

NEGOTIATION STRATEGIES

Presented by the
Wisconsin Procurement Institute

March 9, 2016



**Providing expert technical
assistance to
FEDERAL, STATE and LOCAL
GOVERNMENT
Contractors
And Subcontractors**

**A Procurement Technical
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Madison Enterprise Center

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Food Enterprise & Economic Development (FEED)

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UPCOMING EVENTS



MARCH 9 2016
SOCIETY OF AMERICAN MILITARY ENGINEERS (SAME)
MIDWEST SMALL BUSINESS EXPO
NORTHBROOK, IL »

MARCH 15 2016
ACQUISITION HOUR - PROTEST IN FEDERAL
PROCUREMENT – AN OVERVIEW

MARCH 24 2016
GOVERNMENT CONTRACTING OPPORTUNITIES FOR
SMALL BUSINESS
LADYSMITH »

MARCH 29 2016
ACQUISITION HOUR - INTELLECTUAL PROPERTY AND
GOVERNMENT CONTRACTS

MARCH 30 2016
ACQUISITION HOUR - UPDATE IN THE HOUR WAGE
LABOR LAW

CURRENT OPPORTUNITIES (8)



GET STARTED WITH THE BASICS

Questions & answers on how to get started.

GET STARTED

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HAVE A QUESTION? WE'RE HERE TO HELP.

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GET HELP

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SERVICES OFFERED BY WPI

- FREE Bid Matching Services
- Individual Counseling and Assistance
- Locating Local, State and Federal Opportunities
- Government Market Strategy Development
- Training in use of Government websites and tools
- Assistance with System for Award Management (SAM) Registration
- Assisting in Market Research Process
- Development of Market Profile
- Small Business Subcontracting Plans-Development, Outreach and Reporting
- Small Group Training
- Outreach and training with Local, State and Federal agencies
- Assist with Pre and Post Award Functions
- Assistance with Agency Specific Contracting Requirements
- Assistance with Contracting Regulations and Requirements, including FAR, DFAR, CFR
- Assistance with GSA Schedule Preparation and Administration
- Assistance with Local, State and Federal Certifications, including:
 - Service Disabled & Veteran Owned Small Business, HUBZone, Woman Owned Small Business, 8(a) Business Development Program
 - State
 - Local
 - DBE
- Bid Review and Submission Assistance
- Proposal and Assistance, Review and Submission Assistance
- Capabilities Statement and Related Government Marketing Material Development
- Assistance in Locating and Developing Teaming Partners and Subcontractors
- Updated Government Market Information

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What we will Cover Today

- Government Regulations
- Government Objectives
- Negotiation Guidelines
- Negotiation Attitudes
- Negotiation Strategies



Federal Acquisition Regulations (FAR)

You may only have one chance. FAR 52.215-1(f)(4) states: The Government intends to evaluate proposals and award a contract without discussions with offerors. Therefore, the offeror's initial proposal should contain the offeror's best terms from a cost or price and technical standpoint. The Government reserves the right to conduct discussions if the Contracting Officer later determines them to be necessary.

Impact of FAR

- FAR states any contract awarded using other than sealed bidding procedures is considered a negotiated contract. IFB – Sealed Bid with public bid opening no negotiations allowed.
- Contracting officer may request a “Best and Final Offer,” but does not have to, so be sure your proposal is responsive, accurate, complete and pricing is fair and reasonable.
- FAR calls negotiations discussions and the primary objective is to maximize the Government’s ability to obtain best value, based on the requirement and evaluation factors set forth in the solicitation.
- Contracting officer may set up a competitive range. If government feels you cannot win the award, you are removed from the competition. When in doubt leave them out.

Government's Main Objectives

- Obtain a price that is fair and reasonable.
- Negotiate a contract of a type and with a price providing the Contractor the greatest incentive for efficient and economical performance.
- Government has a vested interest in the long term success and survival of Government contractors.
- Win/win negotiations enhance competition by encouraging more firms to do business with the Government, thereby increasing competition and quality while reducing contract costs.

How the Government Negotiates

- Negotiations may be conducted by:
 - Written letter
 - Phone conversation
 - In person, or
 - Via email
- May be able to negotiate price, schedule, technical requirements, type of contract, delivery, or other terms of a proposed contract.

Bargaining Leverage



The specific circumstances surrounding each negotiation may be viewed as the bargaining leverage available to each party involved. For example:

- Circumstances often favor the contractor when the Government is bargaining for a high-demand product in short supply.
- Circumstances will generally favor the Government when several firms are vying to provide a product only demanded by the Government.

Potential Outcomes

- Government Wins/Contractor Loses
- Government Loses/Contractor Wins
 - One side profits at the other's expense.
- Government Loses/Contractor Loses
 - Neither side achieves a desirable result. Both parties are worse off. Failed negotiations are frequently lose-lose.
- Government Wins/Contractor Wins (Win/Win)
 - Both sides are in a better position than before the negotiation.

Negotiation Guidelines

- Always be polite
- Give yourself room to compromise, concessions are always necessary
- Satisfy non-price issues first
- Satisfy price issues in sequence of importance
- Put pressure on the Government
- Use the power of patience
- Be willing to walk away or back to negotiations
- Assess Potential Liabilities and Risk
- Remember – You will be working with these same people after the negotiation

Basic Negotiation Attitudes

- Think win/win
- Sell your position
- Win results not arguments
- Everything is negotiable
- Make it happen

Win/Win Outcomes

- Develop an overall plan
- Be prepared.
- Know strengths and weaknesses
- Establish cordial relations
- Resolve conflicts
- Resolve inconsistencies
- Clarify matters affecting cost
- Avoid deception



Win/Win Outcomes

- Be persuasive
- Use common sense
- Establish priorities and positions
- Put pressure on the other side.
- Use concessions wisely. When giving, ask for something in return.
- Win agreements instead of arguments
- Display win/win attitudes



Additional Tips

- Identify team and introduce who is on the team.
- If you bring a lawyer, the government will go get their lawyer.
- Do not negotiate with the Government without contracting officer present. Only the contracting officer has the authority to bind the government.
- Negotiation team should be lead by the person with the authority to seal the deal and with the authority to negotiate.

Summary

Negotiations should end in a Win/Win Outcome for both the Government and Contractor with the end result of a successful contract.



Resources

- FAR Part 15
- FAR: <https://www.acquisition.gov/?q=browsefar>
- Air Force FAR: <http://farsite.hill.af.mil/>
- Acquisition.gov is: <https://www.acquisition.gov/>
- Federal Business Opportunities (FedBizOpps) website - <https://www.fbo.gov/>
- Wisconsin Procurement Institute
Phone: 414-270-3600



Upcoming WPI Events

- **Acquisition Hour Live Webinar Series** - Tuesdays and Wednesdays including:
 - Protest In Federal Procurement – An Overview – March 15, 2016*
 - Intellectual Property and Government Contracts – March 29, 2016*
- **Virtual FAR Training Webinar Series** – Wednesday evenings
- **Government Contracting Opportunities for Small Business** – March 24, 2016 – Ladysmith, WI
- **Fort McCoy Acquisition Open House Forum #1** – April 5, 2016 – Fort McCoy, WI
- **Wisconsin Federal Contracting Forum** – April 26 – 28, 2016 – Washington DC
- **4th Annual US Department of Veterans Affairs Business Conference** – May 12, 2016 – Brown Deer, WI
- **Government Manufacturing Conference – Supporting the Federal Defense Supply Chain** – May 19, 2016 – Green Bay, WI
- **How to do Business with the U.S. Forest Service** – May 26, 2016 – Rhinelander, WI
- **10th Annual Volk Field Small Business Conference** – June 15-16, 2016 – Camp Douglas, WI

For Assistance or Additional Information - Contact

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