



Mark 12: 42

And there came a certain poor widow,
and she threw in two mites, . . .

Negotiating Contracts on Behalf of the Church

Module 4

Conducting Negotiations

March 26-27, 2009



Confidential: For Purchasing and Travel Employees only



Introduction

Module	Date	Session Times
1: Negotiating with Purpose	2/12	10 a.m. and 1:30 p.m.
2: Preparing for Negotiations	2/19	10 a.m. and 1:30 p.m.
3: Researching Vendors	3/12	9 a.m. and 1 p.m.
4: Conducting Negotiations	3/26-27	9 a.m. and 1 p.m.
5: Documenting Negotiations 6: Building Professional Relationships	4/23	9 a.m. and 1 p.m.



What you will learn:

- How to negotiate win-win agreements for the Church while building strategic relationships with suppliers
- Fundamental communication practices
- Effective questioning techniques
- What body language can tell your opponent and what it can tell you
- How to determine appropriate and inappropriate negotiation strategies and tactics

Introduction: Negotiation Experiences

- In the past six months, have you heard about at least one negotiation that you think could have gone better?





Introduction: Which is more important?

Preserve the
Vendor / Church
Relationship at
All Costs

Obtain what
you or your
customer
wants at all
costs



Where should you be?



Negotiation Beliefs

How would a
General
Authority
conduct
negotiations?





Negotiation Beliefs and Principles

- What gospel-centered beliefs should govern our negotiating behavior?
- What professional principles guide you in your negotiations?



Negotiation Beliefs

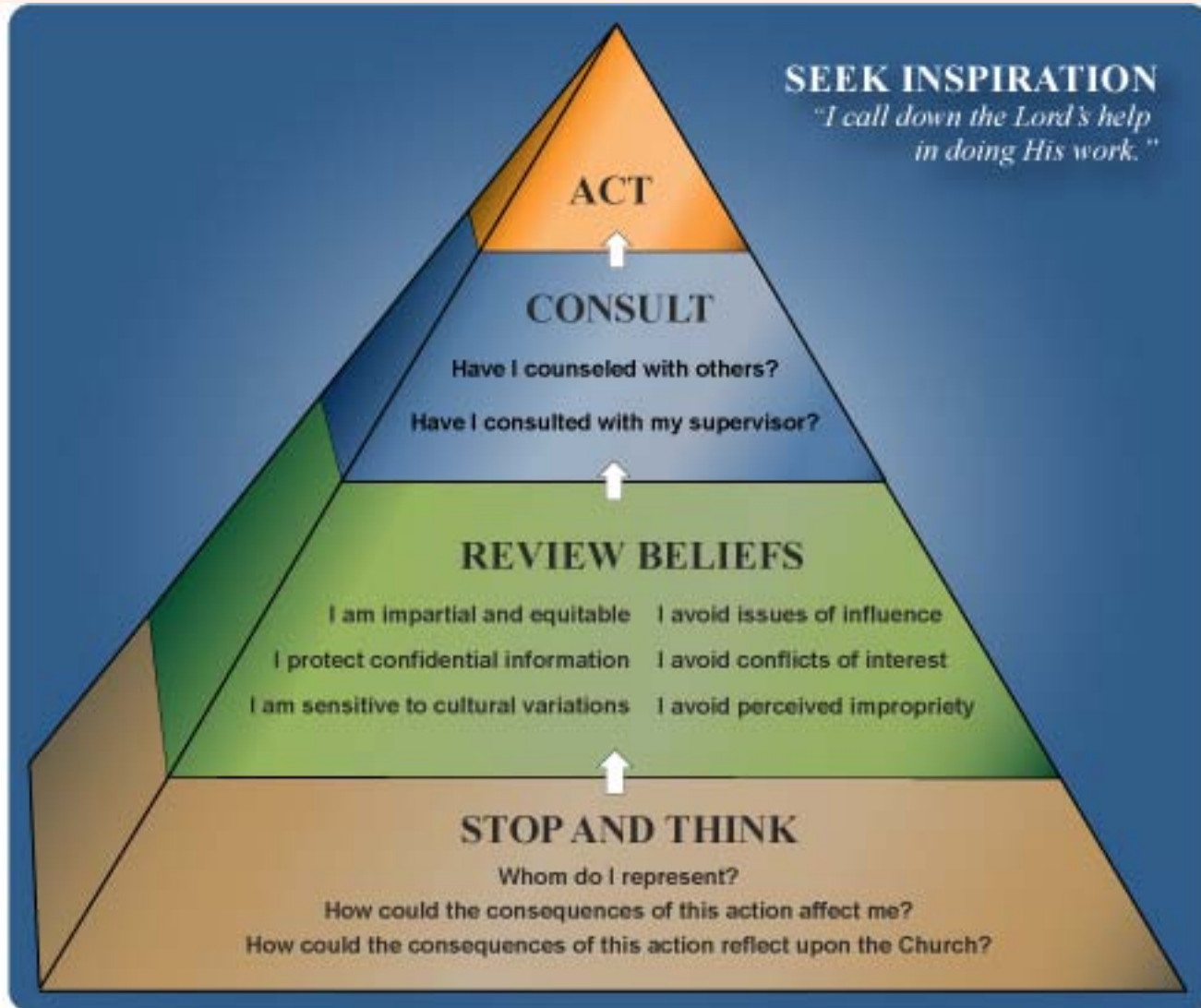
- What gospel-centered beliefs guide you in your negotiations?
 - We should treat others well
 - We should be deal with honesty and integrity
 - We need to protect the sacred funds of the Church
 - We should keep an open mind
 - We can find suppliers that will best add value to our Church/ customer needs
 - When our suppliers prosper, we prosper
 - Everything is negotiable
 - We can pray for guidance



Negotiation Principles

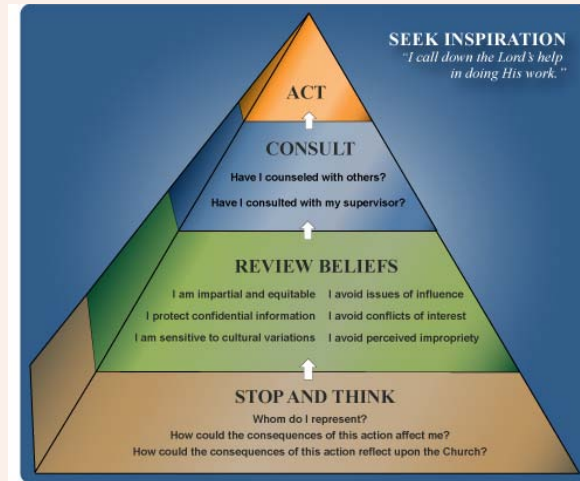
- What principles guide you in your negotiations?
 - Be completely prepared
 - Know your position of strength
 - Focus on the problem, not the people
 - Focus on the facts
 - Everything must be defensible
 - The more options the better
 - Look past the position
 - Never judge actions and motives

Ethics



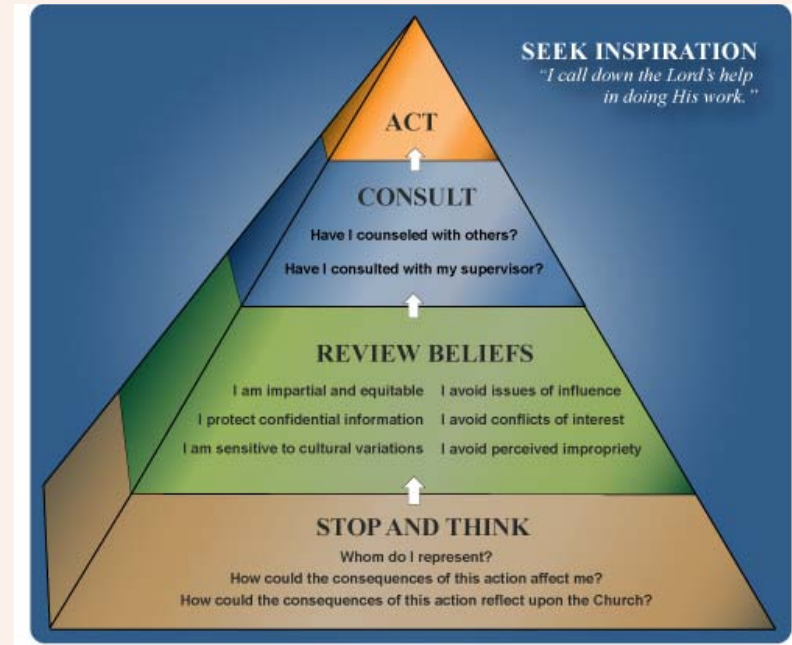
Ethics

- “Sharp Practices”
 - Taking unearned discounts
 - Failing to provide suppliers with adequate response time
 - Setting someone up to fail
 - Intentionally offending



Ethics

- “Price Shopping”
 - Church buyers and SRMs are encouraged to hold purchase price and related information confidential.





Win - Win

- How do we achieve a win-win?
 - Face-to-face against each other is “old school”
 - Side-by-side against the problem is win-win
 - Look to give each party as much of what they want as possible
 - Realize that the other party’s objectives are almost never what you thought
 - Understand that people who don’t feel good about the agreement will sabotage it later



Win - Win

- How do we achieve a win-win?
 - Never narrow negotiations down to just one issue
 - Different people want different things
 - Price is not always all-important
 - Be patient—80% of the progress will be made in the last 20% of the time for negotiating



Win - Win

- How do you know you have achieved a win-win?
 - Both sides feel positive about the agreement
 - Both sides feel the other side saw them as a person
 - Both sides feel the other side was ethical and fair
 - And most important: **Each side would deal again with the other**

Before you sit down at the table

- Have you completed the Negotiation Planning Tool?
- Do you have an agenda?
- Do you have the information you need to negotiate?
- Is the environment right?
- Is everyone on the same page?





Fundamental Communication Practices

- Introductions
- Speak clearly
- Eliminate Distractions that move you away from your agenda
- Take charge
- Think Strategically
- Put proposals in terms that they care about
- Memorize names and use them
- Recognize attitudes and respond to them



Art of Questioning

Leading questions:

- Can be answered “yes” or “no” but lead to further clarification

Examples:

- You have some flexibility in your price, don’t you?
- Since we are paying for the software development, you are willing to transfer the IP rights to the Church, aren’t you?

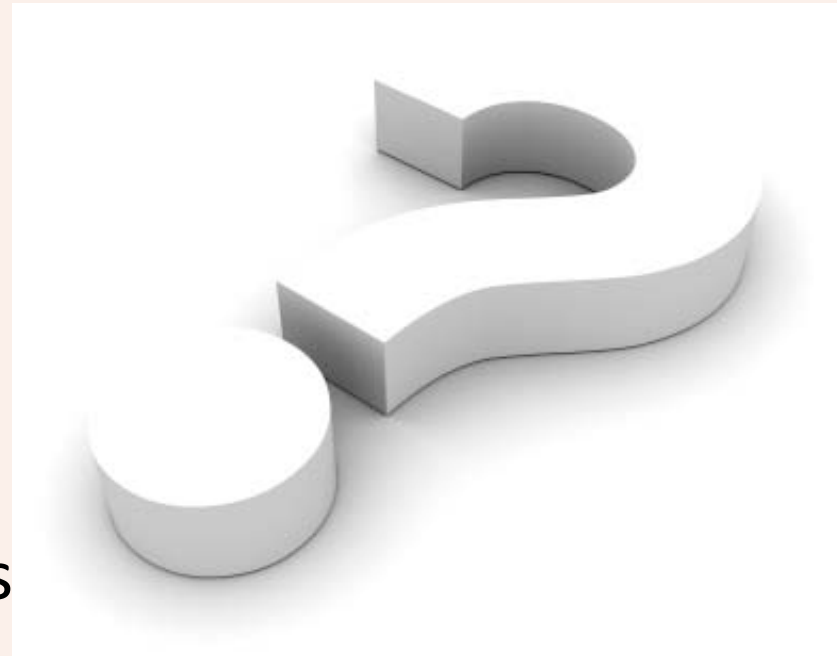


Art of Questioning

- Suggestive Questions
 - Offer a choice, both of which accomplishes your objectives
- Examples
 - Would 2% 10 work for you or would you be interested in a quicker payment—say, 3% 5?
 - During the implementation, do you want to take advantage of our hotel and air contracts through our travel department or do you want to just set a designated amount and make your own arrangements?

Art of Questioning

- “What if?”
 - Effective because it avoids boxing the other party into a corner where a position is stated
 - It invokes a discussion where creative solutions can be discovered
 - “What if we were to share the risk by ____”





Art of Questioning

- Open-ended questions
 - Feign ignorance but capitalize on the natural inclination to show what one knows and provides valuable information
- Examples:
 - “The lowest we could go is cost plus 10%”
 - “I’m sorry. I’m not sure I know what you mean by ‘cost’.”
 - “Well, it’s a formula accounting uses.”
 - “But you have a general understanding of what your company considers as ‘cost’ don’t you?”
 - “Well sure. It’s _____”



Art of Questioning

- Answering Questions
 - You don't have to answer every question
- Examples:
 - “That's an excellent question. I'm not sure I am the best person to answer that. Let me find out and get back to you.”
 - “That question is a good one. We'll need some time to think it over. Let's talk about some of the other issues first.”



Listening

- Conversational Clues
 - “In my humble opinion”
 - “As you are aware” or “By the way”
 - “I’m just a country boy.”
 - “This is really embarrassing”
 - “Off the top of my head”

Body Language

- Watch for changes in body language, then check out your perceptions
- Mimic emotion and movement to build quick rapport





Practice!

- Among people you don't know, try to determine the relationship and roles of groups of people
- Who is the boss? Who is the employee?
- Who is outgoing? Who is shy?
- Which couple is having an argument?
- Who is going to pay? Why?



Negotiation Process

- Focus on solving problems
- Focus on the future
- Focus on the facts

Timing

- The Lord's timetable
- Have a plan
- Critical timing elements
- Be patient
- "Ripe" time to negotiate
- Time to be done





Using Deadlines

- In favor of the person who sets the deadline
- Work with your customer to set deadlines that you can reasonably meet
- If a deadline is imposed upon you that you can't meet ask for an extension well before the deadline and for more time than you need



Persuasion

- Understand their story
- Be open to persuasion
- Be both empathetic and assertive
- Frame proposals in terms they care about
- Seek agreements that feel fair to both sides
- Tell stories as well as using facts and logic
- Anticipate potentially disadvantageous arguments
- Acknowledge feelings and emotions



Negotiating Price Video

negotiating with your dentist
in a businesslike manner



Negotiating Price

- Is the deal only about price?
- Where is their bottom line?
- Shape their perceptions of your area of agreement
- Set an ambitious target price or goal
 - Above your minimum requirements
 - Considers no-deal options
 - Firm as your information



Negotiating Price

- Consider making the first offer
- Try to make them extreme but credible
- Influence their perception
- How do you respond to their offer?



How do you deal with extreme positions?

- Make sure they can back up their extreme position? Challenge them
- If it is unacceptable tell them that
- Change the subject
- Analyze it a different way



Negotiating Price Example

- You are trying to negotiate a lower price for a one off item for a large statue in This is the Place State park. The price the company gave you was 15% higher than you thought it would be.
- What would you do to negotiate the price lower?



Recognizing Tactics

- Deadlines
- Good Guy / Bad Guy
- Facts, Averages and Statistics
- Missing Person
- Time Pressures
- Escalation
- Bad Behavior
- Limited Authority



Negotiations Gone Bad

What do you do when negotiations go bad?

- Ask questions
- Call “time out”
- Reassess
- Look for ways to regain the offensive

Phone Negotiations

- How is negotiating over the phone different than negotiating in person?
- What should you be aware of when negotiating over the phone?





Negotiation Role Play

- Goal to provide you with great examples for how to conduct a negotiation.
- Watch the role-play and take notes on your Observation Forms.



Summary

- Seek Win-Win agreements that will benefit both sides
- Practice questioning and non-verbal communication techniques
- Identify strategies and tactics that would be helpful in your negotiation and find ways to use them.
- Recognize inappropriate negotiation tactics



References

Books

- 3-D Negotiation by Lax and Sebenius, 2006
- Getting to Yes by Fisher, Ury, and Patton, 1999
- You Can Negotiate Anything by Herb Cohen, 1982
- The Negotiating Game by Chester L. Karrass, 1992
- Getting Ready to Negotiate by Roger Fisher and Danny Ertel, 1995

Online Learning Course and Booklet

- Honesty in the Heart: Ethics in the Workplace