

Negotiating for success

Englund, Randall L.

22–28 minutes

Abstract

The results delivered by projects depend upon what you negotiate. In this paper, explore a perspective, principles, tools, and recommendations to achieve better results through the power of negotiations. Avoid being set up for failure by recognizing and developing skills that lead to greater success.

Every day involves negotiations: what to buy, how much to pay, where to go, what to do, how to solve problems, agree on requirements, get the right resources,.... Are you fully equipped to get the best outcomes possible? What if you could improve your negotiating abilities by at least ten percent? Take the time now to learn ten basic “rules,” develop negotiating skills, and reap the benefits. Imagine how much better off you’ll be over the course of your lifetime when you negotiate clear success criteria and set yourself up for success instead of failure. This effort will change your life.

The objectives that this paper intends to cover help to:

- Significantly improve negotiation effectiveness—with an increased ability to negotiate successful agreements within the project environment, including informal peer agreements and more formal business negotiations
- Prepare for a negotiation and recognize the four forces present in every negotiation
- Clearly define success and achieve win-win outcomes

Introduction

It is important to embrace a mindset that everything about a project is negotiable and that a project leader needs to be a skilled negotiator. Right

up front is the necessity to define project success and establish desired outcomes. With an intention to negotiate in mind, review basic negotiation principles, including how to use the four basic forces in every negotiation: power, information, timing, and approach. Understand and use negotiating techniques as a means to move people from stalemate to solution. Case studies and examples help to reinforce and apply the concepts.

I first took a negotiating course about twenty years ago. It was a weekend elective held at a techmart. The course changed his life. The instructor, who was an attorney, said it is only necessary to get a 5-10 percent improvement in the outcome of each negotiation for improved negotiating skills to prove their merit. The objective is not to win every negotiation; the objective is to consistently achieve better outcomes for both parties in the negotiation. I learned the ten rules of negotiating and have applied them ever since. The project world includes all kinds of personalities with various styles and approaches to relationships. The rules help get through all interactions, regardless of being within or outside my comfort zone. One of the amazing lessons that keeps getting repeated is how much more you can get, simply by ASKING FOR IT!

Getting Prepared

Before engaging in any negotiation, the most important item—and the foundation for everything else—is to be prepared. Even spur of the moment negotiations, such as encountering a core team member of other stakeholder in the hallway, benefit from a quick mental preparation and review of the process. A solid project plan, communications plan, political plan, stakeholder management strategy, etc. provides essential background for effective negotiations.

Benefits

Negotiation skills are important to project managers because of interaction with these forces:

- Positional authority of project managers
- Team member reporting structures
- Organizational structures

- Shared resources
- The effects of a dictatorial style
- Multi-cultural project teams
- Global project teams
- Suppliers and manufacturing partners
- Customers.

As described in *A Guide to the Project Management Body of Knowledge* (PMBOK Guide®) typical issues to be negotiated during the course of a project include:

- Project charter, authority boundaries
- Scope, cost, and schedule objectives
- Changes to scope, cost or schedule
- Release, acceptance, go/no-go criteria
- Contract terms and conditions
- Assignments, roles and responsibilities
- Resources.

Substantive issues that need to be negotiated include:

- Terms
- Conditions
- Prices
- Dates
- Numbers
- Liabilities.

Project Success

A definition that often fails to be negotiated, but should be, is the question, “What defines success for this project?” An exercise I do in seminars is to ask everyone to take a high level view and identify what thread runs through all key factors that can be identified about success and failure.

The answer is that what they have in common is: they all are about PEOPLE. People do matter. Projects typically do not fail or succeed

because of technical factors or because we can't get electrons travelling faster than the speed of light; they fail or succeed depending on how well people work together. When we lose sight of the importance of people issues, such as clarity of purpose, effective and efficient communications, and management support, then we are doomed to struggle. Engaged people find ways to work through all problems. Our challenge as leaders is to create environments for people to do their best work.

Among the bountiful harvest of definitions for project success, meeting the triple constraints is just a starting point. Sometimes we can be right on scope, schedule, and resources, and still fail to be successful, perhaps because the market changed, or a competitor outdid us, or a client changed his or her mind. It is possible to miss on all constraints, but still have a successful project when viewed over time, as witness by the now revered Sydney Opera House in Australia.

Here is an overarching criterion for project success: meet with key stakeholders, ask for their definitions of success, and negotiate acceptable answers. Pin them down to one key area each. Some surprising replies may come up like, "Don't embarrass me." "Keep out of the newspaper." "Just get something finished." Integrate the replies and work to make that happen. Having this dialog and negotiating clear criteria early in the project life cycle among various replies provides a project manager with clear marching orders. With success or failure set in perspective that it is dependent upon the people involved, project managers become better leaders and managers of people, not just projects.

The Negotiation Process

Negotiation is:

- Communication back and forth for the purpose of making a joint decision.
- A way of finding a mutually acceptable solution to a shared problem.
- Achieving an ideal outcome: a wise decision, efficiently and amicably agreed upon.

Options for negotiation style are (Fisher & Ury, 1992):

- Hard (controlling)
 1. — Hard bargaining is adversarial—you assume that your opponent is your

enemy and the only way you can win is if he or she loses. So you bargain in a very aggressive, competitive way.

- Soft (giving in)

1. – Soft bargaining is just the opposite. Your relationship with your opponent is so important that you concede much more easily than you should. You get taken advantage of in your effort to please, and while agreement is reached easily, it is seldom a wise one.

- Principled (much more effective): P²O²

1. – People

1. ▪ Separate the people from the problem

2. – Positions

1. ▪ Focus on interests not positions

3. – Options

1. ▪ Generate options for mutual gain before choosing

4. – Objective Criteria

1. ▪ Decide based on objective criteria

5. – + BATNA (Best Alternative to Negotiated Agreement)

1. ▪ Know theirs. Know & improve yours.

Good negotiations consist of a relentless search for the **Third Alternative**:

- We humans are presently conditioned to expect our relationships to be win/lose.

1. – View most situations from an “either/or” point of view: either I win or I lose

2. – It has to be one or the other.

- There is a third alternative.

1. – May be harder to find, but there almost always exists a third way of doing things where no one loses

2. – Or at worst are assured that the loss has been minimized and fairly shared

- Minimizes and distributes the loss so it has the least negative effect

- This is the win-win way—this is synergy.

Sources of power in negotiation are:

- Developing good working relationships among people negotiating

- Understanding interests
- Inventing an elegant option
- Using external standards and benchmarks
- Developing a good BATNA
- Understanding their BATNA
- Making a carefully crafted commitment: an offer, something you will do, something you will not do.

The stages in a Negotiation Lifecycle are depicted in this chart (Exhibit 1). It is not always a given that negotiations should happen, especially if the status quo is fine or other alternatives exist. But if needs exist for opposing parties to reach a mutual solution, engage dutifully in each step in the lifecycle.

Negotiation Lifecycle



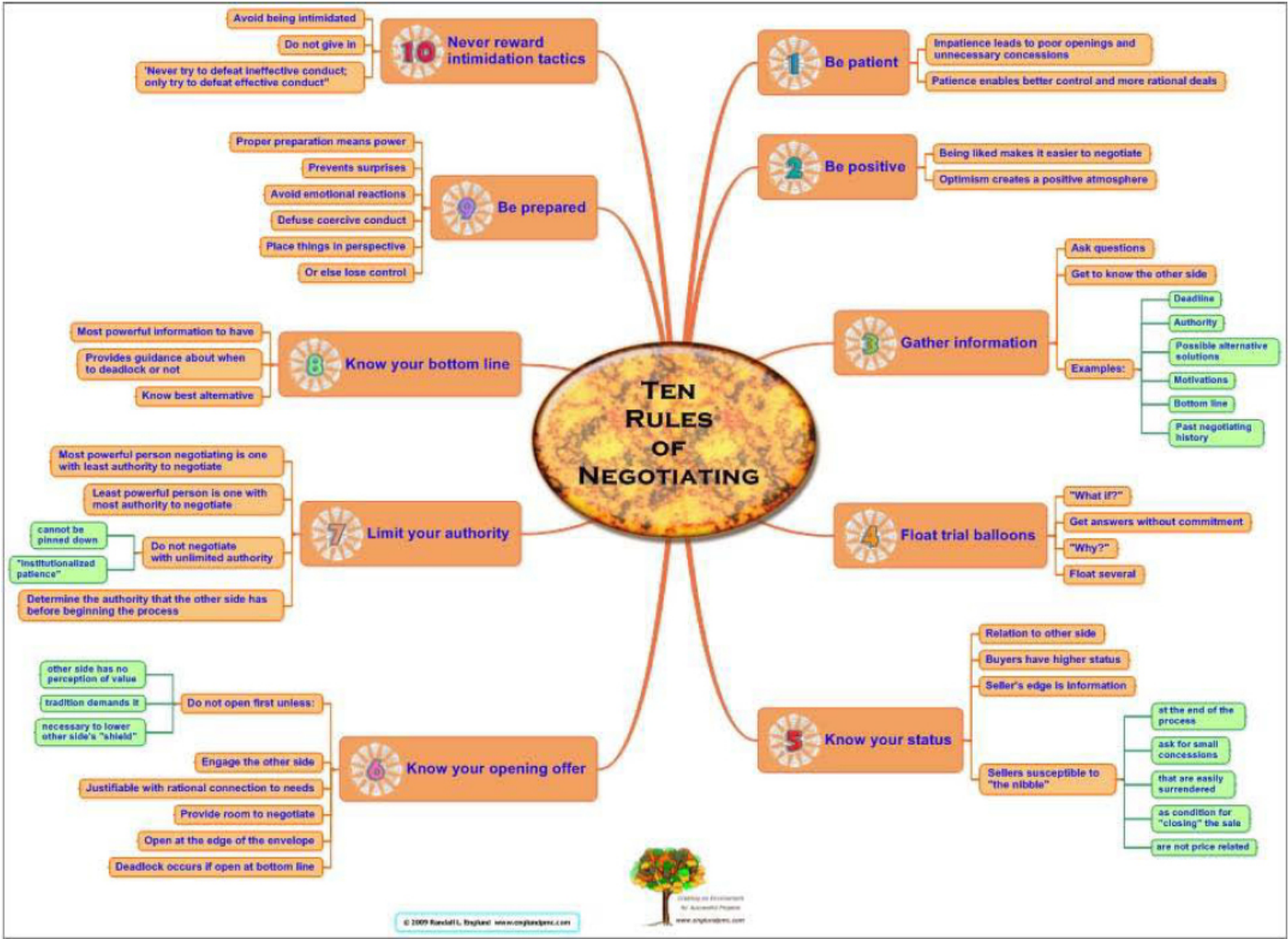
Exhibit 1

Ten Rules of Negotiating

The mindmap on the next page summarizes ten rules for guiding behavior during all negotiations. None are optional. Some may come easier than others and some may happen in the milliseconds of thinking time before speaking. The more that the rules are adopted into a belief system and the more they are practiced, the more readily they become internalized and result in natural action.

The page after the mindmap provides examples that illustrate how the

rules may apply in a project management environment.



Rule	Project Management Example
1. Be patient	Dealing with a team member who is underperforming —and perhaps defensive— may be uncomfortable for a project manager, so the tendency is to get the encounter over with as quickly as possible. A better approach is to develop rapport with the person, ask for permission to provide feedback or suggestions, carefully answer any questions that come up, and take the time to reach satisfactory agreement.
2. Be positive	A principle of persuasive influence is to deal with people you like. A positive attitude with project sponsors helps build confidence and credibility in their minds. This means they engage more willingly with the PM in supporting the project and maintaining that support throughout the project lifecycle.
3. Gather information	Clients or customers have challenges that may be addressed by the outcome of your project. Ask probing questions about what they are doing...and listen to the answers. Review the relationship history, especially if support issues have come up and whether or not they were adequately addressed. Find out their timetable or

	deadline, both to purchase and then to implement the solution.
4. Float trial balloons	Ask “What if we could provide key features in Phase 1 and address other wants in later phases?” These questions make no commitments but do explore reactions from the other party about possible approaches they may be willing to consider.
5. Know your status	Project managers are closest to the action on most projects and have significant status attributable to the information they possess. Other stakeholders have status via the authority they have to allocate resources or dispense funds. The real opportunity to achieve better outcomes is when one side is anxious to reach agreement; the other side may then nibble to gain additional concessions, such as extend a resource’s time on the project or reduce features in order to meet cost or time pressures.
6. Know your opening offer	You estimate the project will take between 4 to 6 months. Ask the customer when they want it, and they may respond in 8 months, in which case you have a cushion. If the PM were aggressive and quoted first, saying 4 months (the bottom line), there is no room to negotiate. If the customer has no clue and may ask for 2 months, the PM can open first by quoting 6 months (the edge of the envelope) and have room to negotiate something in between.
7. Limit your authority	Try to negotiate with the decision-maker so you deal with them directly and get agreement quickly. When you are the decision-maker, have someone else negotiate on your behalf so you cannot be pinned down by hard core negotiating tactics. This provides opportunity to practice patience, review the proposal more thoroughly (instead of in an emotional moment), and to come back with counter proposals.
8. Know your bottom line	Two vendors have similar products where one has a slight edge and costs more. The PM wants the better

	<p>product but has a strict budget limit of \$10K.</p> <p>Negotiations with the higher priced vendor proceed in order to get a lower price or arrange terms that fall within the budget limit. Use the limit to stand firm, negotiate with due diligence, and fall back on the other vendor if not successful. Knowing these limits determines whether to continue or walk away.</p>
9. Be prepared	<p>Have a risk management plan that provides advance notice of technology that may not work or tasks that take longer than planned. Clear trigger points invoke contingency plans calling for negotiations on the pros and cons of various options, leading to quick resolution. Preparation avoids being caught by surprise and having to invent options where none previously existed.</p>
10. Never reward intimidation tactics	<p>A PM whose does not push back against unreasonable scope, schedules, or resources is training sponsors to continue a demanding behavior. Instead, set expectations by negotiating the triple constraints at project start-up and when changes occur. Make concessions when the other side makes them as well. Do not give in to intimidation tactics or “the beatings will continue until morale improves.”</p>

Attitudes and Testimonials

One of my favorite courses to teach is negotiating for results. Currently while facilitating an online discussion about management and leadership, I thought it would be interesting to share a number of comments, attitudes, and approaches that participants are posting:

“I have known some good negotiators in my day, and I wouldn’t rank myself up there with the best. I do okay negotiating with someone with whom I have a strong working relationship when there is mutual trust. In situations when I am negotiating over finances, such as with a vendor, I’m not that comfortable. I think the overarching story I tell myself is that I’m not a good negotiator and I don’t like negotiating...”

“Negotiation is part of daily routine, whether it’s work or on the personal front. During negotiations I focus on the issue and my goal is to end up

with win-win situations. Recently I had to negotiate terms with a consultant group and after a lot of back and forth we both agreed upon the terms. What helped me a lot was seeing things from the consultant's perspective. A number of times I seek advice from experts or experienced people before I launch into negotiations. One of the most common topics of negotiation is schedule. I usually get pushed back to make a more aggressive schedule but I have to convince the team to look at things with practical eyes. The goal is not to have a schedule to make it look good; the goal is to make a realistic schedule that can be achieved."

"Some stories that I tell myself, it will all just work out if I really work hard, and if I am just more patient. I strongly believe that you can achieve a lot if you get out there and face the challenges. I gain motivation from remembering great accomplishments and positive events. I know that a discussion/negotiation needs to consider the needs of the other party. If the end result is too unbalanced, or one person/company is burdened by the decision, it may leave a bad feeling and the inability to do repeat business with me and my team."

"I'm still a very novice negotiator at work. To lead and manage my team members, I really try to communicate frequently with the team and check in and see how they are doing on their tasks and find out if they need more time. I try to see if they need any help with the work they are doing and try not to overburden them. I feel that knowing I want to work for them instead of trying to manage them helps motivate/lead my team members. I really am not their boss but just a co-worker, and I try to walk that fine line and not go into boss mode. When I negotiate, I try to have as much evidence as possible to state my case. To do so, I first state what I think should happen and give a good explanation of why we should go with what I think. I always ask what other people think to make sure they get to voice their opinion and not feel I left them out. The story I tell myself when I negotiate is that my opinion may not be the best, but to get enough feedback and input from my co-workers, we can together come up with the best opinion. I really try to not put myself first but try to get others to feel as if they are leading/contributing to the project."

"Sometimes I find myself wrapped up in details. One thing that I have learned is really stepping back and taking a look at the bigger picture. Otherwise, when I get too caught up in all the details, I forget about the main reason, what are we trying to really accomplish. I ask myself what

the big picture is and have also noticed how helpful it is knowing what I want the end result to be. Another thing I do is ask myself to see it in his/her shoes. How would I react, positive or negative? It's conducting a quick risk analysis before I open my mouth."

"I think I am a good negotiator, I am pretty confident in the work that I do and I am not afraid to communicate my ideas and put them out there where my work is concerned. I will also be the first to admit when I am wrong but do take some small pleasure in being right when I am. I also know that I am not perfect and accept all criticism of my work product. I tell myself that all questions are valid and should be asked and that my opinions regardless of what they may be are important and should be stated to spark conversation and discussion."

"Negotiation always had such a bad rap in my mind, as it would bring up ideas of a win-lose situation or a situation where someone gets screwed out of something that should have been theirs but for the skills of a cunning negotiator. I always thought negotiation would be very challenging for me because I'm pretty timid, hate talking about money, and believe in fairness; but I've read a few books on negotiating that have changed my opinion on it as I've come to realize that it does not have to be win-lose, and that being a good negotiator does not mean you take things from people who deserve them. I'm the kind of person who likes to have a lot of information before I make a decision and like to feel that I know exactly where I stand and am making a completely informed decision. I have found this information gathering invaluable in negotiating. Knowing your alternatives not only gives you leverage, but more importantly, it keeps you honest."

"Negotiating is a skill that with experience one becomes better at. I negotiate everyday whether in my personal life or at work. It is important to stay on course when negotiating. It is easy to lose sight of what is being negotiated especially if one party gets emotional. I always look for a win-win situation. I want the decisions we make to be fair and not cause animosity down the road. I get everyone involved in the decision making process and use pro/con worksheets to help the negotiating along. Sometimes when things are written down in front of you it is easier to make your point and again stay on track. I think the tools I have used in the past have made me a successful negotiator. When going into a negotiation I make sure that I have all my i's dotted and t's crossed. When

I feel confident about my point then it leads to better results.”

I added this response: Negotiating is fun, and it is productive. As you develop negotiating skills via learning and practice, people come to respect you more rather than perceiving that you are challenging their professionalism. Everything is negotiable, both at work and in everyday lives. It is in our best interests, and for your team and organization, that you embrace negotiating as a requisite skill and implement it dutifully. Take a negotiating course, read the books, change your attitude to apply the concepts, especially win-win, be prepared, and patience, believe you ARE a good negotiator (of course each of us can improve but that’s another story),..., and you will be grateful every day that you made this shift.

One of the principles of effective negotiating is to go for win-win. That should be your only acceptable outcome or else you have the option not to negotiate, especially if the status quo is an okay alternative. Intentional influencing does not have to result in winners and losers, or be characterized as manipulation, conflict, or competition. To achieve win-win outcomes for all stakeholders:

- Consider all stakeholders and how they will be impacted.
- Ask for their thoughts and listen carefully to their responses; answer their questions.
- When problems arise, consider how to alleviate the problem, or what might make it worth the extra trouble.
- Offer something of value in exchange that is at least of equal value as what you are asking of them.

Another key principle is being prepared for a negotiation, knowing both your and the other side’s options, as well as starting and desired end points. If you are being asked to negotiate without this information, you are definitely at a disadvantage. Then you need to ask lots of questions and take more time to fully explore needs and options before rushing to a judgment—an outcome that could have far reaching negative consequences. I suggest everybody train themselves to remain firm in applying the ten rules of negotiating.

But knowing these rules and recommendations does not automatically mean people adopt, adapt, and apply them. In expressing why people

don't put what they know into practice, author Kimberly Wiefeling (2007, p. 111) describes our *instinct for competition* as "Win-lose thinking is the first instinct for many people in any negotiation.... Any joint decision-making or problem-solving is a negotiation, and we all negotiate many times a day with our teammates. Doing better than others occupies our time while making real progress takes a back seat. Fear of losing, coupled with a lack of clear goals, prevents people from even playing the game." She also adds (in her typically *scrappy* style), "it's just no fun planning when you can be hyperactively aimless."

I've seen it over and over again how simply asking for something more during a discussion results in a better outcome. The other party can always say no, and no harm is done. They may say yes or counter propose, and each side is happy with the outcome. We owe it to ourselves and our partners to engage in these negotiations. The time is now to view everything as negotiable.

Final Words

Specific suggestions for negotiating in the project environment include:

- Assure the project is properly chartered and sponsored.
- Establish clear company priorities with buy-in and support from the sponsor and leadership team.
- Locate the project results within company priorities.
- Tie project goals and results to supporting business goals.
- Clearly define and vividly illustrate the tasks required to reach project goals.
- Clearly define and vividly illustrate project resource requirements.
- Build trust and credibility through accurate project planning, schedules, open and honest communications.
- Provide risk assessments for missing resources.
- Know the cost of delay.
- Quantify the cost of NOT having the resources required.

Here are ten negotiating techniques:

1. Make the pie bigger

2. Use humor
3. Show your strength
4. Ask a question
5. Review your preparation (privately)
6. Breathe deeply
7. Name hard-line tactics
8. Take a break
9. Use silence (after your proposal)
10. Reframe an issue.

This material has been reproduced with the permission of the copyright owner. Unauthorized reproduction of this material is strictly prohibited. For permission to reproduce this material, please contact PMI or any listed author.

© 2010, Randall L. Englund

Originally published as a part of 2010 PMI Global Congress Proceedings
– Milan, Italy