



NJ PMI Chapter
International Project Management Day
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***Project Negotiations:
Dealing a Winning Hand on
the International Stage***

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Presentation Scope

- **Objective:** improve your negotiating skills
- **Topics:**
 - #1 - Recommended procedure to follow for preparing and conducting a negotiation
 - #2 - Top 10 mistakes made in negotiations, as well as techniques that can be used to avoid them

Presentation Background

- Based on speaker's experience conducting international project negotiations
- During the presentation:
 - Key observation 
 - Caution 
 - Global Consideration 



International Experience



What IS Negotiation?

- Negotiation is a means of getting what you want from another party
- Ideal = **Principled Negotiation**:*
 - Try to understand the position of the other side
 - Work together to problem solve
 - Make decisions based on merit
 - Reach a mutually acceptable agreement



*Only works when there is **TRUST** by all parties involved in the negotiation!*



* Fisher, R., and Ury, W. (1991) *Getting to Yes – Negotiating Agreement Without Giving In*. Penguin Books: New York.

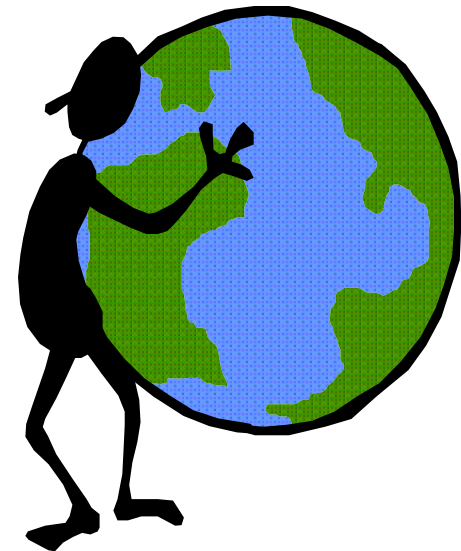
Project Managers & Negotiations

- Project Managers (PM's) are negotiators
- Over the course of a project, PM's engage in many negotiations:
 - Scope
 - Staffing
 - Budget and Schedule
 - Materials & Services
 - Change Orders



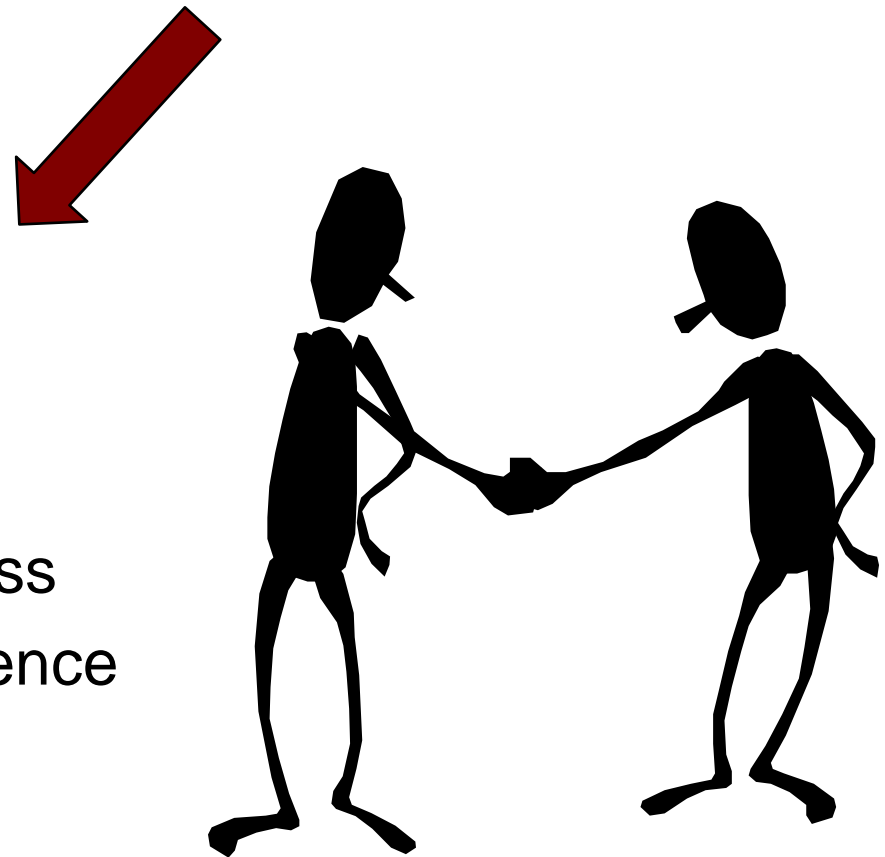
International Negotiations

- More international projects with stakeholders located in different countries
- More vendors, suppliers, contract personnel from different countries
- More stakeholders originally from different countries



Successful Negotiator Traits

1. High Aspiration
2. Negotiating Skills
3. Cultural Understanding
4. Other Supporting Skills
 - Planning and organizing
 - Thinks clearly under stress
 - General practical intelligence
 - Communications Skills
 - Product knowledge
 - Tolerance for ambiguity & uncertainty



Playing the Game

If you're gonna play the game,
you've got to play it right!

- Know when to hold 'em,
- Know when to fold 'em,
- Know when to walk away,
- Know when to run!



TOPIC 1

The Negotiation Process

- Pre-Meeting Planning
- Meeting
- Post-Meeting



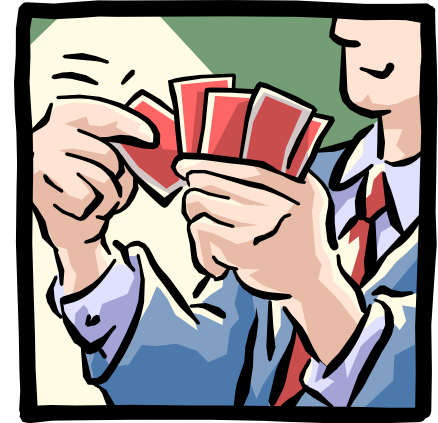
Pre-Meeting Planning

- Planning is the **cornerstone** of effective negotiations!
- Pre-meeting Planning has three dimensions:
 - **Strategic Planning** – addresses the goals for the negotiation
 - **Administrative Planning** – deals with managing pre-meeting activities
 - **Tactical Planning** – determines the approach and techniques to use to get the best possible results

Pre-Meeting Planning

Strategic Planning

- Key Strategic Planning output is deciding:
 - Initial Offer
 - Goal for Settlement
 - Walk-Away (No Deal) Point



In many of my negotiations it appears the other side has not done this!



Pre-Meeting Planning

Administrative Planning

- Answer the 5 “Ws”:
 - Who?
 - What?
 - Where?
 - When?
 - Why?



Pre-Meeting Planning

Tactical Planning

- Type of Negotiation
- Tactics to use, such as:
 - Timing
 - Bluffing
 - Use of Concessions

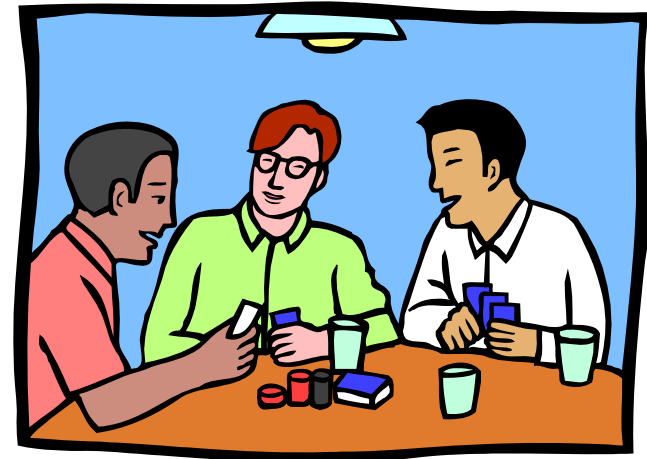


Tactics should never be used in a principled negotiation!

Negotiation Process: Meeting

Meeting Phase – three parts:

- Part 1: Staking Position:
 - May be verbal “fireworks”
 - Rules and agenda
 - Identify problems and issues
- Part 2: Hard Bargaining:
 - Discussions and modifications of position
 - Conflict negotiations
- Part 3: Closure and Agreement



Post-Meeting

- Agreement elaboration (formal contract)
- Stakeholder acceptance

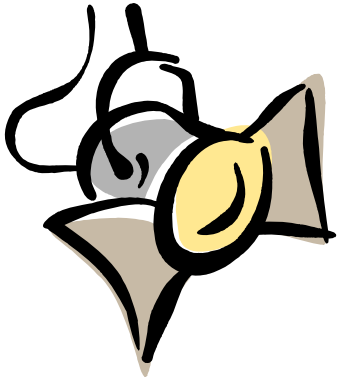


More negotiations can occur during this time period!

Some cultures will continue negotiations even after the contract is signed!



TOPIC 2



Spotlight on Five Mistakes on the International Stage

1. Low Aspirations / Weak Negotiating Skills
2. Making Low Initial Demands
3. Neglecting to Ask Questions
4. Providing Too Much Information
5. Reaching Quick Settlement

Mistake #1

Having low aspirations
and/or
weak negotiating skills



Every country has good (and bad) negotiators

*Some countries have a reputation for being
'tough' negotiators (examples: US, Germany)*



The Real Score

- High aspirations trump low aspirations:
 - High aspiration = more successful
 - Skilled negotiators + high aspiration levels = very successful



If both parties have high aspirations and are highly skilled, the probability of deadlock is high



Mistake #2

Making low initial demands



The Real Score

- The skilled negotiator may make large initial demands or reveal no initial position
- Making large initial demands **improves** the probability of success



Some cultures seem embarrassed to make large initial demands

The initial demands must be credible!



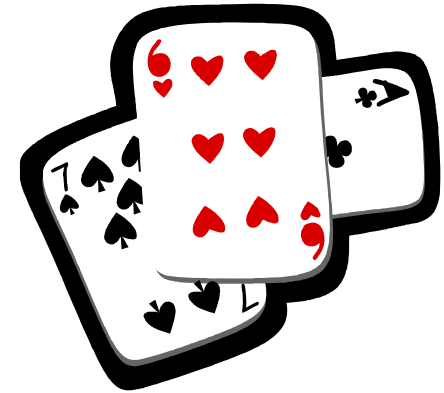
Mistake #3

Neglecting to ask questions



The Real Score

- Ask questions to learn about needs and goals
- Be conversational and polite
- What's the worst thing that can happen – you don't get an answer!



Some cultures consider it to be rude to ask questions – others have no inhibitions!

Avoid using local 'slang' and don't assume the other side is fluent in English!

Mistake #4

Providing too much information



The Real Score

- Nothing wrong with not answering questions or keeping a “poker” face
- Lying or providing misinformation is **not** recommended



Keep in mind with some cultures lying may be an accepted practice!



Don't assume the other side doesn't understand English

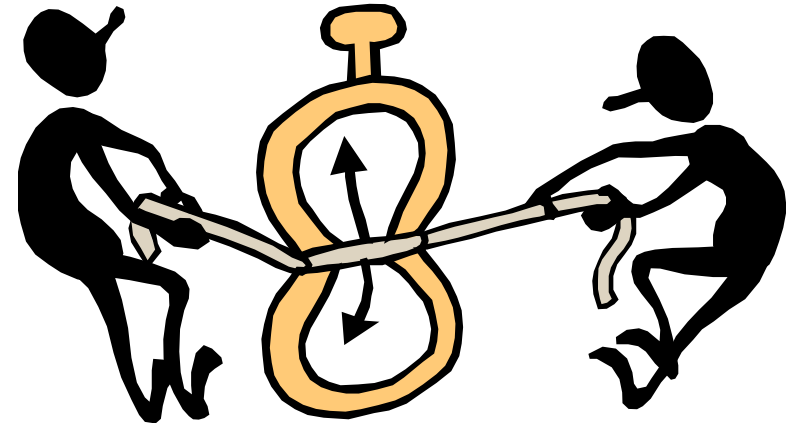
Mistake #5

Reaching a quick settlement



The Real Score

- Quick settlements:
 - Usually result in more **extreme** outcomes
 - Typically favor the **skilled** negotiator



Skilled negotiators will create a deadline as a pressure tactic to get concessions



Some cultures (US) tend to be impatient, which can lead to quick settlements

TOPIC 2 Continued

Five other Frequent Negotiating Mistakes

6. Lacking a Plan
7. Making Assumptions
8. Making 1st Concession and/or Large Concessions
9. Losing Focus During Negotiation
10. Misusing Power

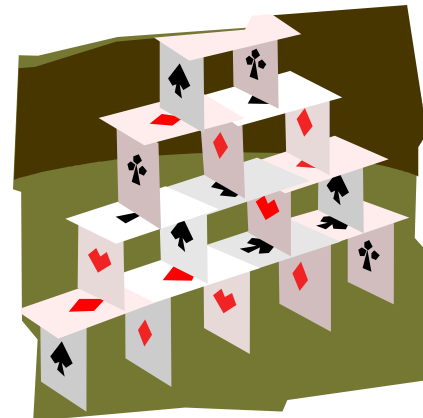
Mistake #6

Lacking....
a plan



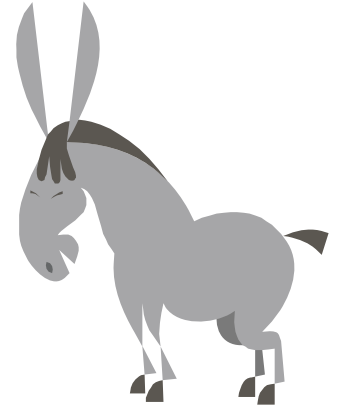
The Real Score

- Follow the pre-meeting negotiation process:
 - **Strategic Planning**
 - **Administrative Planning**
 - **Tactical Planning**



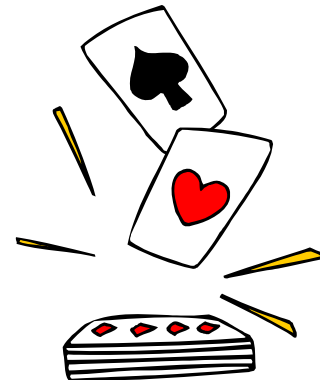
Mistake #7

Making
assumptions



The Real Score

- Treat assumptions with skepticism – they may be **wrong**!
- Test assumptions by asking questions:



Mistake #8

Making the first concession and/or large concessions



The Real Score

- Avoid making the first and the largest single concession in a negotiation
- Make lower/fewer concessions as the deadline approaches

Mistake #9

Losing focus

The Real Score

- If you see yourself about to make a concession which may not be wise, take a short break

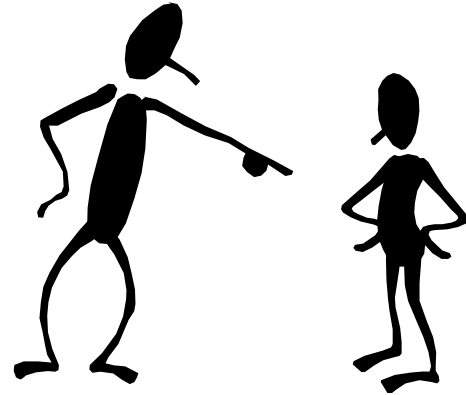


*A good tactic is **silence**, which is uncomfortable for many people*



Mistake #10

Misusing power



The Real Score

- Use of authority entails **risk** – forcing may lead to unintended consequences
- Power relationships can change over time

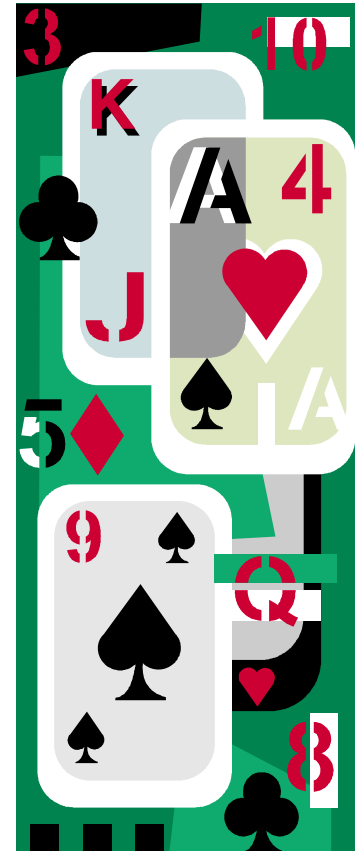


Ask your opponent if he/she has the authority to make a deal

Summary

A Successful Negotiator...

- Has high aspirations
- Plans to negotiate
- Makes high initial demands
- Avoids first & large concessions
- Asks Questions
- Uses time and patience
- Has cultural understanding



Conclusion

- Good agreements help you reach goals
- Good negotiating skills are essential to obtaining good agreements
- More negotiations today are 'international', so you need skills to effectively work with other cultures



Questions?



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