Everyone Can be a Winner in the Game of Negotiations

PRESENTED BY: PEGGY A. FERRIN, CPPB
CITY OF MARICOPA
When do we Negotiate? Do you?

- Contract amendments
- Contract Renewals
- Change orders
- Consultant contracts (time)
- Delivery times
- Technical requirements

It is reported that 60% to 70% of the benefits of negotiations go to the more skilled negotiator

- Dobler & Burt
Negotiation - A formal discussion between people who are trying to reach an agreement: an act of negotiating.

*General*: Bargaining (give and take) process between two or more parties (each with its own aims, needs, and viewpoints) seeking to discover a common ground and reach an agreement to settle a matter of mutual concern or resolve a conflict. Noun form of the verb negotiate.

Contracting: Use of any method to award a contract other than sealed bidding.

Trading: Process by which a negotiable instrument is transferred from one party (transferor) to another (transferee) by endorsement or delivery. The transferee takes the instrument in good faith, for value, and without notice of any defect in the title of the transferor, and obtains an indefeasible title.

Read more: [http://www.businessdictionary.com/definition/negotiation.html#ixzz3oOlJ6JYD](http://www.businessdictionary.com/definition/negotiation.html#ixzz3oOlJ6JYD)
**Activity**

- **Teams of two**
  1) Purchasing Agent
  &
  1) Vendor
Potential for protests
- Responsible evaluation team
- Competitively meet the needs
- Not been widely used but gaining acceptance among public organizations
- FAR, Part 15 (competitive and non-competitive)
- ITN used in many state government acquisitions
Pre-planning

- Work done in advance
  - Negotiating factors
  - End results expected by the owner
  - Negotiating give a ways
  - Considerations the owner is not prepared to relinquish
Procurement Officer predetermines goals for a competitive negotiation

- States the non-negotiable elements of the requirements, terms and risk elements
- States the mandatory framework for payments, performance mechanisms, and contract management
- Identifies the functionality needed and desired while allowing sufficient flexibility for proposed innovation
Supporting Documents

- **Overview** – statement outlining the purpose and vision
- **Scope** – nature of the services desired
- **Required Specifications** – technical requirements, defined mandatory elements allowing for innovation and suggestions
- **Performance Measurements & Payment Strategy** – evaluation measures
- **Supporting Information** – additional documents, info to assist in understanding the desired acquisition
Getting to Yes

- Getting to Yes by Roger Fisher and William Ury
- Psychology of negotiation “principled negotiations”

- Judged by 3 criteria
  - Should produce a wise agreement if agreement is possible
  - Should be efficient
  - Should improve or at least not damage the relationship between parties
“The bitterness of poor quality remains long after the sweetness of low price is forgotten.”
Win – Win

4 steps of a principled negotiations are:
- 1) Separate the people form the problem
- 2) Focus on interests, not positions
- 3) Invent options for mutual gain
- 4) Insist on using objective criteria
Common Challenges

- The other party may be more powerful than you
- Most any method can do is....
  - Protect you against making an agreement you shouldn't
  - Help you make the most of the assets you do have so that any agreement you each will satisfy your interests as well as possible
Develop and know your “BATNA” Best Alternative to a Negotiated Agreement

The reason you negotiate is to produce something better than the results you can obtain without negotiating

Better the BATNA the greater your power, make it strong

- Invent a list of actions incase no agreement is reached
- Improve some of the promising ideas and convert them to practical alternatives
- Select, tentatively, the one alternative that seems best
In principled negotiation, you don’t want to play games

Three points to get back on track

- Concentrate on the merits
  - Options and criteria
- Focus on what the other party may do
  - Try and identify the other party’s interests and the principles underlying their position
- Focus on what a third party can do
  - Bring in a third party to assist if steps 1 and 2 aren’t successful
Dirty Tricks

- The process for dealing with this type of tactic is to follow the process for principled negotiations
  - Separate the people from the problem
  - Focus on interests not positions
  - Invent the options for mutual gain
  - Insist on using objective criteria
  - If all else fails, “turn to your BATNA and walk out”
Just Ask

YOU MIGHT JUST GET WHAT YOU’R ASKING FOR

AND

THE ONLY WAY YOU CAN FIND OUT IS TO ASK
Eight common
Flinch

- Mistake
- Failing to flinch
- Look disappointed

- React with a degree of surprise
- Nerve to ask for a concession

- Always in a professional way
Never say yes?

- Saying yes to their first offer
  - Could have done better
  - Something must be wrong

- First to say a price?
Reluctant buyer

- Play the part even if you aren’t

When buying 3 steps
- 1) listen carefully & ask all the questions you can thin of
- 2) tell them you appreciate all the time but it’s not what you are looking for
- 3) at the last moment call them back “just to be fair what is the lowest price you would take”
Vise Technique

- Listen carefully
- The silent treatment

- “I’m sorry, you’ll have to do better than that”
- The next person to talk loses and the next person to open their mouth will likely make a concession
Small Concession

- Give and take
- Baby steps

- “If we can do that for you, what can you do for us?”

- Sometimes you will be surprised
Split the Difference

- Not a good idea to be first (don’t offer)
- Get the other side to offer
- “How far apart on this are we?”
- “We’re not that far apart.”
- “There must be some middle ground on which we can both agree?”
- When you reluctantly agree, perception is they won.
Good Guy / Bad Guy

- Look out for them using this tactic on you
- Mean, tough, totally opposed
- Warm, friendly and sympathetic
Walk Away

• Be prepared to do just that

• The #1 pressure point in negotiation is your ability to project that you are prepared to walk away if you can’t get what you want.

• Sleep on it
Team Activity

- Two teams
  - Pick lead Negotiator
  - Everyone has a role
  - Review notes
  - Plan
Procurement Official

- Subjective processes

- Ensure the good of the whole organization while protecting the public interest by keeping the process fair and transparent
Central Procurement Office

- Synergy of a team
- Strengthened with clear policy
- Pricing and timing
- Contractual terms

Developing and Managing Request for Proposals in the public sector (page 158)
• You knew it all the time (common sense)

• Learn from doing

• Winning: The first thing you are trying to win is a better way to negotiate – a way that avoids choosing between the satisfaction of getting what you deserve and of being decent.

      You can have both
Thanks