



# Negotiating for Project Managers

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# Disclaimer Slide

- **Hardly any material is new and original (thank you internet)**
- **Put your emotional shield up if needed**
- **Interaction is good**



# Agenda

- A primer in 45 minutes
- What is negotiation
- Why do it
- What motivates people
- Stages of negotiation
- Strategies
- Summary



# What is Negotiation?

- A means of attempting to get what you want from others
- Getting what you want at a reasonable cost
- Process where we induce a change in behavior
- Art of the application of perceived power



# Why Negotiate?

- **Build trust, but not all the time**
- **Provide an alternative to domination or subservience**
- **Have a sense of power: Get what you need to move forward**
- **To provide a method of resolving conflict as part of the project team decision making process**



# Negotiating Challenges for a PM

1. Trade-offs between Scope, Time, Costs, and Quality
2. "Build or buy" decisions
3. Change Management
4. Resource prioritizations
5. Catch-up and Overtime needs
6. Contract overruns
7. Budget cuts
8. Vendor Selection
9. Bonuses and pay scales
10. Work Space and equipment
11. Risk Management strategies
12. Family and Friends
13. Other!

**What do you consider to be your toughest challenge?**

# **How is Negotiation Relevant to the Project Management Process?**

- **Projects operate within the limits of finite resources that require allocation among different and shifting priorities**
- **In short, PM's negotiate constantly...**



# Who Is At The Table?

## Project Team members negotiate to meet their different interests

- Project managers negotiate on **budgets, deadlines, scope, deliverables.**
- Technical leads negotiate on technical **designs and architectures.**
- Business analysts negotiate **functional specs.**
- Management negotiate for more **ROI**
- **Other?**





# Some Negotiating lessons are tough to take...not my pic



“You have to learn to run in the clients shoes”

# Understanding Key Motivators

**Think back to the last time you were blindsided by an unexpected motivator. What was it?**

## **Typical tangible motivators:**

- Fiscal impacts (Enterprise & for their own or department)
- Workload/Overtime/training/vacation impact
- Contractual/Organizational issues, etc..

## **Less Tangible:**

- Desire to be heard and have their needs acknowledged
- Desire to save face/look good in the eyes of others
- Resistance to change (fear of unknown/untried)
- Desire to satisfy their own or boss' hidden agenda
- Biases, dislikes, ethnic customs, political alliances, etc.
- Emotional (and why should they trust you?)

**TIP: Learn to read body language**

# Handling Emotions

## Emotional Challenges

Anger/exasperation

Insulted

Guilt

False flattery

## Recommended Response

Allow venting. Probe for why

What wouldn't be insulting?

Focus on issues

Re-focus

## **Tips:**

- Don't lose your cool
- Try to defuse with acknowledgement, empathy, patience, impartiality
- Consider dealing with less emotional issues first
- Know your own "Hot Buttons" BEWARE passive/aggressive
- Practice in front of others

# Exercise 2: Know Your Hot Buttons

Exercise: List the last 3 times you felt someone pressed your "Hot Button".

Subject discussed	Who pushed your buttons?	Why did you feel manipulated?	Next time I will.....

# Focus First on Their Traits

- **Prepare for negotiations based on what you know about their traits (preferences):**
  - Extraversion ...Introversion
  - Sensing.....iNtuition
  - Thinking.....Feeling
  - Judging.....Perceiving
  - 80+% of Senior Managers are STJ



# Traits

- **Sensor:** Like, trust and remember facts; tend to see life as an unbroken flow of events or facts; are very precise and accurate, quite literal in the things they say and do; focus on the practical, useful, past experience, realistic.
- **Thinkers:** Decision making based on logic and objective considerations; Tend to decide things impersonally based on analysis and principles; Trusts logic and values reasonableness and fairness; Tends to be questioning; asks, “Why”.



# Traits

- **Judgers:** Lifestyle is decisive, planned and orderly; enjoys being decisive; feels comfortable with closure; works best when they can plan and follow the plan; uncomfortable with disruptions or uncertainty; likes definite order, structure.



# Traits

- **Intuitive:** 35% of US population, complex speech pattern, lots of compound sentences, use analogies, more in their heads, repeat themselves, talk big picture, tend to finish others' sentences, leap from one thought to next
- **Feelers:** Act warmer, sensitive to others' feelings, engage in social niceties, have feelings hurt more easily, avoid conflict/arguments, generous with praise, gentle and diplomatic, may lack assertiveness, use people's names frequently, ask if timing is inconvenient





# Traits

- **Perceiver:** More casual and unconventional, more fun, good adaptors, may procrastinate, unkempt, comfortable, liable to change goals, disorganized, messy workspace, posture not perfect, may flip-flop, like to invent own rules or poke holes in system as is
- **Exercise #2:** What are you?



# STJ Traits

- Want to deal with the here and now issues not on potential future issues; Want to look at specifics; Decision making based on logic and objective considerations; Feel comfortable with closure; Likes definite order, structure.
- Do not let them get bogged down in too much detail; consider options, alternatives and innovation; see pitfalls and future problems; do not try to make decisions too quickly; get more information for the decision; communicate with comparisons and measurements; have structure and organized environments; they follow rules; they resist change; they dislike nonstandard procedures, ignored deadlines, not following rules



# Three Stages of the Negotiation Process

- **Pre-Negotiation Phase**
- **Negotiation Meeting**
- **Post Negotiation Analysis**



# Three Stages of the Negotiation Process

- **Pre-Negotiation Phase**
  - Gather Information
  - Analyze and Evaluate Information
  - Prepare for the Negotiation Meeting



# Plan the Negotiation

- **Determine your criteria for an acceptable agreement**
- **Consider the other party's negotiating style**
- **Prepare your strategy**



# The Pre-Negotiation Planning Phase

- Decide if Subject Matter Expert involvement required
- Research options/issues and precedence
- Understand the motivators of affected stakeholders
- Know impact of each option (time, cost, quality, scope)
- Risk/opportunity assessments
- Timing issues (urgency, best time to meet, etc.)
- Summarize pros and cons
- Cultural considerations (people and Enterprise)
- Formulate strategy based on knowledge of the stakeholders
- Pre-meeting info dissemination
- Invite appropriate empowered representatives
- Set conducive agenda, facilities, timeslot, and refreshments
- Plan for timely post negotiation action
- Plan for analysis of “lessons learned” after negotiating

# Three Stages of the Negotiation Process

- **Negotiation Meeting**
  - Protocol
  - Probing
  - Tough Bargaining
  - Closure
  - Agreement



# Three Stages of the Negotiation Process

- **Post Negotiation Analysis**
  - **Evaluate**
    - **Effectiveness of Planning**
    - **Negotiation Process**
  - **Lessons Learned For Future Improvement**





# Follow Up

- **Evaluate the Negotiation Outcome and the Process by which it was achieved.**
- **Use Lessons Learned**



# What is a Successful Negotiation?

- A successful negotiation will result in a win for ALL parties involved.
- This does not mean all wins for All parties.
- You might not get everything that you want.
- You can make incremental gains to improve your future position.



# Practice Win-Win Negotiations

1. Establish rapport and common goals
2. Probe for understanding of beliefs, goals, win-win options, and hidden stakeholder motivators
3. Paraphrase for confirmation/affirmation
4. Analyze outcomes and risks
5. Summarize what was agreed on, and next steps (even if these are only “baby steps”)

## **Tips:**

- If stalled, back up to a fundamental that you can agree on (*e.g. “We both want to make this a profitable venture”*)
- Build on this common ground (recycle if necessary)
- Avoid emotional responses (even if insulted)
- Consider interim options (or postponement) if undesirable outcome is imminent or key information is missing

# **Five Steps to a Successful Negotiation**

## **1. It's not about Personalities**

- Avoid mentioning any personal issues.**
- Separate personalities from the negotiation.**
- Negotiation is not and need not be a competitive game – all parties can win something.**
- Acknowledge the other person's ability to help you.**



# **Five Steps to a Successful Negotiation**

## **2. Understand the Other Person's Interests**

- Interests motivate negotiating positions.**
- Try to see what the other person really needs to be successful.**
- Use your communication skills to focus on interests rather than positions.**
- State what you need to accomplish your goals.**
- Have in mind the minimums you can accept from each issue in the negotiation.**



# **Five Steps to a Successful Negotiation**

## **3. Identify all of the options**

- **Seek options that do not harm either party.**
- **Focus on what each party really wants to accomplish.**
- **Determine the options that provide for mutual gain.**



# **Five Steps to a Successful Negotiation**

## **4. Be Objective**

- **Objectivity is the key to all successful negotiations**
- **Work with all parties to establish objective evaluation criteria.**
- **Use objective criteria to help the parties focus on the merits of the issues at hand.**



# **Five Steps to a Successful Negotiation**

## **5. What is the next best alternative?**

- Each party should be willing to make reasonable compromises without diluting the quality of their deliverables.**
- Hold the other parties accountable for also making reasonable compromises to reach an agreement.**





# Negotiating around Fixed Positions

Probe for the **beliefs and goals** behind the fixed position.

Example of a fixed position:

**“I will not agree to outsource, regardless of savings”**

Surface goal: “Not to be burned the way we were 5 years ago”

Underlying belief: “Work is controllable if we do it in-house”

Underlying goals: **To have control, stability, minimum risk, and not have to lay-off anyone.** (Which personality type?)

*Underlying realities: Managing this work in-house is a costly pain, and not our core skill. These people can be redeployed on urgent backlog.*

Now you have the basis for analysis of alternatives, risks, contingencies, develop pros and cons, then negotiate!

## Exercise #3

- **The Sponsor of an IT Application Implementation Project has set an arbitrary completion date that you as PM feel does not provide enough time for testing.**
- **Insufficient testing has produced problems in past implementations requiring expensive rework.**
- **The Project Team wants to go ahead anyway because the developers feel confident they can “make it work the first time” and will only need minor verification.**



## **Exercise #3 (cont.)**

- **As Project Manager, you know that you are solely responsible for a successful implementation.**
- **Before you go to the Sponsor to negotiate for more time for testing, you need to have the Project Team behind you.**
- **Use a method to walk through this negotiation process**



# Handling of Alternatives

## **Being proactive with alternatives can:**

- Help position the recommended solution
- Reduce wheel spinning
- Speed decision making
- Increase Executive appeal and credibility

## **But there are dangers advancing alternatives...**

- If alternatives are premature or not well considered
- If intangible motivators not satisfied
- Trust not established

## **Tip:**

maximize advanced dialogue with key interest groups (except where prohibited).

# Common Negotiating Mistakes

**Preparation/anticipation and listening are key!**

- Weak knowledge of key motivators
- Poor handling of Alternatives
- Failure to fully acknowledge the concerns of others
- Impatience/ Poor timing
- Allowing emotions to escalate
- Negotiating with the un-empowered
- Poor close
- Which ones did you make today?
- Any others?

# Timing Factors

- Minimize spontaneous (unprepared) negotiations
- Watch for “bad” times to avoid (or finish by)
- Seek an adequate time slot
- Take the time to establish rapport/icebreak
- Establish common goals and understandings
- Know when to be silent ( hit the “pause button”)
- Know when to close
- Know the effect of a delayed vs. expedient decision
- Be prepared to adjourn if antagonism can't be defused or more research is required
- Allow sufficient time for advanced review of key material by involved stakeholders

## Location Factors

### **Seek a site conducive to negotiating:**

- Free from interruptions/distractions/noise
- Comfortable (seating, temperature, lighting, etc.)
- Appropriately equipped (flip chart? Table space?)
- Non-threatening (equitable seats, etc.)
- Culturally appropriate
- Calming (soft tones, possibly carpeted)
- Light refreshments ("breaking bread" together can be a clincher)

## Other things to consider

- Know who will be in attendance, and their issues
- If you can, minimize the number of people  
(especially negative parties who are not essential)
- Encourage capable advocates to attend
- Make notes prior, and during



# Negotiating Agreements

**Do not underestimate your power**



# Negotiating Agreements

**Do not assume that the other party  
knows your weaknesses.**



# Negotiating Agreements

**Do not forget that the other party is negotiating with you.**



# Negotiating Agreements

**Don't emphasize your own problems  
or the possible losses to yourself if  
deadlock occurs.**



# Negotiating Agreements

**Most negotiations will require some concession making.**



# Negotiating Agreements

**Never give a concession without  
obtaining one in return.**



# Summary

- **Understand and utilize key motivators**
- **Strive for a “win/win” outcome to preserve your relationship with the other parties.**
- **Prepare to offer alternatives**
- **Always keep a cool head, free from emotional reaction.**
- **Give yourself time to think by asking a question.**
- **Where you are is not as important as where you are headed in a negotiation.**



# More Summary

## Problems and Goals

- Goals
- Problems in reaching goals
- Parties
- Worst case scenario
- Prep time/who has more info

## Situation Analysis

- Needs/interests of both parties: rational, emotional, shared, conflicting, unequal values
- Perceptions/picture in the head: role reversal, culture, conflicts, trust
- Communications style and relationships
- Standards and norms of both parties
- Reexamine goals-why say yes and why say no for both parties

## Options/Risk Reduction

- Brainstorm Tradeoffs
- Incremental steps to reduce risk
- Third parties – common enemies/influences
- Frame – Develop questions and vision
- Alternatives to improve /effect deal

## Actions

- Best options/priorities
- Who presents how to whom
- Process agenda deadlines, time mgt
- Commitment/Incentives for them
- Next steps: who does what, how to whom





# Thanks!

