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Public Sector Negotiation Skills & Practices 101

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Goals of Negotiations

- Win-win
- Improving supplier relations
- Obtaining the best value



Negotiation Issues Types

Substantive Issues

- Terms, conditions, prices, dates, numbers, liabilities
- Technical aspects of products or services
- Most current version
- Fairness of amounts due and when
- Defining expectations and how they will be handled

Relationship Issues

- Balance of emotion and reason
- Open communication, trust, and reliability
- Attitude toward acceptance/rejection
- Emphasis of persuasion
- Degree of mutual understanding

Negotiation Approaches

- People – Get to know the other side
- Interest – Your interest vs. other side's interest
- Options – Focus on the solution



Effective Negotiations Strategies & Tactics

- Take about five minutes, and, with the person sitting beside you, make a list of effective negotiation strategies and tactics



Effective Negotiations Strategies & Tactics

- **PRACTICE, PRACTICE, PRACTICE!**
- **EVERYTHING** is negotiable
- Negotiate with someone who is authorized to bind the company
- Keep a poker face
- Don't make the first offer
- No doesn't mean no

Who is Authorized to Negotiate?

- The “Designated Contact” as identified in the solicitation
 - Usually is one or multiple procurement professionals, but other individuals can be added as necessary including legal counsel
- The approval of any contact may be contingent upon approval of a governing body
 - That governing body may provide input into the negotiation itself but would not be responsible or have any authority to negotiate directly with the offeror

Effective Negotiations Strategies & Tactics

- Bundle
- Barter
- Be willing to walk away
- Keep it light
- Get it in writing



AT ALL TIMES, REMEMBER THE GOAL OF WIN-
WIN

Characteristics of an Effective Negotiator

- Good listener
- Good communicator
- Formulates good questions
- Fair
- Ability to reason



Negotiation Team Leader Skills



- Ability to make sound decisions under pressure
- Ability to use tact and build consensus
- Ability to keep an even temper
- Ability to be confident and trustworthy
- Ability to keep confidence of supervisors

Negotiation Team Leader Responsibilities

- Acts as the spokesperson for the team
- Makes and responds to all offers
- Plans, strategizes, and sets objectives
- Sets timetable for pre-negotiation work
- Controls comments during sessions
- Assigns team member roles—including scribe
- Obtains technical representation
- Interacts with the other side prior to negotiations

Negotiation Planning

Rehearsal

- Brainstorming the issues
- Organizing mock negotiations
- Creating an agenda
- Setting maximums and minimums



Negotiation Pitfalls

1. Poor planning
2. Thinking the pie is fixed
3. Failing to pay attention to the other side
4. Paying too much attention to anchors
5. Caving too quickly
6. Don't gloat



Additional Considerations for International Negotiations



- Language barrier/use of translators
- Different currency
- Different time zone
- Additional freight costs
- Different customs/expectations
- Different view of the contract
- Different body language “translations”

Verbal and Non-Verbal Clues

- Attitudes
- Appearances
- Facial expressions
- Gestures
- Tone of voice



Negotiation Defense Tactics

- Ignore what was said
- Attack adversary's weaknesses
- Bluff
- Create an illusion of power
- Observe the other party, and recognize the tactics they use

Negotiation Positions

- Things the other side demands you give them & things they refuse to provide you with
- Do not take them at face value; don't give in
- Ask probing questions
 - Why?
 - What will this enable you to do?
 - What will happen if you don't get this?

Let's Talk About It



- Talk with the person sitting beside you about one or two things you have learned from this class which you plan to implement the next time you negotiate
- Then be prepared to share it/them with the rest of the class

Questions?

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