

# Negotiating for Project Success

## GBS08

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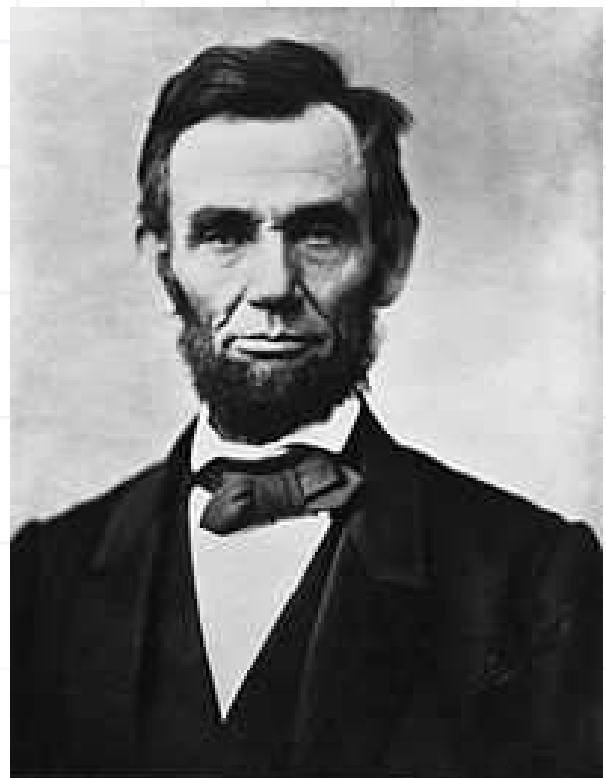
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*" Give me six hours to  
chop down a tree and  
I will spend the first  
four sharpening  
the axe."*

(Abraham Lincoln)



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# A little bit about myself

- I learned that it is good, in order to establish **rapport** with an audience, to let them know some personal stuff about us, so:
  1. I am an introvert, so at first I feel very uncomfortable doing this.
  2. I´m 46, and my daughter Bianca, two and a half, is the love of my life.
  3. I lived and worked in Dallas from 1998 to 2001, and at the time became a big Mavs fan. This year I watched game 6 of the Finals on line at home and went nuts when the Mavs won the title!
  4. I believe there´s only two kinds of music: good and bad. Some American musicians I love: Lyle Lovett, Lucinda Williams, Johnny Cash, Wilco, Jay-Z, Beck, The Black Keys, k.d. lang and Calexico.
  5. I found out late in life that I am a cat person, and I have 3 feline guests at home.
  6. I am a big fan of Malcolm Gladwell (non fiction) and John Fante (fiction).
  7. My favorite movie is Blade Runner.
  8. I believe the World needs more women in charge of things!

## Learning objectives

1. Understand that, as all other soft skills, **negotiation can be learned**, studied and perfected and is a very important skill for people involved in project management.
2. Learn what **sources of power** are useful in a negotiation process and how to assess which sources we can use during a negotiation process.
3. Understand the **framework of a negotiation process** and the fundamentals of **collaborative negotiation** applied to project issues.

The fundamentals of negotiation will be presented, with emphasis on concepts and techniques useful to a project manager who needs to negotiate with **different stakeholders** in pursuit of project success.

# People and Projects

- Projects are undertaken by people, so when a project goes wrong it is always **somebody's** fault, not **something's**!
- That is something this presenter (and I assume many of you also!) has learned the hard way...



# People and Projects

Imagine if I arrived late here Today, and said something like: "The delay was not my fault, I":

1. Had a flat tire;
2. Was hold up in traffic;
3. Had a power outage at my hotel so the alarm clock didn't go off;
4. Simply forgot...

What would you think of me? Do you think it is right to assign **blame** (although I prefer the word **responsibility**) to a thing instead of to a person?

# 1. Negotiation is a skill that can be learned and improved!

## The Current View on Negotiation

- All over the World, studies and research on Negotiation have intensified over the last 20 or so years.
- There has been an important paradigm shift, from:

***“A good negotiator is born that way.”***

to:

***“Negotiation skills can be developed and perfected by any person.”***

# The Importance of Negotiation

- We negotiate all the time, even without noticing it:
- **At work:**
  - “We need the team to work on the weekend.”
  - “Our offices are being transferred to another facility.”
  - “I want a raise...”
- **In our personal lives:** marriage, family, friends, volunteer associations...

# The Importance of Negotiation

All of us want to influence decisions and actions that affect us, this is just human nature...

We negotiate **with each other** to deal with our **differences** in order to reach an **agreement**.

We can't escape negotiation, unless we decide to move to a cave and live like a hermit, and even there we might need to negotiate with a bear!

You



# The Importance of Negotiation

What makes a difference, whatever the situation, is how prepared we are.

We can either:

- Do our homework and be prepared.
- or
- Believe we don't need any preparation, so we do nothing in advance.

Which alternative gives us the best odds of succeeding?

## Negotiation in Projects

1. Compromises regarding the **Triple Constraint**
2. Make-or-buy decisions
3. Change management
4. Resources prioritization (people and stuff)
5. Team overtime
6. Contractual claims
7. Budget cuts
8. Suppliers selection
9. Design decisions regarding technical aspects of the project
10. Team's personal issues

***Which one do you think is the most difficult to negotiate?***

***Sorry, that was a tricky question!***

# But what exactly is Negotiation?

"... negotiating is... a means of achieving one's goals in every **relationship** regardless of the circumstances." ("The Art of Negotiating" by Gerard I. Nierenberg)

"Negotiation is a field of knowledge and endeavor that focuses on gaining the favor of **people** from whom we want things." ("You Can Negotiate Anything" by Herb Cohen)

"Negotiation is a basic means of getting what you want from **others**." ("Getting to Yes" by Roger Fisher & William Ury)

## It is all about people!

- Did you notice the common reference to **people** and **relationships** in all three definitions?
- That bring us back to the importance of understanding the concept of **stakeholders**.

# People in Projects: Stakeholders

**Stakeholder.** “Person or organization (e.g., customer, sponsor, performing organization, or the public) that is actively involved in the project, or whose interests may be affected positively or negatively by execution of a project. A stakeholder may also exert influence over the project and its deliverables.”

(The PMBOK® Guide)

## Possible Stakeholders in a Project





# Project Stakeholders and the Project Manager

- We, as project managers, need to take into consideration all stakeholders interests for the sake of the project.
- In order to achieve that we need to worry all the time about **conflicting interests**, so we must:

**Negotiate, negotiate and negotiate!**

## Substance x Relationship

In all negotiations there are two basic issues to consider:

- 1. Substance:** what we are negotiating (a raise, a price, a decision...).
- 2. Relationship with the other side:** how important it is for us to keep a good relationship with the other side.

## Substance x Relationship

Imagine yourself in need of renting an apartment. You have two options:

1. Rent from your brother.
2. Rent through a real estate agent.

Both situations involve negotiation, right? So would you behave the same way in both cases? Why?

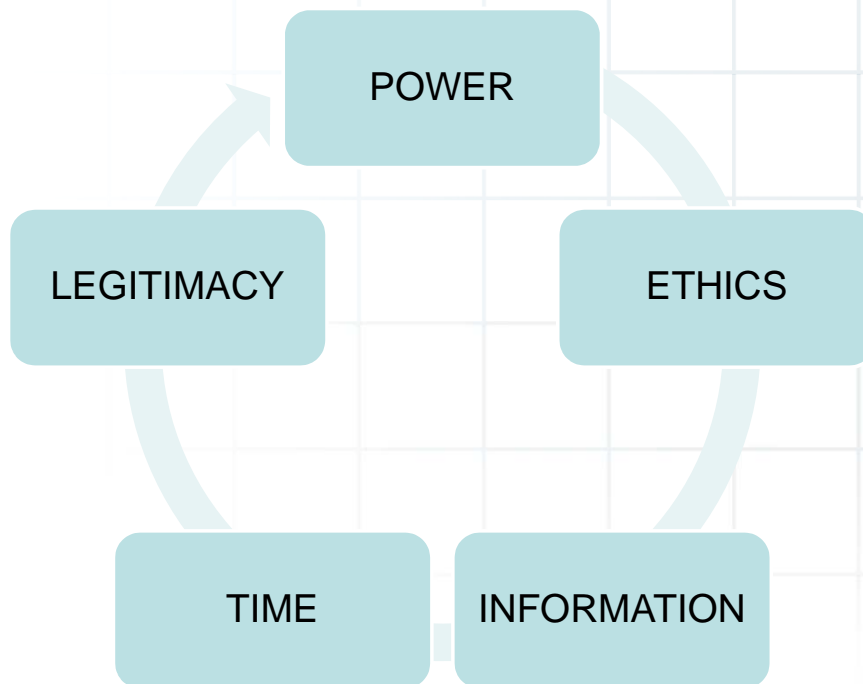
## Substance x Relationship

Based on substance and relationship, we have two types of negotiation styles:

- **Competitive:** at least one of the parties involved does not care about the relationship and worries only about substance.
- **Collaborative:** all parties involved care about both substance and relationship.

Which style you think works best for projects, and why?

# Main Elements in a Negotiation



# Main Elements in a Negotiation

- **Legitimacy:** we must make sure all parties are empowered to negotiate, and know **all objective criteria** applicable to the process.
- **Time:** negotiations, specially in large projects, take time, so do not try to rush things.
- **Ethics:** very important, since we must live with the results and consequences of our actions.

# Main Elements in a Negotiation

## Information

- Information is key in any negotiation, and must be gathered throughout the whole process.
- If your negotiation involves technical issues, be sure to count with the help of **SMEs (Subject Matter Experts)**.
- Whenever in doubt, don't be afraid to ask for time and use your SMEs.

## 2. Sources of Power in Negotiation

# Power and Negotiation

- We can define power as ***the ability to make others do what we want them to do.***
- Without some sort of power it is very difficult to succeed in any negotiation.
- Power:
  - Is **unstable** (We can have it now, lose it later).
  - Depends on the **perception** of the parties involved, including ourselves.
  - In itself is neither **good** nor **bad** (It is what you use it for that matters).

## Sources of Power in a Negotiation

1. **Proficiency** – how much we know regarding the subject.
2. **Integrity** – can people trust us?
3. **Will** – how bad we want this?
4. **Competition** – are there any alternatives available?
5. **Time** – how long can we wait for a resolution?
6. **Information** – do we have all the facts?
7. **Risk Tolerance** – what is at stake for us?

# Risk Tolerance and BATNA

- The more we can afford to lose, the more we can put at stake.
- So, in a negotiation, always ask yourself these questions:
  1. What happens if I walk away?
  2. What happens if the other side walks away?
- We must always have a **BATNA - Best Alternative To a Negotiated Agreement.**
- No deal? We go to our BATNA...
- To have an actionable BATNA is one of the reasons we shouldn't concentrate our business in one single customer or seller!

## 3a. Framework of a Negotiation Process

# Framework of a Negotiation Process

The phases bellow were adapted from the work of  
**Charles B. Craver:**

1. Preparation
2. Establishment of *rapport*
3. Information exchange
4. Problem solving
5. Closing the deal
6. Implementation of the deal

# Framework of a Negotiation Process

## 1. Preparation

- There is no substitute for thorough preparation when we have to negotiate.
- We saw that Information is a source of power in a negotiation, so we must know the relevant facts, economic issues, and, where applicable, any legal or political issues.
- When in doubt, try asking beforehand, and **practice active listening** all the time!

# Framework of a Negotiation Process

## 2. Establishment of *rapport*

- According to the Wikipedia, ***rapport*** “is a term used to describe, in common terms, that two or more people feel in sync or on the same wavelength because they feel alike.”
- Take your time to establish rapport with the other parties involved in the process.
- This can take a long time when dealing with people from different cultures. Don't try to rush things!
- Watch out for the **body language/non-verbals** (yours and theirs).

# Framework of a Negotiation Process

## Non Verbal Communication

- It relates to messages coded without words, and includes gestures, tone of voice, facial expressions and body language.
- According to **Albert Mehrabian**, the emotional impact of a face-to-face message is:

***“Total Liking = 7% Verbal Liking + 38% Vocal Liking + 55% Facial Liking.”***

This has become known as the “7%-38%-55% rule”.

- Remember, sometimes “**the medium IS the message!**”, so if either the substance or the relationship are important **always** negotiate face to face, specially with someone you haven't been introduced to yet.



# Framework of a Negotiation Process

## 3. Information Exchange

- On this stage each side focuses on the other as they try to determine what terms should be addressed.
- The best way to obtain information from others is to simply **ask questions**, preferably **open-ended** (that cannot be answered by a simple Yes or No).
- Always compare the answers you get with information gathered prior to this stage, during Preparation.
- Keep an eye for **non-verbal cues**.

# Framework of a Negotiation Process

## 4. Problem Solving

- This stage depends heavily on the negotiation style being used.
- If it is a **competitive style**, the parties try to reach a mutually agreeable solution, but in general they see a win-lose scenario.
- If it is a **collaborative style**, the parties work together to find a solution that is good for everyone, trying to find a win-win answer for the situation.

# Framework of a Negotiation Process

## 5. Closing the Deal

- This is the time for calm and deliberate action.
- Both sides want to solidify the deal, and the one that is more anxious tends to close more of the remaining gap.
- When in doubt, **stay silent**, or **ask for a break**.
- If you don't feel comfortable with a solution and can't see how to make progress, consider walking away.
- Always capture in writing what was agreed upon, and get all parties involved to show they accept the final result.

# Framework of a Negotiation Process

## 6. Implementation of the Deal

- Have the parties reached an agreement? The process is not over, now it is time to make sure all parties fulfill their end of the deal!
- If we don't do what we said we would do that will hurt the relationship with the other party, and a big effort might be needed to recover from that.
- Always remember: it is important to recognize a mistake and apologize, but that is only the beginning!

## 3b. Collaborative Negotiation

## Negotiation Styles

- As we stated earlier, there are two styles of negotiation, **competitive** and **collaborative**.
- Both have a lot in common (for instance, it is important to always follow a process), but each is best suitable for different situations and has specific characteristics.
- We advocate the best style of negotiation for projects is **collaborative**, so now we will finish by talking about the collaborative method I like the most.

## Principled Negotiation or Negotiation on The Merits

- Collaborative method created by Roger **Fisher** and Willian **Ury**, of the **Harvard Negotiation Project**.
- It sees the negotiation as a common problem to be solved by the parties involved.
- It uses an integrative approach to finding a mutually shared outcome.

## Principled Negotiation or Negotiation on The Merits

The method can be boiled down to four basic points:

1. **People:** Separate the people from the problem.
2. **Interests:** Focus on interests, not positions.
3. **Options:** Invent options for mutual gain.
4. **Criteria:** Insist on using objective criteria.

Let's see each point in a little more detail.

# Principled Negotiation or Negotiation on The Merits

## *1. People: Separate the people from the problem.*

- Emotions typically become entangled with the objective merits of the problem.
- Taking positions just makes this worse because people's egos become identified with their positions.
- Hence, before working on the substantive problem, the "people problem" should be disentangled from it and dealt with separately.
- The participants should come to see themselves as working side by side, attacking the problem, not each other.

# Principled Negotiation or Negotiation on The Merits

## *2. Interests: Focus on interests, not positions.*

- **Positions:** what the other side says he wants.
- **Interests:** what the other side actually wants.
- Compromising between positions is not likely to produce an agreement which will effectively take care of the human needs that led people to adopt those positions.
- Example: the Egyptian-Israeli peace treaty signed at Camp David in 1978, and still valid today.

# Principled Negotiation or Negotiation on The Merits

## **3. Options: Invent options for mutual gain.**

- Trying to decide in the presence of an adversary narrows your vision, and having a lot at stake inhibits creativity.
- So does searching for the one right solution.
- We can offset these constraints by setting aside a designated time within which to think up a wide range of possible solutions that advance shared interests and creatively reconcile differing interests.

# Principled Negotiation or Negotiation on The Merits

## **4. Criteria: Insist on using objective criteria.**

- There has to be an independent way to define what is considered to be fair.
- This usually is some sort of objective criteria that all parties agreed upon beforehand.
- In a negotiation between customer and seller, this is usually **the contract** or the **statement of work**.

# Final Thoughts

## Final Thoughts

1. Negotiation is part of our lives, so work on becoming good at it.
2. Always consider the relationship with the other party before choosing which style to use in a negotiation.
3. Do your homework!
4. Try to build *rappport* right in the beginning.
5. Watch out for **non-verbal cues**.
6. If you can't live with a proposal, consider **walking away**.

## Final Thoughts

7. In your projects, always consider a **collaborative style** when negotiating with stakeholders.
8. ALWAYS check the **balance of power** between the parties involved.
9. Acknowledge your mistakes, learn from them and try to do right for the other party.
10. “Don’t kiss and tell...” (or “What happens in Vegas stays in Vegas.”)
11. Do not assume anything. Whenever in doubt, **ask**.
12. Focus on **interests**, not on **positions**.

*“Whatever you are, be a good one.”*

(Abraham Lincoln)



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