



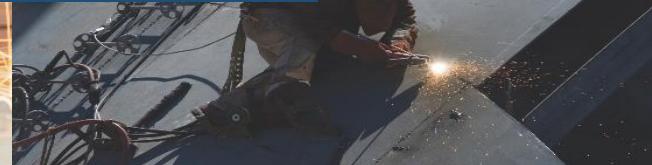
A Procurement Technical Assistance Center (PTAC)

A photograph of the Wisconsin State Capitol building at dusk. The building is illuminated with warm lights, and its green dome is a prominent feature. The sky is a deep blue, and trees with autumn foliage are visible in the foreground.

MASTERING DIFFICULT NEGOTIATIONS

12TH ANNUAL VOLK FIELD – FORT MCCOY SMALL BUSINESS CONFERENCE

June 19, 2018



ABOUT WPI SUPPORTING THE MISSION

SERVING WISCONSIN
COMPANIES FOR 30 YEARS!

Assist businesses in creating,
development and growing their
sales, revenue and jobs through
Federal, state and local government
contracts.

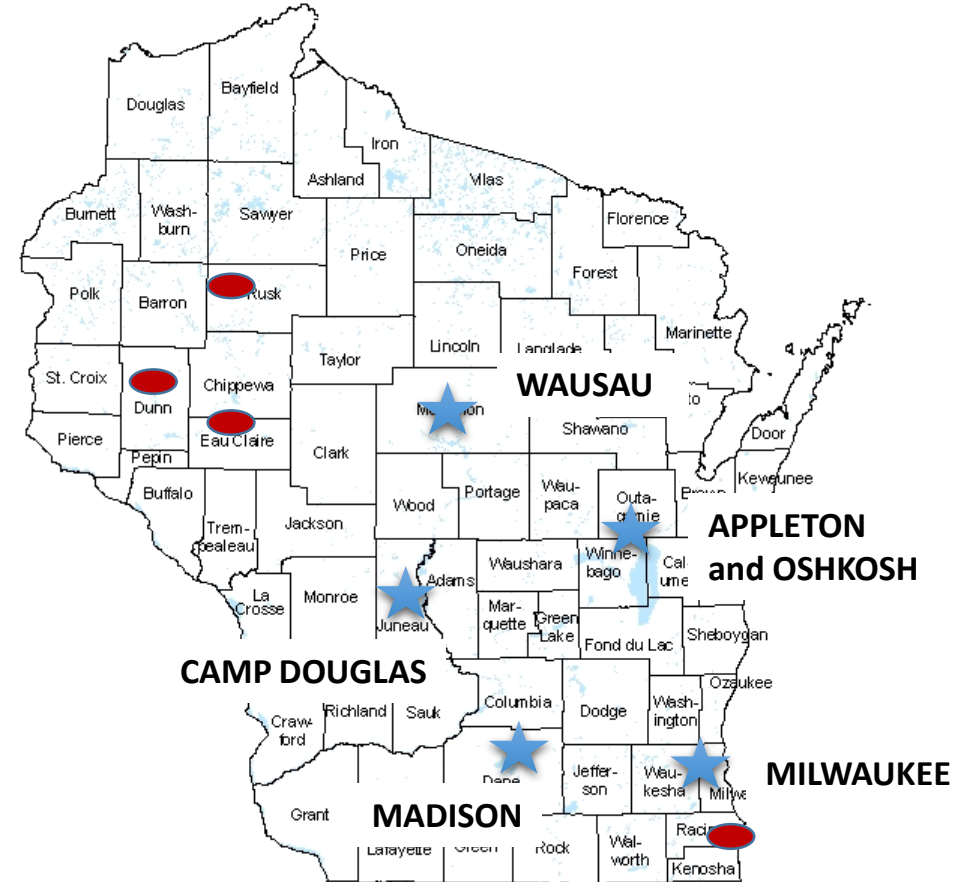
*WPI is a Procurement Technical Assistance Center (PTAC) funded in part by
the Defense Logistics Agency (DLA), WEDC and other funding sources.*

WPI OFFICE LOCATIONS

- MILWAUKEE – *Technology Innovation Center*
- MADISON –
 - *Madison Enterprise Center*
 - *FEED Kitchens*
- CAMP DOUGLAS – *Juneau County Economic Development Corporation (JCEDC)*
- WAUSAU – *Wausau Region Chamber of Commerce*
- APPLETON / OSHKOSH – *Fox Valley Technical College*

WPI partner co-locations

- Eau Claire – *Western Dairyland*
- Ladysmith – *Indianhead Community Action Agency*
- Menomonie – *Dunn County EDC*
- Racine - *Launchbox*



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UPCOMING EVENTS

JUNE 12 2018
ACQUISITION HOUR: CODE OF BUSINESS ETHICS AND
CONDUCT IN GOVERNMENT CONTRACTING

JUNE 13 2018
ACQUISITION HOUR: UPDATE ON THE FAIR LABOR
STANDARDS ACT

JUNE 19 2018
12TH ANNUAL VOLK FIELD - FORT MCCOY SMALL
BUSINESS CONFERENCE
FORT MCCOY, WI »

JUNE 20 2018
U.S SMALL BUSINESS ADMINISTRATION (SBA) "YOUR
PATH TO SURETY BONDS: WHAT SMALL BUSINESSES
NEED TO KNOW"
MILWAUKEE, WI »

JUNE 26 2018
ACQUISITION HOUR: EXPORT CONTROLS - ITAR AND
ASSOCIATED REQUIREMENTS

CURRENT OPPORTUNITIES (5)

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 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

WHAT WE WILL COVER TODAY

- What is Negotiation
- Potential Outcomes
- Win / Win Outcome
- How to Prepare for a Negotiation
- Basic Negotiation Attitudes
- Explore Various Techniques
- Typical Hardball Tactics
- When Others have More Power
- Combating use of Deception

WHAT IS NEGOTIATION?

EVERY DAY NEGOTIATIONS

Everyone negotiates

- We negotiate on the price of a car or a home.
- We negotiate with our colleagues on who will stay late to complete an assignment.
- We negotiate with our friends on what to do this weekend.
- We negotiate in our family on who does the dishes and who pays the bills.
- We even negotiate with our children on bedtimes.

We negotiate everyday!

DEFINITION OF NEGOTIATION

- Basic Definition – discussion aimed at reaching an agreement
- Business Dictionary
 - General: Bargaining (give and take) process between two or more parties (each with its own aims, needs, and viewpoints) seeking to discover a common ground and reach an agreement to settle a matter of mutual concern or resolve a conflict.
 - Banking: Accepting or trading a negotiable instrument.
 - Contracting: Use of any method to award a contract other than sealed bidding.
 - Trading: Process by which a negotiable instrument is transferred from one party to another by endorsement or delivery.

DEFINITION OF NEGOTIATION

Negotiation is a basic means of getting what you want from others. It is back-and-forth communication designed to reach an agreement when you and the other side have some interests that are shared and others that are opposed.

POTENTIAL OUTCOMES

POTENTIAL OUTCOMES

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

WIN / WIN OUTCOME

STRIVE FOR WIN / WIN OUTCOMES

- Develop an Overall Plan
- Be Prepared
- Know Strengths and Weaknesses
- Establish Cordial Relations
- Resolve Conflicts
- Resolve Inconsistencies
- Clarify Elements Affecting Cost
- Avoid Deception

STRIVE FOR WIN / WIN OUTCOMES

- Be Persuasive
- Use Common Sense
- Establish Priorities and Positions
- Put Pressure on the Other Side
- Use Concessions Wisely – Ask for Something in Return
- Win Agreements instead of Arguments
- Display Win/Win Attitudes

HOW TO PREPARE FOR A NEGOTIATION

BE PREPARED

- Do your homework
 - Know everything about your position and company
 - Determine what are their needs, what pressures do they feel, what options do they have, how have they solved their problem before
 - Know your competition
- What are potential outcomes
 - What can you concede
 - What do you need to achieve

BE PREPARED

- What are the circumstances for this negotiation
- What items will be negotiated
- Define the areas of highest risk for both parties
- Determine who will be on the team
 - Include person with the authority to seal the deal

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 seller when the buyer is bargaining for a high-demand product in short supply.
- Circumstances will generally favor the buyer when several sellers are vying to provide a product only demanded by the buyer.

HOW ARE NEGOTIATIONS CONDUCTED

Negotiations may be conducted

- In person
- Written letter
- Phone conversation
- Via email

Which way is better?

IN PERSON

Face-to-face negotiations

- Develop personal rapport more easily
- More inclined to disclose information truthfully
- Increase ability to attain mutual gain

BASIC NEGOTIATION ATTITUDES

DEVELOP BASIC NEGOTIATION ATTITUDES

- Think win / win
- Sell your position
- Understand and Reduce Risk Factors
- Win results not arguments
- Everything is negotiable
- Make it happen
- The most important outcome of any negotiation is to get to the next negotiation. The first deal is just the beginning.

EXPLORE VARIOUS TECHNIQUES

VARIOUS NEGOTIATION TECHNIQUES

- Always be Polite and Listen
- Never interrupt
- Give yourself room to compromise, concessions are always necessary
- Satisfy non-price issues first
- Satisfy price issues in sequence of importance

VARIOUS NEGOTIATION TECHNIQUES

- Put pressure on the other side (expiring price, upcoming capacity issue, customer may be looking at another supplier)
- Use the power of patience – Don't be in a hurry
- Be willing to walk away, back to negotiations, change venue
- Assess potential liabilities and risk
- Remember – You will be working with these same people after the negotiation and **hopefully** on other negotiations

VARIOUS NEGOTIATION TECHNIQUES

- Know when to stop talking
 - Great negotiating is more listening than talking
 - Choose your words carefully – once you have said something you cannot take it back
- Mind your manners – Be respectful
- Have a strategy – you will never get what you do not ask for, make your first offer aggressive
 - Have something to give away without hurting your negotiating position

VARIOUS NEGOTIATION TECHNIQUES

- Share information – if you want to be trusted you must first offer it
- Rank the order of your priorities
- Go in knowing your target price and your walkaway terms
- Make the first offer
- Don't counter too low
- Counter offers make both parties more satisfied
- Make sure the person with the authority to seal the deal is present during the negotiation

TYPICAL HARDBALL TACTICS

GOOD COP / BAD COP

- “Bad cop” plays the role of the bad guy who takes tough measures (threats, intimidation) against the targeted party.
- “Bad cop” leaves the negotiation table for the “Good cop” to come and offer the targeted party “an easy way out” of the situation
- The “easy way out” option is meant for the targeted party to yield to the team’s demands

GOOD COP / BAD COP

Advantages

- Often results in negotiated agreements

Disadvantages

- Easily seen through by targeted party
- Can be countered easily by clearly exposing the negotiators' plot
- Distracts the negotiators from the negotiation goals

Dealing with Good Cop / Bad Cop

- Openly exposing the negotiators' plot

LOWBALL / HIGHBALL

- Starts the negotiation with an unreasonable low (high) opening offer

Advantages

- Aims to get the other party to re-evaluate his opening offer and move closer to his resistance point

Disadvantages

- Other party may not want to negotiate at all
- Requires a skilled negotiator to explain his extreme opening offer if the other party continues to negotiate

LOWBALL / HIGHBALL

Dealing with Lowball / Highball

- Insisting on a reasonable opening offer before negotiating further
- Show that you are familiar with the bargaining mix and therefore you will not be fooled
- Show your displeasure of such tactic used against you by threatening to leave the negotiating table
- Come up with an extreme counter offer

Best tactic – ask for a more reasonable opening offer instead of a counter offer

BOGEY

- Negotiator pretends that an unimportant issue is quite important to him
- Use this tactic to trade and make concessions for issues that are really not important

Advantages

- Difficult to defend against

Disadvantages

- Difficult to enact
- May backfire if the other party takes you seriously and therefore giving you what you want to bogey away

BOGEY

Dealing with Bogey

- Question why the negotiator wants a particular outcome or makes a sudden reversal in positions
- Not conceding to what the negotiator wants after his sudden reversal in position

THE NIBBLE

- Negotiator adds a small item (the nibble) to the agreement when both parties had spent significant time and effort in negotiation and the agreement is near.

Advantages

- None

Disadvantages

- Although the nibble is small in size, it's enough to upset the other party
- The other party may be motivated to seek revenge in future negotiations

THE NIBBLE

Dealing with The Nibble

- Ask the negotiator “What else do you want?” every time he asks for a nibble, until all issues are raised and identified
- Come up with one’s own nibbles in exchange for the negotiator’s nibbles

CHICKEN

- The negotiator uses a big bluff with a threatened action, in order to force the other party to “chicken out” and yield to their demands

Advantages

- None

Disadvantages

- Turns the negotiation into a high-stakes gamble for both sides
- Makes it hard to distinguish whether either party will follow through on their stated course of action

CHICKEN

Dealing with Chicken

- Preparation before negotiation helps to understand both parties' situations
- Using external sources to verify what's exchanged in the negotiation

INTIMIDATION

- Many tactics take the form of intimidation
- Common point of these tactics is the use of emotional ploys to force the other party to yield
- Other forms of intimidation includes increasing the appearance of legitimacy and guilt
- All these tactics make the intimidator feel more powerful
- Leads the targeted party to give in due to emotional rather than objective reasons

INTIMIDATION

Dealing with Intimidation

- Discuss the negotiation process with the intimidator, stating that you expect a fair negotiation process
- Ignore the intimidation
- Using a team to negotiate with the intimidator
- Not everyone in the team is intimidated by the same things
- Team members provide mutual support to one another through the process

AGGRESSIVE BEHAVIOR

- Similar to intimidation tactics
- Being aggressive in establishing your position and attacking the other party's position
 - Asking for best offer early in the negotiation
 - Getting the other party to explain his position by justifying item by item
 - Getting the other party to make many concessions

AGGRESSIVE BEHAVIOR

Dealing with Aggressive Behavior

- Stop the negotiation to discuss the process itself
- Using a team of negotiators to negotiate with the aggressive party

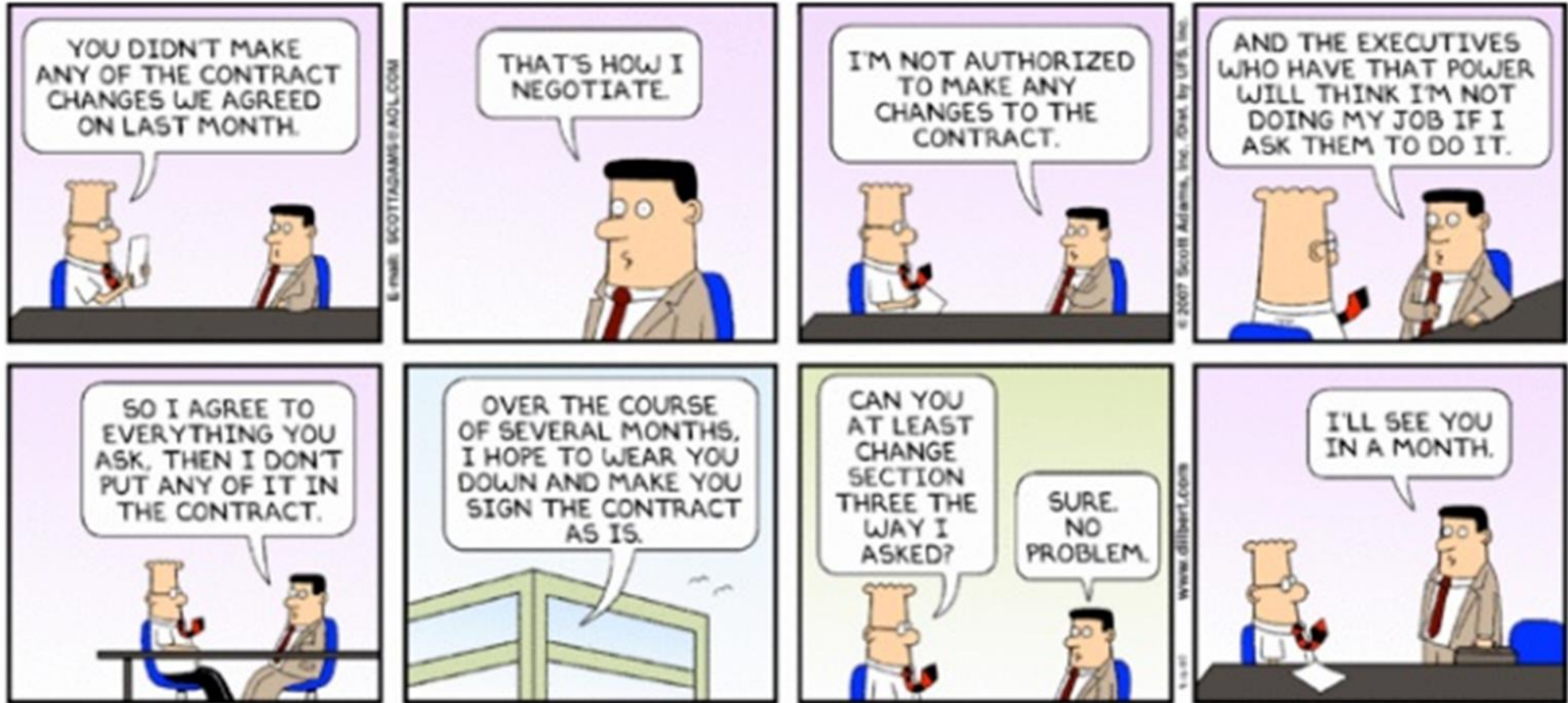
SNOW JOB

- To overwhelm the other party with large amount of information, such that the other party has a problem determining which information is real or important
- To use technical or expert language such that a non-expert party cannot understand and would simply acknowledge it just to avoid embarrassment

SNOW JOB

Dealing with Snow Job

- Do not be afraid to ask questions until a clearly understood answer is obtained
- Use technical experts to discuss and verify technical issues
- Looking out for inconsistency in the negotiator's answer or response and ask if in doubt



LACK OF AUTHORITY

- Negotiator lacks the authority to make the deal
- Negotiator hopes that by the fifth time they've "had to check with their superiors" you will back down from your position

Dealing with Lack of Authority

- Ask up front who the final decision maker is and don't talk to anyone else.

WHEN OTHERS HAVE MORE POWER

DEALING WITH OTHERS WITH MORE POWER

- Never do an all-or-nothing deal
- Make the other party smaller – diversify into multiple negotiations with several departments in an organization
- Make yourself bigger – build coalitions – bring more staff
- Build momentum through doing deals in sequence
- Use competition to leverage power
- Constrain yourself – limit the ways you can do business
- Obtain additional information – information is always a source of power
- Do not let the other party control the process – agenda, timing, location

COMBATING USE OF DECEPTION

COMBATING USE OF DECEPTION

- Ask probing questions
 - Can reveal a great deal of information some of which has been left undisclosed
 - May increase other party's tendency to be deceptive
- Force the party to lie or back off
 - A question that forces the party to lie may make the party nervous about liability for fraudulent negotiator behavior
- "Call" the Tactic
 - Tactfully but firmly indicate you know they are bluffing and indicate your displeasure

COMBATING USE OF DECEPTION

- Discuss what you see and offer to help the party change
 - Assure the party that telling the truth is, in the long term, more likely to get them what they want
- Respond in kind
 - Not recommended, however if they recognize you are lying too, they may realize the tactic is unlikely to work
- Ignore the Tactic
 - While some behaviors are clearly unethical, others depend on the culture, personal motivation and reaction of the negotiators.

SUMMARY

SUMMARY

Parties often share interests, even when they believe they're on opposite sides of an issue, and some issues are usually more important to one person than to the other. The key to a successful negotiation is to maximize the outcome for everyone.

UPCOMING TRAINING - EVENTS

WHAT IS WPI'S CURRENT WEBINAR SCHEDULE?

June 26, 2018 – **Export Controls – ITAR and Associated Requirements** – [CLICK HERE](#) for additional information – presented by Marc Violante, Wisconsin Procurement Institute (WPI)

July 11, 2018 – **The End of the Fiscal Year is Here – What is Hot and What is Not** – [CLICK HERE](#) for additional information – presented by Marc Violante, Wisconsin Procurement Institute (WPI)

July 17, 2018 – **Code of Business Ethics and Conduct in Government Contracting** – [CLICK HERE](#) for additional information – presented by Emily A. Constantine – Attorney – Husch Blackwell LLP

July 17, 2018 – **Export Compliance and Small Business** – [CLICK HERE](#) for additional information – presented by Emily A. Constantine – Attorney – Husch Blackwell LLP

July 25, 2018 – **Overview of the Federal Acquisition Regulations (FAR)** – [CLICK HERE](#) for additional information – presented by Carol Murphy, Wisconsin Procurement Institute (WPI)

<https://www.wispro.org/faqs/what-is-wpis-webinar-schedule/>



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SAVE THE DATES
2018 MARKETPLACE
December 12-13, 2018

LOCATION:
Potawatomi Conference Center
Milwaukee, Wisconsin

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QUESTIONS?

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