Deal File follows a three-way transaction in which two rival aircraft manufacturers, Boeing and Airbus, divided between them the largest independent maker of aircraft structures in the world, under the eyes of regulators on both sides of the Atlantic.

DEAL FILE

Splitting Spirit AeroSystems

Spirit AeroSystems was created in 2005, when Boeing sold its aircraft-structures operations in Wichita, Kansas, to an investment group. Over the following two decades Spirit became the largest independent supplier of fuselages and other large structures for commercial aircraft. It built most of the fuselage of Boeing's best-selling 737, along with major sections of the 767, 777 and 787, and it also supplied Airbus, producing fuselage sections for the A350 in North Carolina and France, wings and fuselage sections for the A220 in Belfast, and components in Scotland and Morocco. By 2024 it employed more than 20,000 people (Spirit AeroSystems, 2025a).

The company's position was precarious. Production problems, the disruptions of the pandemic and fixed-price contracts on which it lost money left it with heavy losses. Spirit lost US$616 million in 2023 and more than US$2.1 billion in 2024, and its annual report for 2024 warned of substantial doubt about its ability to continue as a going concern (Spirit AeroSystems, 2025a). Its fate mattered to both of its main customers. In January 2024 a door plug blew out of an Alaska Airlines 737 MAX 9 shortly after take-off, intensifying scrutiny of quality throughout Boeing's supply chain, including the fuselages built in Wichita. Boeing concluded that it needed to bring fuselage production back under its own control. Airbus, for its part, could not allow its competitor to take control of the plants that built parts of its own aircraft.

Figure 14.1 shows how dependent Spirit was on these two customers.

A deal in three parts. On 1 July 2024 Boeing announced that it would acquire Spirit in an all-stock transaction valued at US$37.25 per share. The price would be paid in Boeing shares, with the exchange ratio allowed to vary within a range so that Spirit's shareholders were protected against moderate falls in Boeing's share price (Boeing, 2024a). The acquisition, however, depended on a second agreement. On the same day Airbus announced a binding term sheet under which it would take over the Spirit operations that produced parts for Airbus aircraft. The two transactions were negotiated in parallel and made conditional on each other: Boeing would not buy Spirit unless the Airbus work was separated, and Airbus would not leave its supply in the hands of its rival.

The negotiations with Airbus took almost ten months to turn into a definitive agreement, signed on 27 April 2025. Airbus would acquire the operations that

Table 14.1

The division of Spirit AeroSystems at a glance

Parties	Boeing; Airbus; Spirit AeroSystems and its shareholders; Composites Technology Research Malaysia (CTRM); competition authorities in the United States and the European Union; defence customers; trade unions and employees; national and regional governments
At stake	Control of the plants that build structures for Boeing and Airbus aircraft; the survival of Spirit; competition in the supply of aircraft structures; jobs in the United States, the United Kingdom, France, Morocco and Malaysia
Timeline	Boeing agreed to acquire Spirit and Airbus signed a binding term sheet on 1 July 2024; Airbus signed a definitive agreement on 27 April 2025; the European Commission approved the acquisition subject to conditions in October 2025; the US Federal Trade Commission accepted a proposed consent order on 2 December 2025; Boeing and Airbus completed their transactions on 8 December 2025; the FTC finalised its order in February 2026
Terms	Boeing paid US$37.25 per Spirit share in its own stock, an equity value of about US$4.7 billion and an enterprise value of about US$8.3 billion including debt; Airbus took over the Spirit operations that served its programmes for a nominal US$1, together with US$439 million in cash; Spirit's Malaysian plant was sold to CTRM; Boeing undertook to keep supplying rival defence contractors

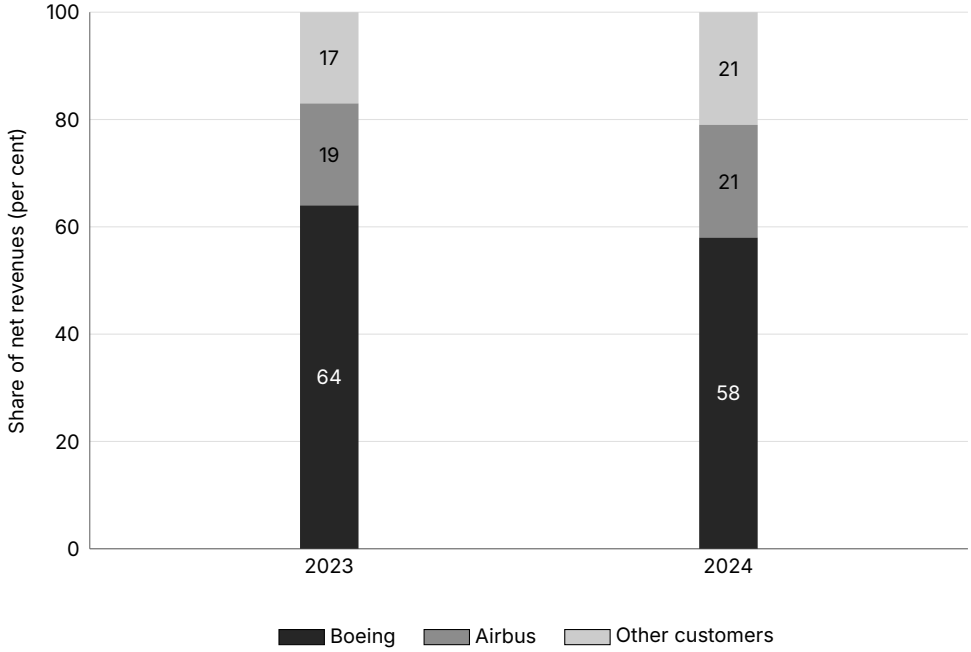
Note. Author, based on Boeing (2024a, 2025b), Spirit AeroSystems (2025b, 2025c) and Federal Trade Commission (2026).

made its parts in Kinston, North Carolina, and Saint-Nazaire, France; the A220 wing and mid-fuselage operations in Belfast; work packages in Prestwick, Scotland, and Casablanca, Morocco; and A220 pylon production in Wichita. Rather than paying for these operations, Airbus would take them over for a nominal US$1 together with US$439 million in cash (Spirit AeroSystems, 2025b), a sum that reflected the losses the contracts had been generating. Spirit's plant in Malaysia, which served several customers, was to be sold to a third party, and in August 2025 Spirit agreed to sell it to Composites Technology Research Malaysia (CTRM) for about US$95 million.

The regulators join the table. The competition authorities then became parties in their own right. The European Commission was concerned that Boeing, as owner of Spirit, might cut off or worsen supplies of aircraft structures to Airbus and gain access to Airbus's commercially sensitive information. On 13 October 2025 it approved the acquisition on two conditions: all Spirit's businesses supplying aerostructures to Airbus were to be divested, and the Malaysian plant was to be sold to CTRM, which it accepted as a suitable buyer (Spirit AeroSystems, 2025c). In the United States the Federal Trade Commission raised similar

Figure 14.1

Spirit AeroSystems' net revenues by customer, 2023 and 2024 (per cent)



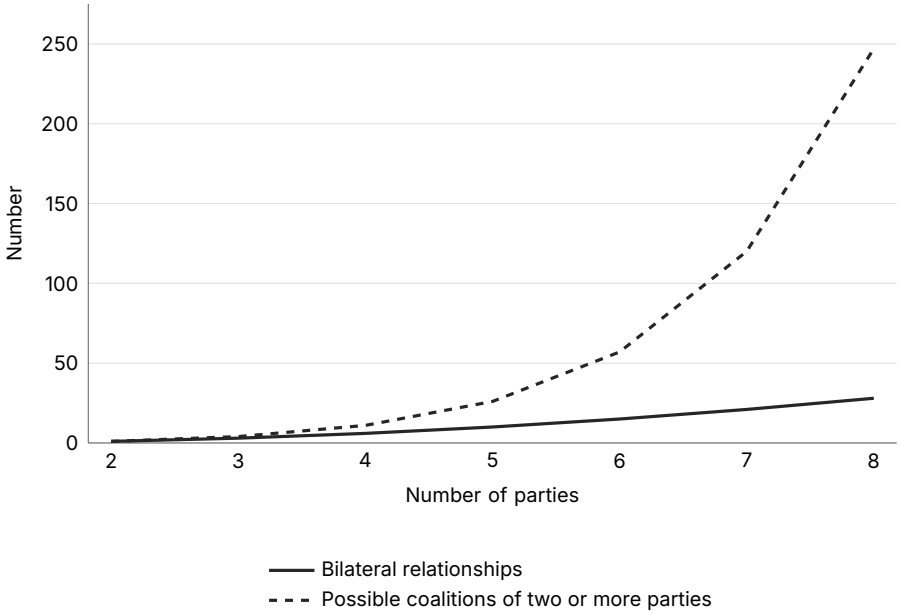
Note. Author, based on Spirit AeroSystems (2025a), Form 10-K for the year 2024. "Other" includes defence, business-jet and aftermarket customers.

concerns about Airbus and added a concern about defence: Spirit supplied structures for military aircraft built by Boeing's competitors. Its order required Boeing to divest significant Spirit assets and to continue supplying rival defence contractors (Federal Trade Commission, 2026). On 8 December 2025 Boeing completed its acquisition, bringing about 15,000 employees in Wichita, Tulsa, Dallas, Prestwick and Belfast into the company, while Airbus completed its takeover of the sites that served its programmes (Boeing, 2025b).

Questions to keep in mind. Why could Boeing and Spirit not simply strike a bilateral deal? How did the presence of a third party, Airbus, and of the regulators change the bargaining power of each participant? Why did Airbus receive money for taking over factories? And how were the interests of the many parties who were not at the main table, from workers in Belfast to defence contractors, brought into the agreement? The chapter answers these questions in turn.

Figure 14.2

The number of bilateral relationships and possible coalitions as parties are added



Note. Author's calculation. Bilateral relationships equal $n(n-1)/2$, rising from 1 with two parties to 28 with eight; possible coalitions of two or more parties equal $2^n - n - 1$.

14.1 What Changes When More Parties Join?

More Relationships, More Coalitions

The most obvious effect of adding parties is that the number of relationships to be managed rises much faster than the number of parties. Between two parties there is one relationship. Among n parties there are $n(n-1)/2$ bilateral relationships, so that five parties have ten relationships and eight parties have twenty-eight. The number of possible coalitions, groups of two or more parties that might act together, rises even faster. It equals $2^n - n - 1$: four with three parties, twenty-six with five and 247 with eight. Figure 14.2 shows the effect.

The arithmetic explains why multi-party negotiations are so much harder to manage than bilateral ones. Every party must consider not only what it can obtain from the others collectively, but also what it could obtain by joining one group rather than another, and what the others could obtain without it. Information that one party shares with a second may reach a third. Concessions made to one party may be demanded by all.

Alternatives Depend on the Others

In a bilateral negotiation each party's best alternative to a negotiated agreement (BATNA) is, at least in principle, independent of the negotiation itself: it is what the party can do if the other side walks away. In a multi-party negotiation the alternatives are interdependent. What Boeing could achieve without Airbus's agreement depended on what Airbus would do if Boeing bought Spirit without separating the Airbus work, and that in turn depended on how the regulators would react. Each party's alternative is therefore the outcome of a different, smaller negotiation among the remaining parties. Lax and Sebenius (1991) argued that negotiators must "think coalitionally": instead of asking what they can do alone if talks fail, they should ask which coalitions could form without them and what those coalitions could achieve.

The Problem of Collective Choice

When more than two parties must agree, the way in which the group decides becomes as important as what each party wants. Table 14.2 compares common decision rules.

Table 14.2

Decision rules in multi-party negotiations

Rule	How it works	Advantages	Risks
Unanimity	Every party must agree; each has a veto	Protects every party; agreements are legitimate	Any party can block; outcomes drift to the lowest common denominator
Consensus	No party formally objects; abstention is possible	Allows reluctant parties to step aside	Ambiguous; a determined party can still block
Qualified majority	A specified share of votes, often weighted, is needed	Prevents a single veto while protecting large minorities	Losers may resist implementation
Simple majority	More than half of the votes	Speed and decisiveness	Minorities overridden; voting cycles possible
Weighted voting	Votes are weighted by size, contribution or shares	Reflects unequal stakes	Formal weights may give misleading power, as Section 14.2 shows

Note. Author, based on Raiffa (1982) and Lewicki et al. (2020).

Each rule creates different incentives. Under unanimity, every party has the power to hold out, and the agreement must give each party at least as much as its alternative; the result is often a modest agreement offending no one. Under majority rules, parties can be overruled, so the contest shifts to building a winning coalition. The vote on the EU–Mercosur agreement in Chapter 13 showed

how a qualified majority allowed the agreement to proceed over the objections of five member states, and how the losers then sought other forums in which to continue the fight.

Majority rules raise a further difficulty, first identified by the Marquis de Condorcet in the eighteenth century. When three or more parties choose among three or more options, majority voting may produce a cycle: a majority prefers A to B, another majority prefers B to C and a third majority prefers C to A. Table 14.3 gives an example.

Table 14.3

A voting cycle among three firms choosing a joint project

Firm	First preference	Second preference	Third preference
Firm 1	Project A	Project B	Project C
Firm 2	Project B	Project C	Project A
Firm 3	Project C	Project A	Project B

Note. Author's illustrative example. Firms 1 and 3 prefer A to B; Firms 1 and 2 prefer B to C; Firms 2 and 3 prefer C to A.

When preferences cycle in this way, there is no option that a majority prefers to every other, and the outcome depends on the order in which options are voted on. Whoever controls the agenda controls the result. This is one reason why procedural questions, which can seem dull, provoke fierce struggles in multi-party talks.

Multi-Party Value Creation

The addition of parties does not only complicate the division of value; it can also increase the value to be divided. A third party may bring a resource, a capability or a need which makes otherwise impossible trades possible. In the Deal File, Boeing wanted Spirit's Boeing work but not its Airbus work, Airbus wanted the Airbus work but not the obligation to buy the whole company, and Spirit's shareholders wanted to escape a business whose losses threatened its survival. No bilateral deal could satisfy all three; a three-way deal could. Recognising when adding a party will enlarge the pie, rather than merely add another claimant, is one of the most valuable skills in complex negotiation.

KEY MOVE

In a multi-party negotiation, map every party, its interests and its alternatives, then ask which coalitions could form without you. Treat the decision rule and the agenda as part of the negotiation, not as given.

14.2 How Do Coalitions Form and Break?

Why Coalitions Form

A **coalition** is a group of parties coordinating their positions to obtain an outcome none could obtain alone. Coalitions form for three main reasons. Some form because their members share interests and can achieve more together, as when firms in an industry lobby jointly for a regulation that benefits them all. Some form to block an outcome that their members oppose: a **blocking coalition** need not agree on what it wants, only on what it does not want. And some form because the decision rule requires them: when a majority is needed, parties must find partners.

Coalitions in business are common. Firms form consortia to bid for large contracts, suppliers form alliances to negotiate with powerful buyers, and creditors form committees in insolvency to negotiate collectively with the debtor. The value of a coalition to its members depends on what it can achieve compared with what each member could achieve alone, and on how the gains are divided among them.

Which Coalitions Form?

Riker (1962) argued that, where the prize is fixed and must be shared among the members of the winning coalition, rational parties will form **minimum winning coalitions**: coalitions just large enough to win. Adding a member who is not needed to win only reduces the share of everyone else. The prediction fits some situations well, but many coalitions are larger than the minimum, because their members value stability, legitimacy or insurance against defection, and because members who share policy preferences find it easier to agree.

Economists have also asked which coalitions are stable. An allocation of value is in the **core** of a negotiation if no group of parties could do better by breaking away and acting on its own. When the core is empty, every possible agreement leaves some group with an incentive to defect, and the negotiation is likely to be unstable, with coalitions forming and dissolving. When the core contains many allocations, the parties have room to agree but must still decide how to divide the value, and bargaining power determines where in the core they end up.

Power in Coalitions: The Pivotal Party

How much power does each party have in a coalition? A natural answer is that power is proportional to resources or votes. This is often wrong. Consider three shareholders in a joint venture whose decisions require more than half of the votes, as in Table 14.4.

Firm C holds only 5 per cent of the votes, but it has exactly the same power as the two large shareholders, because any two of the three can form a majority and

Table 14.4

Votes and voting power in a joint venture (decisions require more than 50 per cent of votes)

Shareholder	Share of votes (%)	Winning coalitions in which it is essential	Shapley–Shubik power index
Firm A	48	A + B, A + C	1/3
Firm B	47	A + B, B + C	1/3
Firm C	5	A + C, B + C	1/3

Note. Author's illustrative example, using the index of Shapley and Shubik (1954).

none can win alone. The Shapley–Shubik power index measures this by asking, for every possible order in which parties might join a coalition, how often each party is **pivotal**, turning a losing coalition into a winning one. In this example each firm is pivotal in two of the six possible orders, so each has a third of the power. If Firm A's share rose to 51 per cent, its power index would rise to one and the others' would fall to zero. Small changes in formal weights can therefore produce large changes in real power, and parties with few votes can extract a large share of the value if they are pivotal.

The lesson for negotiators is to ask not "how big am I?" but "how often am I needed?". In the Deal File, Airbus was pivotal. Boeing's acquisition could not proceed without a solution for the Airbus work, and the regulators would not approve it without Airbus's supply being protected. This position allowed Airbus to obtain not only control of the plants it needed but also US$439 million in compensation for taking them over.

Building Coalitions: Sequencing

If a coalition is needed, with whom should a negotiator talk first? Sebenius (1996) showed that the order in which parties are approached can decide the outcome. Securing the agreement of a respected or powerful party early can make it easier to persuade others, who see that the coalition is likely to succeed and do not want to be left out. Approaching the most difficult party first can be a mistake if its refusal becomes known and discourages others; it can be wise if no agreement is possible without it and early talks reveal what it requires. Sebenius described this as mapping the "backward" route: starting from the coalition one needs at the end and working out which commitments must be obtained before others become possible.

Boeing's approach illustrates sequencing. By agreeing a binding term sheet with Airbus on the same day as it announced the acquisition, Boeing presented regulators, shareholders and employees with a solution to the most obvious objection to the deal before they could raise it.

DEAL SNAPSHOT

Financing the Climate Transition at COP29, 2024

At the UN climate conference in Baku, Azerbaijan, in November 2024, almost 200 parties negotiated a new goal for climate finance to replace the commitment of developed countries to mobilise US$100 billion a year. The negotiation pitted coalitions against each other. Developing countries, negotiating as the Group of 77 and China but with distinct sub-groups of the least developed countries and the small island states, argued that they needed more than a trillion dollars a year. Developed countries, led by the European Union, wanted the base of contributors broadened to include wealthy developing countries such as China and the Gulf states. After the talks ran beyond their scheduled end, the parties adopted a decision on 24 November 2024 that set a core goal of at least US$300 billion a year by 2035, provided mainly by developed countries, within a broader call to scale up finance from all sources to at least US$1.3 trillion a year. For the first time, contributions by developing countries were recognised, on a voluntary basis (Government Offices of Sweden, 2024). Figure 14.3 compares the figures. Because decisions under the UN climate convention are taken by consensus, every coalition could threaten to block, and the final agreement reflected what the most reluctant parties would accept. Many developing countries criticised the outcome as inadequate, illustrating how a consensus rule can produce agreement without satisfaction.

Why Coalitions Break

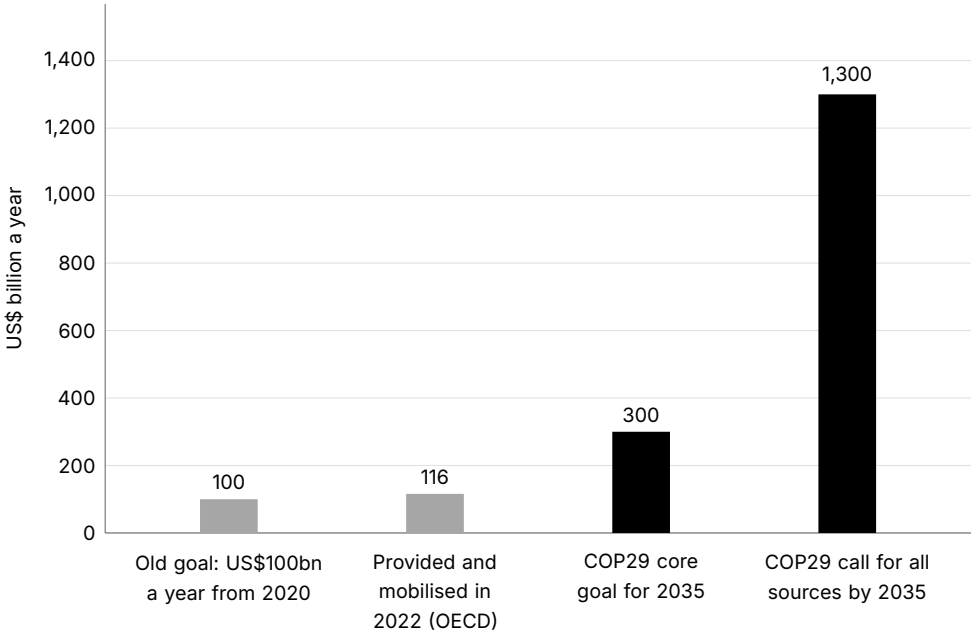
Coalitions are fragile. Their members have different interests on issues other than the one that unites them, and a party outside the coalition can often break it by offering one member a better deal. Blocking coalitions are especially vulnerable, because their members may agree only on what they oppose. Three tactics are commonly used to divide a coalition: offering side payments or special concessions to the weakest member; reframing the issue so some members' interests change; and changing the decision rule or the forum so the coalition is no longer needed or no longer sufficient. Coalitions can protect themselves by agreeing in advance that no member will negotiate separately, by spreading the gains of the coalition fairly and by maintaining regular communication.

KEY MOVE

Measure your power by how often you are pivotal, not by your size. Build coalitions in the order that makes each later commitment easier, and protect your coalition against offers designed to divide it.

Figure 14.3

International climate finance: the old goal, recent delivery and the COP29 goals (US$ billion a year)



Note. Author, based on OECD (2024) for climate finance provided and mobilised in 2022, and Government Offices of Sweden (2024) for the COP29 goals. The 2022 figure measures finance provided and mobilised by developed countries; the COP29 goals are targets for 2035.

14.3 Who Negotiates for Whom? Teams and Agents

Negotiating within the Team

Business negotiations are usually conducted by teams. A team brings more knowledge, more skills and more capacity to listen, observe and analyse than a single negotiator. It can divide roles: a leader who speaks for the team, technical experts, a lawyer, a note-taker and an observer who watches the other side. Experimental research found that teams tend to achieve more integrative agreements than solo negotiators, partly because they exchange more information and generate more options (Thompson et al., 1996).

Teams also bring problems. Members may disagree about goals and priorities, and the other side may exploit these differences. Members may speak out of turn, contradict each other or reveal information unintentionally. And a team may be less flexible than an individual, because every change of position must be agreed internally. Before every significant negotiation, therefore, a team must

negotiate with itself: agreeing its goals, targets and limits, its priorities among issues, the roles of each member and the rules for communicating during the talks, including signals for calling a break. Table 14.5 summarises the roles commonly assigned.

Table 14.5

Roles in a negotiating team

Role	Task	Common mistakes
Leader	Speaks for the team; makes or proposes concessions	Making commitments the team has not agreed
Technical expert	Provides and checks specialist information	Conceding on technical points without seeing the trade-offs
Financial analyst	Evaluates offers against the scoring system and the team's limit	Focusing on price and neglecting other issues
Lawyer	Checks that terms are enforceable and drafted clearly	Raising legal objections which block value creation
Observer	Watches the other side's reactions and dynamics	Not reporting observations in breaks
Note-taker	Records offers, concessions and agreements	Incomplete records that cause later disputes

Note. Author, based on Lewicki et al. (2020).

Cultural diversity within teams adds a further dimension. A team drawn from several countries can read the other side more accurately and adapt its communication, but it must also manage differences in its own members' expectations about hierarchy, directness and time, which Chapter 18 examines. The author's research on cross-cultural communication in international business emphasises that these internal differences, if managed well, are a source of strength rather than weakness (Kumar, 2022, 2024a).

Negotiating through Agents

Many negotiations are conducted not by the principals themselves but by **agents**: lawyers, investment bankers, brokers, sports and literary agents, union officials and diplomats. Chapter 2 introduced the principal–agent problem in general terms; here the question is when and how to use an agent in a negotiation.

Rubin and Sander (1988) identified the main advantages of agents. An agent may have **expertise** in the subject or the process which the principal lacks; **contacts** and a reputation to open doors; **emotional distance**, which allows the agent to bargain hard without damaging the principal's relationship with the other side; and **tactical flexibility**, since an agent can claim limited authority, float ideas without committing the principal and buy time. These advantages

explain why mergers such as the Deal File are negotiated by teams of bankers and lawyers on every side.

Agents also bring costs. The most obvious is their fee. Less obvious are the conflicts of interest that arise when the agent's incentives differ from the principal's. Mnookin and Susskind (1999) showed how these conflicts appear in common forms of payment. Table 14.6 summarises them.

Table 14.6

How agents' fees can shape their incentives

Form of payment	Example	Incentive created	Risk to the principal
Success fee on completion	Investment bank advising on a merger	To close a deal	Pressure to accept a deal that should be rejected
Percentage of the price	Estate agent selling a house	To sell quickly rather than to wait for a higher price, since the agent gains only a small share of any increase	A lower price than patience would bring
Hourly fee	Lawyer negotiating a contract	To prolong the negotiation	Higher costs and delay
Fixed fee	Consultant hired for a defined task	To minimise effort	Limited attention to the principal's interests
Salary plus bonus tied to outcome	In-house negotiator or union official	To meet the measured target	Neglect of issues that are not measured

Note. Author, based on Rubin and Sander (1988) and Mnookin and Susskind (1999).

A simple calculation shows the second problem in the table. An estate agent paid 2 per cent of the sale price who holds out for a further month to raise the price of a property by €20,000 gains only €400, while bearing the cost of a month's additional effort. The seller gains €19,600. The agent's incentive to accept an early offer is therefore stronger than the seller's. Principals can reduce such conflicts by designing fees that reward the outcomes they care about, by setting clear limits and instructions, by monitoring the agent's conduct and by keeping open their own channels of communication with the other side.

Two Tables for Every Agent

An agent negotiates at two tables at once: with the other side and with the principal. Chapter 4 described this two-level game for governments; it applies equally to firms and their representatives. The agent must persuade the other side that the principal will not accept less than a certain amount, while persuading the principal that the other side will not give more. The agent's credibility at each

DEAL SNAPSHOT

The WHO Pandemic Agreement, 2025 and 2026

After the Covid-19 pandemic exposed deep inequalities in access to vaccines, the member states of the World Health Organization negotiated a treaty to prevent, prepare for and respond to future pandemics. The negotiations lasted more than three years. In the final stages a conflict between countries with pharmaceutical industries and those without proved hardest to resolve: developing countries wanted a guarantee that, if they shared samples and genetic data of dangerous pathogens, they would receive a fair share of the vaccines, tests and treatments developed from them, while countries with large pharmaceutical industries resisted binding obligations on their firms. The negotiators separated the issue. The World Health Assembly adopted the Pandemic Agreement by consensus on 20 May 2025, after a committee vote the previous day of 124 in favour, none against and 11 abstentions, but left the annex on pathogen access and benefit sharing to an intergovernmental working group. The agreement could not open for signature until the Assembly had adopted the annex (World Health Organization, 2025). The United States had announced its withdrawal from the WHO in January 2025 (Executive Order No. 14155, 2025). On 1 May 2026 the member states, still divided, agreed that more time was needed, and the outcome was to go either to a special session of the Assembly in 2026 or to the Assembly in May 2027 (World Health Organization, 2026). The working group met again in September and November 2026 (World Health Organization, n.d.). The outcome illustrates how a multi-party negotiation can close a framework by setting aside its hardest issue, at the price of an agreement not yet capable of implementation.

table depends on credibility at the other. When the principal is itself a group, such as a union's members or a firm's board and shareholders, the internal negotiation can be as hard as the external one, as the repeated rejection of offers by Boeing's machinists in Chapter 7 showed. The Spirit transaction required the approval of Spirit's shareholders, which in turn required its board and its advisers to persuade them that Boeing's offer, paid in shares whose value was uncertain, was better than the alternatives available to a company whose survival was in doubt.

KEY MOVE

Negotiate inside your team before you negotiate with the other side. If you use an agent, design the agent's reward so that it pays for the outcome you want, give clear instructions and limits, and keep your own line to the other side open.

14.4 How Can Complex Talks Be Managed?

Process Design

Multi-party negotiations cannot be managed in the way bilateral ones are. With many parties, open discussion of every issue among everyone becomes impossible, and the process itself must be designed. Susskind et al. (1999), drawing on experience of public disputes involving many stakeholders, emphasised several elements: identifying and involving all those with a stake in the outcome, agreeing ground rules at the start, using a neutral facilitator or chair, breaking the problem into manageable parts and keeping a written record. Table 14.7 summarises the main tools.

Table 14.7

Tools for managing complex negotiations

Tool	How it works	Example
Chair or facilitator	A neutral or respected person manages the process, proposes compromises and tests agreement	Presidencies of UN climate conferences
Working groups	Smaller groups negotiate specific issues and report back to the plenary	Groups on finance, technology and adaptation in climate talks
Friends of the chair	A small, representative group helps the chair to find a compromise	Late-stage trade and treaty negotiations
Single negotiating text	One draft is revised by all parties (Chapter 13)	Most trade agreements and treaties
Sequencing and separation of issues	Easier issues are settled first, or the hardest are deferred	The pathogen annex in the WHO Pandemic Agreement
Framework agreements	Principles are agreed first and details negotiated later	The UK–EU Common Understanding of 2025 (Chapter 13)
Linked but separate transactions	Several bilateral deals are made conditional on each other	The Boeing and Airbus agreements in the Deal File

The Role of the Chair

In multi-party negotiations the chair has considerable influence. A chair decides the order of business, recognises speakers, summarises the discussion, drafts compromise texts and decides when consensus has been reached. A skilful chair uses these powers to build agreement: by consulting privately with each coalition, by testing proposals informally before they are put to the full group and by proposing a final package at the moment when the parties are ready to accept

it. A chair who is seen as partisan, however, loses the trust on which this influence depends. The experience of climate conferences shows both possibilities. Presidencies consulting widely and drafting balanced texts have helped to produce agreements; presidencies seen as favouring particular interests have faced resistance and delay.

Linked Transactions

Many complex business deals, like the Deal File, are structured not as a single multi-party agreement but as a set of bilateral agreements made conditional on each other. This structure has advantages. Each bilateral deal can be negotiated separately, in confidence, by the parties most directly concerned, and the conditions linking them ensure that none takes effect unless all do. It also has risks. If one agreement is delayed, all are delayed: Boeing's acquisition of Spirit, expected to close in mid-2025, was not completed until December, partly because the Airbus agreement and the regulatory approvals took longer than planned. And each party in a linked structure has an incentive to hold out at the end, knowing that the others need its agreement. Careful drafting of the conditions, deadlines and the consequences of failure is therefore essential.

Handling Parties Not at the Table

Complex negotiations affect many parties who are not formally represented: employees, local communities, suppliers, customers and governments. Some of them can block or delay an agreement through regulators, courts, strikes or political pressure; all of them can affect its implementation. Effective negotiators identify these parties early, assess their interests and their capacity to influence the outcome, and decide how to involve them: by consultation, by including their concerns in the agreement or by negotiating directly with them. In the Spirit transaction, the regulators' conditions brought the interests of Airbus and of defence contractors into the agreement, and the future of the Belfast plant, divided between Boeing and Airbus, was followed closely by trade unions and the UK government. Table 14.8 maps the stakeholders in the division of Spirit AeroSystems.

The author's work on foreign direct investment in Europe discusses how governments and local communities shape the terms on which multinational firms acquire and restructure operations in their territories, a dimension that is central to cross-border transactions of this kind (Kumar, 2024b, 2026a).

Table 14.8

A stakeholder map for the division of Spirit AeroSystems

Party	Main interest	Capacity to influence	How it was addressed
Boeing	Control and quality of its fuselage supply	Very high	Acquisition of Spirit's Boeing work
Airbus	Security of supply for its programmes	Very high (pivotal)	Takeover of the Airbus sites with compensation
Spirit's shareholders	Value and an exit from a loss-making business	High (approval required)	Share offer with a protected exchange range
Competition authorities	Competition in aircraft structures and defence	Very high (approval required)	Divestitures, supply commitments and monitoring
Defence contractors	Continued access to Spirit's capabilities	Medium (through regulators)	Supply commitments in the FTC order
Employees and unions	Jobs and conditions	Medium	Transfer to Boeing or Airbus; continued scrutiny
CTRM	Acquisition of the Malaysian plant	Low to medium	Approved as buyer

Note. Author, based on the Deal File sources.

KEY MOVE

Design the process before you negotiate the substance. Choose the structure, whether one table or several linked ones, map every stakeholder, including those not at the table, and agree who chairs, how decisions are taken and what happens if one part fails.

BACK TO THE DEAL FILE

Reading the Division of Spirit AeroSystems

The concepts of this chapter explain why the transaction took the form it did.

A bilateral deal was not available. Boeing could not acquire Spirit without dealing with the Airbus work, both because Airbus would not accept its rival's control of its supply and because the regulators would not approve it. The relevant negotiation was therefore among three commercial parties, with the regulators acting as additional parties holding vetoes.

Airbus was pivotal and was paid for it. Airbus's power did not come from its share of Spirit's revenues, which was about a fifth, but from the fact that no agreement was possible without it. Its position allowed it to take over the operations it needed and to receive compensation for the losses they had been generating.

Linked transactions and early sequencing reduced risk. By announcing the Airbus term sheet on the same day as the acquisition, Boeing showed regulators, shareholders and employees that the main obstacle had been addressed. The conditions linking the two deals ensured that neither would take effect without the other.

The regulators shaped the final terms. The European Commission and the Federal Trade Commission acted as parties with vetoes, and their conditions brought the interests of Airbus, of CTRM and of defence contractors into the final agreement.

Implementation will test the agreement. Integrating Spirit into Boeing, separating the Airbus sites and complying with the regulators' monitoring will take years. The agreement turned a multi-party negotiation into a set of continuing relationships that must now be managed.

MA EXTENSION

Cooperative Game Theory and the Division of Value

Cooperative game theory analyses negotiations among many parties by asking what each coalition could obtain on its own. The **characteristic function** assigns to each coalition the value it could secure. The **core** is the set of allocations that no coalition can improve on by acting alone; the **Shapley value** gives each party its average marginal contribution across all orders in which the grand coalition might be formed. Suppose that Boeing and Spirit together can create a surplus of 6, Airbus and Spirit together 2, Boeing and Airbus together 0, and all three together 10, with each party alone obtaining 0. Calculate the Shapley value of each party. Is this allocation in the core? Use your results to discuss how the value of the Spirit transaction might have been divided, and why the party contributing most to the grand coalition need not be the largest.

ETHICS CHECK

In a multi-party deal, the parties at the table can agree terms imposing costs on those who are not: employees whose plants are divided, suppliers whose contracts are reassigned, communities dependent on a factory. In the Spirit transaction, regulators represented some of these interests, but workers and local communities had no formal veto. What obligations do the parties to a complex transaction have towards those who are affected but not represented? Is it enough to comply with the conditions imposed by regulators, or should negotiators consult and protect affected groups beyond what the law requires?

Pillar Scorecard

Table 14.9

Pillar Scorecard: the division of Spirit AeroSystems, 2024 to 2026

Pillar	Importance in this case	Evidence
Profit	High	A US$8.3 billion transaction, Spirit's losses and the US$439 million paid to Airbus determined how value was divided
Power	Very high	Airbus's pivotal position and the regulators' vetoes shaped the structure and terms of the deal
Persuasion	Medium	Boeing had to persuade regulators, Spirit's shareholders and employees that the linked transactions protected competition, value and jobs

Your Move

This is a constructed teaching case.

You are the commercial director of a Polish engineering firm in Gdańsk that wants to bid for a large contract to supply and maintain components for offshore wind farms in the Baltic Sea. The contract is too large for your firm alone. You are considering a consortium with a larger German firm, which has the technology but no local presence, and a Danish firm with experience of maintenance at sea. The client, an energy company, will choose among several consortia. Your firm can offer local manufacturing, which the client values because public support for the project depends on local jobs.

1. Map the parties, their interests and their alternatives. Which coalitions could form without your firm, and what could they achieve?
2. Assess your firm's power. In which possible consortia would your firm be pivotal?
3. In what order would you approach the other firms, and why?
4. Your firm will be represented by a team. Assign roles and set out how the team will agree its positions before meeting potential partners.
5. Draft the main terms of a consortium agreement to protect your firm if one partner tried to negotiate separately with the client.

Conclusion

Adding parties to a negotiation does more than add voices. The number of relationships and possible coalitions rises sharply, each party's alternatives come to depend on the agreements the others might reach, and the decision rule and the agenda become decisive. Power in multi-party negotiation depends less on size than on how often a party is pivotal, as the example of a 5 per cent shareholder with a third of the voting power showed. Coalitions form to win, to block and to meet decision rules, and they break when outsiders offer their members better terms. Most negotiations are conducted by teams and agents, which bring expertise and flexibility but also internal disagreements and conflicts of interest that must be managed through preparation and the careful design of incentives. Complex negotiations need a designed process: a chair, working groups, sequencing, framework agreements and linked transactions. The division of Spirit AeroSystems between Boeing and Airbus shows all of these elements at work, and it shows how a pivotal party can turn its position into profit. Chapter 15 extends the analysis across borders, examining how geopolitics, development and the power of states shape the negotiations of international business.

Exercises

A. Objective Questions

1. With six parties, the number of bilateral relationships is:
   a) 6 b) 12
   c) 15 d) 57

2. The number of possible coalitions of two or more parties among five parties is:
   a) 10 b) 26
   c) 31 d) 32

3. A blocking coalition:
   a) needs only to agree on what it opposes
   b) must agree on a common proposal
   c) always includes the largest party
   d) cannot form under unanimity

4. According to Riker (1962), rational parties dividing a fixed prize tend to form:
   a) grand coalitions of all parties b) no coalitions
   c) blocking coalitions d) minimum winning coalitions

5. In Table 14.4, Firm C, with 5 per cent of the votes, has a Shapley–Shubik power index of:
   a) 0.05
   b) 0
   c) 1/3
   d) 1/2
6. An allocation is in the core if:
   a) it gives every party an equal share
   b) no group of parties could do better by acting on its own
   c) the largest party obtains the most
   d) it is approved by a majority
7. An agent paid a percentage of the sale price has an incentive to:
   a) hold out for the highest possible price
   b) avoid closing the deal
   c) prolong the negotiation
   d) sell sooner than the principal would prefer
8. In the Deal File, Airbus took over the Spirit operations that served its programmes and:
   a) received US$439 million in compensation
   b) paid US$439 million
   c) paid US$4.7 billion
   d) received Boeing shares

B. Short-Answer Questions

1. Explain why the number of possible coalitions rises faster than the number of parties, using Figure 14.2.
2. Why are each party's alternatives interdependent in a multi-party negotiation? Illustrate with the Deal File.
3. Compare unanimity, consensus and qualified majority as decision rules, with an example of each.
4. Explain the voting cycle in Table 14.3. Why does control of the agenda matter when preferences cycle?
5. Explain why a party with few votes may have as much power as a large party, using the Shapley–Shubik index.
6. What are the main advantages and risks of negotiating through an agent? How can a principal reduce the risks?
7. Describe three tools for managing complex negotiations and give an example of each.

C. Long-Answer Questions

1. Analyse the division of Spirit AeroSystems as a multi-party negotiation. Who were the parties, what were their alternatives, and why was Airbus able to obtain compensation for taking over factories?
2. "In multi-party negotiation, power comes from position, not size." Discuss with reference to coalition theory, the Shapley–Shubik index and at least two cases from this chapter.
3. Compare the decision rules and the management of the COP29 negotiations on climate finance with those of the WHO Pandemic Agreement. What do the cases suggest about the advantages and costs of consensus?
4. Design the process for a multi-party negotiation of your choice involving at least five parties. Explain your choice of decision rule, chair, working groups, sequencing and treatment of parties not at the table.

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