

DESIGN THINKING TO NEGOTIATE PUBLIC PRIVATE PARTNERSHIPS

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ABSTRACT

Design Thinking (DT), a methodology created more than 30 years ago in California, USA, already has a place in the business community where it is considered a powerful tool for solving problems, due to its novel methodology, also very powerful for innovating and, above all, very good. accepted for the simplicity of its procedure and the excellence of the results already achieved in various business sectors. Due to its success with academics and practitioners, DT has generated an increasing number of publications, however, it has not yet received much attention as a vehicle to assist in negotiations, particularly complex negotiations such as those relating to Public Private Partnerships, which require significant creativity to foster the necessary long-term alliances between partners, generally belonging to institutions with different corporate cultures.

This article proposes the application of DT to prepare the initial negotiations of this type of long-term PPP agreements, through the exercise of a role-play, which simulates a negotiation in the health sector, exercised between participants of a Master's program at the University Gregoriana, postgraduate business education institution in Rome in 2024. Our counterfactual analysis demonstrated that PPP negotiations where one or both counterparties have used DT to prepare for the meeting, achieve better results and create a better climate at the negotiation table. Likewise, a previous stage is added to the preparation of the Design Thinking exercise in which the emotions of each of the counterparts are analyzed.

These findings confirm that DT is also a very useful tool to add creativity to the process of forging alliances to create PPPs and invite us to explore the development of best practices for consultants and business schools, as well as suggest moving forward with other research on the use of DT. in other complex negotiations.

RESUMEN

El Design Thinking (DT) metodología creada hace más de 30 años en California, USA tiene ya un sitio en la comunidad empresarial donde está considerada una poderosa herramienta para resolver problemas, por su metodología novedosa, muy potente también para innovar y sobre todo muy bien aceptada por la sencillez de su procedimiento y la excelencia de los resultados ya logrados en varios sectores empresariales. Debido a su éxito con académicos y profesionales, DT ha generado un número creciente de publicaciones, sin embargo, aún no ha recibido mucha atención como vehículo para ayudar en las negociaciones, en particular aquellas negociaciones complejas que requieren una creatividad significativa para fomentar las necesarias alianzas de largo plazo entre socios, generalmente pertenecientes a instituciones con diferentes culturas corporativas.

Este artículo propone la aplicación del DT para preparar las negociaciones iniciales de este tipo de acuerdos de largo plazo, mediante el ejercicio de un juego de roles, que simula una negociación en el sector salud, ejercitado entre participantes de una institución de educación empresarial de posgrado en Roma, Italia en 2024. Nuestro análisis contrafactual, demostró que las negociaciones donde una o ambas contrapartes han utilizado DT para preparar el encuentro, logran mejores resultados y crean un mejor clima en la mesa de negociación. Asimismo, se agrega una etapa previa a la preparación del ejercicio de Design Thinking en la cual se analizan las emociones de cada una de las contrapartes.

Estos hallazgos confirman que DT también es una herramienta muy útil para agregar creatividad al proceso de forjar alianzas, e invitan a explorar el desarrollo de mejores prácticas para consultores y escuelas de negocios, B-Schools, así como sugiere avanzar con otras investigaciones sobre el uso de DT en otras negociaciones complejas.

1. INTRODUCTION

1A. Design Thinking applied to the negotiation of Public Private Partnerships, PPPs

This article summarizes research based on a workshop developed in 2023 with students from a Master's program at the Gregorian University of Rome, who were divided into two teams, one of which used Emotional Design Thinking to prepare a negotiation of a Public Private Partnerships, PPP, while the other control group prepared the negotiation in a conventional way.

Design Thinking is a methodology developed at Stanford University, U.S.A., where a sequence of steps is applied to brainstorm ideas to help find the solution to a problem, the creation of a company or group, or the resolution of problems. a conflict as part of a negotiation process.

This methodology originated in the architecture and design department of Stanford University in California was perfected by the professionals of the IDEO company in the 80s and 90s under the guidance of architect Tim Brown, who to date has made hundreds of creativity processes with Design Thinking called “IDEATIONS” with initial support since the 90s at Harvard Universities in the United States, Potsdam in Germany and UTS in Australia.

Design Thinking comprises three differentiated stages that over the years have been reorganized into several sub-stages by different academic and consulting institutions, although the basic activities are the following:

- IDENTIFICATION of the challenge to be solved and the people participating in the Design Thinking exercise.
- IDEATION: a brainstorming exercise, led by a specialist who coordinates groups of 4 to 8 people, who work to solve small challenges through four steps: individual proposals//exchange of ideas in the group//preparation of a chart summary // discussion between groups at the end of the work within each group. Throughout the ideation, different mini-challenges are posed and resolved aimed at solving the final challenge that is the object of the exercise.
- PROTOTYPING: in this stage the proposals coming from the original challenge are validated, with some of the participants of the exercise closer to the needs of the future users of the result of the ideation, and then the implementation phases of the proposed solution are documented.

This Design Thinking process, constitutes a very important methodology in the last 20 years and is currently offered as a regular subject in all business schools and also in several universities where

management sciences are taught. engineering and architecture, since the results obtained with a small time effort and very brief prior preparation by the participants, ensure excellent results in a very short time, especially in innovation processes.

The exercise of Design Thinking requires a series of skills on the part of the participants, who also improve throughout the use of this methodology, which not only contributes to solving problems and proposing solutions, but also to the professional training of the participants of the different ideas.

Some of the key competencies to exercise Design Thinking, which are improved in the participants, are the following:

- **TEAMWORK:** During the ideation process, it is generally carried out under time pressure, with the pedagogical objective of stimulating the creativity of the participants and constitutes an excellent exercise in teamwork and, above all, in quickly seeking consensus on those topics to be presented as a result of the work in each team.
- **COMMUNICATION:** participants are encouraged to interact within the team at high speed and encouraged by ideation supervisors, resulting in participants having to share information quickly
- **CREATIVITY:** this is the most exercised competition during the Design Thinking exercises, especially in ideation, which lasts between four and eight hours spent working against the clock and where participants are asked to respond to certain challenges related to the proposed topics to be explored by the exercise coordinator
- **COLLABORATION:** during ideation, a spirit of teamwork is generated combined with competition between the results of each of the teams, which generates a spirit of support among the participants, always very healthy from a business point of view.
- **PROBLEM MANAGEMENT:** The essence of ideation is solving a challenge, which puts participants in a problem-solving mode throughout the entire exercise.
- **FLEXIBILITY:** the need to summarize in a document at the end of each stage of ideation, allows space for four or five ideas from the total of those analyzed, which requires participants' ability to adapt and stimulates individual flexibility, a key aspect in "Thinking outside the box", which is the basis of teamwork of ideations, requiring solutions in a short time.
- **CONFLICT RESOLUTION:** since the objective of the work during ideation is to reach an agreement to create a PPP based on the proposal for each topic, where the participants constantly exercise a search for the agreement that should be presented at the end of each exercise in a few minutes, demanding from the participants a consensus.

1B. PPP Negotiation

The negotiation process includes three stages: preparation, meeting at the negotiation table until an agreement is reached and after the meeting until the end of the relationship between the parties, the last stage called implementation.

This process has been analyzed by professors and experts from Harvard University who propose working on the negotiation process using four principles:

- The first suggests separating people from the problem.
- The second is to focus on interests and not positions.
- The third is to generate mutually beneficial options.
- Finally, it is suggested to use an objective criteria.

By following these 4 principles you can reach a situation where all parties win, although given the cultural differences between the participants in the negotiation process, more creativity is required, for which it is suggested to delve deeper into the “culture” of the counterparts at the table. considering the 5 P's of cross-cultural negotiation: passport, past, profession, protocol, and power.

We can go even further by applying agile methodologies, such as Design Thinking that allows to reach sustainable, effective and efficient agreements, in particular the so-called Design Thinking for deals (DT4D) that helps prepare negotiations using the methodology of Design Thinking which includes four steps:

- First step, the interests and needs of all parties are identified;
- Second step, “guests” and topics to ideate are proposed;
- Third step, the “ideation” is carried out
- Finally, an “iteration” process is carried out until we achieve our objective.

The DT4D methodology includes the following stages:

1. Define the parties involved and explore the needs of each one.
2. Ideate, starting in teams of 4 to 6 people, with individual work followed by team work and the discussion of proposals to present at the end of each Ideation stage.
3. Prototype the results to refine the solution with the participation of some of the people attending the exercise with the aim of validating the results.

In this exercise, the viability of using PPP was analyzed, in a case that simulated the search for an agreement between a public organization and a private organization to offer telediagnosis services through PPP.

1C. Case to exercise

The objective exercise of this article was carried out in November 2023, with Master's students at the Gregorian University of Rome, specialized in business administration and with an optional module on Public Private Partnerships (PPP) negotiation.

All participants had completed the previous Master's studies, which included negotiation, statistics and business administration topics, which should be used in the proposed exercise, which consisted of creating negotiation teams that represented a simulated purchasing party as a company. of medical services and a simulated selling party as a company developing cutting-edge computer solutions, negotiating a PPP agreement to perform remote medical diagnoses.

The product under negotiation was a sophisticated computer application created “tailormade” to perform remote medical diagnoses, using computer telecommunication equipment and assisted by specific software that had to be developed ex-novo by the selling company.

Likewise, the possibility was raised for the selling company to sell or rent the software developed in other countries, negotiating with the purchasing company the corresponding management of intellectual property, which contributed to the exercise with a component with a certain complexity of negotiation and preparation of the same.

2. METHODOLOGY

The negotiation carried out by the students of the Gregorian University of Rome included three different topics regarding the financial component of the PPP, referring to the costs and payments of

software development and the training of the medical team responsible for managing the product and finally the terms of financing such application development.

The students participating in the exercise were divided into two teams, each of them identified as representatives of the buying and selling companies in teams of two people, so that one of them negotiated while the other took notes about the negotiation process and in the middle of the exercise, roles are changed to allow all students to negotiate.

To carry out the counterfactual analysis, negotiation teams were created where one or both parties received Design Thinking training to prepare their meetings and in this way results could be obtained where both parties had Design Thinking training / only one of the parties had DT training / and finally tables in which no one had used Design Thinking to prepare for the negotiation.

The roleplay simulated a negotiation meeting between managers of a consulting company that was responding to a tender from a public institution that required creating a PPP to implement a remote “health diagnosis” service to be offered to citizens as part of the Public Health Service.

The tender required the implementation through a PPP of a computer application to perform the online diagnosis function, as well as the training of the doctors who would use the system, in addition to the corresponding educational material and in addition to the agreement on the price and scope of the services to be provided.

The consulting firm is interested in developing a partnership with the public company to access similar public companies in other countries where the contracting methodology through PPPs is used.

In a general meeting, held after the simulation of the negotiations, the results achieved by each group were analyzed based on the survey generated at the end of the negotiation in which each of the participants was asked to complete a questionnaire based on the Likert scale, to then evaluate the satisfaction and learning achievements.

Finally, and at the conclusion of the roleplay, brief interviews were conducted with each of the participants, which were recorded for subsequent analysis along with the analysis of the data using STATA/SE V16.0 with a significance value of 5%. based on forms with the following information:

- First name / last name / profile
- Agreement was reached
- Adequate climate level for the meeting
- Level of order within the encounter
- Creativity level of your counterpart
- Level of knowledge of your counterpart

3. CONCLUSIONS

This simulation developed with business administration students who already have training in basic negotiation on PPPs, allows to confirm improvements in the negotiation process where one or both parties have gone through a Design Thinking (DT) process to prepare their meetings.

The participants trained with DT have received better grades in the good practices chapter and it is proven that in their tables, the results have been broader and more feasible, as demonstrated by the responses related to the viability of the agreements.

The negotiation climate has been recognized as better at those tables where one or both parties have received prior training on DT.

The exercise also shows that the creativity to find original agreements has been more evident in those tables where one or both parties have had prior training with DT.

Finally, the exercise invites more research into the benefits of using DT, as a tool that provides greater possibilities of reaching a creative agreement.

Our research team at Tor Vergata University is committed to conducting other simulations at business schools in other countries to confirm the conclusions of this exercise.

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