

Messenger

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Negotiation Strategies

According to The Global Negotiator by Tom Griffin, studies have shown that a typical senior manager in an American business spends at least 20% of his or her working day negotiating. Whether it's discussing deals or contracts with customers or internally with employees, many hours each month are spent in negotiation.

Negotiation is a process involving two or more people with conflicting positions. These people attempt to reach an agreement by modifying their original positions. Usually, it requires bargaining in order to reach an acceptable arrangement. The arrangement, however, should not be seen as a "win-lose" situation. The



solution should be mutually beneficial or, in some instances, mutually unprofitable.

There are three main types of negotiation used in the everyday business of an organization. **Day-to-day managerial negotiations** solves internal problems and working relationship between groups of employees. **Commercial negotiations** are between an organization and an external party for financial gain. **Legal negotiations** are formal and legally binding over disputes. Negotiations are most commonly about the following project aspects:

Scope - what is to be accomplished

Quality - the specific measures to be taken to ensure quality

Cost - the parties' financial outcomes

Time - deadlines and resources

Risk - who assumes what risks

Human resources - over staffing

Procurement - cost, delivery, and specifications

Communications - affected by appropriate communications of project status

There are several personality traits of successful negotiators. Being empathetic, respectful, fair, patient, flexible, and having a sense of humor are just a few. Each of these traits will allow you to have a successful negotiating experience, especially if it is a tough or overly drawn out circumstance.

When going through the negotiation process, make sure that you don't make these common mistakes. While there are many potential mistakes of which we can make you aware, I will just highlight a few.

Starting to negotiate before you are ready

Have all the information regarding the negotiation set up prior to the meeting. Know what concessions

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***Flexible people never
get bent out of shape!***

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your company is willing to make. It only makes the whole process longer if you have to get approval from someone else first.

Negotiating with the wrong person

Don't waste your time and energy on someone who cannot help you. While it would give you a practice run on what to say, it only costs you time, energy, and possibly money. Find out who the decision maker is, and meet directly with him or her.

Worrying too much about the other guy

While you should be considerate of the other person, your goal is to do the best for your company. Being well liked is nice, but people will take advantage of you if they sense you will give them whatever they want just so they'll like you.

Not focusing on closing the negotiation

At the end of the negotiation, an agreement must be reached, agreed upon, and understood. We will discuss the importance of closing the negotiation in the coming issues of The Messenger.

When you get too many people, all with different opinions, involved in a negotiation, pitfalls will

quickly arise. A clash of wills will soon arise and some people will dig in their heels and not want to budge on their stance. Once egos get involved, positions become inflexible. However, do not fear! There are solutions to these pitfalls.



During a negotiation, it would be wise not to take anything personally. If you leave personalities out of it, you will be able to see opportunities more objectively.

***Brian Koslow
American author and entrepreneur***

The most important thing to do is to separate the people from the problem. Staying objective will help to keep personal opinions out. Focus on the interests of the organization, not personal gain. Invent options for mutual gain. You want everyone to come away from the negotiation feeling like they are walking away a winner.

Jeffrey Pinto, author of Project Management Handbook has outlined five strategies for negotiation.

1. Concession making--This strategy involves changing your proposal so that it provides less benefit to you and more benefit to the other side. You may agree to make the requested changes without any additional charges or extensions to the project completion date.



2. Contending--This strategy involves trying to persuade the other side to make a proposal more favorable to you, but less favorable to them. Tactics include threats and arguments. You are unwilling to make any additional concessions.

3. Compromising--This strategy is intermediate between concession making and contending. A middle ground is sought that involves some degree of sacrifice for both sides. Two project managers may agree to share the costs of the changes or agree to an extension in the project completion date.

4. Problem solving--This strategy refers to efforts to find agreements that are highly beneficial to both parties. Project managers may honestly discuss their objectives and priorities. By exchanging information on budgets and deadlines, a solution may be found.

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5. Inaction or withdrawal--The strategy of inaction involves attempts to delay or avoid serious negotiations. The strategy of withdrawal involves terminating negotiations without an agreement.

Some negotiations that are made and done with people from other countries. Always remember that different cultures approach negotiations in very different ways. Cultural differences exist between races, age groups and sexes. For example, shaking hands may imply "we've got a deal", may simply mean "goodbye", or may even be offensive. Some cultures don't have the same respect for women and may not take them seriously during a negotiation.

Be aware of cultural differences. Although you may not agree with their practices, demonstrate

respect for different cultures. Evaluate implications of cultural differences. Educate yourself on the differences and know how to overcome them. Anticipate and resolve conflict quickly. If you make a cultural faux pax, apologize and do everything within your power to make amends. Embrace the diversity as a chance to expound your knowledge of our world.

The world revolves around negotiations. Some are done hostilely, while others are laid back. Knowing how to effectively conduct a negotiation will make the whole process run more smoothly. Next month we will look at the stages of negotiation.



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