Project Management Negotiation Principles and Techniques

Ten Rules of Negotiating

1 Be patient
- Impatience leads to poor openings and unnecessary concessions
- Patience enables better control and more rational deals

2 Be positive
- Being liked makes it easier to negotiate
- Optimism creates a positive atmosphere

3 Gather information
- Ask questions
- Get to know the other side
- Examples:
  - Deadline
  - Authority
  - Possible alternative solutions
  - Motivations
  - Bottom line
  - Past negotiating history

4 Float trial balloons
- "What if?"
- Get answers without commitment
- "Why?"
- Float several

5 Know your status
- Relation to other side
- Buyers have higher status
- Seller's edge is information
- Sellers susceptible to "the nibble"
  - at the end of the process
  - ask for small concessions
  - that are easily surrendered
  - as condition for "closing" the sale
  - are not price related

6 Know your opening offer
- Do not open first unless:
  - other side has no perception of value
  - tradition demands it
  - necessary to lower other side's "shield"
- Engage the other side
- Justifiable with rational connection to needs
- Provide room to negotiate
- Open at the edge of the envelope
- Deadlock occurs if open at bottom line

7 Limit your authority
- Most powerful person negotiating is one with least authority to negotiate
- Least powerful person is one with most authority to negotiate
- Do not negotiate with unlimited authority
  - cannot be pinned down
  - "institutionalized patience"
- Determine the authority that the other side has before beginning the process

8 Know your bottom line
- Most powerful information to have
- Provides guidance about when to deadlock or not
- Know best alternative

9 Be prepared
- Proper preparation means power
- Prevents surprises
- Avoid emotional reactions
- Defuse coercive conduct
- Place things in perspective
- Or else lose control

10 Never reward intimidation tactics
- Avoid being intimidated
- Do not give in
- 'Never try to defeat ineffective conduct; only try to defeat effective conduct"

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