

NAVIGATING PROJECT NEGOTIATIONS

**A Five-Step
Approach**

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Introduction

This book covers the different methods of negotiation used in project management. To be successful, negotiation needs to involve all parties in a clear, ordered and distinctive manner. In order to demonstrate how negotiation works and to get the best out of each style of negotiation, I have written the book that I would have liked to have had access to at the beginning of my project management career and been able to use the examples and exercises whilst being a teacher and a student.

The exercises provide an opportunity to practise how negotiation works in a safe environment. It allows individuals and groups to explore different negotiation personalities and, where appropriate, use these skills in everyday situations. To find areas where bargaining can be introduced, allowing you to be integrative and distributive; to practise being principled in all negotiation in business, whether it is multi-party, simple or adversarial. It shows you that using the rules and tools to your advantage makes negotiations easy and controlled.

What is negotiation?

Negotiation happens when two or more people need to resolve a conflict peacefully, or for securing early engagement of the stakeholders to avoid conflict later in a project. Exploring all options can provide the basis of the working relationship and identify where conflict might rise. There are five steps to negotiating successfully:

- preparation and planning
- definition of ground rules
- clarification and justification
- bargaining and problem solving
- closure

It is important to be aware that negotiation happens all the time in the workplace and during the implementation of successful projects. These steps are not to be confused with the stages of a project but are independently applied within each stage of the project.

1 Preparation and planning

If you have never negotiated before, do some personal development. Practise the scenario you are about to be involved in, and ask colleagues and friends to hear your approach and provide constructive feedback. If possible, sit in on a senior colleague's negotiations, observe and take notes; and afterwards ask why they used a particular approach, especially if the negotiations were successful.

As part of your personal planning and preparation, you will need to do some homework. Before participating in any negotiation, you need to be able to identify what each party wants from the outcome and ultimately what is needed. Do some research into the company you are up against and investigate the individuals you are directly dealing with. For example, visit Companies House and find out the structure of the company; who makes the decisions, who has ultimate authority, are its finances healthy? Review the individuals' LinkedIn profiles. Is yours up to date? Consider the history that led to the position you are both in. How did you both get to a point where a negotiation was needed? There must be something you both want. For example, one party may want to sell and the other to buy. In this case, both parties arrive at the negotiation agreeing the outcome: what needs to be decided is *how* that outcome is going to be achieved. Cost? Conditions? Time?

It is important to prepare for the negotiation meeting – where, when, with whom?

Decide when and where the meeting is to take place. The more important the negotiation, the more neutral the venue should be. The key protagonists, those with an investment in the outcome, should be involved in the initial discussions.

Before starting a negotiation, in the same way that we plan for a project, we need to recognise the problem. We must appreciate and understand what the other party needs and, possibly more importantly, we need to understand our position. What do we need from this negotiation? What do we want, and what would be a bonus if we were lucky enough to get it? If we are fortunate to have a clear picture of what the business associate needs, we can gain the advantage – however, if we know what they want, there is a good chance that they too will know what we want. If this is the case, it's a brilliant opportunity to put our cards firmly on the table. Sometimes it is just as important to know what you or your colleague don't want. It's all about gaining as much information as possible before you get started.

The preparation and planning stage involves making sure all the pertinent facts of the situation are known in order to understand your starting position. We'll now look at the skills that will help you in this stage of the negotiation process.

2 Definition of ground rules

In order to achieve a smooth-running negotiation, it is advisable to set some ground rules. If something goes awry later in the process, each participant can point to the ground rules to get the negotiation back on track.

Once the preparation and planning have been completed, the team should start to consider defining the ground rules. These should address the procedures and conditions dealing with the negotiation itself. For example, things to discuss may include:

- Decide on the venue – would both parties be happy at one of their headquarters or would they prefer an independent, neutral venue?
- Will there be any constraints? For example: time restrictions, duration of each meeting, time between meetings, the agreed quorum for the meeting.
- What issues can be discussed throughout the negotiation? What is included in the negotiation? Avoid being sidetracked, or introducing anything that wasn't in the original scope, without first deciding whether it can be included in the negotiations or it needs a separate conversation.
- What the procedure will be if an impasse is reached. Each party will take into consideration its BATNA and ZOPA during this phase, and will share its initial demands.
- Agreeing on some other examples of ground rules such as those below – any team would be wise to agree to these, and they are, in fact, mostly common courtesy. “We all agree to ...”:
 - Come to the table with a positive attitude.
 - Always be constructive.
 - Turn mobile phones off.
 - Give the meeting your full attention – stay on topic, avoid distractions.
 - Not dismiss ideas – instead, try to build on them.
 - Be patient.
 - Not interrupt or speak over others.
 - Put your hand up if you want to say something – this has become easier and more widely used with the introduction of virtual meetings.
 - Be prompt and respectful of everyone's time.
 - Never tolerate sexist, racist, disablist, transphobic or homophobic comments. Even if they were not expected to offend, these comments are never acceptable.
 - Not tolerate bullying. If necessary, individuals should show understanding when asked to adapt their behaviour or change their language.
 - Work in a safe space environment.

3 Clarification and justification

During the clarification and justification phase of the negotiation, both parties are looking for a win/win solution. They both know their BATNA and ZOPA positions, and this will set the framework for their initial conversation.

There is an expectation that both parties will be prepared to share information and inform each other what they are hoping to gain or achieve from their conversation. Once this initial information has been shared, time should be allocated to discuss, expand and, when necessary, justify the request. In response to each other's requests, the parties will identify any problems that have been identified, and the conversation will include being able to suggest solutions and counter-arguments for each proposition.

Each party will share its objectives, and both would be obliged, if both require a successful outcome, to consider compromises. Each negotiator would be considering what can be given without affecting their own position – something that might be considered highly by the other team but is of little or no significance to the offering team.

The general key to success for both sides is to listen. Listen to what is being asked, what is being refused, what compromises are being put on the table. Be aware of who is in the room, how important this negotiation is to the other side – is it something they are indifferent to; is it something that holds more importance for you?

This phase need not be confrontational. The occasion lends itself to informing and educating each other's perspective.

One of the most important things for each participant to remember in this phase is to understand what each is saying. Clarify at each stage your understanding of what has been said and educate yourself as to why it was said in that specific manner. Clarify every idea. This is dependent on verbal clarification, and should involve challenge clarification when appropriate. For example, repeat what has been said back to the speaker so they can confirm that is what was meant.

Let's now look at some of the tools needed for this phase of the negotiation.

Persuasion

A vital skill that requires development is the ability to influence. This can help you define why your proposed solution is beneficial to all parties and encourage others to support your point of view.

In addition to being persuasive, negotiators should be assertive when necessary. Assertiveness allows you to express your opinions whilst respecting the other side's perspectives. Conflict and anger should be avoided during negotiation. Always try to consider and be aware of each side of the argument: even if you don't believe the other side, at least be aware of it. The old adage of walking in someone else's shoes is important during this phase. Ask yourself what you would do, or wouldn't agree to, if you were in their shoes. If you are able to do this and practice makes perfect, you give yourself an

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Bargaining and problem solving

The key elements of any negotiation are the need for bargaining and the ability to solve problems.

This is the time when the detail is reviewed and compromise should be considered. There is a need for give and take in order to secure a win/win agreement or gain a bargain. It's a time when concessions will be expected from all parties. Clarity must be found amongst the general confusion of toing and froing. The negotiators, on all sides, should always be prepared to walk away from the negotiation table. It is important to maintain your integrity in order to keep a good and honest reputation; don't settle for anything less than BATNA. The following skills will be required to gain a successful outcome.

Integrity

Integrity is all about colleagues identifying a strong ethical personality and demonstrating moral principles. There is something powerful about a project manager and negotiator being kind, respectful and honest. These traits empower an individual, and allow the person they are talking with to trust what is being said.

Your colleagues and your team should trust that you will follow through on any commitments. However, the purpose of the exercise here is not to be liked, so you should be very careful not to over-promise – this would damage your trustworthiness.

Integrity exercise

This is a good exercise to do when you are just starting out on a long, complex project, perhaps with a team you have never worked with before.

Break into pairs, and ask each member of each pair to identify a complimentary characteristic about their partner. Ask them to judge whether their partner has been thoughtful, respectful and honest. The remarks have to be things that the individual recognises in themselves. One way of doing this is to repeat back to them language they have already used to describe something they have done.

Get each individual to write three words to describe the person they have been speaking to. Once everyone has their list, get them to share it with the rest of their team. Ask those being spoken about to give feedback – do they agree? Was it an honest assessment? This is an informal initial exercise for a newly formed team, and can prove to be very useful in establishing a trustworthy relationship with team members.