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Project Negotiation Skills - Strategies and Tactics



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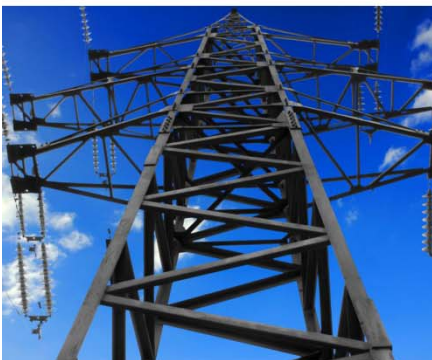
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Project Negotiation Skills

-Strategy and Tactics-

-10 PDH -



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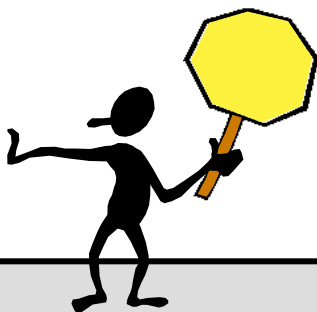
Course Overview

This course will help participants understand the risk involved in a traditional “win-win” approach to project negotiations and develop a new strategy and supporting tactics that will either assure “satisfaction” on both sides or at least maintain good will if an agreement cannot be reached. They learn to analyze the nature of their satisfaction for every negotiating situation and develop tactics to achieve it.

It begins with a look at the major working styles that may be involved in negotiations and how to approach the negotiation from the viewpoint of *the other side’s interests* and utilize tactics appropriate for each type. Then we explore the fundamentals of negotiations to identify the skills and concepts that apply in any kind of project setting.

Finally, we identify what a successful relationship with a service or product vendor would look like and how we can establish it on any project. We include suggestions for a *Request for Information* (RFI), a *Request for Proposal* (RFP), and developing measurements for subjective “fuzzy” topics.

It does **do not** discuss developing or negotiating contracts, risk management, nor provide legal advice. Those topics are beyond the scope of this work.



-WARNING -

You should be willing to re-think how you deal with vendors if you want to get the most out of this course.

-Disclaimer -

We realize there are some vendors who use their perceived only-game-in-town position to “hold up” clients at every opportunity. They require CLOSE management and the approach described in this course would not be effective.

However, many other vendors do want to act in a principled, honorable way with clients and this course will help you get the most out of a relationship by **not treating** them the same way you would the hardball players.

Learning Objectives

At the conclusion of this course, the student will know:

1. How to identify the four major working styles they will encounter on a project
2. Their own personal working style
3. How to take a flexible approach to deal with the different working style types that would be on a project
4. How to adapt their negotiation tactics to negotiate more effectively with styles unlike their own
5. How to view the negotiation through the eyes of the other side
6. How to develop an overall strategy for the upcoming negotiation
7. How to select tactics for use in the negotiation that will support the selected strategy
8. How to negotiate more confidently
9. How to preserve good will even if you cannot reach agreement
10. How to deal effectively with unexpected situations in a negotiation where you do not have preparation time
11. How to ask questions that help you develop your strategy
12. How to stay on track and not get distracted
13. How to use outside standards to reduce the potential for conflict
14. How recognize and deal with disruptive tactics from the other side
15. A variety of ways to close a negotiation and get agreement
16. The value of “interests” and the danger of “positions” when constructing a negotiation strategy
17. How to define what a successful outcome looks like from your perspective and theirs
18. How to clarify their perception of the traditional client-vendor relationship from the *client's* viewpoint
19. How to clarify their perception of the traditional client-vendor relationship from the *vendor's* viewpoint
20. How to re-evaluate the “customer is always right” concept
21. Who *influences* the width of the performance gap between commitment and compliance within a client-vendor relationship

22. How to develop a relationship framework that will influence their counterpart positively toward the commitment side of the performance gap
23. Who *controls* where the vendor works within the performance gap between commitment and compliance.
24. Why and how the relationship between the leader and work performer impacts work productivity
25. The five components of motivation important to a vendor
26. How to include these five elements in a client-vendor relationship
27. How these motivational components relate to a successful client-vendor relationship
28. How viewing a vendor from a new perspective may have a profound impact on their eventual relationship
29. What vendors typically look for in a relationship with a client
30. How to determine what the counterpart seeks in a successful relationship
31. What are the most typical complaints about vendors
32. What are the most common complaints about clients
33. How to identify the characteristics of a relationship with a vendor that would best satisfy a client
34. How to construct the foundation for a successful relationship with a vendor
35. Key phrases to add to RFIs and RFPs to alert potential vendors that a client is considering a non-traditional relationship
36. To develop an easy-to-use and fair evaluation system for subjective or “fuzzy” topics that are traditionally difficult to measure

Relating to Your Project Team or Vendors

You probably have many team members with whom you get along very well because they seem to be a lot like you! Maybe it is the way they present their problem or the way they respond to your answers that makes you think you have a lot in common.

Additionally, there are probably many with whom you feel absolutely no connection and it is difficult to deal with them successfully. The reason may be that your individual *working style* – the way you interact with the world – is similar to some of your team’s working styles and very different from some others. This applies to current and potential vendors, too.

Before we can help you deal effectively with the various personalities with whom you may negotiate, it is important that you know what your working style is so you can identify theirs. Once you are able to understand the clues and characteristics of the four major working styles, it will become easier for you to become flexible in your approach to others who display a different style than yours.

Self-Assessment Survey

We all are *combinations of the four various working styles* and, depending on the situation, we may display different aspects of our individual style.

For example, at work we may allow the “take charge” aspect of our personality to lead others while after work, with friends, we may pull back the take-charge element and bring out the “friendly and feelings” aspect of us. Please remember this – we are a blend of these styles and the one that we call upon most is our working style.



Select the response in the following questions, which is most likely how you would respond. The answers are neither right nor wrong. Just base your responses on how you are today, not how you think you need to be or want to be in the future.

1. When talking to a vendor or co-worker....

- a. I maintain eye contact the whole time.
- b. I alternate between looking at the person and looking down.
- c. I look around the room a good deal of the time.
- d. I try to maintain eye contact but look away from time to time.

2. If I have an important decision to make....

- a. I think it through completely before deciding.
- b. I go with my gut instincts.
- c. I consider the impact it will have on other people before deciding.
- d. I run it by someone whose opinion I respect before deciding.

3. My office or work area mostly has....

- a. Family photos and sentimental items displayed.
- b. Inspirational posters, awards, and art displayed.
- c. Graphs and charts displayed.
- d. Calendars and project outlines displayed.

4. If I am having a conflict with a co-worker or customer....

- a. I try to help the situation along by focusing on the positive.
- b. I stay calm and try to understand the cause of the conflict.
- c. I try to avoid discussing the issue causing the conflict.
- d. I confront it right away so that it can get resolved as soon as possible.

5. When I talk on the phone at work....

- a. I keep the conversation focused on the purpose of the call.
- b. I spend a few minutes chatting before getting down to business.
- c. I am in no hurry to get off the phone and don't mind chatting about personal things, the weather, and so on.
- d. I try to keep the conversation as brief as possible.

6. If a co-worker is upset....

- a. I ask if I can do anything to help.
- b. I leave him/her alone because I do not want to intrude on his privacy.
- c. I try to cheer him/her up and help him/her to see the bright side.
- d. I feel uncomfortable and hope he/she gets over it soon.

7. When I attend meetings at work....

- a. I sit back and think about what is being said before offering my opinion.
- b. I put all my cards on the table so my opinion is well known.
- c. I express my opinion enthusiastically, but listen to other's ideas as well.
- d. I try to support the ideas of the other people in the meeting.

8. When I make a presentation in front of a group....

- a. I am entertaining and often humorous.
- b. I am clear and concise.

- c. I speak relatively quietly.
- d. I am direct, specific, and sometimes loud.

9. When a customer is explaining a problem to me....

- a. I try to understand and empathize with how he/she is feeling.
- b. I look for the facts pertaining to the situation.
- c. I listen carefully for the main issue so that I can find a solution.
- d. I use my body language and tone of voice to show her that I understand.

10. When I attend training programs or presentations....

- a. I get bored if the person moves too slowly.
- b. I try to be supportive of the speaker, knowing how hard the job is.
- c. I want it to be entertaining and informative.
- d. I look for the logic behind what the speaker is saying.

11. When I want to get my point across to customers or co-workers....

- a. I listen to their point of view first and then express my ideas gently.
- b. I strongly state my opinion so that they know where I stand.
- c. I try to persuade them without being too forceful.
- d. I explain the thinking and logic behind what I am saying.

12. When I am late for a meeting or appointment....

- a. I do not panic, and I call ahead to say that I will be a few minutes late.
- b. I feel bad about keeping the other person waiting.
- c. I get very upset and rush to get there as soon as possible.
- d. I apologize profusely after I arrive.

13. I set goals and objectives at work that....

- a. I think I can realistically attain.
- b. I feel are challenging and would be exciting to achieve.
- c. I need to achieve as part of a bigger objective.
- d. Will make me feel good when I achieve them.

14. When explaining a problem to a co-worker whom I need help from....

- a. I explain the problem in as much detail as possible.
- b. I sometimes exaggerate to make my point.
- c. I try to explain how the problem makes me feel.
- d. I explain how I would like the problem to be solved.

15. If customers or co-workers are late for a meeting with me in my office....

- a. I keep myself busy by making phone calls or working until they arrive.
- b. I assume they were delayed a bit and do not get upset.
- c. I call to make sure that I have the correct information (date, time, and so on).
- d. I get upset that the person is wasting my time.

16. When I am behind on a project and feel pressure to get it done....

- a. I make a list of everything I need to do, in what order, by when.
- b. I block out everything else and focus 100 percent on the work I need to do.
- c. I become anxious and have a hard time focusing on my work.
- d. I set a date to get the project done by and go for it.

17. When I feel verbally attacked by a customer or a co-worker....

- a. I tell him/her to stop it.
- b. I feel hurt but usually do not say anything about it to him/her.
- c. I ignore his/her anger and try to focus on the facts of the situation.
- d. I let him/her know in strong terms that I do not like her behavior.

18. When I see a co-worker or customer whom I like and haven't seen recently....

- a. I give him/her a friendly hug.
- b. I greet him/her but do not shake his hand.
- c. I give him/her a firm but quick handshake.
- d. I give him/her an enthusiastic handshake that lasts a few moments.

1 a Driver b Amiable c Analytical d Expressive	4 a Expressive b Amiable c Analytical d Driver	7 a Analytical b Driver c Expressive d Amiable	10 a Driver b Amiable c Expressive d Analytical	13 a Analytical b Expressive c Driver d Amiable	16 a Analytical b Driver c Amiable d Expressive
2 a Analytical b Driver c Amiable d Expressive	5 a Driver b Expressive c Amiable d Analytical	8 a Expressive b Analytical c Amiable d Driver	11 a Amiable b Driver c Expressive d Analytical	14 a Analytical b Expressive c Amiable d Driver	17 a Driver b Amiable c Analytical d Expressive
3 a Amiable b Expressive c Analytical d Driver	6 a Amiable b Analytical c Expressive d Driver	9 a Amiable b Analytical c Driver d Expressive	12 a Analytical b Amiable c Driver d Expressive	15 a Expressive b Amiable c Analytical d Driver	18 a Amiable b Analytical c Driver d Expressive

Write your total score here:

Driver = _____ Amiable = _____ Analytical = _____ Expressive = _____

Working styles from *Personal Styles and Effective Performance: Make Your Style Work for You* by David Merrill and Roger Reid (Chilton, 1981)

Since there are four distinct Working Styles, the odds are only 1 in 4 that you'll encounter someone like you. It is obviously very wise to understand something about the other 75% of the world if you want them to get to like working with you.

Demonstrating Our Working Style

Our everyday behaviors can go a long way to identifying our style. If you are observant, you can pick up clues from:

What people say - **How they say it**
How they act - **Their work environment**

What People Say: How do you express yourself? Do you use colorful phrases, “down home-isms”, or larger-than-life expressions, or do you tend to say things in a more modest, low-key manner? The types of words you use and the way you use them is a direct reflection of your working style.

How they Say It: Do you speak quickly in your normal mode and speed up even more when you get angry? Or do you speak slowly and distinctly and grow quieter if you get angry? Does your voice have a lot of inflections and tonal changes or does it stay essentially the same regardless of the topic? Is there excitement in your voice or more calm and relaxed? The way you speak tells people as much about you as how you say it.



How they Act: Have people ever said to you, “If we hold your hands, you won’t be able to talk!” Do you gesture broadly when you speak or do your hands rest quietly in your lap or at your side while you speak? Do people have to move quickly to keep up with you or do you stroll at a leisurely pace? Your body movements are a very natural aspect of your working style.



The work environment: Do you have reports, files, and papers strewn over your desk or is it neat and tidy? Do you have pictures in your area? Are they family, generic scenery, or both? Are the pictures of your family casual or formally posed? What about the wall decorations? Are they achievement oriented (#1 in the golf tournament) or (attention



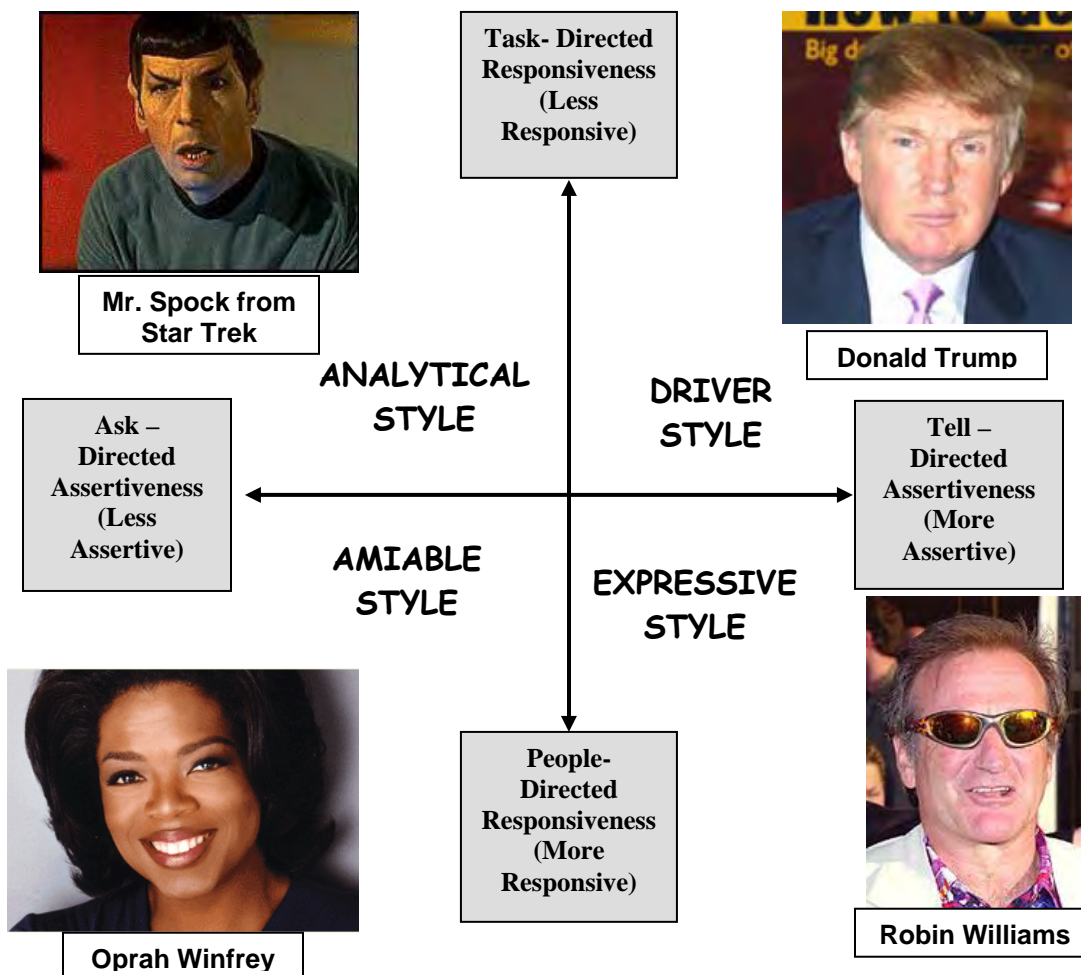
seeking) “here’s the governor and me at a luncheon?” The office environment can tell a lot about the inhabitant to an alert observer.

The Working Styles Grid

The concept of Working Styles is based on where people fall along two behavioral ranges. These ranges address:

- How (or the extent to which) people **assert** themselves to others (outgoing communication meaning whether they typically ‘tell’ or ‘ask’) and,
- How (or the extent to which) they **respond** to others with focus more on people or task issues.

Here is a grid to help visualize it and these are famous people who exemplify these traits:



The Analytical Style

Although a fictional person, Mr. Spock of Star Trek fame is the classic example of an analytical (even to an extreme).



Their working style has a low degree of assertiveness (they listen more than they speak) and a low degree of emotional expression. People with this style *focus on facts more than feelings*. They evaluate situations objectively and gather plenty of data before making a decision. They prefer an organized work environment where they know exactly what is expected of them.

They are often perceived as deliberate, constrained, and logical. They tend to be good listeners who follow procedures, carefully weigh all alternatives, and remain steadfast in purpose. They are seen as disciplined, independent, and non-aggressive, and as people who are likely to let others take the social initiative. They may be perceived as conservative, businesslike, and persistent in their relationships with others. Strongly risk-averse and pursue their goals only after they have compiled plenty of data to support a project's purpose, practicality, and policy. For them, the *process* is as important as the outcome.

Here are some of the phrases often used to describe **Analyticals**:

- Seem technically oriented, often seeking structure, certainty, and evidence before making decisions (show them the warranty!)
- Appear quiet and unassuming; may show little emotion when dealing with others (they are listening much more closely than it appears)
- Tend to take little social initiative with others; may remain guarded until a strong relationship has been developed
- May push to extend existing ideas and procedures before going on to something new
- Will meticulously check every word and term in a contract or agreement before signing it

Their office environment probably includes:

- Minimal wall decorations. If there are some, they are probably off-the-shelf graphics, nothing frivolous, everything is utilitarian
- If there are documents on their desk, they are neatly stacked and everything looks orderly
- Family pictures, if any, are formal portrait settings, not candid shots of vacation, the dog, etc.
- There are probably charts, graphs, or other statistical measurements in their office.

Strengths of this style include:

- Seem able to approach problems on the basis of facts and logic and to create solid solutions
- Tend to make the most practical decision by being thorough and open to ideas
- Like to discover new ways of solving old problems
- Often productively competent in working out a problem and in getting a job done right

Growth opportunities for this style include:

- Realize that their need to collect data it makes it difficult to meet a deadline
- Their need to have zero errors makes it difficult to provide an estimate or make an off-the-cuff suggestion
- Their need for orderliness makes it uncomfortable when someone with whom they are working jumps from one topic to another randomly

STRATEGIES FOR NEGOTIATING WITH THEM

- Meet their need for data by providing charts, graphs, warranties, or statistics. Always check your data first because they will.
- Give them some room for error when asking for an estimate or opinion otherwise you will never get an answer because they are still collecting data. For example, ask for an estimate “with a 95% confidence level.” If you give them an ‘out’ (95% instead of 100%) so they do not have to be perfect, you allow them to reduce their inner drive for error avoidance.

- Set some preliminary milestones so you can check on progress instead of an all-or-nothing final date. Their drive for perfection and analysis of data may cause them to get so bogged down in the details they lose track of the overall schedule.
- Support their principles and thinking; provide evidence and service; and answers that explain HOW as often as possible.
- When explaining something, proceed in a logical sequence and do not make any leaps of logic.

The Amiable Style

Oprah Winfrey has been called, “America’s Beloved Best Friend” on the Academy of Achievement’s website. Although very successful as a businessperson, she has built her fortune on being perceived as a caring and friendly person.



She, as an amiable, is often seen as quiet, unassuming, and supportive. Perceived as a warm, friendly listener who seem easy to get along with, she attracts people who enjoy personal contact and shared responsibility (“teamwork” is something they enjoy.).

They tend to pursue goals by first establishing strong personal ties (first the personal relationship then the business relationship.) They may be perceived as avoiding risks and decision making unless they have strong support or data to back them up.

They like time to build relationships and to seek support and feedback from others before they make decisions (“Where do you want to go to lunch? What about you?” they will ask everyone in the group but make no decision themselves for fear of offending someone.)

They are very cooperative in their interaction with others because they want to be liked and “fit in’.

Phrases frequently used by people to describe amiabes like Oprah include:

- Seem to accept others, placing a high priority on getting along
- Appear quiet, cooperative, and supportive as they seek approval
- Seem easy to get to know and work with
- Tend to minimize interpersonal conflict whenever possible

Their office environment probably includes:

- “Happy” decorations including candid pictures of family & friends
- “Have a Nice Day” slogan variations
- Probably some clutter giving it a comfortable and homey feel
- Some emphasis on teamwork in an award, a slogan, or books on the shelf dealing with relationships and or communication

Strengths of this style include:

- May help others and provide positive strokes for other people's work and accomplishments
- May have a deep sense of loyalty and dedication to those in their work and peer groups
- Seem able to communicate trust and confidence in other people
- Function very well on teams and other social settings
- Tend to make people feel comfortable about themselves

Growth opportunities for this style include

- Amiables often have trouble asserting themselves and making decisions quickly.
- Generally, they don't like confronting disagreement with co-workers
- Must resist the temptation to base everything on feelings and more on results.
- Their reluctance to deal with conflict means that they don't always get what they really want.
- Their frustration about not resolving such issues can turn into resentment that is directed toward the same co-worker in later interactions.

STRATEGIES FOR NEGOTIATING WITH THEM

- Use a friendly tone of voice while making frequent eye contact and smiling
- They seek approval – provide it as much as you can.
- Use no aggressive or no dramatic gestures because this may be seen as unfriendly
- Speak slowly and in soft tones with moderate inflection (because that's how friends talk with each other)
- Use language that is supportive and encouraging with guarantees and assurances

The Driver Style



Donald Trump is a billionaire real estate developer that has amassed a fortune through owning key New York properties (i.e. Trump Towers), and Atlantic City casinos. He has gained fame for his flamboyant deals, his run for President, and his supermodel love interests.

He is the consummate Driver because he is results-oriented, tending to initiate action and give clear direction. Drivers seek control over their environment and want to know the estimated outcome of each option when making deals.

They are willing to accept risks, but want to move quickly and have the final say. They love competition – especially when they win. In relationships, they may appear uncommunicative, independent and competitive and tend to focus on efficiency or productivity rather than devoting time and attention to casual relationships. They seldom see a need to share personal motives or feelings.

Drivers feel most comfortable pursuing their goals when they are in charge and taking the initiative. They are often seen as thriving in situations in which they can create plans and have others carry them out.

Drivers are frequently described as:

- Heartless, bottom-line oriented, will make direct eye contact as a way to intimidate to exert influence
- Able to move quickly and briskly with purpose while others hurry to catch up
- Speaking forcefully and fast-paced using terms such as will (not should), can (not try), and sounding very certain of themselves
- They seem to make things happen, take risks, and view problems as just another challenge.

Their office environment probably includes:

- Planning calendars and project outlines displayed in their offices
- Wall decorations include achievement awards (“#1 in the golf tournament)
- Furniture is “executive” style and of the best available (or best they can afford)
- Probably many communication methods available because they want to stay in touch, solve problems, and keep moving people ahead toward goals.

Strengths of this style include:

- The ability to take charge of situations and make quick decisions are what often make drivers high achievers.
- They put a single-minded focus on the goals they want and are not afraid to take risks to accomplish them.
- Often confident and strong-willed and like to initiate, control, and serve as own motivator
- Appear efficient, hardworking, results-oriented, and direct and to the point

Growth opportunities for this style include:

- When feeling stressed, drivers can be so focused on getting things done quickly that they can overlook details and make mistakes.
- They may push aside their own and other's feelings to get the job done, which can create tense situations with co-workers.
- Because of their hard-driving, competitive nature, drivers can sometimes become workaholics.
- Their failure to consider the feelings of others can drive off a lot of good employees from their organization

STRATEGIES FOR NEGOTIATING WITH THEM

- Don't waste their time – get to the point and be efficient
- Allow them to build their own structure when possible
- Give them choices between options and probabilities – allows them to be ‘in charge’
- They measure value by results – show them how your product achieves results

The Expressive Style

If the description of an Expressive is “often excitable, fun-loving, and talkative; loves an audience and applause or recognition may be a cherished reward”, then Robin Williams is the perfect example.



They are motivated by recognition, approval and prestige. They are very communicative and approachable, while freely sharing their feelings and thoughts.

They move quickly, continually excited about the next big idea, but they often don't commit to specific plans or see things through to completion. They are better with strategy than the tactics needed for execution. Like drivers, they enjoy taking risks. When making decisions, they tend to place more stock in the opinions of prominent or successful people than in logic or research. Though they consider relationships important, the Expressive's competitive nature leads them to seek quieter friends who are supportive of their dreams and ideas, often making relationships shallow or short-lived.

Phrases like these are often heard when describing Expressives:

- Appear to be risk-takers, competitive, and spirited
- Often futuristic, creative, and inspirational
- They are out-going, spontaneous, persuasive, gregarious, and humorous
- They see the “big picture” but don't care much for the details
- Their approach toward projects may be, “Ready, FIRE, aim!”
- They think quickly and are more solution than process (like analyticals are) focused

If you had a large project, the styles would broadly work like this:

- The *expressive dreamer* lays it all out
- The *take-charge driver* leads it and makes it happen
- The *amiable team builder* keeps the workforce together
- The *analytical data manager* maintains the records and documents

Their office environment probably includes:

- Pictures that shout “look at me” such as with celebrities, unique locations (The Golden Gate Bridge), or exciting events such as skydiving. (The Driver’s pictures would should competition or achievement like #1 in the golf tournament. The Expressive’s would be *‘Here are the Governor and I playing golf’*.)
- Bright colors
- Candid pictures of the family and their dog
- Many different projects or topics that they are working on

Strengths of this style include:

- Their lively nature allows them to motivate and generate excitement in others.
- They work at a fast pace and are good at building alliances and relationships to accomplish their goals.
- They are well suited for high-profile positions that require them to make public presentations, such as trainers, actors, salespeople, and so on.
- Like to share dreams and may stimulate creative exchange of ideas

Growth opportunities for this style include:

- When upset, they can often communicate their feelings with considerable intensity, and if criticized, they may lash out with a verbal attack.
- They may seem overwhelming to less assertive styles, because when they're enthusiastic about an idea, they press for a decision and may overlook important details.
- They may need to stay with a project longer than just the initial start-up phase to make sure everyone understands the concept
- Rely less on intuition at times and dig for more facts

STRATEGIES FOR NEGOTIATING WITH THEM

- Start by focusing on generalities rather than on details.
- They usually respond well to playful people who focus on the big picture.
- It’s important to make direct eye contact, having energetic and fast-paced speech,

- Be sure to allow time in the meeting for socializing, talking about experiences, people, and opinions, in addition to the facts
- Ask about their intuitive sense of things will help
- Support your ideas with testimonials from people whom they know and like
- Paraphrase any agreements made and maintain a balance between fun and reaching objectives

BACKUP STYLE IN NEGOTIATIONS

Many people, when under stress, usually revert to their “backup style” of behavior.

For example, back on page 12, you learned that people fall into two broad categories of assertiveness: more or less assertive. The more assertive types are the **Drivers** and **Expressives**; the less assertive one are the **Amiables** and **Analyticals**.

Under stress, people will become more of whichever assertive styles they are. The **Drivers** become more demanding (their controlling trait); **Expressives** attack verbally (their verbal and quick thinking abilities); **Amiables** give in and put their personal feelings aside; and **Analyticals** withdraw into a shell avoiding the situation.

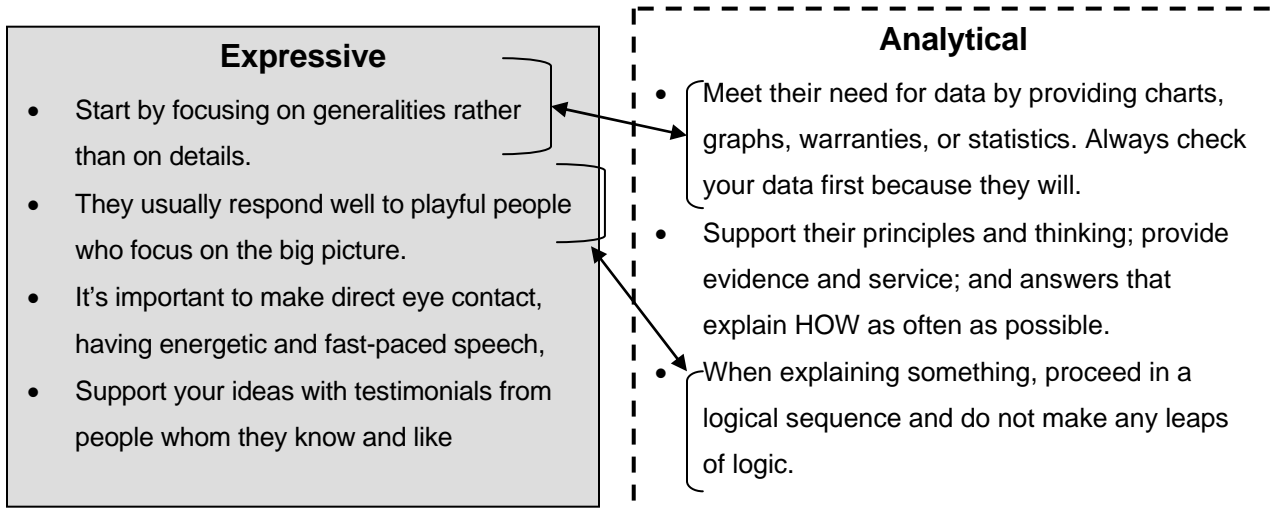
Working Style Flexibility

Earlier, we indicated that four distinct styles means that 25% of the world's working styles is like ours (we do not include ethnic, religious, geographic, etc. factors but rather the basic working style as we have used in this course) and 75% is different.



This means if we can find a way to approach the other person *in a way most like their working style*, we increase the odds we can communicate effectively from 1-in-4 to perhaps 1-in-2 or 1-in-1 depending on our skills. *The greater our attempt to see the world through their eyes will make them like to work more with us.*

Suppose you were an **Analytical** (Mr. Spock) having to deal with an **Expressive** (Robin Williams). From our guidelines on dealing with the various working styles, here are some of the strategies to use when working with them.



Can you see what a disaster it would be to use the **Analytical** approach of providing a lot of data and statistics first when an **Expressive** just wants generalities? Or when the Expressive just wants the “big picture” and the Analytical insists on the logical sequence without making any leaps of logic?

Flexibility means that “you temporarily adapt so you can be successful in the encounter”; *it does not mean becoming the other style.*



The most successful anglers look at the world *from the perspective of the fish.*

They ask, “*What kind of water conditions, visibility, temperature, and light is best? What about time of day? Which is best, incoming, outgoing, slack, or flood tide? What is their favorite bait?*”

They do not try to become a fish!

Think of someone with whom you work and identify his or her working style.

- What clues do you notice?
- Based on those clues, what is their probable working style?
- How should you approach them?
- What is your working style? What potential conflicts are there between your style and theirs?

What will you do to avoid these conflicts?

Be a Working Styles Detective

- Is the customer **ASSERTING** his/her *needs, wants, and opinions* a LOT (Driver & Expressive) or a LITTLE (Analytical & Amiable)?
- Is the customer **EXPRESSING** his/her **feelings and emotions** a lot (Expressive & Amiable) or a little (Driver & Analytical)?



Understanding Project Negotiations

The popular feel-good phrase usually associated with project negotiating is, “*We are trying to achieve a “win-win” situation*” or something like that. Unfortunately, this attempt to make everyone feel good rather than address the actual negotiation outcomes probably does more to limit potential success in negotiations than it does to help because each side is *still thinking about whether they won more* regardless of how altruistic they try to sound to the other side.

When you stop to think about it, humans are fundamentally competitive, and there is no real way that two people can say with honesty (notice we do not say ‘sincerity’) “*we each won in this situation!*” The very definition of winning is that someone emerged from a competition in a more advantageous position than did the others. Even if both sides agree to say, “We each won”, one will still tell themselves (and anyone else who will listen), ‘Yes, but I won MORE than they did!’ Winning is a measurable that everyone can understand. Just look at the scoreboard: we scored more than they did!

Satisfaction is what we want from a negotiation – not winning. Each side can be satisfied even if they ended up with different outcomes. I may have paid more for it than I had planned to, but you agreed to deliver it sooner than you expected. You got more money and I got it. **We both are satisfied.**

Winning requires that each side value the same thing: i.e., a greater score in a competitive situation. In the example above, if you said, “I won because you gave me more money than you wanted to”, I could say, “Yes, but I had plenty of money. However, you promised delivery sooner than you wanted to. That means I won!” Obviously, if we do not share the same values, then talking about winning is meaningless.

In reality, the two sides do not always share the same values in the same topics under discussion. Back to the previous example, you valued the money while I valued time. Therefore, we describe negotiation outcomes more in *degrees of satisfaction* than the either-or concept of winning or losing as we do in competitive events.

The extent of our satisfaction is not so easy to measure because it is an internal factor. Since it is internal, and usually very personal, we do not focus much on analyzing it.

In negotiations, we are rarely dealing with either-or situations. Even when it comes down to the dramatic “take-it-or-leave-it” confrontation, we have still considered many other aspects within the negotiation before we finally take it or leave it.



Think of when we buy a car. Our final decision to take it or leave it results from the extent to which it meets our needs regarding concerns of safety, mileage, passenger capacity, color, audio equipment, comfort options, etc.

Although *outwardly* the decision appears to be an either-or/take-it-or-leave-it choice, the reality is that we considered all of our needs and thought about how well the car met them. If we are ***satisfied overall*** that the car meets our needs, we buy it: even if it is at a higher price than we wanted.

Characteristics of a Good Negotiation

Regardless of the subject, there are some common elements shared by all successful negotiations:

1. It should reach a **mutually beneficial agreement** (meets the legitimate interests of both sides to the extent possible, resolves conflicting interests fairly, will last for some time, and takes into account community [workplace, neighborhood, family] interests.)
2. It should be **“efficient”** (able to be implemented with a minimum of “moving parts”, other people or factions, and contingencies on future events)
3. Should **improve** (or not damage) **the relationship** between the parties involved
4. It should **create an environment in which we would be willing to negotiate with each other again.**

Why Many Negotiations Fail

Unsuccessful negotiations can result from many things:

- Poor preparation by failing to define desired outcomes, limits, possible issues for trades, consequences of not reaching a desirable outcome before starting
- Failure to consider the other side's potential needs, wants, and negotiating style
- Failure to identify combinations of desirable solutions within the context of the “big picture” (i.e., pay more for faster delivery, charge less for lower quality, etc.)
- Failure to maintain a long-term view on the ultimate goal(s) by getting distracted on short-term issues
- Failure to “know when to hold ‘em, when to fold ‘em, when to walk away, and when to run!” (Kenny Roger's, “The Gambler”)
- Failure to understand the difference between positions and interests

Positions vs. Interests

There is a house for sale (by owner) in a neighborhood where you have wanted to live and you are looking to move into that area?

Here are two possible scenarios that could occur which will demonstrate the difference between negotiating from *positions* or from *interests*.

Positions are the **visible facts** about the deal such as price, delivery date, quantities, terms and conditions of the sale. Interests are the **invisible reasons** behind the positions.



If you take time to find out as much as you can about the invisible reasons behind their pricing, delivery dates, quantities, and terms and conditions, you may be able to offer alternative options that will still satisfy them and allow them to be more flexible on their positions.

A Focus on Position #1

Your Comments	The Owner's Comments
How many bedrooms and baths does it have?	3 bedrooms and 2 baths
How old is it?	It is 13 years old.
How much are you asking?	\$195,000
We would not want to pay more than \$175,000.	That is your choice but it will not be enough for this house!
Maybe we could go to \$180,000.	We might consider \$190,000.
We would not go much higher!	We will not go much lower!
<p>At this point, it may break off entirely or antagonisms begin to develop because one side starts thinking the other side is trying to take advantage of them. The relationship turns into a competition and becomes personal about whether one side can persuade the other to give in.</p> <p>The chance of a successful negotiation where both sides are satisfied becomes very slim.</p>	

A Focus on Interests #1

Your Comments	The Owner's Comments
This looks like a very nice house you have. May I ask why you want to sell?	It has been a great house for us but I have been relocated and we are trying to sell here and get settled there before school starts.
How many bedrooms and baths does it have?	3 bedrooms and 2 baths
How old is it?	It is 13 years old.
How much are you asking?	\$195,000
I am sure it is worth every bit of that and you will eventually find a buyer. However, if it were a little less, we would be very interested in it and it may help you get on with getting your family moved and settled before school starts in your new neighborhood.	Well, our interest is more about getting on with our lives than staying here hoping the right buyer shows up. How much less would it have to be for you to be interested?
We would not want to pay more than \$175,000 but we have excellent credit and my lender has already approved us to this amount and assured us it would go through quickly!	That is a lot below what we were thinking. I guess I can come down a little if it closed quickly but I really could not go below \$185,000.
Maybe we could get up to \$185,000 if the appraisal supports that much. If it is more, it is still \$185,000 and if it is less, the price will match the appraisal if we agree to buy it.	That sounds fair. It is a deal!

In this example, the buyers have already done their homework by looking at real estate listings in this area to get a feel for the market value of the house. Although the market value and final sales price are not directly tied together, it will give them a feeling of whether they can afford to be looking in this area. In addition, this means they do not have to start with the position (price).

Once they know they can afford it, they talk with a lender to get an approved limit so they can speed the paperwork afterwards in case they find a seller that wants to move quickly.

By asking the seller why he/she wants to sell, they are trying to determine the interests behind the price. If the seller had said, *"Our family has grown and we're looking for a smaller house"*, they may not be as much in a hurry to sell as the relocaters and be firmer in their pricing.

Since they took time to determine the sellers' interest of getting to their next neighborhood in time for their children to register in their new school, they were able to touch those interests (**words in bold blue**) by making the statements they did.

This also gave the seller a graceful way to reduce the price to speed the sale without appearing to be "beaten down" by an aggressive buyer.

The more time spent trying to identify the other person's interests behind the deal will give you more opportunities to **present various options** that may appeal to the seller. In other words, more chances to satisfy each side.

Here is another situation that should help you understand the different between positions and interests.

You are a department manager who had a key project leader go on leave and will be out for the next 8 weeks. The executive sponsor for an important department project just told you that it has changed from a “hold” status (why the former project leader was able to take leave) to “active” and she wants it ready for implementation ASAP.

As the manager, you have met a consultant that you believe could do the job and want to call her/him in to negotiate a contract for this project.

This is confidential information known to you as the department manager:

You can only spend \$10,000 and do not want to “borrow” against any other accounts or projects you have planned. You have a 6-week deadline on this project.

You would like to get it back in 4 weeks in case it needs rework before the deadline. It would be nice to have a reliable resource like this consultant you can count on for unexpected events just like this. It would be good to see how they work on a small project like this before you consider them for larger ones.

The consultant likes the manager and thinks he/she would enjoy working there. This is the consultant’s confidential information:

You normally charge \$20,000 per month and do not have anything else planned for that month. It would be great to “get your foot in the door” with this company but do not want to appear too anxious. You fear that going below your normal rate will set a dangerous precedent that will keep future billings here lower than you would like.

It will take about \$11,250 worth of expenses to complete the project and you want to make at least \$8,000 of clear profit.

A Focus on Positions #2

Department Manager	Consultant
I have a short-term project in your specialty that I need completed in one month. (The project is described to the consultant.) Are you available and how much do you charge?	Yes, I am available and can do that for you. My monthly rate is \$20,000
I am sorry but \$20,000 is way beyond what I have available? I only have \$9,000. Will you take any less?	I may be able to come down a little but certainly not that far.
The discussion becomes a ‘classic give and take’ as each side tugs on that \$20,000 amount. The manager is trying to pull it down and the consultant is trying to keep it up without looking like they are giving in too easily. They may or may not reach a satisfactory agreement.	

A Focus on Interests #2

Department Manager	Consultant
I have a short-term project in your specialty that I need completed in one month. (The project is described to the consultant.) Are you available and how much do you charge?	Yes, I am available and can do that for you. My monthly rate is \$20,000
I am sorry but \$20,000 is way beyond what I have available? Can you help me understand what all goes into that amount? (These are the invisible reasons behind the position.)	Well, there will be a significant amount of expenses doing this project in relation to duplication, administrative support, leasing some specialized equipment, and of course, there is the profit I need to stay in business.
I don't want to know what your profit is but if there is a way we can provide the duplication and administrative support you need plus allow you to use our equipment, would that reduce your expenses, still allow for your profit, and come within the \$9,000 that I have available?	Yes, let me look at it a little more but I think that will work.
<p>The manager has been able to get what he/she needs by taking time to find out the invisible reasons behind the position (price). If they had started with the position (price), they may have never gotten off it.</p> <p>By focusing on interests, many alternative options become apparent and each ends up with what they want.</p>	



WARNING!!



For your piece of mind, NEVER tell anyone what you paid for your new car, boat, house, etc. This is because, *regardless of how happy you are about the great deal you got*, they will always say, “Gee, my cousin (uncle, father, sister, or friend) could have gotten you a better deal!” and that will destroy any pleasure that you had in getting the deal.

Simply smile and say, “I got a great deal” or “I’m very happy with this car” or anything to avoid the specific answer. Remember, if you give them a way to burst your bubble, they will even though it may be without any specific intent to hurt your feelings. It usually happens!

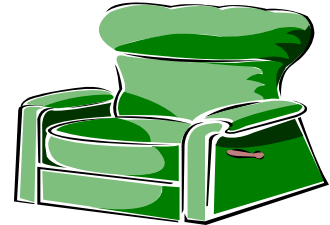
Three Kinds of Interests

We will explore the kinds of interests negotiation participants may have.

Interests can be:

“SHARED INTERESTS” = we both want that same item.

Example: The husband and wife each think a recliner would be good to have in the family room.



“NON-CONFLICTING” = one side wants something and the other side does not care one way or the other.

Example: The wife wants a beige recliner to match the carpet while the husband does not care what color it is.

“CONFLICTING” = if you get your interest, I cannot get mine.

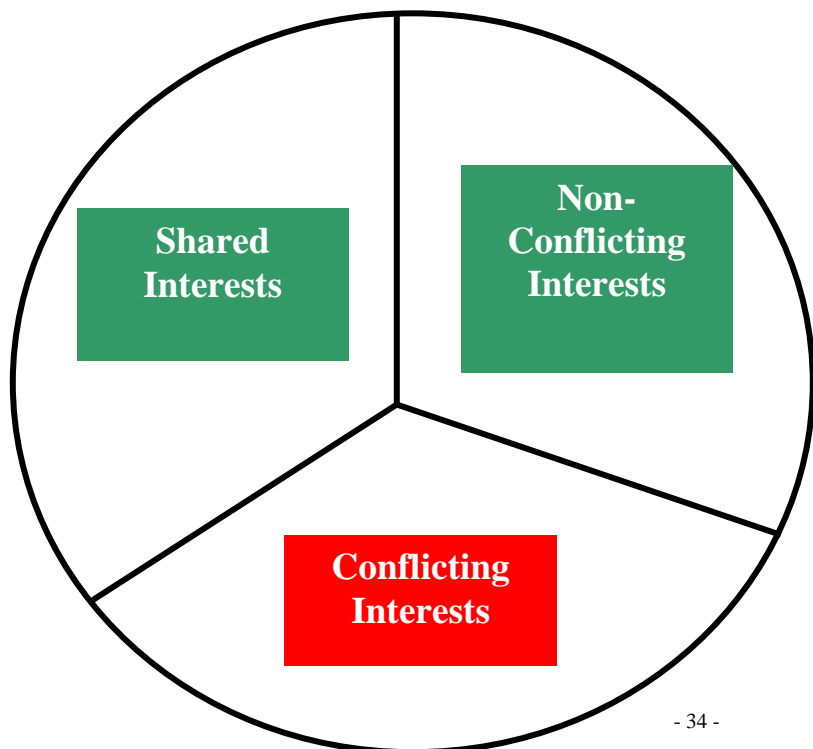
Example: The husband wants a recliner, his wife wants a new carpet, but they cannot afford both.

What would be examples of these interests when a couple is planning a vacation?

SHARED	NON-CONFLICTING	CONFLICTING

Think of the three kinds of interests in a graph like this:

If there is a way you can discover their interests and tell them about yours *before you get down to discussing positions*, you may discover that you have more **shared interests** or **non-conflicting interests** than you realized.

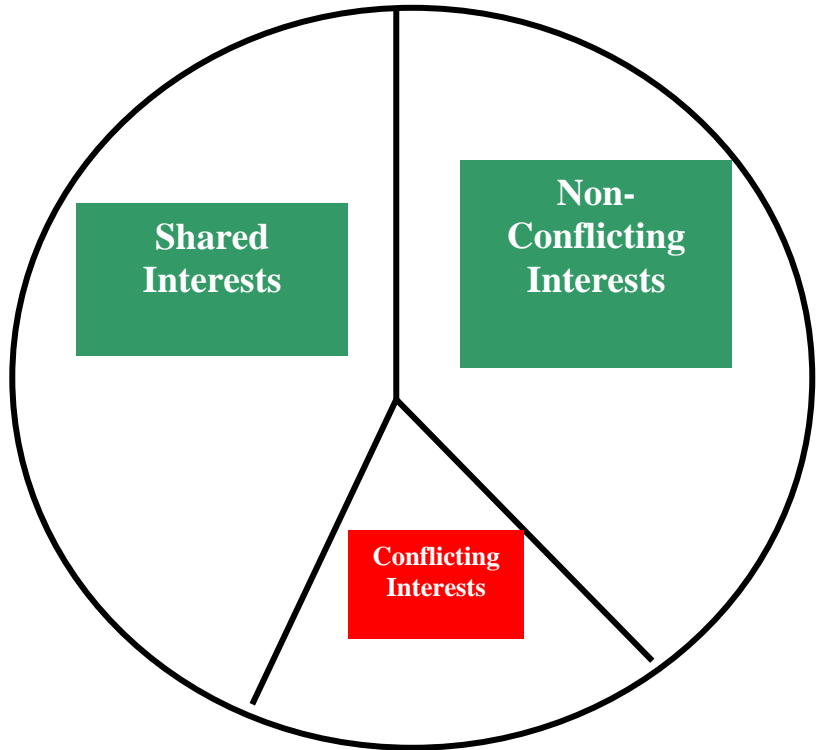


As shared and non-conflicting interests expand, conflicting interests must contract!

They more you can identify means the smaller you can force the conflicting issues portion.

Another way you may be able to reduce the size of the conflicting interests wedge is through identifying EXTERNAL REFERENCES as you work though the process.

Negotiators can *reduce the potential of conflict by suggesting the use of some external reference that neither of you can influence.*



Suppose that you wanted to buy a used car. What could you use to determine a fair value that neither you nor the salesman could influence? (The ‘Kelly Blue Book’ or the NADA Value guide)

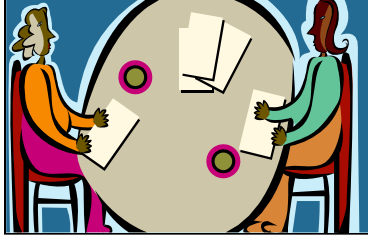
What kind of external reference could you use when negotiating these issues?

This issue	Use these EXTERNAL references
You want to determine a fair price for a piece of used equipment, you want to buy.	An appraiser, a skilled mechanic you trust, a banker, and similar sales in the area
You want to determine a fair, long-term price for delivering material to the jobsite.	Negotiate the load price with a variable pegged to the cost of fuel that will probably vary over the term of the deal.

For example, if you can base the price of the house, you are buying from an owner on the appraisal value + a small markup; you have instantly removed a major obstacle to the negotiation because someone who has no stake in the outcome of your negotiation does the appraisal (an external reference): therefore, each side can trust them! Always look for external references that could apply to your negotiation BEFORE YOU BEGIN THE NEGOTIATION.

The Secret of “WIIFT”

“WHAT’S IN IT FOR THEM”



How does the question, “*What’s in it for them?*” relate to our previous comments about interests vs. positions?

This gets you thinking about their possible interests behind their position. It helps you ask, “If I were in their place, why would I want to have that position? Are there ways I can help them meet their interests while helping me get what I want, too?”

Why would it be useful for you to make that connection before you start negotiations?

“When your employees get what they want, you’ll get what you want!”

That is from Zig Ziglar, (www.zigziglar.com) a famous motivational speaker.

How would his statement about dealing effectively with employees help you become a successful negotiator on a project?

“How can I make it easy for them to help me get what I want out of this negotiation?”

If you help them get what they want – maybe help them sell it to their boss – you are helping them give you what you want. Remember, this is not necessarily an adversarial process and appearing to be reasonable and helpful can help you get what you want.

Determining Value

What or who determines the “value” of an object?

Each side decides for themselves what the value is to them. Remember, both sides may not share the same idea of the object's value or value may not always mean money. One side may pay more for a quicker delivery date.

What or who determines the “price” of something?

Each side decides for themselves what they are willing to pay for something or for what they are willing to sell it. Remember, price may not always mean money.

Could the value and the price of an object be widely different? *Yes*

How can they? Suppose you were having a garage sale, trying to clear out some of the objects your family has been accumulating for the past 30 years. One of the items is the family piano on which your grandmother taught you to play simple songs. Later, you taught your children to play those songs on the same piano. That old piano has many treasured memories for you. You have a written appraisal stating the value is \$750 and that is on the piano for customers to see.

Two people are looking at it. One is the local antique dealer (you see the sign on his truck in your driveway) and the other is a young mother with a five-year-old child with her.

The antique dealer has been trying to get your price down by pointing out the scratches on its legs (where your puppy once scratched it trying to get your attention when your grandmother was teaching you a song). The young mother is watching her child trying to pick out notes on the keyboard as she tells you they want to get her piano lessons someday but just cannot afford the cost of a piano and lessons right now.

Do you think the seller, the antique dealer, and young mother all have the same concept of the piano's price and its value?

Who do you think would 'value' the piano more: the antique dealer who is looking for an object to sell for a profit or the young mother looking to find a way to help her child learn about music? Would they value it in the same way? Do you think the price would be the same to both prospective buyers? Do you think part of the price to the young mother may be 'take care of it and let it give your family great memories like it did for ours'?

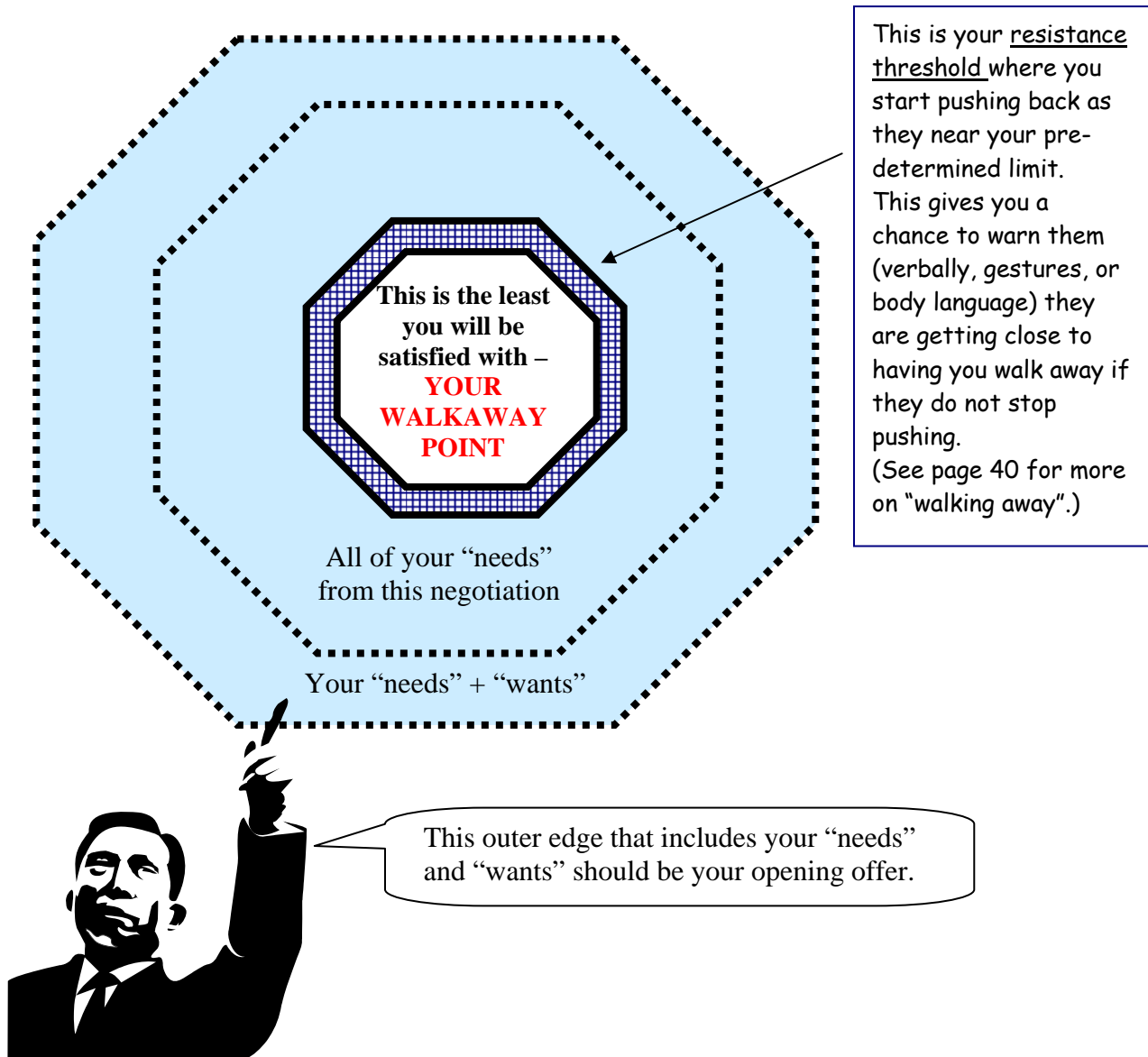
Can you see now why price and value may be different from each perspective?

Why would we ask that question in a negotiating class?

We ask it so you realize your view may not be the same as their view.

Your Pre-Negotiation Situation

Your situation should look like this before you begin any negotiations.



If you know your WALKAWAY POINT before you start negotiating, you can gracefully say, *"I'm sorry but I can't go any farther"* and break off the negotiation. **You will not always be able to achieve a successful outcome to your negotiation but you do always want to preserve the relationship so you can come back and negotiate again in the future about something else. This way, you will not have regrets and kick yourself later for giving away more than you intended.**

IF YOU ALLOW YOURSELF TO GO BELOW YOUR WALKAWAY POINT, YOU WILL ALWAYS HAVE SECOND THOUGHTS, THINK LESS OF YOURSELF, AND DEVELOP A REPUTATION AS A WEAK NEGOTIATOR. THESE ARE NOT CAREER-ENHANCING TRAITS!

Example:

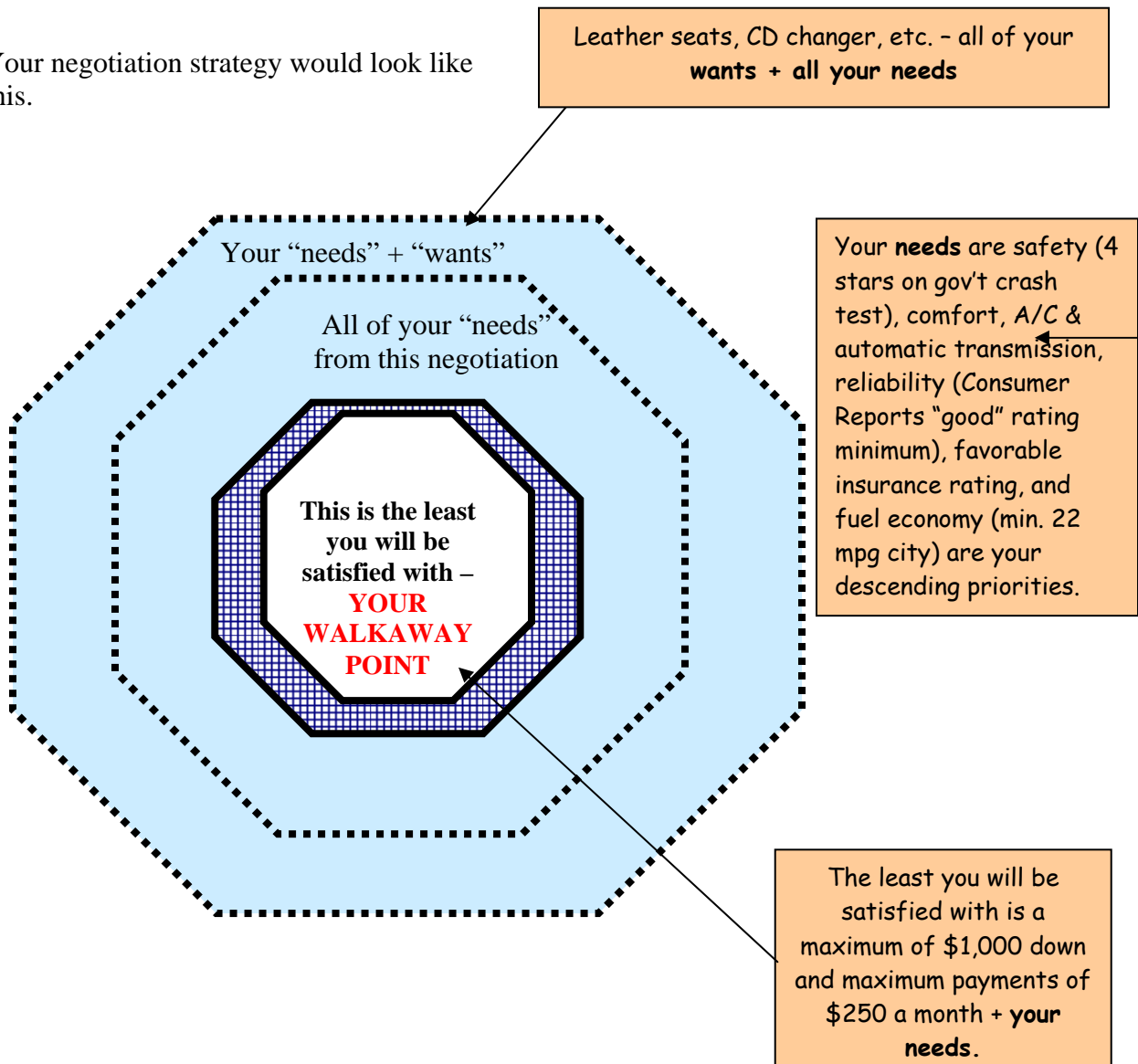
Your family has 2 adults and three children under 12 years old. You need transportation for around town and your annual out of state trip to each set of grandparents during the holidays that live 750 miles away. This must last at least four years until your oldest (may) get a car.

Limits: Your budget allows \$1,000 down and not more than \$250/month payments.

Needs: Safety (4 stars on gov't crash test), comfort, A/C & automatic transmission, reliability (Consumer Reports "good" rating minimum), favorable insurance rating, and fuel economy (min. 22 mpg city) are your descending priorities.

Wants: Leather seats, CD changer, sunroof, deluxe trim option, and power everything.

Your negotiation strategy would look like this.



Pre-Negotiation Strategy & Tactics Worksheet

Use this worksheet before you start negotiations to help you get a firmer understanding of the situation and to plan your strategy and tactics. **Remember, once you have started the negotiations, it is too late to prepare!**

DEVELOPING YOUR NEGOTIATING STRATEGY & TACTICS	
1.	Describe the issue you want to resolve:
2.	What are your priorities associated with resolving it? (For example, we would pay a little more if we could get a faster delivery. However, we will offer less at first.)
3.	What do you think is their working style? What clues or information makes you think that? What approach works best with that style? (Review working styles starting on page 13)
4.	What do you think are the other side's interests in this?
5.	What do you think are their priorities within the desired outcome?
6.	List common interests you think you share with the other side:
7.	List options that you can suggest based on the common interests:
8.	List interests that may be non-conflicting between the two sides:
9.	List interests that may be conflicting between the two sides:
10.	List any external references that can be used to reduce potential conflict:
11.	What possible consequences are there for the other side in not reaching an agreement? How will you make the other side aware that you know about these consequences?
12.	What are possible consequences for you in not reaching an agreement? Do you think the other side knows about this? How and why?
13.	What is the least with which you will be satisfied ?
14.	What is your range of possible offers?

The Power of Pause

If things start going too fast and you are getting too emotional, do not hesitate to call “time out” and pause to take a break for a few minutes (or until tomorrow). Remember, a successful negotiation is based on mutual satisfaction (page 26) and cannot occur if one of the parties involved feels he or she is being pressured into a decision.

Never hesitate to take a break and review your pre-negotiation homework so you can reaffirm to yourself your limits.

If new information comes out that, you did not have before the negotiation began, **you should stop and evaluate the new situation.** Failure to do this may result in your getting less than you need for a successful outcome.



Conceding With Style

If you must make a concession, you can convey how important it is to you (or make them think it is important) with a pause before making the concession.

The pause is very important because;

- It gives the other party a feeling they have gained something of value.
- It makes you look thoughtful and deliberate.
- Failure to pause and conceding too quickly may make the other party think they have not asked for enough and keep asking for more.



Act as though conceding was not your first choice of behavior, but for the good of the deal, you are willing to give in for this. It is an excellent way to build good will at a low price if what they are asking for really does not mean much to you. (However, your behavior makes it look to them that it really was important to you!)

Common Project Negotiating Tactics

Rarely will a negotiation go exactly as both sides would like. Inevitably, one of the participants will have a little more experience, or a stronger desire to reach a particular outcome, or be better prepared, etc. In the very real likelihood that it does not progress exactly as you think it should, here are some tactics that you can use or at least recognize when the other side is using them.

The best advice to improve your negotiating skills is to remember, **“Perfect practice makes perfect”!** The more you try, the better you will become.

Tactic #1

(The Gambler song)

“You gotta know when to hold ‘em,
Know when to fold ‘em,
Know when to walk away,
And know when to run!”
(Kenny Rogers, “The Gambler”)



Preparation before you start negotiating helps you know all these things!

1. **“Know when to hold ‘em”**

You did your pre-negotiation preparation thoroughly (see page 40) and know:

- The value of what you are negotiating.
- Your resistance threshold – see page 38. (The point at which you start pushing back because it is approaching your limit. You still have some room for flexibility but not much.)
- Your negotiation limits.
- The options you would be willing to consider. (Plan B, Plan C, Plan D, etc.)
- (Or strongly suspect) your opponent’s intangible interests.
- You have other choices if this does not work out. (This is not the only game in town.)

- That you are willing to walk away if the deal would require you to exceed your negotiation limits.
2. **“Know when to fold ‘em”**
- You have done your preparation (#1 above) and know:
 - You have reached your negotiation limits.
 - The other person is not willing to move from his or her opening position.
 - You would have to concede too much to close the deal and would, in the long run, not be satisfied with it.
3. **“Know when to walk away, and know when to run” (See #2 above.)**

Tactic #2

(“Seeking Higher Authority” or “The Invisible Partner”)



Sometimes you need to take a break in the negotiations to review the whole process, consider other alternatives, settle your nerves, or to calm yourself down again.



You can say, “I’ll need to check with my boss (or my partner – even if you don’t

have one – the owner, the renter, the mechanic; just anyone that sounds reasonable who is not there) before I can go any farther. Let’s meet again at (time and place) to continue.” If someone does this to you, insist on getting an exact time and date when you will resume.

(If you are feeling particularly feisty, ask to meet the “invisible partner” so you can pay your respects only, not to negotiate!

WAIT! What will be your reply if the other side wants to pay their respects to your “invisible partner”?)

Tactic #3

(Good Cop & Bad Cop)

You have seen the television shows where the “bad cop” interrogates the suspect aggressively and does not admit to anything.



The bad cop is fed up and threatens the suspect only to have the “good cop” step in and “save” the suspect. He suggests the bad cop go and get a cup of coffee while he and the suspect talk a little. Soon, the suspect is talking freely with his “new friend” and inadvertently gives up vital information that sends him to jail. The two cops, of course, were working together all along.

Sometimes negotiators for one side will do that same game. One will seem totally focused on their tangible position and not budge an inch. His friend will say something like, “Come on, can’t you see she (you) is trying to work with us? Why don’t you get a cup of coffee and let her and I talk a little. Maybe we can salvage something from this.”

Be careful! Your relief at finally having someone reasonable to work with may cause you to give up some information or concede something that really was important to you.

Always go back and review your situation while humming the chorus from *The Gambler* (page 42) to yourself.

Be sure you have prepared so well that you have no doubt about “When to hold ‘em, when to fold ‘em, when to walk away, and when to run”!



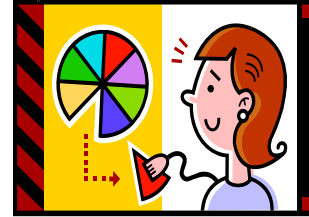
Tactic #4

(Split the Difference)

When the negotiations have stalled, the other side may suggest, “Why don’t we split the difference, and be done?”

While it may sound like a reasonable thing to do and you are very tempted to say, “Yes”, there is a danger awaiting you.

You must ask yourself, “WHAT SPLIT PROPORTIONS DO THEY MEAN?”



Although you may assume it will be halfway between your positions and become a 50%-50% equal sharing, they may have meant 60-40 with you being on the short side!

Always verify the proportions before you agree! Otherwise, you could be very sorry.

Tactic #5

(The Reality Check)

Sometimes it may be necessary to give the other side a peek at reality to get them to budge from their position. This “reality check” is actually an appeal to their interests as you are trying to help them see they are better off working with you than against you.

For example, you and your counterpart both work for the same project client but are negotiating about allocation of resources on the project. (Suppose there is no contractual allocation existing.) You may say something like, *“I hope we can find a way to resolve this without getting the client (or some other high ranking person) involved. If they have to get into it, we lose any control over the allocation.”*

The ‘reality check’ aspect of this is your letting him know that you won’t hesitate to escalate this if he won’t work with you in good faith. The reality he needs to understand is that you are determined to get a resolution and will not let his games or tricks stand in your way.

Disruptive Tactics

Here are some typical disruptive tactics used in negotiations and ways you can counter them.

DISRUPTIVE TACTIC	THE COUNTER MOVE
They put you in a stressful or distracting situation. Sitting facing the sun, an unstable (or too low) chair, a noisy background, etc.	Confront the behavior – not the person. “I’ll have to get out of the sun (find another chair, find a quieter place) before I can concentrate on our negotiation.”
They take an extreme position. (“We won’t settle for less than \$X” “You’ll have to deliver it by the 1 st of the month or no deal.” They offer you \$100,000 for a house that is clearly worth \$175,000”)	Look for the rational behind the extreme position. (“Why is \$X the specific amount? Are there other factors involved that force you to say \$X? Are you not aware of what property values are in this neighborhood? Help us understand why you think we would agree to something like that.”)
Obvious Distortions (“This car was only driven by a little old lady who never went faster than 30 mph nor drove more than 3 miles at a time.”)	Pretend belief but ask for verification. (“You can imagine how surprised I am to find such a little-used car. Do you have documentation that can help me believe this isn’t a dream?”)
Quasi-authority (“I’ll have to take your offer to my boss for final approval.”)	Clarify their authority first (“Before we get into this, do you have authority to sign a final agreement or are you collecting data for someone else?”)
Doubtful intentions You are not sure of their intent to comply with the decision. (“We agree to buy the manuals from you and not make any copies.”)	Give yourself a contingent (“While we are confident no one [don’t say ‘you’ here] will make copies of the manual to avoid buying them from us, would you consider a minimal purchase amount based on the intended audience you told us you will have?”)
Remember, in many situations...less than full disclosure is not lying. (This is information for you – not a disruptive tactic!)	Make sure before you start that you have identified and addressed all of your interests. That way, even if they fail to disclose everything, you will have negotiated about the issues that concern you.
Good guy-bad guy They work in pairs while the “good guy” tries to get the bad guy to calm down while asking for a concession from you to help him (good guy) satisfy the bad guy.	Recognize it for what it is and confront them. (“Look, if you two need to have a moment alone to work this out, I don’t mind waiting outside for a moment.”)
Threats or final positions (“Take it or leave it!” “We just don’t do things <i>that way</i> in our company!”)	Ask for clarification (“Are you saying that you are willing to let all the time and effort we both have put into this to be wasted if we do not do X?” “Can you tell me just how your company <i>does do things</i> ?”)
Refuse to negotiate (“We’ll see you in court!”)	Realize it may be a negotiating tactic. (Look at their interests. Why would they not want to negotiate? Are they hoping to get you to make a first offer? Maybe they really cannot afford it and want to save face. Try to communicate with them through a 3 rd party that both sides trust.)
Escalating demands (“Now that we have that out of the way, there is one additional, <i>very small</i> consideration...” “I know my curfew is 10:00 but I’d like to stay out with the kids until 10:30.”)	Confront it or reverse it (“Where did this come from? Why do you think we would be willing to agree to a final amount only to have another <i>very small</i> consideration come up? Why would I think it would not keep happening?” “What assurance can you give us that it won’t keep happening?” “I can understand that you would like to be out later but, you know, the more I think about it, I would be more comfortable if you

DISRUPTIVE TACTIC	THE COUNTER MOVE
	were back home by 9:30")

Reaching the Agreement

“It ain’t over until the fat lady sings!”

-New York Mets Manager and Baseball Hall of Fame Catcher Yogi Berra when asked by a reporter for his opinion about an opera currently playing on Broadway in 1969



Your negotiation is not complete until both sides have agreed on issues like these:

- What will happen?
- Who else is involved?
- When it will happen?
- Who does what?
- Who pays how much and when if money is involved?
- A confirmation that we both understand the same thing with a written contract if anything of value is involved or a tangible review if nothing of value is involved

(Note: This is not a legal definition of what is necessary! It is only “thought starters” for this course.)

Some Closing Tactics

The best way always to close the deal is just ASK! This is not the time to be vague! If you think you have met all of their requirements (and certainly enough of yours that you will be satisfied with this outcome), then politely say something like, *“It sounds like we each will be very satisfied with this, so can we sign it and start working on making it happen?”*

Some people will have no problem signing while others have difficulty taking that final step (even if they get everything they need) and will need a little nudging to help them make the commitment.

These are some of the most common and effective closing tactics used in business negotiations. You may have used some of them already or has them used with you.

Closing Tactic #1 – If, then

If either side (or both) still has a point that cannot be given up so the deal can close, look back over the whole proposal. Try to find a place where one side did not get everything they wanted and link that to a closing.

Suppose the client felt the monthly service checkup was a little too expensive and was using that to avoid signing the contract, you could offer, *“If the service agreement on the copier also provided for one free service call within a six-month period, then would you be willing to sign now?”* You will have linked their hesitation about the per-price call to a remedy that helps them feel they are getting more for their money.

Suppose you are selling a customized software package that has a purchase price of \$20,000 and an annual license/maintenance fee of \$3,500. The manager you are dealing with understands the benefits of the program and wants it for her department. She is willing to agree to a three-year contract. You have learned she has a \$15,000 limit on what she can approve without higher authority. In addition, you are not sure about her ability to “sell” it to her manager who can approve the \$20,000 cost of the software.

You could link her agreement to a lower price and a higher annual fee since the software company would prefer a lower price and a higher annual cash flow (the license/maintenance fee) instead of a “no sale”. You offer, *“If we lower the purchase price to your approval limit of \$15,000 and increase the annual license/maintenance fee to \$5,250 for three years, then will you sign it today?”*

WARNING!!

Never ask people to “concede” something because that suggests they are giving in or getting less in the deal. Instead, suggest the parties involved “trade” something with each other. (However,

you can use that powerful sense of inequity if you say, “*I will concede that to you if...*” You give them the impression you are giving up something valuable to you.)

Closing Tactic #2 – Assume Agreement and Offer Options

If you sense they may have trouble making a commitment by saying, “YES”, then **assume their agreement and offer them a choice of options or implementation.**

Suppose you are interviewing an applicant that you would like to hire. You have gone back-and-forth on the offering package and sense they are satisfied with the offer but, for some reason, just can’t bring themselves to say ‘Yes’!



You can say, “*Would you rather start on Monday the 3rd or the 10th? Either one will get you into the pay cycle starting on the 15th.*” You really do not care which day they pick but only that they do pick one because that means they have agreed to your offer (at least in their minds.) As soon as they select one, you have closed the deal and can mark on the hiring contract the start date and give it to them for signature.



“*We have to catch up on a lot of work this week. What night would you prefer to stay late and help me do it?*” (You do not ask, “Do you want to work late?”)

”*It is time for a change of scenery. Where would you like to go for dinner tonight?*” (You do not ask, “Do you want to stay home tonight or go out to eat?”.)



“*Would you rather pick up your toys now or before you can go out to play?*” (You do not ask, “Do you want to pick up your toys?”)

Closing Tactic #3 – Review Features & Benefits

Determine in advance the major features & benefits of your idea and present only the ones, which will have value to the interests of the person you are trying to persuade.

FEATURES are undeniable facts about the object such as its color, it has a V-8 engine, it requires 2 D-Cell batteries, etc.

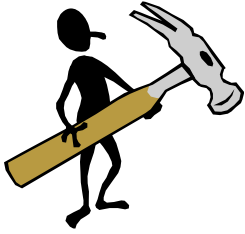
BENEFITS are what that feature means to the buyer. Be sure you select carefully the benefits that you highlight.



For example, if you were selling SUVs, you would think twice before making a point of mentioning a big, gas-guzzling V-8 engine (a feature) as a benefit to a customer with bumper stickers on their car supporting energy conservation.

FEATURES	BENEFITS
This new car features air conditioning.	The benefit is you will ride cooler.
What are some features and benefits of working for your organization that you would emphasize to an applicant you would like to hire?	
What would determine WHICH features and benefits you would stress?	

Closing Tactic #4 - Welcome Resistance



Welcome resistance because it identifies what you must overcome for acceptance of your idea! Ask for their reasons for resistance **directly** using **indirect** questions:

“What obstacles do you see that I may have overlooked?” (A *direct question* to them phrased *indirectly through your possible error.*)

Ask for specifics instead of generalities for resistance:

“I am sorry but ‘I just do not like it!’ does not tell me much about your viewpoint. What *specifically* do you have concerns with?”

Resistance of, “We just do not process payments in that way!” should lead you to say, “Please tell me in what way you DO process payments.”



As long as you get the result you want, do you really care about the process leading to it?

This is a chance to give in to their process ideas while retaining your ultimate result. This satisfies both sides in this situation!

Listen without interrupting (not just hear) to their expression of resistance because:

- They may answer their own objections
- You may realize they do not really understand the situation and this gives you a chance to clarify and possibly salvage your idea
- They may lose some of their pent-up emotion by talking it out
- They may hear themselves and realize their objection is actually petty
- They may identify a problem that you missed which saves you embarrassment
- They may be able to offer an alternative which will work and still be acceptable to them

Welcome their replies because it gives you an opportunity to find a solution

Ask if they would agree if you could find a way around their objection:

- “Would you be willing to try it if it cost less?”
- “If I can find a way to get our people trained, would you be willing to do it this way?”

Ask for specifics instead of generalities for resistance:

- “I can understand your saying it costs too much. Can you tell me ***how much too much?***”

Reverse roles with them and ask for their solution:

- “If this were your problem to solve, how would you solve it?” (If you can agree to their solution, then do it! Remember, which is most important to you...**that you get the result you want or the result and the way you want it done?**)

Ask them what they would require for agreement.

- “What would be needed for your agreement?” (Then you can decide whether you want to give it.)

Closing Tactic #5 – Trade Some Information

Offer to be the first to give a little information *if they are willing to do so, too.*

For example, you may say, “*We seem to be stalled. If I share a little of my interests with you, would you be willing to tell me a little about yours?*”

You are making it clear before you say anything that you expect reciprocity. If they agree, then share a little. If they don’t, you have not given up anything. Ideally, going back and forth as trust builds between you may help you realize how each side can benefit.

Another benefit may be that as you share information, you discover that your interests are NOT competing; you just THOUGHT they were because you were so focused on positions.

Here is an example that admittedly is a little extreme but makes the point. Suppose both of you are food processing companies competing in negotiations with a vendor for a limited supply of their product - oranges.

Your bidding war is getting very expensive and each of you needs the entire supply of this particular kind of orange. Before things get out of hand, you ask if the other will trade some information about your interests.

They agree and you say, "We have a new food snack coming out and we need those orange rinds for flavoring." They smile and say, "We have a new food coming out, too, but we need the PULP and will discard the rinds!"

Suddenly, you two are no longer competitors *because your interests are different* although you each need the entire supply. Although this is a rare situation, please keep it in mind when you find yourself in a bidding war and you ASSUME (not know) each side is after the same interest!

Closing Tactic #6 – Try Multi-tasking

Many times we become focused on one position when we discover resistance and make the assumption it is the most important issue TO BOTH SIDES. Then we begin to dig on our position while trying to push the other off of theirs.

Try setting it aside for a moment and considering other potential interests the other side may have. For example, if price becomes an issue, say, "Let's set this aside temporarily and look at a delivery date (or quantities, or something else that may be bound up in this.)"

Multi-tasking may result in more options or variations that you originally thought existed. They may say, "If you could delay taking delivery for a week, we could come down on the price a little bit."

Suddenly, the big obstacle you THOUGHT you had becomes smaller as you discover there may be some mix-and-match combinations of price, quantities, delivery dates, transportation, etc. that will allow both of you to reach a satisfactory outcome.

Closing Tactic #7 - Back to Square #1

If you have to go back to the beginning, *be sure you come up with fresh ideas, issues, concerns, trades, etc.* If not, you will end up exactly where you were before when you stalled. Remember, it makes no sense to keep doing things the way you always have and expect different results.

Negotiation Tips and Last Thoughts

As we said earlier, the more you practice your negotiations skills, the stronger they will become and you will gain confidence as you move ahead in your career.

These are a few tips and last thoughts to keep close by as you gain this experience.

1. **You cannot do things the way you always have and expect different results.** If something does not seem to be working, do not make the mistake of automatically trying it harder. Ask yourself if there are other ways to approach what you want and consider doing things differently.
2. **There are no faulty conclusions, just faulty assumptions.** When you come up with unexpected outcomes, go back and review your assumptions. Two + two always equal four. So, if you keep getting “three”, maybe you need to look closer at what you think are twos.
3. Do not hesitate to ask, **“Why would I want to do that?”** when someone proposes something that you think is outrageous or unexpected for these reasons:
 - a. It gives you time to think a little more
 - b. It gives you time to recover if you were caught completely off guard
 - c. It makes you appear thoughtful
 - d. It gives them the chance to provide more information that may tell you something you did not know
 - e. It keeps you from over-reacting (in case it is not warranted) which may harm the progress of the negotiation

For example, if your teenager wants to extend their curfew, your asking, *“Why would I want to do that?”* makes you sound reasonable and willing to listen. (You can still say no after hearing their rationale without causing any hard feelings.

4. **The more you narrowly define a satisfactory outcome makes it harder for you to be satisfied.** Conversely, the greater the possibility of options to your satisfactory outcomes increases the chances you will be satisfied with the outcome.

For example, if you are looking for a new SUV and have defined your interests as:

- It scored in the top five of insurance roll-over tests
- Must get at least X miles per gallon in the city
- Have A/C and a music package with AM/FM, CD, and tape player
- Carry six adults comfortably
- Ranked in top four of Consumer Reports of retaining resale value, etc.,

You have given yourself many options of dealers to visit for your “transportation solution.” However, if you define your satisfaction as only a Toyota Highlander, your options for a satisfactory negotiation are severely limited.

5. How can I make it easy for them to help me get what I want?

Suppose your counterpart likes your proposal but needs some help in selling it to his/her boss. Do not hesitate to ask how you can help them make the sale to their boss because by helping them, you are helping yourself.

6. Trust is historic

We must learn that we can trust people based on our experiences with them. Remember that while not every negotiation may end the way you want it to, it is important that you at least retain good will with the other side. You never know when your paths will cross again and you want them to recall your behavior kindly.

7. Signing the contract is the beginning of the relationship. This is NOT the time to show them how tough you can be.

If you beat someone down to the minimums and then sign a contract with them, **THEY HAVE THE LENGTH OF THE CONTRACT TO TRY TO GET EVEN WITH YOU!**

You *virtually guarantee* they will try to recover self-respect by meeting minimum performance requirements in the contract. You will spend too much time managing the relationship to make it profitable for you.

Negotiating with Project Vendors

As we said early in this course, the concept of a desirable negotiation outcome as a “win-win” for both sides clearly misses the reality of the situation. The reality is that both sides want to be **satisfied** with the outcome and “satisfaction” is a complex concept made up of many things.

If you gain nothing else from this course, make sure you understand and appreciate the difference between **positions** and **interests** in a negotiation. A clear understanding of those terms will allow you to use a technique that is very powerful in getting negotiations off to a good start as well as lay the foundation for TRUST later in the relationship.

We propose a technique in this course that can get your project-related negotiations off to a positive start and break away from the traditional adversarial techniques that so many people expect. Before you start, **remember that you cannot do things they way you always have and expect different results.** This technique can give you more favorable results (with practice) but you have to be willing to do things a different way than you have before.

Suppose you are preparing to negotiate with a potential project vendor. You would rather not repeat past experiences when negotiations were a contest between who won and under what conditions. Therefore, you ask them to set aside for a moment any thoughts of price, terms, and conditions for their services or products and just describe to you what the *traits of an ideal relationship with a project client* would look like from their perspective.



They may say something like:

- They pay promptly
- We resolve disputes at the lowest possible level to keep mega-egos at the top out of the mix
- They realize that there is greater value in a long-term relationship than a short-term gain
- They realize that we have to make a reasonable profit so we can stay in business to provide our services to the project

- They realize that although our contract defines the parameters of our performance for them, *we control where we work within that range.*

In other words, if the contract calls for a 24-hour reply to a call, it is our choice whether we call within the first 10 minutes of that 24-hour range or the last 10 minutes. We determine when we call by our perception of how much they value us based on what we have done for them.

If they treat us like we are valuable and they demonstrate that in words and deeds, we will call within the first 10 minutes. If we think they just see us as a commodity they can replace with the lowest bidder next time, then we will take as long as necessary to comply with the contract.

Since you were nice enough to ask for their thoughts about the ideal relationship with a project client, ***ask if they would mind hearing yours about the ideal vendor.*** They agree and you say something like this:

- It is fairly priced
- They are reliable with deliverables
- They tell me what I need to hear, not just what I want to hear
- Sometimes they surprise me by providing extras I didn't expect
- They, too, realize that there is greater value in a long-term relationship than a short-term gain
- I have a good feeling of trust in their representative that handles our account

Now that you both have verbalized your 'dream relationship' (in other words, your INTERESTS), it becomes easy for you to say something like, "*It sounds like we want some similar things in this relationship. Now let's work on getting as much of the rest of it that we can.*"

Yes, it does seem radical in comparison to the traditional war games that try to pass for negotiations. Some hard negotiators may have trouble with that concept because they have

always kept their cards close to their vest and would never let the other side know what they have or what they want.

Our position is this: ***If we have not signed a contract, we have nothing to lose by telling them what our ideal situation would look like. At best, we get our dream and at worst, we walk away without signing the contract. Where is the harm?***

If the other side is a little reluctant to describe their dream situation, then do it for them to help them realize you are not just looking out for yourself. After you have described a few traits that you think are of interest to them, ask, “Was I close? Where was I wrong?”

At this point, they can only say, “Yes, you were right” or “Not quite, you had this part wrong”. Then, if they do not voluntarily tell you what the correction is, they have still opened the door for you to say, “Well, then what is the correct answer?” at this point, there is a high probability they will tell you.

Finally, if they do not describe what their ideal situation would be (AKA their interests), you still have the option of walking away **BECAUSE YOU HAVE STILL NOT SIGNED A CONTRACT.**

Take a moment to think about how you would feel if a potential client or vendor did that with you before beginning the negotiations. After your initial shock wore off, and you began to believe they were serious, wouldn't that go a long way to establishing a mood of cooperation where we both want this to work out and don't want to have to waste resources managing the relationship?

How Do We View Vendor Relationships?

1. How do you think a typical **CLIENT** would respond to these issues *from the client's viewpoint*?

The price for the product or service	
Importance of <u>client</u> problems	
Importance of <u>vendor</u> problems	
Flexibility in contract terms for the client	
Flexibility in contract terms for the vendor	
Commitment to the success of the relationship by the client	
Commitment to the success of the relationship by the vendor	
Procedures for conflict resolution	
Determination of formal and informal communication channels	
Progress toward achieving desired business results of the client	
Progress toward achieving desired business results of the vendor	
Clarification of roles and responsibilities on both sides	
The need for “business solutions” and not just “problem solutions”	
The development of a friendly relationship with their counterpart	
Periodically re-evaluate the nature of the relationship	
A process for on-going learning and knowledge sharing	

2. How do you think a **VENDOR** would expect a **TYPICAL CLIENT** to respond to these issues *from the client's viewpoint*?

Price for product or service	
Importance of <u>client</u> problems	
Importance of <u>vendor</u> problems	
Flexibility in contract terms for the client	
Flexibility in contract terms for the vendor	
Commitment to the success of the relationship by the client	
Commitment to the success of the relationship by the vendor	
Procedures for conflict resolution	
Determination of formal and informal communication channels	
Progress toward achieving desired business results of the client	
Progress toward achieving desired business results of the vendor	
Clarification of roles and responsibilities on both sides	
The need for “business solutions” and not just “problem solutions”	
The development of a friendly relationship with their counterpart	
Periodically re-evaluate the nature of the relationship	
A process for on-going learning and knowledge sharing	

3. Overall, did you slant your comments more toward the benefit of the *client*, the *vendor*, or are they *equally balanced*?

Historically, the viewpoint of “the customer is always right” has led to a subservient mindset between service provider and service buyer: i.e., the *basic commodity-for-cash transaction*. This results in clients and vendors ultimately being less than fully satisfied with their on-going relationship with each other

In today’s world of increased outsourcing, more clients are looking for a richer, more holistic approach to a vendor relationship such as:

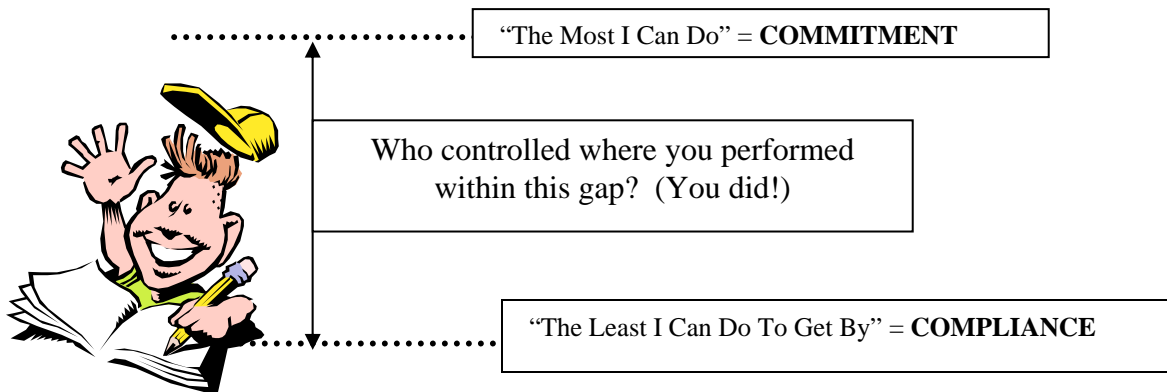
- *A quasi-partnership, team mate role* for a specific project
- *Long-term relationships or alliances* that cover a series of projects
- *Networking relationships* where they pool their talents, match strengths-and-weaknesses, and seek business success side-by-side.

Is the Customer is Always Right?

We will explore the reasons why this historic concept may not always lead to the results you want with a vendor. Before we do, however, we will examine other familiar situations we have experienced: students and teachers; employers and employees.

QUESTION: *When you were in school, did you know the least you could do to get by and not get in trouble at home? How did you learn this?*

Who influenced the width of the performance gap? (Typically your teacher or parents)
Who controlled where you performed within it? (Typically you did!)



Moving out of school and into your work life, think about: *Who was the best supervisor you have ever had?*

Their name: _____

List three things he/she *did* that make you think they are the best you have ever had.

- 1.
- 2.
- 3.

When they did the things you listed above, *what was the impact on you?*

When they did the things you listed above, *what was the impact on your work?* When you worked for them, where would you place your work performance on the chart above: closer to the *compliance* or *commitment* level? Why do you place it there?



List four or 5 *realistic* things your boss could give you right now that would have value for you. (If you know your boss cannot walk around handing out cash awards or give you a prime parking spot, do not ask for them. List the realistic things you think he or she could give to you.)

How many of those items you listed have budgetary impact?

(Probably none because people typically list such realistic things *as respect, trust, a chance to learn new things, not to be micromanaged, a chance for professional development through training or special challenging assignments.*)

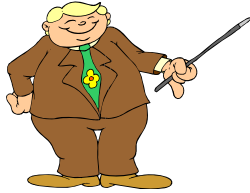
If your boss gave you those things, what would you probably give to your boss in return?

(Probably your “RETURN GIFT” would be work performance closer to the “commitment” side of the gap (this is what they want) on page 62 than to the “compliance” side. This is because giving him/her the performance they want will do the most to insure you get what you want (see above) back from them!)

Using the examples above, *how much does it actually cost to get committed service from employees in most cases?* (Answer = VERY LITTLE!)

How would that **boss-to-employee** situation compare with a **client-to-vendor** relationship?

The Components of Motivation



Studies have shown that these five elements are most influential in motivating employees. *The more the employee perceives these factors to be present, the greater their motivation to please their leader. This encourages the leader to keep providing these factors!* This cycle creates a productive work environment.



1. Tell me what you expect of me in measurable terms (quality, quantity, time) that reduce the risk of my confusion.

2. Give me a chance to perform (and learn from my mistakes, too.)



3. Let me know how I am doing as I go along... (Do you remember the report cards you got in school every 8 weeks? You did not have to wait until the end of the year to learn if you had passed or failed the grade.)

4. Give me help and guidance when I ask for it.



5. Reward me with pay or praise when I succeed.

Put a check in the column if present with the best boss you ever had.

COMPONENT OF MOTIVATION	PRESENT WITH THE BEST BOSS I EVER HAD?
Tell me what you expect of me in measurable (quality, quantity, time) terms.	
Give me a chance to perform.	
Let me know how I am doing as I go along.	
Give me help and guidance when I ask for it.	
Reward me with pay or praise when I succeed.	

Many surveys have shown that most employees do not stay with (or leave) their employers; they stay with (or leave) their supervisors.

What do you think about that statement?

Could that concept also apply to a vendor's representative and a client's representative?

CONFIDENCE >> COMPETENCE >> PERFORMANCE

Confidence grows when people:

- Know what leaders expect of them in measurable terms.
- Know what they expect of themselves.
- Know their strengths.
- Know their weaknesses.
- Know where to get help when they need it.
- Constantly measure their own performance against their own goals.
- Expect that rewards will follow achievement.



Do you think that increased self-confidence leads to increased competence, which then leads to increased performance?

Do you see how the leader can influence employee performance by creating a work environment with the five elements of motivation present (page 64)?

Do you see how “when employees get what they want, employers get what they want”?

Why do you think we are talking about employee motivation in a course entitled “Creating a Successful Vendor Relationship?” (Hint – the typical client – vendor relationship is exactly like the employer – employee relationship in the workplace. Therefore, it is possible to apply similar motivation techniques to vendors that we use with employees!)

Changing How We Regard Vendors

Look back at your answer to part 3 on page 61. If you are like the typical client who looks at vendor services as a *basic commodity-for-cash transaction*, you probably answered the questions with a strong bias toward the client.

“After all,” you probably think, “vendors of this product or service are a dime a dozen! I am in the driver’s seat. He/she has to make me happy or I’ll look somewhere else!” Would you take that same idea that *a vendor is just a basic commodity-for-cash so I do not have to worry about how I treat him/her* viewpoint with...

Your doctor?



Your mechanic?



Your lawyer?



Your accountant?

Most people would say something like, “*No! They take care of my personal life and would be too hard to replace!*”

However, ask yourself if their services-for-money relationships with you are *truly* different from a vendor at work or have you just never thought of them the same way. If there were a way that you could feel the same about a workplace vendor that you feel about your personal physician, mechanic, lawyer, or accountant, *could that possibly*

1. *Improve the way you deal with the vendor and,*
2. *Possible improve the service that you get from them.*

This is the viewpoint we take with this course: *you can improve your vendor’s service if you will consider improving the way you view them.*

What Vendors Want

How could Zig Ziglar's statement that "***When your employees get what they want, you'll get what you want***" (page 63) be applied to a vendor?

Why do we think Ziglar's statement is true?



A response from vendors ¹ who say they want:

- ✓ **Respect** – The vendors' senior executives want access to their customer counterparts. "If the CIO doesn't want to meet with me, then that's an indication of the value that I'm bringing to the relationship."

(QUESTION: Do you think vendors are reasonable in wanting that? Why?)

- ✓ **Consistency** – Vendors know that some of them are treated as commodities and others as partners and they understand that. ***However, what they do not want is to be treated one-way one day and the other way the next.*** That inconsistency causes many problems.

(QUESTION: Do you think vendors are reasonable in wanting that? Why?)

- ✓ **Guilt-free profit** – Vendors need to make a profit, too, if they are to stay in business and support their clients. If deals are only structured to benefit the customer (look back to page 61), then do not expect the vendor to invest their best resources in the account.

(QUESTION: Do you think vendors are reasonable in wanting that? Why?)

¹ CIO Magazine, August 1, 1998 *Special Report – For Better or Worse*

Typical Complaints about Vendors



Typical complaints from clients about vendors:

1. They are always selling, never solving
2. It's always about them, never about us
3. They bombard us with much-too-complicated billing and labor intensive account-relationship trivia
4. Once the contract is signed, the relationship changes dramatically
5. The highly-qualified consultants that helped close the deal are suddenly unavailable
6. The vendor blames you or your staff for the failure to show progress
7. The vendor bills plenty of hours but actual progress doesn't occur

Take a few minutes to consider each of the statements above and answer these questions about each one:

- ✓ Do you think the statements are, for the most part, accurate? Why?
- ✓ What may be some common reasons *among all of the statements* that may explain why vendors act like that?
- ✓ Do you think clients do anything to create an environment that would cause problems like those? If so, what do they do?

Starting with the Outcome

***“You’ve gotta have a dream
If you don’t have a dream,
How you gonna have a dream come true?”***



-Rogers and Hammerstein’s movie, *South Pacific*

Before you start looking for a vendor for your next project, take some time to visualize what you want the relationship with that vendor to look like, act like, feel like, and sound like.

As strange as it may seem, those Rogers and Hammerstein lyrics from *South Pacific* can apply to the business world when considering a relationship with a vendor: *if you don’t have a dream, how you gonna have a dream come true?*

We begin by thinking about a “dream” relationship with a vendor. Collect your project team (or the key people who will have a say in the vendor selection and managing the relationship) and brainstorm these questions. (Remember that in brainstorming there are no value judgments made about responses. Just collect the ideas and evaluate them later.)

1. What kind of **SOLUTIONS** (not deliverables) do you desire regarding these issues? Hint – a successful *relationship* with a vendor, a friend, or a spouse involves much more than just the product.)
 - a. Billing statement format and accountability
 - b. Missing deadlines (such as product delivery [vendor] or payment [client])
 - c. Resolving issues not specifically addressed in the contract
 - d. Scope changes made that were not properly authorized first
 - e. Oral, verbal, and written communications between vendor and client
 - f. Replacement of project team members if requested by “other side” (If the vendor’s representative had problems getting along with their client counterpart, how would this be resolved?)
 - g. Educating each side about the other’s values, concerns, and aspirations

2. What kind of different tasks are you *and they* involved in if you had a dream relationship with them? (Such as sharing employee development opportunities and costs)

3. What kind of reporting would you want from them *and what would you be willing to give to them?*

4. Looking back at the five Components of Motivation on page 64, how could you include them in a relationship that would encourage a vendor move closer toward the “committed” side of the performance gap than to the “compliance” side? (Page 62)

5. Review your thoughts on typical vendor relationships (page 66). How much would you be willing to rethink the way your organization deals with vendors so that your comments were *balanced between the client and vendor* instead of tipped to favor the client?

6. How can you handle scope changes so they do not become a source of contention in the relationship?

7. Are the desired products or services from the vendor *tactical* or *strategic*? Which is best for your situation? (Are you more concerned with *what* they can do -strategic- or *how* they will do it - tactical?)

8. What behavioral traits would you want in the ideal vendor representative? What kind do you think they want from the client's representative? (If you doubt the importance of the representative, look back at page 65)

9. Southwest Airlines (the only profitable major airline in the US) uses this to guide their hiring - "***Hire for Attitude, Train for Skill.***"

Why would that be a smart approach to hiring in a service-related industry?

(A customer-focused attitude is essential in a service industry like the airlines. People are born with that attitude, it cannot be taught as technical skills can. Southwest admits that while it can teach technical skills such as ticketing, cabin service, or baggage handling, it cannot teach people to be caring and concerned about their customers.)

How could that same philosophy be useful in selecting a vendor?

(Time spent searching for a vendor AND THEIR REPRESENTATIVE who is genuinely focused on providing customer service before haggling over deliverables will provide a stronger, longer relationship. CAUTION – the client must be equally dedicated to the success of the vendor or this becomes too one-sided and will deteriorate.)

Developing the Foundation for a Relationship

Let us take a moment to summarize where we are:

1. We suggest that a vendor is actually no different from an employee of our organization (employees and vendors are paid to perform specific tasks.)
2. The employee/vendor – *not the employer/client* – determines where they work within the performance gap (page 62)
3. There are some specific techniques that can be used to motivate employees (page 64)
4. We can choose to view vendors like we do professionals in our personal lives (page 66)
5. Vendor wants and needs, from a business perspective, are not really much different from ours (page 67)
6. We can describe what we would expect in a “dream” relationship with a vendor (page 69)
7. We can use that description (# 6 above) as the foundation of our strategy if we are willing to take ***an unorthodox approach*** to dealing with vendors.



Do not be too quick to disregard an unorthodox approach to solving a problem. Take a moment to consider the history of the 3M “Post-It Notes”

Everyone knows what Post-it notes are: They are those great little self-stick notepapers. Most people have Post-it Notes. Most people use them. Most people love them. However, Post-it Notes were not a planned product.

No one got the idea and then stayed up nights to invent it. A man named Spencer Silver was working in the 3M research laboratories in 1970 trying to find a strong adhesive. Silver developed a new adhesive, but it was even weaker than what 3M already manufactured. It stuck to objects, but could easily be lifted off. It was super weak instead of super strong.

No one knew what to do with the stuff, but Silver did not discard it. Then one Sunday four years later, another 3M scientist named Arthur Fry was singing in the church's choir. He used markers to keep his place in the hymnal, but they kept falling out of the book. Remembering Silver's adhesive, Fry used some to coat his markers. Success!

With the weak adhesive, the markers stayed in place, yet lifted off without damaging the pages. 3M began distributing Post-it Notes nationwide in 1980 -- ten years after Silver developed the super weak adhesive. Today they are one of the most popular office products available.

<http://www.3m.com/about3m/pioneers/fry.jhtml>

RFIs, RFPs and Teambuilding

This course is designed to present broad guidelines for a new approach to creating a successful relationship with vendors. It is not intended to be a procedural guide for developing RFIs, RFPs, or contracts because there is plenty of information about those topics already in the marketplace.

We believe in the premise that if you help people clearly understand the “why” of something, they can figure out the “how” that is best for them.

The Request for Information (RFI)

We believe the foundation for a successful relationship with a vendor begins with the **Request for Information** (RFI), which includes the strategy we describe in this course.

The RFI is used traditionally when a potential buyer needs to determine what is available from suppliers who may respond to it. Additionally, buyers can use this to determine whether their expectations are realistic and if solutions exist in the market place. Finally, it also gives potentially interested vendors a chance to influence the Request for Proposal (RFP) that follows by pointing out potential problems or unrealistic expectations (as written) that may prevent anyone from bidding later.

Vendors responding to the RFI are probably following the old supplier adage, *“If you don’t help write the RFI, don’t bother with the RFP!”*

The Request for Proposal (RFP)

A RFP can be many things to many people. An IT client seeking a software solution may structure it differently than a government agency looking for a food service provider. Regardless of the nature of the writer's industry, the common elements of a typical RFP include:

1. Allowing a buyer to notify the market of its desire to obtain new technology or services, lay the foundation for the project that will deliver the technology or services, and manage the project itself
2. Forcing suppliers to create competitive solutions for the buyer's problems
3. Providing a common base of requirements for all bidders thus reducing the potential for claims of unfair competition from losing bidders
4. Making it easier for the buyer to understand the differences between bidders

Teambuilding with a Vendor

Our unorthodox approach to developing a successful relationship with a vendor is very much like designing a *teambuilding* activity. (When you think about it, a client-vendor relationship IS ALL ABOUT TEAMBUILDING!)

When a teambuilding facilitator is asked to develop some teambuilding activities to encourage groups to work together better, some of the first questions asked are, "What will success look like? What are your interests and concerns? How will you know that I've earned my fee?"



Questions like that force the potential client to think in terms of *interests, needs and services* rather than *specific deliverables*. In other words, **the client becomes more concerned with allowing the expert to provide a solution to their pain and problems than with the deliverables needed to provide it.**

Think about this.....

When visiting your dentist for relief of a toothache, are you more concerned about relieving the pain or how it is done and at what cost?



We become less concerned with price when more of our needs and interests are being met.

“If that’s true, then why do so many RFPs focus on deliverables?” you ask.

The reasons are simple yet difficult to overcome:

- ✓ The client knows his/her needs better than the vendor and then makes the natural leap to specifying what he/she thinks is the solution for that need.
- ✓ There is a natural distrust of “outsiders” and we do not want to give them any more latitude than necessary for fear of paying too much or being at their mercy.
- ✓ It is how we have always done business with vendors.

Now let us go back and look at those same reasons from a different perspective.

- ✓ *The client knows his/her needs better than the vendor ...* We agree and do not argue with this part!

“...and makes the natural leap to specifying what he/she thinks is the solution for that need.”

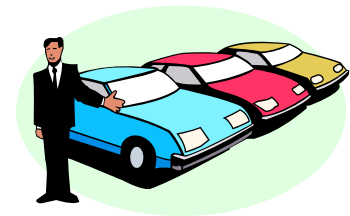
Here is where we disagree! If the client had a toothache, would he tell the dentist how to provide relief? Of course not! Likewise, if we consider potential vendors to be experts in their fields instead of just commodities-for-cash, then we must allow them to suggest a remedy for our organizational pains. (It is still our choice whether to accept that advice!)

We cannot expect them to provide expert advice and help for us while treating them like a necessary evil that we must endure while getting our problem solved.

(Would you treat your dentist that way?)

- ✓ *There is a natural distrust of “outsiders” and we do not want to give them any more latitude than necessary for fear of paying too much or being at their mercy.*

Here, again, we disagree with the traditional approach to dealing with vendors. Think about buying a car. For many people, this is an activity to be avoided at all costs because *we are afraid of paying too much and being at the mercy of the salespersons.*



However, suppose we prepared ourselves better for the car-buying experience by doing some homework first before we stepped on the car lot.

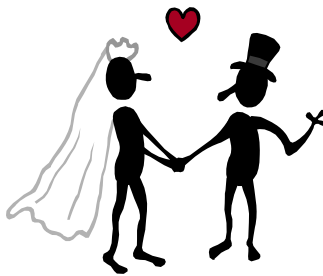
We can take time ahead to:

1. Define our interests and needs so we can say “No” when a salesperson tries to lead us down a path that is not best for us.
2. Determine what “success” looks like in terms of down payment, monthly payments, interest rates, and options instead of allowing the salesperson to push us.
3. Learn more about dealer costs via some ‘Net surfing to give us more options for striking a satisfactory deal.
4. Learn how many different manufacturers and models would provide the “transportation solution” we are looking for so we do not feel trapped by any one dealer selling any specific model.

We gain confidence and power with knowledge of our needs and options. Suddenly, the sales representative is not so intimidating any more! Why should we not take that same approach with a potential vendor?

- ✓ *However, are you saying that we should NOT focus on deliverables, terms, conditions, and cost but only on our interests?*

Of course not! But if you focus **MORE** on defining “the dream” (page 69), sharing that definition with your vendor, and getting your *dream satisfied* and less on deliverables, you have a greater chance of a satisfying relationship with your vendor. The more satisfying your relationship becomes, the stronger your links to each other’s success and the greater the chance to avoid expensive disputes.



Think about this.....

Can marriages with pre-nuptial agreements have much hope of success? It seems that when participants in a relationship focus more on the terms and conditions of it than on its ultimate success, they practically invite disaster!

The relationship that we are describing here with clients and vendors is a *quasi-marriage* where both sides share common interests and work with each other to achieve them. The synergy resulting from their mutual effort is greater than the combination of each of them working alone.

Getting Started on a New Relationship

This is how we would develop the foundation for creating a successful relationship with a vendor. Please realize that we do not suggest it will work perfectly the first time, every time, or any time! It is just an option to consider if you want to improve your traditional relationship with vendors. Every successful relationship requires effort from all participants *with an eye on a satisfactory, rewarding outcome*.

This learning experience will inevitably encounter setbacks as well as successes. Each participant may have a different view of what satisfaction means to him or her but as long as it does not come at the expense of the other, there is no reason why it should not be achieved. If each believes he or she can trust the other and they share a mutual desire for a profitable relationship, the natural give-and-take, trial-and-error learning process will help them succeed.

Developing the RFI

This is how we would develop the Request for Information. More information about the RFI is on page 73.

Traditional RFI Elements

Companies traditionally include (at least) these elements in their RFIs to suppliers:

- ✦ Boilerplate statements about the buyer, the intent of this RFI, desired topics for inclusion in any responses from suppliers, and typical legal disclaimers
- ✦ A list of the major issues (technical, social, legal, etc.) confronting the buyer for which this project is a response
- ✦ A list of unique or specific requirements tied to this project
- ✦ Anything else to help the buyer explain what they seek or for interested suppliers to understand what the buyer wants

Non-Traditional RFI Elements

We suggest wording like this in the buyer's writing style to notify potential suppliers that:

- ✦ The buyer is interested in using *non-traditional relationship management practices* to create a successful *and enduring* relationship with the successful bidder.
- ✦ The buyer will work with the successful bidder in a teambuilding environment to create a framework for successful relationship management for both parties.
- ✦ The buyer is interested in developing a progressive payment-for-services scale tied to a range of service delivery from *least required by contract* to *beyond expectations*.

(Note: This 'progressive payment-for-services' is valuable for these reasons:

- It removes much potential for confusion and subsequent argument by clearly defining in measurable terms of quality, quantity, and times (see *The Components of Motivation*, #1, page 64) **an acceptable performance range** within which to pay the vendor. The better the product, the better the pay. It eliminates the "all-or-nothing" concept that causes so much friction in traditional relationships.
- It allows the vendor to determine how much they want to be paid in relation to how much above the least acceptable performance they want to deliver. This way, they can put more profit control into their own hands if the client is willing to pay more to get more above the least acceptable.

Developing the RFP

We take the position that a Request for Proposal (RFP) should reflect the knowledge gained from supplier response to the RFI as well as the information normally found in a well-written RFP.

(Page 74)

As mentioned earlier, this is not a course about writing proposals but rather explanation of how a teambuilding approach can create a successful relationship with a vendor. Therefore, we will now turn to developing the teambuilding foundation.

Developing the Teambuilding Framework

Although this course is centered on building a successful relationship *once the vendor has been selected*, there are a few things to consider when selecting a vendor to work with you from a teambuilding perspective.

NOTE: We assume you are confident of your ability to select a vendor who can provide the service or product needs that originally spawned this project WHETHER YOU CHOOSE TEAMBUILDING OR NOT.

These guidelines will help you select a teambuilding partner who can also provide the service or product you require.

Ask potential vendors to describe their experiences or knowledge by describing past situations such as:

- ✓ **When they worked with a client to develop mutually satisfactory methods of dealing with situations that were not covered in their contract** (This will help you determine whether they are solution or contract focused. Obviously, the contract should be referenced regarding major issues but how do they see smaller, non-specific issues? Is their first question, “*Is this reimbursable?*”, or is it “*How can I help?*”)
- ✓ **Denied a client request while retaining good will with the client** (Although clients would always like to hear “Yes” when asking for something not in the original project scope, they also realize they may not always get it. A vendor who can demonstrate diplomacy while saying “*I’m sorry but I cannot because...*” will be a better candidate for successful teambuilding than one who just says “No” without an explanation.)
- ✓ **Behaviors of the best client they ever worked with and why it was successful.** (If they can describe the behaviors instead of personalities, it gives you something to consider adding to your relationship with them.

This reply is about behaviors: “*They gave us priorities when it looked like we would not be able to handle events which were not anticipated by either side. This helped us focus on the most important issues first.*”

This is about personalities: “*They were a very professional group with whom to work.*” It tells you nothing about what they did to be seen as ‘professional’.)

- ✓ **Behaviors of the worst client and why it was not successful** (This is the inverse of the previous question. It gives them a chance to draw distinctions between the good and bad and allows the potential client a chance to consider if any of the behaviors mentioned describe how they typically behave with vendors. This would give the potential client a chance to reflect on a truism of organizational behavior: *“You can’t do things the way you always have and expect different results!”*)

- ✓ **Non-traditional methods of evaluating performance by a client** (This demonstrates their willingness to consider non-conventional methods and focus on solutions instead of contractual limitations. Once again, we do not mean the contract is not important! It is the foundation for the relationship. However, some solution-focused vendors say, “Since the contract does not say we CAN’T, let’s give it a try!” while obstacle-focused vendors will reply, “Since it doesn’t specify we CAN do it, we will not.” As you can see, both honor the contract but one is more solution-focused than the other is.)

- ✓ **The use of “score cards” by each side to provide feedback on their perception of the product, service, or relationship** (If the vendor has experience using non-conventional scoring methods, they may be able to offer suggestions that were useful in the past. Their success is tied to your success: therefore, each side has an equal stake in making this work.)

- ✓ **Their definition of a “successful” relationship with a client.** (This question gives them a chance to suggest diplomatically how to work most effectively with them. They may list things like this:
 - A client who defines expectations but does not micromanage
 - A client who gives us sufficient notice of changes that may impact our ability to deliver our product and services
 - A client who pays on time
 - A client who realizes that our ability to make a fair profit helps us stay in business so we can provide the best to the client
 - A client who meets with us on a peer level as a partner working toward a common view of success instead of a ‘superior-subordinate’ relationship that can erode good feelings quickly)

- ✓ **Their most valuable characteristic as a vendor** (This is an opportunity for them to brag but not sound arrogant. It gives them a chance to display their self-confidence as a vendor. You **do** want a vendor who is confident they can provide what you need, don't you?)

In addition, it provides additional traction for the client's expectations. If the vendor says, "*We take pride in our ability to meet deadlines,*" it gives you something to bring up later when a deadline is threatened by saying, "*In our initial interview, you said you take great pride in meeting deadlines. With this deadline only 2 days away, will your pride be at risk?*")

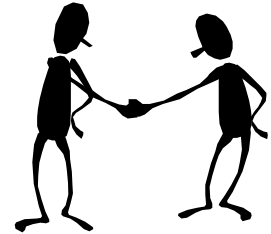
- ✓ **The characteristic they want to improve most as a vendor.** (This is a reality check for the vendor and helps the potential client see how the vendor views himself or herself. If the response is something like, "*We provide great service but could be better at asking questions to our clients for clarification on some issues. This would reduce a lot time better spent at something else.*" This is a very realistic reply because every organization, whether client or vendor, could get better at communications. It shows the vendor is realistic and trying to self-improve.

However, if the response is more like, "*Nothing, really, because we would not be number one in our field if we were not good at everything*", then beware! No organization is so good they cannot get better and you should be very suspicious of any that says so.)

The potential client can go a long way to demonstrating to the vendor their willingness to act as a 'partner' in this project (instead of the typical superior-subordinate role) by turning those same questions on themselves and giving the vendor some insight into them!

Identifying Relationship Keystones

What do you think are the elements of a *successful* relationship with a vendor regarding these issues?



This is an information-gathering exercise the client and vendor can work on together (or separately) and then compare answers. This will begin to build the bridges between their initial positions in the traditional client-vendor relationship.

Use these or any other topics that are of mutual concern for clients and vendors.

SURPRISES (How will deal with surprises? How can we reduce the chance of them happening)	INFORMATION (What information do we need to exchange regularly?)	SERVICE (What level of service? How often? Emergencies?)	RELATIONSHIP (What do they need to know about us to provide the service we want?)

Developing a Project “Scorecard”



We will pull together our earlier comments under “

Is the Customer is Always Right” (page 62), The Components of Motivation (page 64), Changing How We Regard Vendors (page 66), and the desire to define behaviors (80) to set the foundation for our scorecard development.

It is easy to identify measurables for **objective** topics such as delivery dates, tons-per-day, and gallons-per-hour, but not as easy to measure **subjective**, yet critical, factors within a client-vendor relationship such as *communication, teamwork, or responsiveness*. This section will show you a simple and very effective way to do this.

Before we start, however, let us ask you a question about a common game from childhood: **Monopoly**. Did you ever play it where all the payments made for street repairs, luxury tax, and school taxes were put into the center of the board and when someone landed on “Free Parking”, they got the money? Many kids did play it like that but do you know it *is not a part of the rules*? Nevertheless, as long as all the players agreed upon the rules and all had equal chances to benefit, everyone was happy.



This principle is what we imply with our scorecard process. *Rather than allow either client or vendor to be concerned about “We have never done it this way before,” we suggest that as long as all the players agree upon the rules and all have equal chances to benefit, everyone will be happy.*

Here is how we will do this:

1. Identify the value in having a “performance range” instead of an “all-or-nothing” goal
2. Apply that performance range to **objective topics** such as delivery dates, tons-per-day, and gallons-per-hour
3. Apply that performance range to **subjective**, yet critical, factors within a client-vendor relationship such as *communication, teamwork, or responsiveness*.

Identifying the Value of a Performance Range

The value of a performance range (instead of a specific 'all-or-nothing goal') is that it gives the student/employee/vendor a chance for **self-determination of success** within a range of performance acceptable to the parent/employer/client **without the need for micromanaging by the authority figure.**

Do you remember the components of motivation (page 64)?

- *Tell me what you expect of me in measurable terms (quality, quantity, time) that reduce the risk of my confusion.*
- *Give me a chance to perform (and learn from my mistakes, too.)*
- *Let me know how I am doing as I go along*
- *Give me help and guidance when I ask for it.*
- *Reward me with pay or praise when I succeed.*

They tell us that the extent to which people are motivated to act is in direct proportion to the extent they believe these five conditions are present. Therefore, if we can create an environment where the vendor believes these are present, we may gain a higher quality of service and a stronger relationship in the future. We will demonstrate how each of these can be applied in a relationship with a vendor.

A Common Objective Example with a Performance Range

Before developing this scorecard with a vendor, the client should determine their *needs and wants* from the project and a budget that will accommodate them. For example, suppose the client wanted a 50-unit PC network installed in their building. (We will only use the motivational factor of **time** here and not be concerned with **quantity** (50 units) nor the **quality** of the installation. We will assume the installation quality is acceptable.)

- We **need** the network installed within 30 days and are willing to pay \$1000 to have it done. (*This is the least the vendor can do and still get paid the full bid price.*)
- We **want** it installed in 20 days if possible because that will allow us to get started on the next project sooner. It is worth an additional \$500 to us if we can get them within 20 days.
- More than 30 days will cause us problems and cost the vendor penalties.

If installation is more than 30 days but less than 35, we deduct \$250 (or whatever we agree upon with the vendor) from the \$1000 “acceptable” level. If more than 35 days go by, we void the contract and the vendor forfeits all claims. (The legal terms of the contract are up to the client’s legal department.)

We work with the vendor before writing a contract to set up a simple A, B, C, D, or F (remember the report cards?) range to accommodate the performance possibilities for all the work we want done. Here is an example for the installation of the 50 PCs.

- A =** 20 days optimal installation worth a \$500 bonus
- B =** Proportionally between “A” and “C” (For example, 5 days earlier would be a \$250 bonus.)
- C =** 30 days installation (the least the vendor can do and still be acceptable) = \$1,000
- D =** More than 30 days but less than 35 with some proportional payment penalty
- F =** More than 35 days. The vendor “failed” the obligation, incurs the penalties agreed upon, and the client cancels the contract.

If the client and vendor agree on the performance scorecard for the installation schedule, then the vendor can control how much he makes and does not have to renegotiate with the client if it is

completed earlier. As long as the client has budgeted for the \$500 bonus, he can pay without renegotiation, also. The vendor is in control of how much he makes within the performance range by managing the installation schedule. The client does not create tension by micromanaging him to make sure it is completed on time.

The performance range concept also allows for a “mix-and-match” method of performance management. This gives the client and vendor greater flexibility. Suppose the client needs the 50 PCs physically installed quickly because of other construction factors but did not need the software loaded on every machine by that date because they still have fifteen employees to hire. They could fashion a performance range like this:

- | | |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| A = | All 50 installed physically with software loaded on all 50 = \$500 bonus |
| B = | All 50 installed and proportionally between “A” and “C” for loaded software |
| C = | All 50 installed physically with software loaded on designated 35 machines for current employees within 30 days = \$1,000 (This is the <u>least acceptable</u> performance level to the client.) |
| D= | More than 30 days but less than 35 for all 50 installed physically with software loaded on designated 35 machines for current employees = \$ penalty, contract not voided |
| F= | Failure to meet any part of D, contract voided, and pays penalties agreed upon. |

It is easy to develop a performance scorecard for objective subjects like the number of installed PCs, but much harder to develop one on teamwork, managing meetings, cooperation, responsiveness, or any of the other subjective “fuzzy” topics that are a part of business relationships.

It can be done if we apply the “Monopoly” example from page 84 to our thinking. Specifically, where we say, *“as long as all the players agreed upon the rules and all had equal chances to benefit, everyone was happy.”*

Here is how to do this as client and vendor team members contribute ideas:

STEP-BY-STEP PROCEDURE TO MEASURE SUBJECTIVE TOPICS		EXAMPLE OF A SUBJECTIVE TOPIC
1.	Select the behavior you wish to measure	"The Conducting of Effective Client-Vendor Meetings for the duration of this project"
2.	Identify the traits you want to see in that behavior (The client and vendor representatives work together and come up with these traits to define what successful meetings would be like.)	<ul style="list-style-type: none"> ✓ Agenda circulated at least 2 days before ✓ Only relevant participants invited ✓ Minutes are kept by pre-meeting designated person ✓ Minutes circulated within 24 hours of meeting to all impacted parties ✓ Start on time and end on time ✓ Contain "Parking Lot" for non-agenda topics ✓ Each participant comes ready to participate ✓ Meeting leader makes sure that non-relevant conversation and distractions do not occur
3.	Devise a method of measurement so you can determine the success of the behavior	Survey completed by participants within 24 hours of the meeting. Forwarded to (designate) See attached survey on page 91..
4.	Define the measurement scale	See the survey on page 91.
5.	Tie the measurement scale to the project report card	See example on page 92.
6.	Collect the measurement data and provide feedback to participants.	No example needed
7.	Revise any part of the process as needed to accomplish meaningful measurement.	No example needed

Here is the detailed breakdown of those steps in the table above.

- 1. Select the behavior you wish to measure.** (We did that in the table above.)

- 2. Identify the traits you want to see in that behavior.** The client and vendor representatives *who have to work together* should devise this list.

- 3. Devise a method of measurement so you can determine the success of the behavior.**
 This is done most easily using a "Likert Scale." We see this common scale format in surveys where we are asked to rate a range of opinions from "very good" to very bad".
 We can mix objective and subjective opinion scores together *as long as all players agree*.

The scores can be any numbers, words, or letters (1-10, 1-4, bad-not bad-OK -better-best, A-B-C-D-F) on which the group all agrees.

We could score the vendor meetings from the previous page like this:

(Note that each scoring strategy does not have to have a range of 1-4.)

#2. EXAMPLE OF A SUBJECTIVE TOPIC	SCORING STRATEGY
Agenda circulated at least 2 days before	4 = 3+ days before the meeting 3 = 2 days before the meeting 2 = 1 day before the meeting 1 = Not circulated
Only relevant participants invited	3 = All were relevant 2 = Not more than 1 did not seem relevant 1 = 2 or more did not seem relevant
Minutes are kept by pre-meeting designated person	3 = The pre-meeting designate kept the minutes 2 = Someone at the meeting was appointed to keep the minutes 1 = No minutes were kept
Minutes circulated within 24 hours of meeting to all impacted parties.	4 = Circulated within 24 hours 3 = Within 48 hours 2 = Within 3 business days 1 = Not circulated
Start and stop on time	4 = Start on time – ended early 3 = Start on time – end on time 2 = Start on time – ran over less than 15 minutes 1 = Start late or ran over more than 15 minutes
Contains “Parking Lot” for non-agenda topics	3 = Had a “Parking Lot” (Used it or not is not important. Whether it was available is the important aspect.) 2 = “No parking lot” but was not needed 1 = No Parking Lot” and had non-agenda topics distract meeting progress
Each participant comes ready to participate	This would be part of an individual’s teamwork survey to be completed by team members. This is covered next.
Meeting leader makes sure that non-relevant conversation and distractions do not occur	This would be part of an individual’s survey if “meeting leading” were a measurable part of their annual performance assessment.

4. Define the measurement scale. This is where we design the survey to allow participants to express their opinions (“measures the success”) about the conduct of the meetings.

A SURVEY TO MEASURE THE CONDUCT OF MEETINGS FOR THE DURATION OF THIS PROJECT					
Your comments and scores are valuable because they will help us maintain a high quality of meetings and help you be more productive. Please take a few minutes to complete this survey.					
For meeting of: <u>(date)</u> Please return this survey to (name) by (time/date.)					
Meeting Management Topic		Scoring Range			Your Score
Agenda circulated at least 2 days before		3 = 3+ days before the meeting 2 = 2 days before the meeting 1 = 1 day before the meeting 0 = Not circulated			
Only relevant participants invited		2 = All were relevant 1 = Not more than 1 did not seem relevant 0 = 2 or more did not seem relevant			
Minutes are kept by pre-meeting designated person		2 = The pre-meeting designate kept the minutes 1 = Someone at the meeting was appointed to keep the minutes 0 = No minutes were kept			
Minutes circulated within 24 hours of meeting to all impacted parties.		3 = Circulated within 24 hours 2 = Within 48 hours 1 = Within 3 business days 0 = Not circulated			
Start and stop on time		3 = Start on time – ended early 2 = Start on time – end on time 1 = Start on time – ran over less than 15 minutes 0 = Start late or ran over more than 15 minutes			
Contains “Parking Lot” for non-agenda topics		2 = Had a “Parking Lot” (Used it or not is not important. Whether it was available is the important aspect.) 1 = “No parking lot” but was not needed 0 = No Parking Lot” and had non-agenda topics distract meeting progress			
Total score for meeting management is (add all scores for this section)					
Please use the specified scoring range to score the participant listed.					
X = Absent 0 = No contribution 1 = Poorly prepared 2 = Moderately prepared 3 = Well Prepared					
Joe Brown	Steve Jones	Sue White	Carol Black	Grant Elder	Cindy Huntley
Mike Day	Frank Dole	Carl Smith			
Please use the specified range to score the meeting leader.					
1 = Strongly Disagree 2 = Disagree 3 = Agree 4 = Strongly Agree					
(Course Note: There is no “neutral” position offered because we want them to express an opinion.)					
Please circle the name (above) of the person who acted as meeting leader.					
a.	The leader made sure non-relevant conversations did not occur. Score =				
b.	The leader made sure distractions did not occur. Score =				
c.	The leader kept us focused and on track. Score =				
d.	The leader gave us a meeting summary of the important results. Score =				
e.	The leader made assignments for the next meeting. Score =				
f.	The meeting was very productive and a good use of my time. Score =				
Total score for meeting leadership is _____					

5. Tie the measurement scale to the project report card.

A typical project scorecard could look like this with sections for measuring objective topics, subjective topics, and collecting comments. The client and vendor should work together to identify the topics because this reinforces the concept of “partners” involved in a “joint project” focused on “shared success.”

SCORECARD FOR THE (NAME) PROJECT		
COVERING THE PERIOD FROM (X) TO (Y)		
OBJECTIVE MEASURABLES (These scores are derived from any reports, instruments, invoices, etc. with objective data that project participants agree are relevant.)		
	Performance Being Measured	Score for this Period
1	These are the significant few (as opposed to the trivial many) activities that project participants agree must be monitored and measured to track the success of the project.	B
2		A
3		C+
SUBJECTIVE MEASURABLES (These scores are from any surveys or measurements that project participants agree are relevant.)		
1	Meeting Management	B+
2	Teamwork (from a teamwork survey)	A-
3	Communication –reports and memos	D
4	Responsiveness	B
PROJECT COMBINED SCORE FOR THIS PERIOD		B-
Comments received:		

The “Meeting Management” period score results from the average scores from all the meetings within the period. You would translate the average score total to a letter grade just like your grade school teachers did.

For example, the highest possible meeting management score for a single meeting is 15 points.

The team could determine a letter grade from the average scores such as:

Average score: A = 15-14 B = 13-12 C = 11-10 D = 9-8 F = <8

The “+” or “-” addition to a letter grade can be added if the team agrees that there is value in it.