Negotiation Skills for Project Managers

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Negotiation Fundamentals for Project Managers

Introduction

While we may negotiate in almost any type of situation, this course focuses on the fundamentals of negotiating in the project management context. Many people instinctively tend to compete when negotiating, but because project managers must often work with stakeholders again in the future, this course emphasizes collaboration.

Definition of Negotiation

The term "negotiation" comes from the Latin "neg," which means "not," and "otium," which means "leisure." In other words, negotiation is not easy. It is a process of conferring with others to try and resolve a difference or come to an agreement.

There are many benefits of negotiation for the project manager. For example, it—

- Resolves differences and mends hard feelings
- Builds relationships with others in the project management environment
- Clarifies expectations
- Helps keep conflict to manageable levels
- Reveals new information and so can lead to a greater understanding of stakeholders’ needs and interests
- Can create new value for both parties

You will likely think of others as you participate in this class and apply what you have learned.

Project Management Negotiation

In project management, three general types of negotiations predominate: negotiations with stakeholders, negotiations about project constraints, and negotiations about specific issues during each phase of the project life cycle. A stakeholder is anyone with an interest in the project and who may be impacted by the project. Stakeholders may also try to influence the
project’s outcome. A project manager may also have to negotiate over project scope, schedule, and budget (the triple constraints) as well as resources, risk, and quality.

Negotiation and Project Management Considerations

Many project managers find negotiation difficult or stressful because it requires the use of power. They often fall into the role of using only formal power or authority, which frequently leads to conflict and has limited success. This course focuses more on the use of other forms of power and informal influence, which generally lead to more successful outcomes. This kind of collaborative negotiation requires strong interpersonal skills.

It also requires an understanding of organizational politics and how they can impact project negotiations. Some dimensions of organizational politics that are often important in a project management environment are—

- Sacred cows
- Who knows who
- Unwritten rules
- Informal networks and agreements
- Organizational history and experience

There may be others in your particular project management environment. Effective project managers develop political awareness and use that awareness to assess and respond to potential political impacts on their projects.

Negotiation and Project Management

Project management often involves negotiations about requirements, schedules, budgets, resources, risks, and quality. These negotiations may be with internal stakeholders or they may involve external stakeholders such as clients, vendors, and suppliers. Negotiation is a communication process that continues throughout the project.

Strategies for Negotiating with Different Types of Stakeholders

We may negotiate differently with stakeholders, depending on their relationships with us and on their levels of interest in and agreement with our projects.

Allies: Stakeholders with high levels of interest and agreement can be powerful allies when we have good relationships with them. However, we cannot take their support for granted. We need to continue to build and manage our relationships with them. This means frequent communication (face-to-face when possible), the close monitoring of and response to issues they raise, and communication plans tailored to their unique interests. Trust-building strategies work well with these stakeholders.

Allies can provide valuable help to us in communicating with potential adversaries. Because they agree with what we are trying to accomplish, and because we can trust allies, we may sometimes ask them to speak directly with adversaries on our behalf to help move the adversaries toward greater agreement with our project objectives.
Allies can also be of assistance in helping to identify potential vulnerabilities and risks in our projects, and so help us avoid mistakes.

**Adversaries:** Stakeholders with low levels of interest and agreement can be potential adversaries. We may assume that stakeholders who opposed past projects will also oppose current ones. So, before a project manager labels any stakeholder as an adversary, he or she needs to check and confirm what the stakeholder's position toward our project actually is. Then, the project manager needs to keep these stakeholders informed of project progress and check periodically to ascertain whether their levels of interest or agreement have changed.

We often expend considerable effort attempting to convert adversaries to our way of thinking or to somehow undermine them if we are unable to convince them. That seldom works. A more practical approach is to simply minimize contact (if we can) once it is clear that we cannot prevail or we can communicate that we understand their perspective, even though we do not agree.

**Challengers:** Stakeholders with whom we have good relationships but who do not necessarily support our project may become challengers. Although it may not seem like it when we are attempting to negotiate with project challengers, they can be strong assets because they force us to think about what we are doing. Is the project practical and realistic? Is there a better way to proceed? Because we trust them and they trust us, we can work with them to test out our ideas and improve our performance as project managers. Collaborative strategies work well with these stakeholders.

"Yes" people: Then, there are sometimes stakeholders who publicly support the project but who may privately undermine it—in other words “yes” people. These stakeholders have high agreement with the project but do not have good relationships with the project manager. There are many reasons why this could happen. There may be political issues involved; the stakeholders may face psychological challenges; or we may have failed to work through all stages of the negotiation cycle with them.

Because trust is lacking, a project manager may tend to become overly cautious or manipulative with “yes” people. Or the project manager may avoid such stakeholders in the hopes of going around them. That may work in the short term but not in the long run. A more effective strategy is to acknowledge that the relationship is difficult for us to understand and work toward building a better relationship. One-on-one negotiation is often required to uncover the hidden interests of these stakeholders.

**Fence sitters:** Some stakeholders have difficulty taking any position on our project objectives, and it is difficult to determine what their levels of trust are. We call them “fence sitters.” Fence sitters tend to be cautious and risk averse. In that sense, they are the ultimate bureaucrats. Any commitments they make are usually couched in layers of contingencies. Sometimes, it is possible for allies to help move them into firmer agreement with our goals and objectives, but, typically, they make commitments when they feel ready. A positive aspect of this kind of stakeholder is that they free us to go ahead and do what we prefer to do.

**Negotiation and the Project Life Cycle**

We may be tempted to think of negotiation as an activity that begins and ends in the initiation phase of a project, but that is not the case. Because they often work in matrixed environments with limited authority to directly control the work of others, project managers are continually
negotiating. For example, in addition to negotiations about scope, time, and cost, the project manager may negotiate about resources, the applicability of regulatory requirements, risk response strategies, project changes, and many other issues.

Issues that have been previously negotiated may also recur in subsequent phases of the project life cycle, and the way a project manager deals with them the first time will impact later negotiations. The Negotiating Through the Project Life Cycle tool contains some valuable tips on how to handle common issues that arise during the various phases of the project life cycle.

Using knowledge of fundamental project management as a guide, this table lays out some potential issues that will likely need agreement throughout the life cycle. At each phase of the life cycle, it lists some general areas of negotiation, specific issues likely to arise, and a suggested approach for project managers to use in negotiating each issue. It is up to the project manager to determine with whom each issue should be negotiated. That depends on the type of project and the culture of the company within which a project manager is working.

**Negotiating the Project Constraints**

The order in which project constraints are negotiated varies from organization to organization and will depend upon the industry and culture. Sometimes, project managers are given either a schedule or a budget, or both, and they must then figure out how to complete some scope within these constraints. It is generally more successful to first identify the scope and then negotiate the other constraints. The quality of the schedule and the budget are directly proportionate to the quality of the scope definition.

How the project manager structures his or her negotiations over the project constraints can play an important role in affecting the quality of the agreements reached. The sequence of these discussions will vary depending upon the type of project and organization, but identifying and agreeing on the scope and requirements early on is essential to achieving sound and lasting agreements.

A proposed sequence for negotiating constraints during the initiation and planning phases of a project can be a very useful tool. Near the beginning of the negotiation, the project manager might say something like, “I would like to propose the following agenda for this meeting: First, perhaps we could walk through a structured process we could use to help us identify your needs. Then, we can employ some sound estimating techniques to see how those needs might impact the schedule. Finally, I suggest we use the requirements and scheduling information to build some cost estimates. After that, we could progress to discussions about who should be on the team, what some possible risks might be, what specific quality levels are required, and the materials we may need. How does this agenda sound to you?”

**Two Approaches to Negotiating Scope**

Experts tell us that stakeholders are more satisfied with negotiations when they have been given the opportunity to consider multiple options. A useful way to think about this is to offer multiple options, all of which are high quality but have varying grade levels.

Quality refers to the degree to which the project product or service meets stakeholder requirements. In this example, grade refers to the features and functions the product or service provides. Although they are often used interchangeably, quality and grade are actually
independent dimensions. So, it’s possible to deliver a product or service that is high quality but low grade and vice versa.

A project manager can use an “additive” or a “subtractive” approach to presenting options. In the additive approach, the project manager begins by offering a product or service with limited functionality and specifies the associated time and cost. If this is not acceptable to the stakeholder, the project manager offers an option with more functionality and provides the associated time and cost for that option (which is usually greater than for the first option). This continues until the final option includes the full range of functionality.

This “additive” approach is psychologically more satisfying than the “subtractive” approach in which the project manager begins by providing an option with the full range of functionality, which will take longer and cost more than options with less functionality. That’s because stakeholders can more easily associate increases in time and cost with the increases in functionality (scope).

It may also be useful for a project manager to consider which approach best fits with a customer’s starting point in the negotiations over scope, time, and cost. The “subtractive” approach sometimes works best with customers who initially express a desire for high levels of functionality but then take issue with the associated time or cost.

The “additive” approach can work well in organizations where time or cost is the project driver or when there is little or no negotiation possible around time or cost. The project manager can respond by offering a “bare-bones” scope proposal and then trade up as more functionality is requested.

Discussions about options will also help a project manager determine which constraints are the most important to any given stakeholder, so it is crucial for the project manager to be listening carefully to stakeholder responses as he or she presents the various options.

Summary

- Negotiation is conferring with others to resolve a difference or come to agreement.
- Project managers will be more successful at negotiation if they understand how to use informal influence as well as formal power and authority.
- Five types of stakeholders can be identified based on their agreement with project objectives and their relationship with the project manager. The project manager should use different strategies to negotiate with each type of stakeholder.
- Project managers need to negotiate issues continuously throughout the project life cycle.
- The order in which project constraints are negotiated varies across organizations, but project managers are generally more successful when they can negotiate requirements first.
Introduction

Here we’ll provide an overall framework for the negotiation process and introduce some key concepts in negotiation. We’ll explain two different approaches to negotiation – competitive and collaborative – and describe some techniques commonly used in competitive negotiations.

While the course focuses on collaborative negotiation, there are some fundamentals which are common to both approaches. Many negotiations are a mixture of the two approaches, so it is important for the project manager to understand both. Project managers may also find themselves in situations or industries where competitive negotiation predominates and so must be able to respond appropriately.

You will learn the importance of identifying an initial target and bottom-line for each issue you are negotiating and how these concepts can help you determine a zone within which agreement is possible. You will also learn the critical role played by a backup plan.

You will have an opportunity to practice identifying the zone of potential agreement in a project management situation, and you will analyze a project management scenario to determine a backup plan for it.

Key Project Negotiation Concepts

Negotiation: Big Picture

Negotiation begins when the project manager identifies issues that need to be discussed and agreed upon. The next step is to consider what to do if he or she is not able to come to an agreement. This is the backup plan.

Issues may be dynamic (changeable) or static (not changeable). Static issues cannot be negotiated, so successful negotiators figure out how to convert them into dynamic issues. Project managers can present their dynamic issues as positions or they can discuss the interests behind their positions. Focusing on positions will result in competitive (win/lose) negotiation, while discussing interests will facilitate collaboration (win/win) negotiation.

There are four stages in a negotiation process, and effective negotiators use all four. They are rapport, exploration, movement or bargaining, and closure. Competitive and collaborative
negotiators use these stages but have different objectives for each one. We will explain what those objectives are. The amount of time spent in each stage also varies, depending on the negotiator’s approach, and we will discuss those differences.

When issues are presented as interests, the negotiation can be collaborative. While competitive negotiators focus primarily on the issues (content), collaborative negotiators consider both the issues and their relationships with the people involved.

There are three basic styles of competitive negotiation: soft, hard, and analytical. Soft negotiators go easy on the people and the problem; hard negotiators are tough on both; and analytical negotiators enjoy the process of negotiating. Each of these styles is recognizable by the types of techniques employed by the negotiator. This course describes some of the techniques commonly used in each style.

A negotiator’s personality type will also affect his or her negotiating and decision-making styles as well as his or her preferences for the different stages of negotiation.

Lastly, negotiations can become more complicated when the parties have different levels of power; generational or gender differences are involved; the negotiations take place in a virtual environment; multiple parties are negotiating; and/or the parties are from different cultures.

**Stages of Negotiation**

There are four stages in the negotiation process, each of which must be managed if a project manager is to be successful.

- **Rapport:** The objective of this stage is to establish a positive climate for negotiation and to reduce any tensions among the negotiating parties. Rapport may include introductions, discussion of the agenda, and personal conversations.

- **Exploration:** The objective here is to learn more about the other parties’ issues, positions, interests, targets, and bottom lines. It also provides an opportunity to discover whether the other party has a backup plan. So, the project manager typically asks questions and provides information to the other party during this stage.

- **Movement:** The objective is to reach agreement on the issues. This involves bargaining and making statements in the attempt to influence the other party. This is the stage many of us associate with the term “negotiation,” and that is why it has negative connotations for many project managers. In fact, effective project managers use all four stages and actually spend less time in this stage than in stage two.

- **Closure:** The objective here is to review and summarize agreements. Contracts may be signed and future commitments made. Project managers need to give adequate time to this stage even though there is often a rush to end the negotiating session quickly.

This four-stage cycle may be repeated for each issue in a negotiation, or a project manager may revisit stages as he or she refines the alternatives.

**The Backup Plan**

The project manager’s backup or contingency plan can have a powerful effect on negotiations. Project managers who have a backup plan tend to be more secure and confident during negotiations. Those who have not considered what they will do if the negotiations fail may feel
insecure and agree to terms that are not very favorable to them. Skilled negotiators may sense this desperation and use it to their advantage. That is why it is so important to develop a plan as soon as the project manager recognizes the need for negotiation—not when the negotiations are already underway.

A backup plan is not the same as your bottom line. It is not the worst deal a project manager would accept. A backup plan describes what a project manager will do if he or she is unable to make any deal. During negotiations, a project manager keeps the backup plan in mind and tests alternatives raised against the plan. Alternatives that are better can be accepted, while those that are not may get tabled.

**Application of the Backup Plan**

A project manager does not typically communicate the backup plan to the other party at the beginning of negotiations because that can be intimidating, and it generally leads to competition. However, if negotiations stall or the other party does not want to collaborate, a project manager can use the backup plan to educate the other party. The best way to do this is to gently roll it out by asking questions, such as “What would you do if I were to tell you I had an alternative (the backup plan)? Or “How would you react if I were to tell you we have been talking with some other vendors?”

A project manager can also use the Exploration stage to figure out whether the other party has a backup plan and how powerful their plan is. Again, this involves gentle questioning, such as “Have you thought about what you might do if we are unable to come to agreement?” Or “How many contracts are you currently working on?” Or “How many companies are you considering for this work?”

The backup plan is only implemented fully if a project manager cannot come to terms with the other party.

**Characteristics of Issues**

Issues may be static or dynamic. Static issues arise from past experience and are often emotionally charged, making them difficult to negotiate. Because they arose in the past, they cannot be changed. For example, “The last project manager I worked with did not really ask us what we wanted from the project, so I am not looking forward to working with your department again!”

Dynamic issues are future oriented and changeable, so the project manager’s goal is to convert static issues into dynamic ones. Often, the first step is to give the other party an opportunity to vent about the past. This requires active listening and nondefensive responses from the project manager, who simply takes in what the other party is saying without conceding anything. A general apology from the project manager is also helpful.

The next step is to use the information gained to propose a strategy going forward. For example, “I’m really sorry that happened to you. So, what can we do going forward to ensure that your requirements are adequately identified?”
Two Schools of Negotiation Comparison

Many books and articles have been written about negotiation, and many different approaches have been advocated. Most of these approaches can be divided into two schools: competitive negotiation and collaborative negotiation. As we pointed out earlier, in competitive negotiations, one party usually “wins” something, and the other party “loses” something. In collaborative negotiations, both parties feel they have won.

Another key difference is in how the two schools approach the concept of value. Competitive negotiators assume the value to be gained by negotiation already exists, and it is their job to claim as much of that value as possible. Collaborative project managers see negotiations as an opportunity to explore potentially unidentified value. Their goal is to create new value, which can then be shared by both parties.

In other words, competitive negotiators try to get the biggest piece of the pie, while collaborative negotiators try to make the pie bigger.

Interests vs. Positions

Positions are explicit statements about what we want in a negotiation. Interests are the reasons why we take positions. When they are taking positions, negotiators may use the following words:

- Want
- Bottom line
- Stance
- Solution
- Specification

When negotiators are talking about their interests, they may use the following words:

- Expectation
- Hope
- Fear
- Benefit
- Function
- Concern

Often, people intuitively begin negotiations by taking positions. A natural response of the other party is to state a position of their own. Once we have stated a position, we tend to become emotionally attached to it, and we become entrenched in maintaining that position. Unfortunately, this inevitably leads to competition.

More effective project managers ask questions to discover the reasons why other parties are taking their stated positions. Instead of countering the other party’s responses, the project manager can use the information to gain insight into alternatives that may satisfy both parties’ interests.
Competitive Negotiation: Three Styles

In competitive negotiations, one or both parties lose something. There are three basic competitive styles: soft, hard, and analytical.

The soft style is an “I lose/you win” approach. The soft negotiator is primarily concerned with maintaining a good relationship with the other party. He or she searches for alternatives that are acceptable to the other party and may make concessions to keep the peace.

The hard style is an “I win/you lose” approach. The hard negotiator needs to dominate and will insist on getting what he or she wants. The hard negotiator is primarily concerned with the issue or problem and will demand concessions at the expense of the other party. He or she may also mislead the other party to gain the upper hand.

The analytical style is an “I lose/you lose” style because in its extreme form, negotiation becomes a game and can get stalled over details. The analytical negotiator is concerned with the process over the solution and enjoys demonstrating his or her knowledge of the facts. He or she does not view emotions (or relationships) as being important in negotiations and may manipulate data to achieve objectives.

Competitive Negotiation Techniques

A negotiating technique is a ploy or tactic that one party uses to get the other party to change its position. Many of the techniques we are about to discuss create tension in the other party, who gives in to relieve the discomfort. For that reason, competitive techniques may damage relationships and make it difficult for the project manager to work with the other party in the future.

However, competitive negotiating techniques may be used in industries or organizations where competition is the norm. Even if a project manager wishes to be collaborative, it is important to recognize when the other party is being competitive and to be prepared to convert their positions into interests. There are also cultural differences regarding the use of competition in negotiations, and project managers need to be aware of these differences in order to be successful. As a last resort, project managers may need to use competitive techniques for self-protection.

Some of the techniques employed by negotiators using each style are summarized below. Soft negotiating techniques create a form of tension by implying affiliation with the other party, creating guilt, or disarming the other party. These techniques include—

- Association
- Tales of woe
- You are more important than me or you know more than me

Association means asking questions and/or making statements that suggest both parties are alike and, therefore, should agree. For example, “We grew up in the same town or we both like the same restaurant.” Tales of woe are commonplace and self-explanatory. A version of the last technique is “You are the expert. You tell me what we should do.”
Hard negotiating techniques create tension by intimidating or threatening the other party. They include—

- Blaming a third party (scapegoating)
- Using a carrot-and-stick approach
- Deadlining
- Putting the other person on the defensive (POPOD)
- Name dropping

In many organizations, certain functional groups are used by competitive negotiators to justify their positions. For example, “Contracts (or finance, legal, or some other group) requires us to do it my way.” This may or may not be true. Negotiators may also achieve what they want by promising a reward if the other party gives in (the carrot and stick). Deadlining means forcing a decision from the other party by claiming there is an arbitrary deadline, which may or may not actually apply. Name calling is a common form of POPOD, and mentioning the name of someone in power or authority is another common ploy.

Analytical techniques create tension by implying that the user is more logical or knowledgeable than the other party. These include—

- Claiming budget limitations
- Using credentials to justify positions
- Issuing disclaimers of previous statements
- Playing “little professor”
- Citing standard industry practice

Analytical negotiators sometimes justify positions by relying on their budget estimates (which are better than yours) or by citing credentials such as a university degree or a professional certification. If caught manipulating data, they may respond by elaborating on the original statement and so issue a disclaimer of it. The “little professor” tactic usually begins with finger wagging and a statement about “what you need to know.” Citing standard industry practice can be a collaborative technique if the standard actually exists. However, analytical negotiators may simply use this tactic to justify a position without reference to actual standards.

**Negotiation Ranges and the Zone of Potential Agreement**

For many issues in negotiation, each party can establish a target or goal and a reservation point. The target is our ideal, and the reservation point is the least favorable alternative we would accept. For example, a vendor might ideally like to have 65 weeks to complete a project but could, if pressed, complete it in 45. Sixty-five is the vendor’s target and 45 is the vendor’s reservation point. Similarly, the project manager may have his or her own target and reservation point, which are likely to be different from the vendor’s.

Where the range between our target and our reservation point overlaps that of the other party, there is a zone within which agreement is possible. This is sometimes called the Zone of Potential Agreement (ZOPA). Project managers who are effective negotiators ask questions to determine what the other party’s ZOPA is because attempting to negotiate outside the ZOPA is inefficient and is unlikely to lead to any agreement.
Most negotiators will not reveal their entire range, in other words, the difference between their target and their reservation point, but they do frequently begin by stating their ideal or target. A project manager can then ask questions to validate the target and to figure out what the reservation point might be.

Competitive negotiators sometimes start by stating a target that is more favorable than their actual goal in the hopes of forcing the other party to make a concession. This is called “highballing” and is unproductive because it misleads the other party and creates pressure for him or her to “lowball.” The resulting discussion often takes place outside the ZOPA, so it simply prolongs the negotiation. It can also impact trust, which makes collaborative difficult, if not impossible.

### Preparing to Negotiate Competitively

This course underscores the need for preparation in successful project management negotiations. Key preparation tasks for a competitive negotiation include—

- Identifying the issues we want to discuss (and those we do not)
- Developing a backup plan
- Converting static issues into dynamic ones
- Establishing goals (targets) and reservation points for each issue
- Considering which techniques we may wish to apply to gain concessions

### Summary

- There are two major approaches to negotiation: competitive and collaborative.
- There are four stages in negotiation: rapport, exploration, movement, and closure. An effective negotiator uses all four stages.
- Project managers should identify the issues they want to discuss and develop a backup plan before starting negotiations.
- There are two types of issues: static and dynamic. Only dynamic issues can be negotiated.
- Negotiators may present issues as positions or interests. Discussing positions generally results in competitive negotiations, and discussing interests leads to collaboration.
- There are three primary competitive negotiation styles: soft, hard, and analytical.
- The Zone of Potential Agreement, or ZOPA, is where negotiators’ acceptable ranges on an issue overlap. In competitive negotiations, most resolution occurs within the ZOPA.
Introduction

This module provides an in-depth explanation of a collaborative approach to negotiations. A helpful model of five common negotiation and conflict resolution styles is based on two independent dimensions: concern for oneself and concern for the other party. We'll look at each of the five styles in detail and discuss situations in which it would be appropriate for a project manager to use each of the styles as well as some potential downsides of each style.

While all five styles can be useful in certain situations, we explain why a problem-solving, or collaborative, approach is the most likely to lead to successful outcomes in project management situations. This approach requires some key interpersonal skills, which project managers can develop to ensure greater success, so we describe these skills.

Then, we present a practical four-step negotiation methodology that grew out of a long-term project at Harvard University. Many different kinds of negotiators were observed in many situations, and the methodology described in this module captures the best practices of successful negotiators.

As we describe this four-step methodology, we explain how it is aligned with the four stages of the negotiation cycle.

Because the method described herein relies on trust and transparency, it allows project managers to negotiate with integrity. We explain how the four-step method does that and how it can reduce the discomfort many project managers experience because they believe they must manipulate the other party to be successful.

We will also detail four fundamental steps in a collaborative negotiation process and explain how a project manager can progress through these steps to build to a successful conclusion. First, we describe four fundamental categories of trust-building behaviors and provides examples of each. We also explain how static issues can create obstacles to trust.

Then, we build on the concept of “interests” and explain the key role that identification of interests plays in collaborative negotiations. We provide examples of interests and present some techniques to help project managers identify interests in their own work environments.

Next, we discuss the importance of generating multiple options and provide you with some techniques to help develop options in a project management environment.

The fourth step is to try and identify some objective standards that can be used to help select a specific option to pursue further. Again, we provide examples and describe some techniques project managers can use to locate relevant standards.
Last, we explain how to close a negotiation and highlight the importance of evaluating outcomes.

To help cement your knowledge of the collaborative approach, you will analyze a project management scenario and discuss strategies for building trust in that situation. You will also practice identifying positions and interests, developing options, and applying objective criteria to choose among these options.

Collaborative Negotiation: The Basic Elements

Model of Negotiation Styles

This module presents a well-researched model of different conflict resolution styles, but since negotiations usually involve differences that must be resolved, the model also applies to negotiations. This model distinguishes between two independent dimensions of behavior that have been observed in many different types of situations:

- Concern for self (assertiveness)
- Concern for the other party (cooperativeness)

Concern for self refers to the extent to which a negotiator attempts to satisfy his or her own needs and interests. Concern for the other party refers to the extent to which a negotiator attempts to see that the other party’s needs and interests are met.

These dimensions can be used to create a two-by-two matrix that highlights five different styles:

- Forcing
- Smoothing
- Withdrawal
- Compromising
- Problem solving
Negotiating Styles

Each style can be useful when matched with appropriate situations, but each also has potential disadvantages. The styles, their uses, and their disadvantages are described below.

**Forcing** is what project managers do when they are concerned with their own satisfaction and pursue their concerns at the expense of others. They want to have their own way regardless of what others want. In some circumstances, this behavior may be an appropriate way of resolving differences. Examples might include important issues where an unpopular course of action must be implemented, when you know you are right, when quick and decisive action is required to meet an emergency, or when you need to protect yourself or others.

Forcing can be harmful when it alienates the other party, causes a stalemate, or prevents an agreement due to insistence on a particular outcome. It can also lead to feelings of remorse and regret when either party pushes too hard for its own point of view or when it pressures either party to make unwanted concessions.

Forcing can cause a project manager to miss important points of view on the issues at stake, or he or she can lose sight of overall goals by locking into one point of view. Forcing can also cause long-term damage to stakeholder relationships.

**Smoothing** is what project managers do when they are low in both areas of concern. In essence, they don’t pursue their concerns or the concerns of the other party. Smoothing can be useful when the issue is trivial or when you cannot “win” anyway. Avoiding negotiation, at least temporarily, can also be a wise choice when the cooling of tempers or more data are needed before the issue can be resolved.

Smoothing is harmful when it results in excessive or unnecessary delays. This approach can adversely affect project outcomes when it prevents milestones from being met or when it severs communication lines with others. Stakeholders may view this avoidance as dysfunctional.
Withdrawal is how project managers behave when they are cooperative but not assertive. They are trying to meet the needs of others rather than their own needs. Withdrawal may be useful when you realize you are wrong and need to concede, when preserving the relationship is more important than prevailing, or when doing anything else would damage the project. Like smoothing, withdrawal is useful when the issue is trivial or you cannot win anyway. In these cases, the “Why fight it?” rationale makes a great deal of sense.

Withdrawal can be harmful when it prevents a project manager from prevailing when his or her desired outcome is truly essential. It can also be personally harmful. When you adopt this approach too readily or too often, others may lose respect for you and your input, no matter how valuable it may be. Withdrawal on significant issues when you are right can also harm the project or the organization.

Compromising is behavior exhibited by people who are moderate in both their assertiveness and their cooperativeness. The advantage of this approach is that it leads to quick decisions when a practical solution must be found. Everyone employs a give-and-take attitude. It can also be helpful when the parties are both strongly attached to their positions.

The danger of compromise is that people who take this approach may be considered pushovers or gullible. There is always the risk of conceding on essential points that should not have been sacrificed, and like project managers who force decisions, compromisers may later harbor regrets about not caring for their own needs.

Problem solving occurs when people are both highly assertive and highly cooperative. It is a style in which a person can be confrontational but equally willing to consider others' desires. It can be useful when both party's concerns are important. Problem solvers are adept at negotiating and gaining commitments to mutually beneficial solutions.

Problem solving can be harmful when the negotiated solutions appear to lose sight of original goals or are viewed as no longer representing the interests of stakeholders who are not party to the negotiations.

Forcing, smoothing, withdrawing, and compromising are all considered to be competitive negotiating styles because they result in one or both parties losing something. Problem solving is the only method that results in a winning outcome for all parties.

Collaborative Negotiation Skills

Successful project managers acquire both “hard,” or technical, skills and “soft,” or interpersonal, skills. Some of the skills required to implement a collaborative approach include—

- Active listening
- Questioning
- Assertiveness
- Nondefensiveness
- Understanding of body language
- Ability to build trust

We discuss these behaviors and their contributions to collaboration.
Why Collaborate in a Project Environment?

This module provides several rationales for the benefit of collaboration in a project environment. First, it maintains and builds relationships. This is important because project managers must often deal with their negotiating partners again in the future. The hard feelings sometimes generated by the four competitive approaches can interfere with these future relationships.

Second, collaborative negotiations provide project managers with the opportunity to achieve new insights into projects. Collaborative negotiations may lead to entirely new and better solutions that were not envisioned when the negotiations began. This can also be described as “creating new value.”

Third, collaborative negotiations can be more efficient because they are founded on trust and they are more transparent. Competitive negotiations can stall when the parties withhold information, manipulate data, or attempt to bargain outside the Zone of Potential Agreement (ZOPA). Then, it takes longer to reach an agreement, or it may become impossible to achieve agreement.

Steps to Collaboration

There are six fundamental steps to collaboration, which are described in detail in this module:

1. Establish a positive climate for negotiation.
2. Build trust with the other party.
3. Search for the interests behind positions.
4. Apply objective criteria to decisions, whenever possible.
5. Develop multiple alternatives.
6. Close the process and evaluate outcomes.

Establish a positive climate for negotiation means attempting to eliminate or reduce discomfort, anxiety, or stress before entering the negotiation. This will allow negotiators to be in the most productive frame of mind possible before attempting to reach a collaborative decision.

Build trust with the other party means that project managers must manage both relationships (people) and the content of the negotiation (the problem). Each requires a different skill set. Earlier, we described some interpersonal skills that a project manager can use to manage the relationships in a negotiation. He or she can also use these to manage content, along with his or her technical expertise and knowledge of the four-step process.

Search for the interests behind positions means that project managers must listen carefully to the statements made by other parties in a negotiation and identify their positions as well as the interests that lie behind these positions. The positions of negotiators are often mutually exclusive, so trying to bargain over them simply leads to circular arguments and often results in the parties becoming more entrenched in and more emotionally attached to their positions. Understanding the difference between interests and positions is one of the most critical distinctions in collaborative negotiations, so we explain the two concepts in detail.

Apply objective criteria to decisions, whenever possible means searching for some standard that both parties can use to make decisions. These standards may be internal to the organization or they can be external standards. Using objective criteria is a powerful technique
for reducing the impact of both parties’ emotional investments in their proposed alternatives. An example of an objective criterion might be the *Kelley Blue Book*, which establishes prices for used automobiles. People who want to sell cars can use the book to determine a fair price prior to advertising the auto, and buyers can use it to decide whether they are being offered a reasonable deal. While I may have an emotional investment in my “first car,” the *Blue Book* tells me what my car is actually worth to a buyer. There’s no need for heated emotional arguments over the price in this scenario.

**Develop multiple alternatives** means not stopping as soon as we discover one potentially agreeable alternative. Psychologists tell us that people are more satisfied with negotiations when they believe they have been given the opportunity to consider more than one option. Multiple options also provide us with potentially new and different solutions.

**Close the process and evaluate outcomes** involves reviewing, summarizing, and refining the agreement. Project managers can use this step to ensure that the agreement truly satisfies the needs of both parties.

**Collaborative Negotiation**

Collaborative negotiation allows project managers to operate in an ethical manner, so it is sometimes called “principled” negotiation. Because collaborative project managers are assertive, they are able to clearly state their own interests and positions. Because they are cooperative, they work hard to gain the other party’s trust. So, collaborative project managers are usually able to discover what the other party’s interests and concerns are. Then, it is possible to discuss some alternatives that may meet both parties’ interests.

This process allows both parties to be transparent, so there is no need for competition, deception, or manipulation. Both parties are perceived as being ethical, so their future relationship is enhanced.

**Establish a Positive Climate for Negotiation**

As we discussed earlier, many potential negotiators experience discomfort, anxiety, or stress when faced with the prospect of negotiation. There are many reasons why that can happen. Negotiators may have misapprehensions about the process based on past experiences; they may worry about making concessions they do not want to make; they may be pressed for time; they may worry about their organization’s reactions to any agreements reached; or they may simply not understand how to negotiate collaboratively.

So, our first step is to establish a positive climate for the negotiations. Here are some actions we can take:

- Consider the impact of location.
- Discuss the proposed process.
- Deal with feelings before content.
- Focus on areas of agreement before discussing gaps.

**Consider the impact of location.** If we have negotiated with another party before, we may have established a precedent about where the negotiations will take place. Often, the party with the most power determines the location and selects a site that reaffirms power. When a party
values tradition, it is helpful to follow precedents. But, there may be times when doing something unexpected would be more effective, for example, when we expect the negotiation to be contentious or when we know we need to give negative feedback. Then, choosing a neutral location or one that is more comfortable for the other party can be effective in communicating our desire for collaboration.

For example, a buyer negotiating with a seller might typically expect the negotiations to take place in the buyer’s offices. But, the buyer needs to obtain a significant price reduction. Then, he or she might consider negotiating at a hotel, at a conference center, or even at the seller’s location. Or, a project manager may need to discuss poor performance with a team member. Instead of discussing the performance in his or her office, the project manager asks to have the meeting in the team member’s office or in a conference room.

**Discuss the proposed process.** If we suspect the other party has limited negotiation experience or is fearful that the negotiation process will be competitive, we can discuss and come to an agreement on the process before we begin negotiation. This also gives us insight into the other party’s expectations.

For example, during the Exploration stage, a project manager might say “I thought we might begin by sharing some background information about our business needs. Then, we could look at whether there are other options that might satisfy our mutual needs. I’d also like to hear any ideas you have about any external standards or best practices that could help us decide among the alternatives we generate. My goal is reach a 'win/win' outcome. What is your reaction to this proposed process?”

**Deal with feelings before content.** Schedule is sometimes a driving force in project management negotiations, so a project manager may be tempted to ignore the other party’s emotional input and react immediately to the content of the other party’s proposals. Psychologists tell us that a person is unlikely to take in what we are saying if he or she has strong unresolved feelings about an issue. So, it is important to allow those feelings to surface and be dealt with before we begin discussing the content of issues. We have already explained how to convert static issues into dynamic issues.

**Focus on areas of agreement before discussing gaps.** Another psychological technique is to focus on areas where we agree with the other party before we begin critiquing their proposals. This reaffirms our goal of collaboration and lets the other party know that agreement is in both of our interests. It’s also an effective counter to a negotiator who expects a competitive negotiation.

**Build Trust**

As we noted earlier, building trust means working on both relationships and the content during a negotiation. The keys to relationship management in collaborative negotiation are reciprocity and trust. If a project manager wants the other party to trust him or her, they must take the first step.

Typically, negotiators “test” the other party’s trustworthiness by offering some small concession or piece of information. If the other party intends to collaborate, he or she reciprocates. This cycle gets repeated, and as it does, the parties are able to take greater risks and be more open about their needs and interests. That allows both parties to achieve greater insight into some possible successful solutions.
It is important for project managers to realize that what evokes trust in one person may not evoke trust in another. We discuss some personality differences with respect to trust below. There are also cultural differences in how people establish trust.

This module describes four categories of trust-building behaviors that work in many different environments for almost any person. These four categories are—

- Communication trust
- Character trust
- Competency trust
- Context trust

**Communication trust** means being willing to divulge our own interests and real positions, and to share the information we have about the content of a negotiation with the other party. It can include being willing to confide potential project risks and vulnerabilities. Communication trust also means keeping the confidences that others share with us.

Communication trust is a particularly valuable behavior when a project manager is dealing with stakeholders who have certain personality characteristics. Stakeholders who make decisions based on relationships and the decision's impact on people in the organization will feel more comfortable when a project manager uses this type of behavior.

**Character trust** means stating clear expectations and boundaries. It includes keeping one's word or one's promises. It also means conducting the negotiation in keeping with ethical guidelines, as discussed earlier.

Character trust can be a particularly valuable behavior when dealing with stakeholders who like facts and detail. They are saying, "I want to know specifically what is expected of me and I want to know that you will hold up your end of the agreement by doing what you say you will do."

**Competency trust** refers to being prepared, knowing what you are talking about, allowing access to data, and accepting (or at least not challenging) the statements of the other party. It can also include allowing people to make decisions on their own and including others' viewpoints in the decision-making process.

This category is unique in that the trust developed is a sort of "pseudo trust." The other party may not trust you personally but trusts your data, your knowledge, or your skill set. Another way of looking at this is to say "I am not distrusting you." So, a type of neutrality gets established in the negotiation.

When a project manager is dealing with stakeholders who like to make "objective" decisions based on facts or metrics, this type of trust-building behavior can be particularly helpful.

**Context trust** means sharing our perceptions of the situation as clearly as possible and encouraging the other party to do the same. It includes examining many possibilities, giving people time to figure things out, and allowing people to change their views during the negotiation process. In other words, it demonstrates some flexibility.

This category of trust-building behavior can be particularly helpful when a project manager is dealing with stakeholders who like to "go with the flow" and "keep their options open." These stakeholders enjoy the process of discussion and may need more time than others to come to an agreement. Of course, it can sometimes be difficult to practice this behavior when we feel some urgency about arriving at a solution.
It may also seem like a contradiction to say that a project manager should allow people to change their minds during a negotiation. But, you may think of it this way: The other party is saying, “If I can’t trust you to allow me to modify my views as they develop during this negotiation, then I’m not likely to make any type of agreement with you.”

We suggest that a project manager use the Rapport stage of the negotiation cycle to begin managing relationships among the parties. It is also helpful to address any static issues raised because they are often charged with emotions that can interfere with movement through the rest of the process.

**Focus on Interests, Not on Positions**

This is the second step in the collaborative process we describe in this module. Since interests are the reasons why people negotiate, understanding what these underlying reasons are is critical to achieving successful outcomes in the project management environment.

Another way of thinking about the difference between positions and interests is to say that positions are what people say they want and interests are why they want what they want. Positions are “on the table,” and interests are “below the table.”

Quite often in negotiations, people unconsciously translate their interests into positions and then communicate only their positions to the other party. The underlying interests get lost in the translation. This is a natural tendency and stems from a common, intuitive problem-solving process that many humans use. When we have a problem of some sort, we tend to come up with a quick solution to that problem. We then behave as though the solution (our position) is the only solution that will work and argue for that solution. In so doing, we become more invested in it.

If the other party does the same thing, we engage in bargaining over positions. As we discussed in Module 2, when that happens, our negotiations automatically become competitive, and it is unlikely that we can achieve a “win/win” outcome.

Gaining insight into the original interests that generated the other party’s position provides a way out of this “positional” dilemma. Generally, negotiators have multiple reasons why they take certain positions, and as the project manager explores those reasons, he or she is likely to find some shared interests. The project manager can use the following key words as the nucleus of questions that can help uncover the other party’s interests:

- Needs
- Hopes
- Fears
- Expectations
- Benefits
- Problems
- Functions

For example, “What needs will your proposed solution meet?” Or “What are your fears or concerns about the alternative that we are proposing?” Once the project manager has identified shared interests, both parties can work together to build alternatives that will satisfy these shared interests.
Techniques for Identifying Interests in Project Management

In addition to formulating questions around the key words above, a project manager can use several other targeted strategies. These are—

- Ask why
- Ask why not
- Consider basic human needs

Ask why refers to very gently probing the other party to determine why he or she is taking a certain position. For example, “Why do you want to use this particular vendor?” Or “Why do you think this person would make a good project team member?” This strategy requires strong interpersonal skills because the person using it must somehow communicate a desire for deeper understanding of the other party’s perspective. Otherwise, the person will simply get an answer that further justifies the position taken rather than a clarification of the other party’s interests.

Ask why not refers to analyzing the possible reasons why the other party may believe he or she should not agree with your positions. Often, this involves considering the possibility that stakeholders who are not in the room are influencing the negotiation process. For example, “What might be some consequences for you if we agree to delay this project?” Again, a project manager must clearly communicate his or her intention for greater understanding, or the other party is likely to become defensive.

Consider basic human needs: The "ask why" and "ask why not" strategies focus on the specifics of a particular negotiation situation. But, psychologists tell us that there are some basic human needs people try to fulfill, regardless of the specific situations in which they find themselves. In project management, these basic needs include the—

- Desire to minimize personal risk
- Need for growth and self-development
- Need to achieve status in the eyes of work associates
- Desire to belong to the group or organization
- Need to be financially secure

For example, a stakeholder may press to be a member of a project team, despite not having the requisite skills, because it is a highly visible project and he or she hopes to gain recognition by participating. Or, a seasoned project manager may demand a promotion because he or she wants to develop new skills. Although most project managers are aware that these needs exist, they tend to overlook them in search of more complicated or exotic motivations.

The Exploration stage of the negotiation cycle is an ideal place for a project manager to ask questions to determine the positions and interests of the other parties. He or she can also use this stage to begin thinking about whether there are some external standards that might be helpful during the negotiation.

Develop Options

Sometimes, in the desire to quickly reach a decision, a project manager may be tempted to seize on the first viable alternative and move on. Although it is sometimes necessary, there are
many situations in which better solutions may be available. Furthermore, as we have noted, participants in a negotiation tend to be better satisfied with the outcome when they have had the opportunity to consider multiple options.

Unfortunately, there are many barriers to the development of multiple options in project management situations. Some of the most common include a—

- Desire for a quick (or an inexpensive) solution
- Concern about revealing too much information
- Fear of criticism
- Failure to understand the other party’s needs
- Belief that the parameters of a solution are already fixed

In some organizations, schedules or costs drive project decisions. There may be pressure to adopt solutions that appear to work in the short run, but, often, these decisions have longer-term implications.

Sometimes, project managers or other stakeholders do not suggest alternatives because they are concerned their ideas will appear unrealistic. Or, they may worry about compromising their negotiating positions by revealing too much information.

Anyone who has participated in a brainstorming session understands what it feels like when someone begins to criticize ideas before they are fully articulated. Shame is one of the most powerful barriers to generating multiple options.

Project managers who view negotiations as a competitive process where “we” bargain with “them” are likely to focus on what’s best for them and ignore the needs of other stakeholders. In that scenario, negotiation is a one-way process.

Finally, we go back to the key difference between competitive and collaborative negotiations—the concept of value. If a project manager believes the situation is already bounded, he or she will not attempt to create added value. The goal will simply be to claim as much of the existing value as possible. For example, I may try to get the sponsor to agree to as much money as possible, the longest schedule, and the fewest features or functions in a product or service. He or she will press me to do the project for the least amount of money, in the shortest time, and with the greatest functionality.

Techniques for Developing Options

There are many different techniques that project managers can use to develop options in a negotiating situation. Some of the more useful techniques are—

- Brainstorming
- Building on the perspectives of different functional units or technical experts
- Altering the scope of a proposal
- Changing the strength of a proposal

Since most project managers are already familiar with various brainstorming methods, we will not discuss them further, except to note the importance of separating the production of ideas from the discussion of the ideas produced.
Collaborative negotiations are particular useful when we need to integrate the perspectives of multiple parties. In project management situations, the parties may represent different functional units, or they may bring different kinds of expertise and different kinds of solutions to the table. A useful technique is to consider how various pieces of each solution may contribute to a final, integrated alternative.

One version of this technique uses the initials P, N, and I, where “P” stands for a positive contribution, “N” for a negative or unfeasible contribution, and “I” stands for an interesting idea. Instead of criticizing each other’s proposed alternatives, participants are encouraged to discuss the positive and interesting aspects of each alternative. They then use the positive and interesting aspects to build a new solution.

Another technique for developing options is to consider whether there are alternatives with broader or narrower scopes. Project managers are using this technique when they implement projects in phases or confine implementation to certain regions of the country or to certain functional units. Doing a pilot to test an alternative is another example of this technique.

Project managers can also develop options by inventing proposals of different strengths. For example, they may suggest a temporary solution (weaker) while the team works on a more permanent one (stronger). Or, they may propose an agreement with contingencies (weaker) rather than an unconditional agreement (stronger). Contract contingencies are an example of this technique. In complex negotiations, the parties may also agree in principle (weaker) and agree to negotiate a final, binding contract (stronger).

The movement stage of the negotiation cycle provides an ideal opportunity for the project manager to develop and test the viability of various solution options. He or she may also try out some objective criteria, which we explain in the next section.

Use Objective Criteria

There are two uses for objective criteria in collaborative negotiations. One is to help us decide among alternatives when stakeholders have conflicting needs and interests. Although our first goal is to achieve agreement, agreement of all stakeholders may not always be possible. Then, we need some way to decide among the alternatives. Objective criteria can help us. The other use of objective criteria is to help us choose among multiple viable alternatives.

Both uses help us separate the people from the problems we are discussing because applying objective criteria reduce the impact of emotions on decision making. When we use them, there’s less likelihood that negotiations will degenerate into battles of will and more likelihood that we will achieve lasting agreements.

There are two categories of objective criteria: those that address the content of negotiations and those that address the process. We will refer to the former as fair standards and the latter as fair procedures. Fair standards help us manage the issues, and fair procedures help us manage relationships.
Techniques for Developing Criteria

Some techniques for developing criteria are unique to certain industries or organizations. Others are applicable in a variety of situations. Some possible techniques include the following:

- Search the internet or printed media for fair market value.
- Ask an internal expert for best practices in your organization.
- Access information published by professional associations.
- Ask scientists or technical experts in the field.
- Find out how such decisions were made in the past.
- Review your organization’s conduct or ethics code.
- Ask the parties involved to identify a fair decision process.

For example, if a project manager wants a salary increase, he or she can search the internet to determine what average project manager salaries are (fair market value). Or, to settle a disagreement about how to implement a highly technical project, he or she might consult an engineering society or a university that has compiled a database of best practices. Health-care product or service project managers might use scientific findings to choose among alternative project proposals. Religious or legal organizations typically have their own codes of conduct that serve as guides for behavior. In the absence of other standards, the project manager may ask how decisions were made in the past.

Sometimes, despite the project manager’s best efforts, he or she is unable to identify any fair standards that might apply, or it may be crucial to preserve a particular stakeholder relationship. In that case, it may be helpful to ask participants whether there is a fair way to decide.

Other fair procedures include using third parties, drawing lots, taking turns, flipping coins, and splitting the difference.

Closing the Negotiation and Evaluating Outcomes

We have been discussing the six basic steps in a collaborative negotiation and have explained how they align with the four stages in the negotiation life cycle. The last stage of that life cycle is Closure—reviewing, summarizing, and refining the agreement. Project managers can use the Closure phase to evaluate outcomes.

To evaluate outcomes, a project manager may ask some or all of the following questions:

- Was the process collaborative or competitive? Why?
- What can we do to improve the next negotiation?
- Did we follow the six steps of collaboration?
- Does the outcome satisfy the interests of all parties?
- Are there any unresolved issues? How will we address them?
- Did we maintain or build relationships with the other party or parties?
Summary

- There are five fundamental negotiating styles: forcing, smoothing, withdrawal, compromising, and problem solving. Problem solving is the only collaborative style.
- Collaboration is often useful in a project management environment because it builds relationships, provides opportunities to create added value, and can be more efficient.
- Collaboration begins with establishing a positive climate for negotiation and building trust with the other parties.
- A key to successful collaborative negotiation is identifying the interests behind the positions that other parties take.
- Using external standards or other agreed-upon objective criteria to make decisions can take the emotion out of negotiations.
- Negotiators generally feel more satisfied with outcomes when they have considered multiple options.
- Effective negotiators always make certain they close the process by reviewing, summarizing, and refining the agreement.
Introduction

Collaboration is helpful in a project management environment because it builds and maintains relationships with stakeholders; it gives project managers opportunities to create new and added value; and it can be more efficient because it is transparent and grounded in trust.

Unfortunately, despite the project manager’s best efforts to collaborate with his or her stakeholders, it can sometimes be challenging to get these stakeholders to reciprocate.

When confronted by these challenges, project managers often revert to instinctive reactions, which seldom work and sometimes lead to even greater resistance. We discuss some of these natural reactions and explain why they are unlikely to lead to successful outcomes.

Sometimes, it is possible to gain the support of stakeholders who resist collaboration by implementing some strategies that break through their resistance rather than by reacting instinctively. We’ll discuss four types of noncollaborative negotiators and describe four related strategies for gaining their cooperation. These negotiators include: emotional negotiators, argumentative negotiators, negotiators who “dig in” and refuse to budge from their initial positions, and negotiators who do not want to make decisions.

The strategies for responding to each are: Maintain emotional distance; build partnerships; create opportunities to problem solve; and build stepping stones to agreement, respectively. We will provide numerous examples of techniques for dealing with noncollaborative negotiators and explain how project managers can apply these techniques in a project management environment.

Sometimes, as a last resort, project managers attempt to gain the agreement of difficult stakeholders by using whatever official power or authority they possess or by resorting to upper management’s power and authority. There are some potential downsides of using power in this way, so we will also lay out an alternative strategy. We also explain how to use power more successfully when it must be employed.

After learning about the collaborative methods explained in this course, many participants realize that collaborative negotiations require thought and preparation. There are a number of steps that a project manager can take to better prepare for such negotiations. We include a comprehensive tool that can aid project managers in the preparation process.

You will be asked to identify some challenging or difficult stakeholders in their current work environments and to note some of the reasons why these stakeholders are challenging. After a discussion of the strategies and techniques for dealing with difficult stakeholders, participants can share their challenges and discuss how to apply some these techniques in real life.
What if They Won’t Collaborate?

Sometimes, stakeholders do not seem to want to collaborate. There are many reasons for their potential resistance. Many people find negotiation situations stressful. They worry about having to give in or make unwanted concessions. On the other hand, they do not want to be viewed as being unreasonable or uncooperative in the workplace.

Difficult stakeholders may have worked in organizations or industries where competition, rather than collaboration, is the norm. They may also have experience with cultures where competition is synonymous with negotiation, so it is the expected practice. In these types of situations, collaborative negotiators may be considered weak or ineffectual. Or, difficult stakeholders may simply not understand how to negotiate collaboratively.

Four Types of Difficult Negotiators

When faced with resistance, many people become emotional or confrontational. Others may simply dig in their heels and keep repeating their opening positions. Sometimes, difficult stakeholders have trouble figuring why it might be in their best interests to cooperate with us. Or, they may simply view negotiation as a contest that one needs to “win” by using power or by dominating the other party.

In these circumstances, it is important for project managers to fight the urge to react instinctively, as that usually escalates the situation. Likewise, it is seldom effective for a project manager to challenge difficult stakeholders directly. These situations require a more subtle “backdoor” approach to break down the barriers to cooperation. Using a less direct approach is often more successful because it allows the other party to come to an agreement on their own terms rather than on our terms. The next sections of this module explain how project managers can use specific strategies to break through resistance and gain agreement in difficult situations.

- Maintaining emotional distance helps us deal with emotions in negotiating situations.
- Building partnerships works with argumentative or confrontational negotiators.
- Creating opportunities to problem solve is helpful in responding to negotiators who take positions and then “dig in.”
- Building stepping stones to agreement helps project managers respond to indecisive negotiators or stalled negotiations.

We explain each of these strategies in more detail in the following sections and provide examples of how project managers might use each strategy in everyday situations.
Common Reactions to Emotional Negotiators

Sometimes, the parties we are negotiating with become emotional. They may do this because it is part of their unconscious personal style, or they may use emotions as an intentional negotiating strategy in the hopes of provoking us or forcing us to make concessions. We can react to their emotional input or we can simply “receive” it without reacting. The latter is more likely to help us reach agreement. Instead of getting angry or trying to get even, we can employ strategies that will help us get what we need.

Most people find it uncomfortable to deal with these types of negotiators. Because emotional negotiators put us in uncomfortable situations, we may simply walk away or we might give in just to get out of the uncomfortable situation. Another common reaction is to become emotional ourselves and return what we are getting from the other party.

None of these instinctive reactions are likely to get the project manager what he or she wants out of the situation, and sometimes, they psychologically “reward” the other party by giving them what they want. That simply encourages the other party to continue the emotional behavior. Another danger is that when a project manager uses emotion, he or she may escalate the differences into a full-blown conflict, which is more difficult to resolve and may harm the future relationship.

Maintain Emotional Distance

A better strategy is to “receive” the emotional input from the other party without reacting emotionally ourselves. This kind of response can help a project manager determine whether the issue under consideration is truly important to the other party or whether their emotions are being used as a negotiating strategy. If we do not react, and the other party is intentionally using his or her emotions as a negotiating strategy, that person will typically stop using emotions because that strategy obviously is not working with us.

There are a number of practical techniques that a project manager can use to execute the strategy of “maintain emotional distance.” Some of these are—

- Take a break
- Call out the other party’s tactics
- Know your own emotional “hot buttons”
- Repeat and paraphrase
- Buy time to think

**Take a break.** A project manager can use this by taking a physical break or by figuring out how to detach himself or herself from the negotiating situation while remaining physically present.

For example, a project manager might simply say to a stakeholder, “This comes as a surprise to me. I need a little time to think it over. Could we reconvene later today to discuss this?” There are also times in formal negotiating situations where unexpected information is brought to the table or additional data or calculations are needed as the discussions evolve. In such cases, a project manager can simply request a short break to respond to the new information. This is preferable to engaging in whispered side conversations, which can undermine the trust he or she is working hard to develop.
Unfortunately, there may be times when, for various reasons, we are unable to take a physical break. In those cases, it is often helpful to detach emotionally. For example, a project manager might imagine that he or she is on another planet and is watching the negotiation from above. He or she then becomes a neutral observer rather than an emotional participant.

Call out the other party’s tactics. This refers to recognizing and naming competitive tactics that the other party is using. For example, a common tactic in team negotiations is for one person on the team to play the tough negotiator and another person on the same team to play the soft role. A project manager could respond by saying, “Wow! That is the best example of “good cop/bad cop” I’ve ever seen. You folks are really good at this.”

Call out the other party’s tactics has two purposes. One, it lets the other parties know we understand what they are doing. Secondly, it defuses any emotion by stating our response in the form of a compliment. Who could take offense at that? Once the other parties realize that we recognize their tactics, they generally drop them because it no longer works.

Know your own emotional hot buttons. We all have personal concerns or challenges that create emotional vulnerabilities for us. A competitive tactic some negotiators use is to key in on those concerns and the strong feelings behind them. In doing so, these negotiators suggest that we have some problem if we are not able to agree with them. In other words, they push our emotional “hot buttons.” This often takes the form of criticism or name calling.

For example, a new project manager may be sensitive to his or her lack of experience and so react strongly when another party suggests that he or she “doesn’t know what you are doing.” Or, a project manager for whom organization is a challenge may overreact when a stakeholder calls him or her disorganized.

The first step in neutralizing such attacks is to recognize our hot buttons. The second is to simply let the criticism wash over us instead of trying to defend ourselves. Negotiators who push our hot buttons are hoping to get a reaction, so saying nothing neutralizes their emotional tactics.

Repeat and paraphrase. This is an active listening technique that has been used by effective customer service representatives for years. Instead of reacting emotionally to complaints and criticisms, we paraphrase what the other party has just said, repeat it back, and ask for confirmation. We may also ask for permission to take notes on what that party is saying.

For example, a project manager facing an angry stakeholder might say, “Let me see if I understand what you are saying. Do you mind if I take notes so I won’t lose track of the issues?” This kind of response neutralizes the stakeholder’s emotion by demonstrating our interest and by allowing the stakeholder to vent.

Buy time to think. This means not succumbing to pressure to make an immediate decision. There are few issues that must be decided on the spot, so project managers should give themselves time to consider their options. One way to do that is to simply pause and say nothing. This slows down the momentum of the other party, since you have given them nothing against which to push back.

Another way to buy time is to simply ask for it, for example, “Could we take a short break?” Or, if that might make us appear to be unprepared, we could use a natural reason, for example, “How about a quick coffee (or bathroom) break?” Or, “Could I have a few minutes to check back with my manager on that?”
Common Reactions to Argumentative Negotiators

Some negotiators, especially those who naturally tend to prefer a “forcing” style, believe it is their responsibility to confront the other party. They associate negotiations with doing battle, and the goal is to win. This type of negotiator may use emotional tactics, and he or she quickly becomes argumentative or combative.

Our natural reaction is to respond in kind, but most of us recognize that such a response generally escalates the confrontation.

Build Partnerships

A more effective response is to stop the battle by finding common ground.

Some techniques for finding such commonalities are—

• Acknowledge their points and their feelings
• Apologize
• Agree with what you can
• Get the other party to say “yes”
• Be optimistic

Acknowledge their points and their feelings. This means making it clear that you have understood the other party’s perspective and that you acknowledge his or her validity. It does not mean that we have to agree with the other party’s perspective. It also includes acknowledgement of the other party’s underlying feelings. For example, a project manager might say to an argumentative stakeholder, “I can understand why you might think that and why it might make you angry.” Do not try to tell the other party how he or she is feeling because only he or she knows. You may antagonize the other party if you are wrong. It’s better to simply ask the other party how he or she is feeling about whatever is going on.

Whenever possible, it is also important to acknowledge the competence and authority of the other party. Some of the most difficult differences to resolve are those in which one party or both parties feel strongly because they believe their competence or sense of self is being challenged by the other party.

Apologize. Many of us forget the value of a good, old-fashioned apology. A project manager may be concerned that an apology means he or she is accepting responsibility for something that is not his or her responsibility. One way around that is to offer a general apology, such as, “I’m really sorry that happened to you.” Or, “I’m really sorry you’re going through this.”

Agree with what you can. This means looking for points you both agree on and focusing on those instead of on the areas where you disagree. Look for ways to say “yes” to the other party without making a concession. For example, a project manager might say, “Yes, you have a valid point there.” Or, “Yes, I can understand why you might say that.”

Get the other party to say “Yes.” It is also helpful to try and get the other party to say “yes” to us as many times as we can. For example, “So you’d like to see us complete this project in a year?” Or, “You’d prefer that we did this project in-house. Is that correct?” Experts tell us that each time a person says “yes,” it reduces tension in the other party, even if we only agree that we understand the statements the other party is making. A project manager who can
accumulate “yeses” is creating an environment where it more likely that he or she will be able to obtain agreement on more substantive proposals.

**Be optimistic.** This means acknowledging the differences you have with the other party but stating those differences optimistically. The metaphor about whether our glass is half empty or half full is applicable here. A project manager who is being asked to execute a project with 75 percent of the estimated budget might say, “Great! We’re seventy-five percent of the way there. I’m confident we can resolve our differences.”

**Common Reactions to Dug-in Negotiators**

We have discussed some techniques for dealing with emotional and argumentative negotiators. Another challenge in project management negotiations is a stakeholder who takes a strong initial position and refuses to budge. A collaborative project manager wants to discuss the interests behind the stakeholder’s position, but the stakeholder is inflexible and simply keeps repeating the initial position, which may be unreasonable. Or, the stakeholder tells the project manager a decision has already been made and insists on the project manager’s agreement.

A natural reaction to this kind of challenge is to reject the stakeholder’s position out of hand because it seems unreasonable to us. The project manager may be tempted to respond by countering with his or her own demands, which the stakeholder then rejects. The parties repeat their positions, and the situation escalates.

**Create Opportunities to Problem Solve**

A more collaborative strategy is to reframe such a discussion as an opportunity rather than an obstacle. It is an opportunity to become partners and problem solve together. When using this strategy, the project manager treats the other party’s statements as contributions to the discussion instead of rejecting their hard-line positions. For example, a project manager could say, “That’s very interesting. Help me understand why you want to do that.”

Creating opportunities is psychologically effective because it allows both parties to interpret their differences in a positive framework. It shifts discussions from the differing positions to a process that can lead to a more successful outcome.

Five techniques for creating opportunities to problem solve are—

- Ask problem-solving questions
- Use the probing trio
- Ask the other party for advice
- Ask what makes the other party’s position fair
- Do nothing

**Ask Problem-solving questions.** The goal here is for a project manager to ask questions that clarify problems or issues rather than make statements about them. The answers to these questions will provide a project manager with the information needed to develop a positive problem-solving framework. The answers also reveal critical information about what the other party’s underlying interests and concerns may be.
**Use the probing trio.** This refers to three questions, which, when used in sequence, can have a powerful impact on the negotiation process by uncovering hidden interests. The other party may not even be aware of these interests until the questioning process facilitates his or her articulation. These three questions are: Why? Why not? and What if? “Why?” refers to the other party’s position. “Why not?” refers to our alternative. “What if?” suggests a new option that is based on the information we get in response to the two prior questions.

It is important to begin such a discussion by explaining that our interest is in understanding and clarifying the issues, not to argue with the other party, since it is easy for the other party to become defensive if he or she feels put on the spot. We begin this process by asking the other party why he or she has taken the stated position. For example, “It sounds like you feel strongly we should use an outside vendor on this project. Can you help me understand the reasoning behind your position?”

Next, the project manager might probe further by asking what is wrong with the approach he or she prefers. For example, “Why not do the project in-house? What would be the downsides of that approach?” This question invites the other party to partner with us in exploring the pros and cons of various approaches. It also reveals additional information about his or her concerns.

Based on what we hear in response to the previous two questions, we might suggest a third alternative that meets the interests of both parties. For example, “What if we were able to free up our best developers to work on this project? Would that meet your concerns?”

**Ask the other party for advice.** This means just what it says. This strategy is especially helpful when a project manager must satisfy the demands of multiple stakeholders. The project manager describes his or her dilemma and asks for advice on how to resolve it. The process can be repeated with each stakeholder involved and the response integrated into a solution that optimizes everyone’s interests.

**Ask what makes the other party’s position fair.** This is another powerful strategy, but it must be used gently. Sometimes, the indirect approach works best here. For example, “Is it fair to ask for this deliverable in two weeks when we have known for several months that the team was getting behind schedule due to the incorporation of new requirements?”

**Do nothing.** Sometimes, when all else fails, a project manager can just say or do nothing. This often prompts the other party to elaborate on the reasoning behind the position. This information provides both parties with a new opportunity to problem solve.

**Common Reactions to Stuck Negotiators**

Project management negotiations may stall for many reasons. People may be concerned about the interests of parties who are not involved in the negotiations; they may be unprepared; they may realize that they have interests that have not been articulated; or they may find it challenging to respond quickly to new alternatives that get put on the table during the course of negotiations. Or, they may simply not want to assume the responsibility for making a decision.

When negotiations stall, a natural reaction is to push even harder for the alternatives we prefer. Unfortunately, that typically increases the other party’s resistance to agreement.
Build Stepping Stones to Agreement

A more workable strategy is to “pull” the other party over to agreement with us. Some of the techniques that can be used to implement this strategy are—

- Do not push the other party for quick results
- Include other parties in your project discussions as soon as possible
- Consider the potential impact of stakeholders who are not at the table
- Search for alternatives that break the issues into smaller pieces
- Take the other party’s perspective
- Check whether your proposals satisfy the basic needs of the other party

**Do not push the other party for quick results.** Project managers often work in time-constrained environments. When stakeholders resist agreement, it can be frustrating. In our desire for quick results, we may be tempted to restate our alternatives and press harder to gain acceptance of them. This makes agreement more difficult because it gives the other party a platform for disagreement, and it gives him or her a reason to postpone making a decision, which may have been the goal all along. Pushing also highlights the fact that we disagree. The other party may feel he or she is being forced to accept something that wasn’t his or her idea.

**Include other parties in project discussions as soon as possible.** One way to avoid the urge to push for results is to involve all affected parties from the project’s inception. Remember, the first step to collaborative negotiation is to build trust with the other parties. This takes time. Stakeholders are much less likely to resist agreements when they have been involved in crafting them. When they trust us, they are more willing to make concessions they would not otherwise make.

For example, a project manager might include all affected parties in a kickoff meeting, even though their work input is not needed until much later in the project. This builds trust and gives the other parties time to reflect on the project objectives and make them their own.

**Consider the potential impact on stakeholders who are not at the table.** Some negotiations typically involve outside parties such as unions, health and safety organizations, or regulatory functions. In these situations, the outside party may be present as a “representative” of others whose interests must be taken into account. For example, a union representative may take a harder position because he or she is mindful of members’ concerns. In functional organizations, stakeholders at the negotiating table may feel it necessary to protect their functional interests at what appears to be the expense of the project.

A good negotiator figures out how to satisfy these interests as well as the interests of the parties who are actually participating in the negotiations. The first step is to recognize that “outsiders” may have an interest in what is happening. The second is to figure out how to incorporate their interests into the discussions. The third is to help their representative explain why agreements reached are in the best interests of their constituencies. For example, a project manager may help a union representative draft a memo that explains how a temporary workaround will benefit union members. Or, the project manager might explain how the environment has changed, necessitating a change in their working relationships.

The application of external criteria is also useful in such circumstances; for example, the auto industry publishes standards on the time required to complete various kinds of repairs, and
health-care services industries have established standards on how to complete common procedures and how long they should take.

**Search for alternatives that break the issues into smaller pieces.** It is generally easier for stakeholders to agree to alternatives that ask for small concessions versus larger ones. So, it may be helpful to break a proposal into smaller pieces and gain agreement on one piece at a time instead of pushing for an agreement on the entire package. This also gives stakeholders the opportunity to consult with others and use others’ feedback to refine agreements. This technique is particularly helpful in the situations described above, where a negotiator may be perceived as a representative of parties not at the table.

For example, a project manager may say, “Let’s talk about what needs to get done to initiate this project.” He or she would work through the entire negotiation life cycle, review and close it, and then say, “Now that we’ve agreed on the initiation tasks, perhaps we could discuss what’s involved in developing the plan.”

**Take the other party’s perspective.** As the old adage advises, it is often helpful to walk in the other party’s shoes. For example, a project manager might ask himself or herself, “Would I agree with the business unit manager if I were in his or her position? What objections might I raise and what responses could resolve those objections?” We might even ask the other party to criticize a draft agreement or ask him or her how people in the organization would react to it.

A project manager could also do a strengths, weakness, opportunities, and threats (SWOT) analysis of an upcoming negotiation by placing himself or herself in the internal environment and the other party in the external environment. Strengths and opportunities become the basis for potential agreements, and weakness and threats require planned responses.

Lastly, figure how to help the other party save face when he or she has made concessions. For example, a project manager might say, “I know this will cost a little more than you had hoped, but in the end, it will save your people time.”

**Check whether your proposals satisfy the basic needs of the other party.** If the techniques we have been discussing in this module still do not lead to an agreement, a project manager should ask whether any underlying needs or interests have been overlooked. We previously discussed the difference between positions and interests, and provided some advice on how to identify interests. This would be a good time to go back and consider whether we have really identified all the interests at stake. Also, new interests may come into play as a negotiation evolves.

For example, a stakeholder might resist changing a procedure because he or she was involved in designing that procedure and modifying it, or doing away with it altogether feels like a slap in the face. The stakeholder’s need for recognition has not been satisfied. This is a good time to thank that person for his or her contribution and talk about how it has benefitted the organization. Then, a project manager might note, “We are now in a new environment that requires a new procedure” and ask for that stakeholder’s involvement in developing the new one.

We discussed the likelihood that parties in a negotiation will have some mutual interests. There is also a strong possibility that some will be different. This provides the project manager with an opportunity to make trade-offs by giving up something that is not so important to him or her but is very important to the other party. For example, if a business unit manager wants to use a particular software because it is the only one he or she knows how to use (and does not want to
acknowledge that), and if it does not matter to the project manager, he or she can concede to
the business unit manager.

All these strategies can help the project manager to break through stalled negotiations. The next
section discusses strategies for using power when it seems nothing else will work.

**Use Power Sparingly**

In this module, we have discussed many different strategies for collaborating when the other
party is not. The other party still wants to compete and may use all the power at his or her
disposal in order to dominate or “win.” So, the natural inclination is for us to match the other
party’s power with our own power. The more we attempt to force the other party to accept our
alternatives, the harder the other party resists the energy we expend combating him or her, and
the more damage we do to the relationship. Or, we may get concessions in the short run, but
the other party may take revenge on us in the future. The other party may look for ways to
undermine our agreement or may insist on “winning” the next time.

Several alternative courses of action are still possible. They include the following:

- Implement the 24-hour rule.
- Try another power source.
- Ask your allies for help.
- Bring in third parties.
- Put your backup plan into play.

**Implement the 24-hour rule.** Psychologists recommend that in emotionally charged situations,
we give ourselves some time to think before reacting. For example, a project manager may draft
an angry e-mail to an obstinate stakeholder but not send it right away. After “sleeping on it,” he
or she reviews the situation and revises the e-mail or decides it does not need to be sent after
all.

**Try another power source.** There are many different sources of power, and effective
negotiators may tap all of them at one time or another. These include:

- Goodwill or charisma
- Expertise
- Knowledge of bureaucracy
- Networks
- Information

If one power source is not working, try another one. For example, a project manager negotiating
cost reductions might say, “I understand implementation of this alternative may be challenging,
but were you aware that our organization has been operating in the red for a couple of years?”
This is an example of using information as power.

**Ask your allies for help.** Because allies trust us and we trust them, we can ask them for advice
and support. We can share our vulnerabilities and concerns with them, and get their perceptions
of the stakeholders who we find difficult. Sometimes, allies share information that gives us
insight into previously unknown interests. Allies can also communicate alternatives to people
who might react in an adversarial manner if we were to approach them directly.
Bring in third parties. We have discussed the use of external objective standards to help us manage the content of negotiations. Similarly, we can use objective third parties to help us manage logjams in our relationships. These third parties include mediators, attorneys, interest groups, nonprofit organizations, media representatives, and others.

For example, it is becoming increasingly common for employment contracts to specify that disputes will be resolved by professional mediators. Or, a project manager may suggest that he or she may have to consult the legal department if a contractor continues to insist that disputed work is not covered by the contract.

Put your backup plan into play. A final technique is to begin rolling out our backup plan. But, even then, we do it slowly and gently. Do not threaten the other party. Questions provide a good starting point. We can ask questions about how our backup plan might affect the other party’s actions, or we can probe the other party to determine whether he or she has a plan and how strong it is.

For example, a project manager who is negotiating for a new position and coming up against another party who refuses to make any concessions might say, “What would you say if I were to tell you that I’ve been discussing a similar position with another organization?” Or, “What will you do if I am unable to accept this position?” “Have you interviewed other candidates?” “Do they have similar qualifications?” Or, a project manager who believes he or she is being asked to do something unethical might say, “I wonder what our customers would say if they were to hear about what is going on here.”

Experts say such questioning techniques sharpen the choices for the other party and let him or her know that we do have alternatives. In many cases, it is not necessary to actually employ the backup plan.

One caution is in order. Do not suggest that you have a backup plan when you do not have one. In the job-negotiation example above, the other party might expose manipulation by saying, “Good. Why don’t you just go ahead and take the other job, then?” If that happens, we have lost, and there is no salvaging an agreement.

Preparing to Negotiate Collaboratively

In earlier sections, we underscored the importance of preparation in successful project management negotiations. Negotiations of any significant scope require considerable planning. Now, we will lay out a planning process and provide a tool to support it.

We might first consider whether we really need to negotiate. If we have some pretty good alternatives, we probably do not need to negotiate. Or, if the other party is extremely powerful and likely to impose his or her will, what is the point? In most project management situations, however, there is some room for negotiation, and good preparations can greatly increase the likelihood of a successful outcome.

You may recall from the course map that our first task will be to decide what issues we want to discuss and to develop a backup plan. A project manager may find it useful to consider several possible backup plans, pick the best, and then work to strengthen it. He or she will also need to consider what issues the other party may wish to discuss and what the backup plan might be.

Next, a project manager should review his or her issues and be careful to focus on the future. If he or she has a past relationship with the other party, it will be important to review the history
and prepare to respond to any static issues that may come up. It is best to acknowledge such issues, apologize, and move on to a discussion about how to prevent their recurrence in this instance.

Another step is to consider the positions we want to take on each of our issues as well as the positions the other party is likely to take. If the project manager wants to collaborate, he or she will think about what his or her core interests are and how and when to communicate those interests. It is also helpful to review the possible interests of the other party.

If a project manager expects the negotiation to be more competitive, then he or she should decide what the target and the reservation point will be on each issue. He or she might also try to guess what the other party’s targets and reservation points will be. When a number of issues are to be negotiated, the project manager sometimes prioritizes them and identifies some concessions that he or she would be willing to make.

If the project manager’s goal is a collaborative negotiation, he or she can be more effective by thinking in advance about possible options to offer the other party and about possible objective standards that could apply in the particular negotiating circumstances.

A project manager also wants to take care to manage all four stages of the negotiation cycle in accordance with the type of negotiation to be undertaken. Some things he or she might do in a prospective collaborative negotiation include the following:

- Write down some statements to make and/or some questions to ask to build rapport with the other party.
- Develop a list of questions that can be used to explore positions and tap underlying interests.
- Consider ways to engage the other party in developing new options and discussing objective standards.
- Remember to save enough time to carefully review, summarize, and close on any agreements made.

We provided a tool that project managers can use to help prepare properly. A project manager may use more or less of this tool, depending on the size and scope of the upcoming negotiation.

**Summary**

- There are four common types of difficult negotiators: emotional, argumentative, “dug-in,” and “stuck.”
- The key to dealing with emotional negotiators is to maintain our own emotional distance.
- It is more effective to build partnerships with argumentative negotiators than it is to counter their arguments.
- When the other party takes a position and keeps repeating it, instead of pushing harder for their own positions, effective project managers create opportunities to problem solve.
- A project manager can move stalled negotiations along by considering the impact of stakeholders who are not at the table, breaking the agreement into smaller pieces, and checking that basic human needs have been met.
In most situations, project managers should try using informal power sources before resorting to formal power and authority. When formal power is used, it should be used sparingly.
Module 5
Influencing Styles

Introduction

Different influencing styles can have an impact on the negotiation process. We will begin by discussing the alignment of personality with different styles and summarize some assessment tools that can be beneficial in understanding that alignment.

One of these personality assessment tools—the Myers-Briggs Type Indicator® (MBTI®)—is administered and summarizes some important guidelines that should be applied when it is used in the project management environment. When used appropriately, the MBTI® can be beneficial to the project manager and yields some important insights, which are summarized in this module.

We will also explain in some detail the four scales that underlie the MBTI® assessment.

The four letters in each of the participant's MBTI® results indicate different tendencies and play out differently during project management negotiation processes. We'll focus on commonly observed patterns of behavior across many different types of negotiation situations in project management.

We also give participants the opportunity to participate in hands-on learning activities that underscore key variations in influencing styles to help them recognize their own styles. Then, we move on to provide additional detail on how a project manager can recognize another party's influencing style by looking for clues in the way the other party behaves, including the way he or she communicates with other people in the project management environment.

Once we understand another party’s style, we can be more effective by adapting our style to the other party. There are a number of techniques for influencing a negotiating party who has a different style from ours.

Not surprisingly, there is a relationship between our personality and influencing styles, and the stages of negotiation, which we will also discuss.

A project manager may face many challenges when negotiating with a party who has a significantly different influencing style. There is a hierarchy of personality functions associated with our influencing style, and we tend to feel most comfortable when we are able to use our preferred functions. When we must negotiate with someone whose style “opposes” ours, we feel very uncomfortable. This can lead to misunderstandings and stress—a condition that psychologists sometimes refer to as “The Grip Experience.”
Influencing Styles

Personality and Negotiation Styles

Not surprisingly, a project manager’s personality may impact the way he or she negotiates, and understanding different styles can lead to more effective negotiations. There are many different tools for assessing personality differences, all of which yield useful information. Some of these tools are—

- Strength Deployment Inventory® (SDI®)
- Dominance, Inducement, Submission, and Compliance (DISC)
- Fundamental Interpersonal Relations Orientation-Behavior™ (FIRO-B®)
- Birkman Method
- MBTI®

We use the latter in this course because it is a highly reliable and valid instrument, and there is a great deal of research that documents its applicability in a variety of work settings. Also, it has been researched across cultures and translated into many different languages.

MBTI®

As is the case with other personality assessments, there are no “good” or “bad” results from the MBTI®. The MBTI® simply yields information about what people prefer. It does not assess a person’s capabilities, intelligence, or project management skill levels. Nor is it a mental health assessment. Also, be aware that under special circumstances, a person may get different results if questions are answered with respect to the home, rather than the work, environment.

MBTI® Guidelines

Because there is the possibility that personality assessments can be misused, there are some important guidelines for applying the results. One of the key guidelines is that this tool is best used to gain understanding. It should not be used to stereotype others or to make project assignments because it assesses what we prefer to do, not what we are capable of doing. Project managers or team members frequently take on tasks that are outside their comfort zones in order to grow.

It is up to each participant to validate his or her results. Ultimately, only the individual taking the MBTI® can determine his or her type, so the four-letter MBTI® is a working hypothesis until a person validates it. For various reasons, people may not feel comfortable sharing their results, so no one should ever be forced to do so.
Human behavior is complex, so while the MBTI® can help explain some behavior in a work setting, it does not explain everything. This manual focuses on repeated behavior patterns that are common to the different MBTI® types across different work settings.

**Benefits of MBTI® for Negotiation**

There are numerous benefits for a negotiator who understands something about MBTI® differences. First of all, understanding how our type negotiates can help us identify our natural strengths as well as some potential challenges. It also gives us some insight into how the other party may approach negotiation and what we may need to do to influence that party. This increased understanding improves communication and reduces the likelihood of conflicts. As a result, we are able to develop more satisfying and effective agreements.

**The Four MBTI® Scales**

The graphic below summarizes the four scales or dimensions that underlie the MBTI®. A person’s behavior can lie anywhere between the two end points of each scale. A person who is closer to one end point than the other will be assigned the closest end point, but it is important to remember that we all exhibit the full range of behaviors at some time or another. Type is not a “black” and “white” denomination.

The first scale assesses where we prefer to focus our energy—on the outer world of people and things or on the inner world of ideas. A project manager or stakeholder who prefers the former is likely to find an “E” in his or her four-letter type. Someone who prefers to focus on the inner world is likely to find an “I” in his or her type.

The second scale assesses our process for gathering data about the world around us. A project manager who prefers concrete data gained through his or her five senses will find an “S” in the four-letter type. Someone who prefers to rely on the “sixth” sense, or intuition, will find an “N” in his or her type.

The third scale assesses the manner in which people prefer to make decisions. Obviously, understanding this preference is critical in negotiations. A person with a “T” in his or her four-letter type is likely to prefer the use of logic and so called “objective” analysis to make decisions.
Someone who makes value-based decisions and first considers the impact of those decisions on people and work relationships is likely to find an “F” in his or her type.

The last scale assesses the way in which people approach the outer world. Some prefer a planned, structured, organized approach. Others prefer a spontaneous, flexible approach and like to keep their options open. People with the first preference will find a “J” in their four-letter type, while people with the second preference will find a “P.”

The names of the end points may have varying connotations, but they are intended to be neutral terms. There is no good or bad type.

**Validating Your Type**

There are 16 possible combinations of the preferences represented by the eight end points of the above scales. The MBTI® assessment form identifies these combinations as 16 different types and provides a summary description of each type. A project manager who has taken this assessment should review these descriptions and validate his or her type by selecting the one that seems to fit best.

**Understanding the Influencing Style in a Negotiation**

One of the goals of this course is to learn how to better “read” other parties’ styles. Throughout this module, the emphasis is on how we can use this knowledge to respond more effectively to other negotiators, not on general differences in personality.

Reading and understanding personality differences can be a challenging process, since human beings are quite complex. Many behaviors are unique to an individual and may have little or nothing to do with personality type. Also, people with different preferences may also occasionally display the same behaviors. Because human behavior occurs in a specific context, we cannot draw conclusions from a single behavior or a single occasion.

We must consider the context within which the behavior occurs and ask ourselves whether it is an isolated incident or whether the behavior gets repeated in different contexts. To do this, we must closely observe the other party and look for behavior that is repeated often enough to suggest that it is a pattern. We can use these patterns to identify potential personality differences that will impact our negotiations.

It is particularly helpful to look for behavior patterns in three areas:

- Body language
- Communication style
- Appearance and demeanor

The following sections discuss patterns of behavior that are associated with the eight end points of the four MBTI® scales. We discuss the last scale first because behaviors associated with the preferences assessed by that scale are some of the easiest to recognize. Then, we discuss the S/N scale, the T/F scale, and the E/I scale.
Two Approaches to the Environment

As we react to our environments, we all do two things: We take in information or perceive what is happening around us, and we make judgments or determinations about what we perceive. We typically perceive and then judge. We gather information and then decide. We notice things and then make determinations about what we have noticed.

Perceiving

Some people prefer to stay in the perceiving mode. They enjoy gathering information and do not appear to feel the need to draw conclusions or come to quick decisions. We sometimes say they enjoy the “journey” rather than the destination. At least that is what it looks like when we observe them.

When We Observe Perceiving

When we observe the behavior of work associates with the perceiving style, we notice that they enjoy the process. They like to keep their options open. They appear to be easygoing, adaptable, and flexible. They seem to be willing to “go with the flow.” It is easier for these people to adapt to changes as events unfold, but they may be uncomfortable with tight schedules and may find it challenging to complete assignments under pressure.

When we look at the communication style of those with a preference for perceiving, we may notice that they present their views as being somewhat tentative. For example, “I could be wrong but. . .” or “I’m thinking it might be. . .” They tend to ask questions, especially open-ended questions, rather than make statements. They also use more informal language.

The appearance or demeanor of work associates with the perceiving style may also be unique. Their body language is sometimes more relaxed and their posture often appears more casual and comfortable. They may fidget when bored. Sometimes, people with this style seem to be less concerned about having a completely neat and orderly environment than the people around them.

Judging

On the other hand, some people do not seem to need a great deal of information to come to a conclusion or make a decision. They quickly link perception and decision making. They appear to take in just enough information to make a decision and then move on. We call this the “judging” style. We do not mean that such a person likes to “judge” other people. That would be a misinterpretation of the style. They simply make judgments about information.

When We Observe Judging

Negotiators who prefer the judging style appear structured and organized. They like to get things decided and may come to closure more quickly than someone with the perceiving style. People with a strong preference for judging like to get things accomplished and often appear rushed in their work environments. They may “take charge” in a meeting if it is moving too slowly for their tastes.
The communication style of negotiators with a strong preference for the judging style will be different from those with a strong preference for the perceiving style. They will use more formal language and will tend to make statements rather than to ask questions, even when expressing an opinion. These statements often contain absolute terms such as “clearly,” “positively,” or “absolutely.” Their questions are more likely to be closed ended. Because people with this preference may draw conclusions and make decisions quickly, it may be challenging for them to move away from positions once they have taken them.

The demeanor of those with the judging preference often appears less relaxed, and they may like to work in an environment that is clean and well-ordered.

Influencing Type

We can use our knowledge and observation of repeated behaviors and communication styles to better understand and influence negotiators whose styles are different from ours. We will explain how to do that as we compare and contrast styles on the end points of each scale.

We’ve discussed the differences between the perceiving style and the judging style. Now, how can we use that information to improve negotiations?

To influence a negotiator with the judging style, a project manager needs to be prepared and organized. In that regard, it is helpful if we can agree on an agenda in advance. Adding suggested times for each agenda item is also helpful. Once we’ve set the agenda, we need to stick to it. Negotiators with a judging preference will not appreciate surprises during the negotiating session and will expect us to respect their time.

To influence a negotiator with a perceiving preference, it can be helpful to offer options and/or ask for their options. This demonstrates our willingness to be flexible. Since people with a perceiving preference do not like to be rushed, give them time to consider your options. Even if it is challenging for us, we also need to be open to new ideas, since negotiators with this preference often come up with novel solutions.

Two Ways People Gather Data

Just as there are two approaches to the environment, there are also two quite different ways of taking in information and gathering data. We’ll discuss both these styles and explain how to use our knowledge of each style to read the other party and improve our negotiations.

People with the sensing style notice facts, details, and specifics of the alternatives under discussion. They tend to be oriented to the present. People who prefer the intuitive style focus on the big picture, patterns, relationships, and possibilities. They tend to be future oriented.

Sensing

Negotiators with the sensing style can be direct, and they tend to use clear, straightforward language. They speak in short sentences, often with one point per sentence. They tend to be literal and speak in factual terms. They want to hear facts from us and do not need or want interpretations, as they view the facts as speaking for themselves. They appreciate hearing the details of alternatives, and they enjoy focusing on problems and practical solutions to problems.
To influence a negotiator with the sensing style, a project manager needs to use an orderly, step-by-step approach. He or she should provide facts and details and make certain the facts are carefully checked because misstatements will impact his or her credibility. If there are established procedures in the other party’s organization, the project manager should be prepared to follow them, unless he or she has a very solid reason for not doing so; for example, the other party expects to be competitive. It’s also helpful to explain the practical applications of the alternatives under discussion.

**Intuition**

Negotiators with a preference for the intuitive style tend to speak in complex sentences. They may leave sentences unfinished because they get too long or because they are thinking ahead to the next point. A negotiator with this style enjoys using metaphors and analogies. He or she may not get the facts quite right because a general idea or concept is more important than the details behind that idea. Negotiators with the intuitive style think and talk about the future and the big picture, and may ask “What’s the point?” or say “Can we get to the bottom line?”

Since this type of negotiator focuses on the big picture, it may be helpful to provide an executive summary when making a presentation rather than going into detailed explanations. But, be prepared to back up the summary with details if asked. Try not to correct factual errors unless it is essential to do so because that will sound like a critique of his or her ideas. Also, be prepared to explore the relationships among various ideas or proposals under discussion.

**Two Decision-Making Styles**

The end points of the T/F scale represent two quite different approaches to decision making, and these approaches can have a major impact on negotiations. The first style is called the thinking style. Negotiators with this style rely on logic and consider the implications of their decisions on things. The creators of the MBTI® refer to this style as objective. Although the term “objective” has positive connotations for some people, it is not intended to imply that the thinking style is superior.

The second decision-making style relies on the user’s values. Negotiators who use this style tend to be relationship focused, so they consider the impact of their decisions on the people around them. For them, decision making is a more personal process. The creators of the MBTI® refer to this as a “subjective” style.

**Thinking**

Negotiators who use the thinking style tend to be direct and to the point. They are generally truthful, sometimes to the point of being blunt and critical, so they may offend other people without realizing it. Thinking-style negotiators are analytical and like to assess the pros and cons of various alternatives. In fact, they may argue both sides just for the mental stimulation.

Negotiators with a thinking style of decision making usually appear assertive and confident in the work setting. They are less comfortable discussing personal feelings than other negotiators and they are task oriented, so they may gloss over the Rapport stage by suggesting that “we skip the small talk and get down to business.” They will sometimes begin the negotiation by
announcing the number of points they intend to make and then count off the points as they talk, for example, “1, 2, 3.” They may also reference the principles, policies, and standards that support their decisions.

To influence a negotiator with the thinking preference, it is good to be direct and confident in return. Build on the referenced principles and standards, and share your logic. Present your analyses and explain any cause-and-effect relationships. Propose and follow an agreed-upon agenda. Do not probe for too much personal information or share your own feelings, as that will be off-putting to a negotiation with the thinking preference of decision making.

**Feeling**

A negotiator with the feeling preference for decision making is tuned into the other parties and their feelings. They like to begin negotiations by taking time to establish good rapport, and they will check in frequently with other parties to see how they are doing. They are more likely to use the other party’s name and/or touch other parties. (While negotiators with the thinking style may also use first names, it is likely to be a learned technique.)

Negotiators with the feeling preference like to help and please other people, so maintaining harmony is important to them. They may make concessions just to please the other party because conflict is uncomfortable for them. However, concessions obtained by pressuring someone with this style are likely to damage the relationship in the future.

Feeling-style negotiators can be passionate about their positions and are more likely to reference values than objective standards as the basis for their decisions.

To influence a negotiator with a feeling preference for decision making, mirror their style. Take the time to share some personal information and give them time to develop trust. While building trust is important in all collaborative negotiations, it’s especially important when dealing with the feeling-style negotiator.

Discuss areas of agreement first and do not push too hard for concessions. Avoid direct confrontation and do not ask rapid-fire questions. Finally, and probably most importantly, do not try to convince someone with this style by using logic alone. Remember to address the impact of alternatives on people.

**Two Sources of Energy**

Some people focus their energy on people and things in the external environment. Others prefer to focus their energy on the inner world of ideas and impressions. The first preference is called “extraversion,” and the second is called “introversion.” Many people mistakenly believe that extraversion refers to how much a person talks. That is not the case. An introverted person can be quite talkative when he or she has strong feelings or deep interest in a subject.

The differences between these two preferences are striking, so they are generally easier for a project manager to observe and read than some of the other preferences. Also, there are more behavioral cues, which we discuss in the next two sections of the manual.
Extraversion

Negotiators with a strong preference for extraversion will speak in order to think. When asked a question, they will immediately answer, but the answer may change as their thinking evolves. They enjoy active settings and are usually more animated. They may express themselves with their arms, hands, and facial expressions. A negotiator with the extraverted preference may also talk fast and make “we” versus “I” statements. They may fill gaps when discussions lapse.

Hobbies can provide clues to a negotiator’s preferences. Extraverts may prefer group activities or team sports. Introverts may prefer to spend time alone.

To influence negotiators with the extraverted preference, give them time to talk through their thinking on each alternative. Extraverted negotiators may get distracted in a busy social environment, so do not be put off if they divert from the topic under discussion. Remember not to react too strongly to their first statements, since their first position may not be their “true” or final position.

Introversion

A negotiator with a preference for introversion likes to think out his or her position before speaking. When asked a question, he or she will generally quietly reflect before answering. In negotiating sessions, people with this preference will tend to listen rather than speak. When they do speak, their speech is more measured and their positions tend to be well-thought-out. They are more likely to make “I” statements than “we” statements.

Negotiators who prefer introversion are usually more physically reserved as well. They appear to be sending the message that there is no hurry. They can sit quietly without feeling the need to fill conversation gaps.

To influence negotiators with the introverted preference, give them time to think. If needed, ask a few targeted questions to elicit more information and do not interrupt their responses. Like negotiators with a preference for judging, those with an introverted preference also appreciate getting an agenda in advance of the negotiations. Do not hold the negotiating sessions in noisy social settings, such as restaurants, and do discuss one issue at a time.

MBTI® and Negotiation Stage Selection

There is a correlation between influencing styles and the stages of negotiation. The chart below shows how negotiators with strong preferences may gravitate toward certain stages. A negotiator with a strong preference may begin negotiations in the preferred stage, return to it frequently during negotiations, and end with that stage.
Rapport. As the chart indicates by the “F” in the second column, a person who prefers the feeling style will be comfortable in the Rapport stage and will probably be quite effective at building good, positive relationships. It is critical for this type of negotiator to establish rapport with us, and he or she will likely want to revisit this stage throughout the negotiation, especially when a concession has been made. A person with a strong “F” preference will also want to end negotiations with rapport building. A negotiator with a strong preference for the extraverted style (“E”) will also feel comfortable in and gravitate toward the Rapport stage.

Exploration. Negotiators with strong preferences for perceiving enjoy and excel during the Exploration stage because it involves asking questions, learning, teaching, and sharing information but requires no decision making. A negotiator with the perceiving preference tends to begin here and keeps coming back to this stage.

Movement. Negotiators with strong preferences for the judging style tend to go to this stage almost immediately, sometimes skipping over the other stages entirely. For them, negotiation is synonymous with bargaining, and they want to quickly come to closure.

Closure. This is one of the most important and yet most neglected stages of negotiation. When a project manager repeatedly finds other parties not abiding by the agreements he or she has made, it is generally because the Closure stage has been given short shrift or possibly skipped. The negotiators most likely to enjoy working at this stage are those with the style preferences of sensing, thinking, or judging.

It is important for a project manager to understand the alignments in the above chart and push him or herself to move through and manage all four stages, regardless of his or her preferences. A project manager can also use the Rapport stage to ask questions that will provide insight into the possible styles of other negotiating parties.

Dynamic Interaction of the Mental Functions

Myers-Briggs theorists refer to the end points of the S/N and T/F scales as the four mental functions. According to these theorists, we all use these four functions at times, but we use some more than others. In fact, there is a hierarchy of functions for each individual, with one
being more dominant than the others. We tend to use that function most of the time and we do so unconsciously because we are most comfortable using it. As we move down the hierarchy, we use each function less than the prior one, so it tends to be less well developed. The least preferred function operates largely unconsciously.

The hierarchy, from highest to lowest function, is shown below.

- Dominant – Most favored, comfortable, developed
- Auxiliary – Second best
- Tertiary – third best, less well developed
- Inferior – least preferred and least developed

The Dynamic Lens

Theorists have derived some rather complicated rules for determining the order of the mental functions for each individual. Fortunately, a project manager does not need to understand these rules to apply the hierarchy of functions in project management negotiations because psychologists have already worked out the hierarchy for each of the 16 MBTI® types. The chart below shows all 16 hierarchies.

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A project manager who understands how the mental functions are used can be a more effective negotiator. The next two sections explain how.
Example of How Type Impacts Other Types

We approach situations—negotiations included—by first trying our dominant function, then our auxiliary, and so forth.

Sometimes in project management environments, we must work or negotiate with someone whose preferred or dominant function is our least preferred one. That can cause frustration or stress. The chart below depicts such a situation.

In this situation, someone with an MBTI® of ISTJ is negotiating with someone whose type is ENTP.

The bold line between Te and Ne indicates that the ENTP will communicate with reference to the big picture and future possibilities (using N). The ISTJ logically evaluates and judges the ENTP’s ideas (using T). The ENTP is likely to become frustrated because it appears the ISTJ is inflexible and closed minded. The ISTJ is likely to become frustrated because the ENTP’s ideas do not seem to be practical or realistic.

The two crisscrossing dotted-line arrows highlight the fact that an ISTJ’s dominant or preferred function is the sensing style, while an ENTP prefers to use intuition, which is the ENTP’s least preferred function. So, these two parties are likely to butt heads during a negotiation. Without an understanding of the hierarchy, they do not understand why the negotiation has become so challenging. They just know it has.

Using the hierarchy of mental functions, we can understand that each is calling on the other party to use a style that is not preferred, comfortable, or well developed. That can precipitate internal conflict and stress for both parties. For example, during the negotiations, the ENTP may become aware that the ISTJ has a much better grasp of the facts and details (since “S” is his or her dominant function). So, the ENTP begins to question him or herself. That internal dialogue might go something like this: “See, I’ve been trying to tell you we needed to pay more attention to the details. You’re not prepared. Maybe I need to take over.”

The ISTJ experiences a similar conflict when the ENTP calls out his or her inferior function.
Summary

- Personality style is a major factor that can influence negotiations.
- The first step in understanding the impact of personality style on negotiation is for a project manager to understand his or her own style and preferences in negotiation.
- Once a project manager becomes aware of his or her own style, it is possible to increase negotiating effectiveness by learning to identify the style and preferences of other parties.
- There is potential alignment between our personality style and our preferences for certain stages of negotiation. Effective project managers learn to manage all four stages.
- It can be stressful for a project manager to negotiate with someone whose style is very different.
Introduction

Many factors can lead to complex and challenging negotiations for a project manager. We will begin by explaining the difference between complexity and difficulty in negotiations.

Then, we will discuss four factors that often complicate project management negotiations. These factors are: negotiating up, virtual negotiations, cross-cultural negotiations, and negotiations with multiple parties at the table. We will describe how they can complicate negotiations and explain how a project manager can effectively respond to these challenges.

We will provide participants with opportunities to apply what they are learning to real-life scenarios. This will include a virtual negotiation activity and a capstone team negotiation that gives participants opportunities to integrate and apply what they have learned throughout the course.

Complex Negotiations

Complexity versus Difficulty

Project management negotiations can be complex, difficult, or both. Complexity refers to the number of issues or the number of people involved in a project negotiation. Difficulty refers to the level of emotional involvement and/or passion the parties bring to the negotiation. The more important an issue is to a project manager and the more strongly he or she feels about that issue, the more likely it is that the negotiation around that issue will become difficult. An emotional negotiation is also more likely to turn into a competitive negotiation.

There is not always a correlation between difficulty and complexity. It is possible to clarify the relationship between complexity and difficulty by creating a 2 X 2 matrix with complexity on the horizontal axis and difficulty on the vertical. Four quadrants result.
Quadrant 1 will be low on both complexity and difficulty. Project managers regularly have this kind of simple, one-issue negotiations. We may not even think of these as negotiations but as daily conversations, for example, scheduling time for our next meeting.

Quadrant 2 includes negotiations that are difficult but not necessarily complex, for example, asking for a salary increase. This negotiation only involves one issue, but it is difficult because it arouses our emotions, and we may believe strongly that we deserve an increase.

Quadrant 3 is high on complexity, but low on difficulty. For example, a project manager may be asked to implement a project that is complicated, but he or she has implemented many similar projects in the past, so this one does not seem difficult. He or she can take it in stride.

Quadrant 4, which includes highly complex and difficult negotiations, is the most problematic for project managers. Not only must he or she pay close attention to the content, he or she must also carefully manage emotions and the relationships with other parties.

Some Complex and Difficult Negotiations in Project Management

There are many different factors that can complicate negotiations in a project management environment. Some will be unique to an industry, organization, or individual project manager, but others are more commonplace. We will focus on the latter.

Some factors that can add complexity, difficulty, or both include the following:
- Power differentials among the parties when we must manage “up”
- Negotiations that take place in virtual environments and/or use electronic media
- Cross-cultural negotiations
- Negotiations with multiple parties present

We will discuss situations in which each of these factors is present, explain how they can complicate negotiations for a project manager, and suggest some strategies for responding to these challenges. Since any one of the factors could be the topic for an entire course, we will
provide an overview. The bibliography contains additional sources that participants can consult when faced with one of these complications.

**Power Sources and Negotiation**

Power is always in play during a negotiation process, so it is helpful for a project manager to understand that there are multiple sources of power. In complex or difficult negotiations, it becomes even more important. In these types of negotiations, the project manager must understand the sources of power available to both parties and to be more intentional and discriminating in his or her use of power. It may be necessary to switch power sources if one is not working. It is also important to recognize that varying the power source can change the results.

Leadership experts typically divide power into two categories: formal and informal. Formal power refers to the power we derive from our official position in an organization. It includes the authority given to us in our position descriptions and other official organizational documents. It also includes the power to reward and punish others in the organization; for example, a senior manager can assign me to highly visible and interesting projects, or I can be assigned to the projects no one wants to work on. Formal power may also include power over resources, including human resources and capital.

Competitive negotiators tend to rely heavily on formal power. But, to be successful in complex and difficult negotiations, a project manager often needs to employ some informal sources of power. These sources include the following kinds of power:

- **Networks**
- **Bureaucratic**
- **Charisma or personality**
- **Expert or technical**

We will explain each and give some examples of how a project manager might use each in negotiations.

**Network power.** This type of power derives from the relationships or associations we have developed with other people in the organization. For example, a project manager may need the skills of a specific technical person in another function, but that person has been assigned to other projects full-time. If the project manager has developed relationships with key functional managers in the organization, he or she can go to them and ask for a “favor.” Note that the network must be developed over time before this type of power can be used.

**Bureaucratic power.** A person can develop this kind of power by learning how administrative processes in the organization work. It is an often overlooked source of power. For example, a project manager may be able to hold a face-to-face kickoff meeting when travel funds are tight because he or she is an expert in the organization’s travel policies and procedures, and knows about all of the exceptions.

**Charisma or personality power.** This kind of power derives from the force of a person’s personality and/or from simple goodwill gestures. Anyone can develop it, but it takes time. Saying “hello” each day, giving small tokens of appreciation, showing concern for associates’ personal development, and other relationship-building strategies are helpful here. Another way
to develop goodwill power is to observe associates with a strong preference for the “feeling” style.

**Expert or technical power.** This power derives from expertise or technical skill. Others defer to someone with this kind of power because that person “knows best.” For example, a project manager may be able to convince the sponsor to use a particular process because he or she is a registered engineer or a certified project management professional.

In addition to helping us achieve our negotiating objectives, these sources of power build consensus, so they are beneficial to our long-term relationships with stakeholders.

### Strategies for Negotiating Up

Project managers must frequently negotiate with senior managers, sponsors, or other senior stakeholders in their own or in other organizational units. Sometimes, these stakeholders are external to the organization, as when project managers must negotiate with senior managers in a vendor’s or a contractor’s organization.

Strategies for negotiating in these situations include the following:

- **Assess the nature of the business relationship.**
- **Be appropriately deferential.**
- **Acknowledge the potential risk to the relationship.**
- **Focus on goals and results.**

We will discuss each of these strategies in more detail and provide examples of how to apply them in the project management environment.

**Assess the nature of the business relationship.** This means using the information in the previous section to determine the type of power the senior manager holds. A project manager may need to negotiate with senior managers who hold either formal power or relationship power. For example, a project manager may need to negotiate on time allocations on multiple projects with the person to whom he or she reports directly. This manager holds formal power by virtue of his or her position in the organization.

On the other hand, vendors or contractors who are senior managers in their own organizations hold more relationship power and less formal power over the project manager, except for whatever rights are specified in written agreements. These distinctions are important because they affect the tone and style of negotiations. The following sections of the Reference Manual go into this topic in more detail.

**Be appropriately deferential.** In situations where a project manager is negotiating with a direct manager, he or she must be more deferential. We can politely ask for, but not demand, what we want. It is important to acknowledge the manager’s power and make it clear that we understand and accept their right to make a decision. We should also acknowledge the different interests that each of us may have in a particular negotiating situation. For example, I might believe that I deserve a salary increase, but I can acknowledge that my manager might be more interested in keeping costs down. Humor is often a good tactic in such situations.

**Acknowledge the potential risk to the relationship.** When a project manager needs to negotiate up on difficult or complex issues, it is critical to acknowledge to the more senior person that we are taking a risk. We may even want to consider asking for permission to raise a
particular issue with them. We are not referring to technical project risk here, but rather to the risk of damaging our relationship with the other party. When we acknowledge this risk, we demonstrate that we care about the relationship. That helps us build credibility and trust, which is the first step in a successful negotiation.

Focus on goals and results. Psychologists have discovered that the more senior the position a manager holds, the more likely he or she is to focus on a production-oriented system in which goals, schedules, and deadlines are important. So, a project manager who is negotiating with such a manager should do likewise. The project manager will be more effective if he or she can discuss how satisfying his or her needs and interests will have a positive impact on goals, schedules, or deadlines.

For example, if a project manager is negotiating for a salary increase, it will be more effective to explain how he or she has reduced costs or increased revenues than to argue that he or she is a hard worker and has done a good job of managing projects. Those accomplishments are important but less convincing to a senior manager who is focused on goals and metrics.

Challenges of Virtual Negotiation

For a variety of reasons, many organizations are encouraging virtual negotiations. There are some obvious benefits to virtual negotiation, such as reduced travel time and cost, and the capability to conduct negotiations from many nonwork locations, giving negotiators more flexibility.

Virtual methods sometimes offer project managers advantages, and given the increasing pressure to use these methods in today’s work environments, project managers need to understand how to improve their outcomes using virtual methods. So, this section first describes some of the challenges of virtual negotiation, and then it provides some tips to help project managers avoid some common mistakes and improve outcomes in a virtual environment.

Project managers who negotiate virtually face some significant challenges. We have grouped them into the following three categories:

- Communication
- Social interaction and group dynamics
- Technology

Communication. Virtual negotiations include a whole continuum of media. The continuum ranges from instant messaging, e-mail, and telephone to conference calls, Webinars, and videoconferencing.

Some of these media, for example, certain types of videoconferencing, can provide rich visual and auditory input while others provide far less input, such as e-mail. In fact, communication experts say less than 25 percent of an intended message gets communicated when we use only the printed word. So, depending on which type of virtual medium they use, negotiators may lose some or all of the information to be gained by observing the other party’s tone, body language, and cultural signals. This increases the chances of misunderstandings.

Added communication challenges arise in multicultural negotiating environments. Multicultural teams are often forced to use the company’s official language, which may not be their first or desired language. This can lead to misunderstandings and alienation, and the team may lose the valuable contributions of these participants.
**Social interaction and group dynamics.** The “downtime” between, during, and after face-to-face negotiating sessions is valuable for building connections. A project manager can use these to unobtrusively engage with key influencers and build support for his or her alternatives. Such opportunities for sidebars and caucuses are more difficult to build into virtual negotiations.

This loss of informal face-to-face time also means it is more difficult to build trust and create rapport with the other parties. In fact, virtual negotiators sometimes skip rapport building altogether.

It is easy for participants to become distracted in virtual environments. Physical separation exacerbates the tendency to disengage and/or multitask during negotiations.

The costs of travel tend to raise the level of investment in face-to-face negotiations. In virtual environments, this financial investment is lacking, and there may be less engagement and so less commitment to finding satisfactory options.

**Technology.** Technology poses a variety of challenges for virtual negotiators. The most common is poor-quality audio or video, or both. When audio only is used, negotiators may call in from noisy locations, may be traveling, or may have to use inferior lines, making it difficult for them to hear and to be heard. Listeners may be reluctant to interrupt or ask for repetition because they do not know whether everyone is experiencing the same difficulty. Lack of synchronization between audio and video is another challenge.

Sometimes, a group of negotiators who are in the same location tend to gather in a conference room or office and have others join them individually by phone. This puts the remote participants at a disadvantage, since the negotiations quickly gravitate to the group, and the viewpoints of others get overlooked.

Finally, a project manager must guard against the tendency to add people to the virtual team simply because technology makes it possible. A team that is too large will have trouble communicating and arriving at decisions. Generally, the smaller the team, the more focused and productive the negotiating session will be.

**Strategies for Managing Virtual Negotiations**

Most experts would agree that face-to-face negotiations give negotiators the widest range of input about the other party and, therefore, are generally more productive. One conclusion might be that critical, high-value negotiations should be conducted face-to-face. But, that does not mean that all negotiations or all aspects of a single, large negotiation must be conducted face-to-face. Given the exigencies of today’s workplace, that is unlikely to happen. So, this section gives project managers some tips on how to improve the results of electronic negotiations when it is necessary to use them.

We discuss the tips under four general headings:

- Excel at planning.
- Mix the media.
- Improve the content.
- Avoid obvious pitfalls.

**Excel at planning.** In earlier modules, we discussed the importance of planning to any successful negotiation. Planning is even more important in virtual negotiations. The best virtual
negotiators plan the methods they will use for the sessions and the points at which they will use virtual media. A key part of the planning is deciding on the right mix and timing of virtual meetings.

Planning also includes making certain all participants use the same technology so that no one is at a disadvantage.

Telephone negotiations require preparation of good questions to draw the maximum amount of information from the other party during the Exploration stage.

Since e-mail negotiations tend to be on the end of the virtual continuum that provides negotiators with the least amount of information and the greatest opportunity for miscommunication, project managers should probably limit their use of this medium in negotiations. One suggestion is to reserve e-mail for gathering information prior to a more expanded virtual or face-to-face negotiation.

Mix the media. Virtual negotiations can be more successful when they involve a mix of different virtual methods and physical meetings. For example, virtual meetings work best when they follow some face-to-face interaction. So, a project manager might begin negotiations with a face-to-face, physical kickoff session. This builds relationships and trust, and provides the project manager with some context within which to interpret other parties’ behaviors and signals later on.

Consider using the telephone to follow up on virtual sessions. This gives the project manager an opportunity to further build relationships and coalitions by having one-on-one conversations with participants. It also allows the project manager to respond quickly to any potential misunderstandings or conflicts.

Project managers can use instant messaging (IM) during virtual negotiations to communicate behind the scenes, correct misstatements, or send instructions. However, it is crucial to limit the use of IM since it inevitably distracts from what is being said and it may encourage participants to shortchange preparation.

In conclusion, a project manager can intentionally mix media as negotiations proceed to accommodate different preferences and processing styles.

Improve the content. When a project manager uses e-mail or other media on the “low input” end of the virtual continuum, he or she may fall into sending short, dry messages. This keeps the process moving, but it can create distance by reducing the quality of personal relationships. It may also suggest that the negotiator wants to keep the other party at “arm’s length.”

To counteract this tendency, build nontask relationship enhancers into the virtual communication. For example, a project manager might start a teleconference with an ice breaker. Or, when he or she knows of a common interest that could be raised, for example, “I hope you enjoyed your kayaking trip. I’m looking forward to taking one next month.”

In preparation for a teleconference, provide relevant visuals beforehand. Then, give participants time to analyze them and get clarification outside the negotiating session. This makes the session more efficient and minimizes misunderstandings.

A project manager might also appeal to known cultural preferences. For example, a project manager might frame a proposal as a “step-by-step process for ensuring on-time completion” when offering it to a negotiator from a culture where there is a high need for certainty.
Avoid obvious pitfalls. We know that effective communication in “live” settings require feedback, and the same is true of virtual communications. Build in opportunities to summarize and feedback the other parties’ statements before responding.

Because it can be more challenging to maintain attention in virtual settings, particularly if only audio is used, consider scheduling a series of short sessions rather than a single long session. Use the telephone only when a quick answer is needed or when a specific party is difficult to reach.

Finally, remember that agreeing to something the other party offers in an e-mail may legally bind the project manager to a contract.

Cross-Cultural Negotiation Factors to Consider

Experienced international negotiators often say that the success or failure of negotiations that cross national boundaries depends more on the project manager's understanding or lack of understanding of culture than on any other factor. So, this section discusses the role of culture in negotiations and describes some key variables that impact cross-cultural negotiations. Before we discuss those, however, a few reminders are in order.

First, a project manager conducts cross-cultural negotiations among individuals, not national stereotypes. While cultural variations have a huge impact on negotiation outcomes, behaviors also vary by industry, level of experience, gender, age, and individual negotiator. So, consider the possible role of culture in international negotiations, but remember to treat customers and business partners as individuals.

Many factors contribute to the difficulty and complexity of cross-cultural negotiations. Some of these are:

- Goals of the other party
- Basis of trust
- Risk-taking propensity
- Value placed on time
- Decision-making rules
- Type of agreement desired
- How much rapport is needed
- Gender and generational differences

It is not possible to describe how these factors impact all of the hundreds of different cultures around the globe in this manual, but it is important for a project manager to be aware of their potential impact and to use available resources to better understand and prepare for the specific cultures represented by the parties in his or her upcoming negotiations.

Goals of the other party. Cultures vary widely in their underlying motivational patterns. In some, the goal is for the individual project manager to prevail. In others, the goal is to come to the best agreement for the company or for the community at large. For example, American negotiators are more likely to be individualistic, while Japanese negotiators focus more on group goals and interdependence.
Basis of trust. Since collaborative negotiation is founded on trust, a project manager will need to know how one builds trust in the specific cultures with which he or she is dealing. For example, is trust based on the level of experience and expertise of individual negotiators, on their position, or authority within their organizations, or must it be slowly established by first building relationships among the various parties?

Risk-taking propensity. National cultures vary in how they relate to uncertainty and ambiguity. For example, the United States places a high value on risk taking, while Arab, Muslim, and traditional African countries do not. These countries place a high value on conformity and risk avoidance, and so rely heavily on formal rules and rituals during negotiations. There is also a relationship between risk avoidance and trust. Negotiators from these cultures tend to trust only close family and friends, so it may be difficult for outsiders to establish the relationships needed to collaborate.

Value of time. Among the most well-known variables in cross-cultural negotiations are differences in the value of time. Most cultures fall into one of two groups with respect to time: monochronic or polychronic. Negotiators from monochromic cultures expect prompt starts, structured agendas, and a process that addresses a single item at a time. This orientation is more common in Germany, Switzerland, Scandinavia, and the United States.

Negotiators from polychronic cultures expect flexible schedules and breaks and a holistic approach. Talk about the various agenda items may overlap. This orientation is common in Mediterranean and Latin American cultures.

Decision-making rules. Negotiators from different cultures may also vary in their preferences for how the group should make decisions. Some defer to the highest-ranking or lead negotiator. Others expect a majority opinion. Still others expect to achieve consensus.

Type of agreement desired. The nature of a satisfactory agreement may vary considerably across cultures. In some, a handshake is acceptable. In others, a formal contract is necessary.

How much rapport is needed. The amount of time negotiators need to build relationships is related to the basis of trust required. If the basis for trust lies in strong relationships, then a project manager can expect to spend considerable time building those relationships. If the basis of trust is the project manager’s experience or expertise levels, that can be established rather quickly. For example, the French take a while to establish rapport, while Americans devote less attention to rapport building.

Gender and generational differences. Although gender and generational differences can be observed in many different countries around the world, the way they play out may vary in different cultures. We recommend that each project manager consult sources on his or her culture for variations. Some good sources are referenced in the appended bibliography.

The Role of Context

Context refers to the degree to which a negotiator expects to rely on factors other than words to communicate meaning. In low-context cultures, people expect their words to communicate most of what they intend to say. German, English, and Scandinavian cultures are examples of low-context cultures.
In high-context cultures such as Asian and Arabic countries, negotiators are expected to look beyond words to the situation as a whole. They consider the players involved and look for all the possible inferences of the words they use. Negotiators are expected to “read between the lines” and understand that body language and emotions are in play. So, it is not just what a project manager says that matters, but how he or she says it as well.

**Tips for Negotiating Across Cultures**

International negotiating can be a challenging, interesting, and rich experience for a project manager. But, with proper preparation, they can be one of the most rewarding experiences for a project manager. Some tips for negotiating across cultures include:

- Be prepared
- Consider presentation style
- Build the appropriate relationship
- Manage each stage of negotiation
- Be patient
- Maintain mutual respect
- Understand cultural etiquette

**Be prepared.** Take time to learn the local culture and customs. Understand the other party’s expectations. For example, U.S. negotiators are often criticized for not preparing enough. Their more spontaneous style may be viewed as unprepared or even as disrespectful in some cultures.

**Consider presentation style.** Be aware that negotiators from different cultures may prefer to negotiate faster or more slowly than one’s own culture. For example, negotiators from the United States, Switzerland, and Germany appreciate a quick pace, while those from most other cultures would prefer a slower pace.

**Build the appropriate relationship.** As we pointed out in the previous section, negotiators from cultures that use relationships to establish trust will expect to spend significantly more time building those relationships. Project managers negotiating with parties from these cultures should expect to spend time socializing before the negotiations begin.

**Manage each stage of negotiation.** The differences in cultural factors and context that we discussed in the two previous sections have obvious implications for stage management. In some cultures, such as the United States, negotiators should expect to spend less time rapport building and more time exploring and bargaining. In China, negotiators should expect to spend more time in rapport building.

**Be patient.** International negotiations may take longer due to differences in language, culture, and business practices. Schedule enough time to manage these differences and protect yourself against having to settle too quickly.

**Maintain mutual respect and understand cultural etiquette.** Nothing undermines international negotiations as much as assuming “our way is the best way.” Throughout this section, we have emphasized the importance of understanding the other party’s preferences and adapting our style to the other party’s style.
Multiple-Party Versus Two-Party Negotiations

So far, we have focused on two party negotiations. But sometimes, project managers must negotiate with three or more parties. This section summarizes some of the key differences between multiple-party and two-party negotiations, and explains how these differences can impact negotiations. The next section explains some strategies project managers can use to better manage multiple-party negotiations.

Besides the obvious difference in the number of parties involved, multiple-party negotiations differ from two-party negotiations in the following fundamental ways:

- Coalitions may form.
- The nature of group interaction changes.
- The process is more complicated.

**Coalitions may form.** In multiple-party negotiations, each party brings unique interests and proposals to the table. Communication becomes a challenge as multiple voices vie for attention. Coalitions are likely to form in response to these challenges, and they can block or encourage sound proposals. Some participants may try to use coalitions to pressure others to accept their preferences. Others form coalitions for self-protection. These coalitions tend to be unstable and often result in outcomes that are less than optimal or even damaging to the overall organization. Competitive environments promote destructive coalition building.

Experts in multiple-party negotiations tell us it is essential to anticipate coalitional behavior and build a solid coalition before the negotiation begins. To build an effective coalition, a project manager must research the likely needs and interests of the other parties. One recommended strategy is to hold one-on-one information-gathering sessions with the other parties or with key parties.

Another strategy is to develop a negotiating matrix that plots participants on one dimension and likely issues on another dimension. Possible negotiating positions of each party on each issue can be recorded in the cells. The project manager might also guess at the priority of issues for each party to help determine the intensity with which a position may be held. A project manager could use the two strategies in combination by drafting the matrix first and using one-on-one conversations to validate entries. A project manager can use a matrix like this to develop draft proposals that include valuable trade-offs for different parties.

**The nature of group interaction changes.** Managing group interaction becomes a significant challenge in multiple-party negotiations, since the number of communication channels increases geometrically as the number of parties increases. Power plays are common; for example, a party may press to become the leader or may try to control a discussion by determining the agenda. Disagreements can quickly escalate into deeper conflicts. Or, a project manager may discover that someone who has veto power over an agreement is not present.

Another danger is "groupthink." This is a term psychologists use to describe situations in which a desire for a unanimous solution overrides any commitment to share problems and come to the best possible solution for all parties.

There are a number of workable strategies for effectively managing these challenges. One is to identify vital players before the negotiation begins and ensure their presence at the table. Conversely, a project manager should work to eliminate players who are not really necessary to reach an agreement.
Another strategy is to develop rules about data gathering and dissemination. For example, when research or data gathering is needed to support the negotiation process, it is helpful to agree on rules about who will gather information, how it will be done, and how the results will be presented to the group.

When multiple parties must negotiate many different issues and take into account the preferences of many different parties, a project manager might suggest breaking into subgroups. Each group works on a single issue or small piece of a larger issue and drafts a preliminary proposal for the whole group’s discussion and consideration. Sometimes, subgroups consist of parties with expertise in the area under consideration. At other times, it may be important to form groups that represent the interests of all parties to the negotiation. If a project manager uses this strategy, however, he or she must insist that subgroups align their proposals with the overall goals of the negotiation.

Another strategy is to create partnering agreements early on about how to address any misunderstandings that come up. This is common in the construction industry. The goal here is to identify and address miscommunications or disagreements as soon as they arise.

A final strategy is to use a trained facilitator or mediator to manage negotiating sessions. There is some evidence that using such a neutral party can more quickly bring the parties to the Zone of Potential Agreement (ZOPA).

The process is more complicated. In a multiple-party negotiation, both the content and the process create complications. In the last section, we explained how breaking issues into smaller pieces can help a project manager deal with content complications. Other strategies include identifying and defining issues to be negotiated in advance of the negotiating sessions and developing a schedule for these sessions. We already discussed the advantages of having session agendas that include time limits for the discussion of each item.

Next, we'll discuss some strategies for managing process complications. Experts agree that creating ground rules is one of the most critical steps in managing such complications. This includes agreed-upon rules for group interaction as well as decision-making rules. One key ground rule is a verbal commitment to a problem-solving or collaborative approach, as described in earlier modules. Others ground rules cover procedures for giving participants opportunities to speak and procedures for separating idea generation from evaluation.

Another critical rule governs how the group will make decisions. These include how the group will agree on the final outcome when multiple proposals have been generated and whether or not any party will have veto power over an agreement. Experts agree that consensus, rather than majority rule or unanimity, is a good decision rule. By consensus, we mean an agreement that does its best to meet everyone’s interests so everyone can at least “live” with it. It may not be the ideal, but it is at least acceptable to all parties.

Deciding by unanimous vote gives participants with a single interest or a “pet peeve” potential veto power and leads to unwise agreements. A “majority wins” rule ignores the interests of many participants. It also decreases the likelihood that participants will invest in trying to understand each others’ underlying interests. So, such a group will be less able to create proposals that include valuable “trade-offs” for its participants. Lastly, because it allows most of the group to override other participants’ interests, the “majority” rule is likely to lead to unstable agreements that dissenters will sabotage during implementation.
Team Negotiation Complexities

Negotiating with a team can add another layer of difficulty and complexity to a project manager’s role. There are actually two phases of a team negotiation: the internal discussion within the team for planning purposes and the actual negotiation. Some of the discussion items a project manager might consider during the internal discussion are:

- Roles and responsibilities
- Goals and objectives
- Personality differences
- Decision making
- Empowerment
- Time management

Roles and responsibilities. The other party’s team will want to know why each person is in the room, so everyone on the team should have a role. If they do not, perhaps those team members do not need to be present. Possible roles include lead negotiator, accountant or “numbers cruncher,” engineering and/or technical subject matter expert, business operations manager, relationship facilitator, and the like. Specific roles will depend upon the nature of the negotiation.

Goals and objectives. The team also needs to agree on what its goals and objectives are. There should be no surprises during the negotiation.

Personality differences. Using the information gained from Module 5, a project manager should be aware of how the team’s personality differences might impact the negotiation. He or she might also assign roles to use each team member’s strengths. For example, a member with a strong preference for the extraverted and/or feeling style might be a good choice to manage the Rapport stage. Someone with strong preferences for the sensing and thinking styles could keep track of the costs of various options on the table.

Decision making and empowerment. The team needs to decide in advance on how it will make decisions during the negotiation. Nothing undermines the team’s credibility like a contest of wills among members. Once the decision rule is agreed upon, the team must empower the leader to act on that rule. The team should also agree on a procedure for correcting any misstatements by the decision maker that would jeopardize the outcome. One alternative is to ask for a short break. Another is to politely suggest that the decision maker may have meant to say something else.

Time management. Earlier, we discussed differences in orientation to time. A project manager needs to be aware of both the internal team differences in time orientation and any possible cross-cultural differences, and adjust accordingly. In very fast-paced negotiations, it may be helpful to ask a team member to keep track of the time.

Summary

- Project management negotiations can be emotionally difficult, complex, or both.
- Some factors that lead to complex negotiations include: power differentials among the parties, virtual environments, cultural differences, and the involvement of multiple parties.
Strategies for negotiating with more senior parties include being appropriately deferential, acknowledging the power differences and potential risk to the relationship, and focusing on goals and results.

Communication, social interaction and group dynamics, and technology all make virtual negotiation challenging.

Three tips for more effective virtual negotiation are: emphasize planning, mix the media, and improve the content.

A number of factors contribute to the complexity of cross-cultural negotiation. An effective project manager develops awareness of his or her potential impact and uses outside resources to better understand and prepare for a particular negotiation.

Negotiations that involve multiple parties are more difficult and complex than two-party negotiations because coalitions may form, group interaction changes, and the negotiating process is more complicated.

A project manager who is part of a team negotiation should consider the allocation of roles and responsibilities, the decision-making process, potential personality differences of team members, and time management.