



Foundational Learning



Workflow Learning



Performance Learning

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Ten Tips For Successful Negotiations

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Ten Tips for Successful Negotiations

- Ethics First
- I Suggest the Dr. Spock Approach
- Brain Surgery may not be Necessary
- Be Quiet and Listen Loudly – Very Loudly
- The Dog Ate my Homework
- What Matters Matters Much
- Timing is Everything
- Build Your Dream Team
- Afraid to Disagree?
- Checkers Anyone?



Ethics First

- Your Goal: Have your stellar ethical reputation always proceed you
- If you spot a mistake (for or against you) speak up
 - It may save a job and it is the right thing to do
- If a person is under a false impression – straighten them out
- If you cannot keep a promise – do not make it
 - Put a promise in the contract
- Ethics is not giving something up for free
 - Proper consideration is required
- Ethics is staying within your negotiation limits
 - Is a three fingered hand-shake permissible?



Dr. Spock

- Do not get emotional – it is only business
 - They did not agree with me – those %\$#@%##@ @
 - Can they not see the logic????
 - Why don't they understand we only want to pay once?
 - I had to travel coach and so will they!!!!!!
 - They do not answer my e-mails. I will not answer theirs
 - I am the Contracting Officer!!!!!!
- The mute button does not always work and you cannot un-ring the bell!
 - Cruella Deville making statements about my heritage did nothing to enhance her position – That son of a #\$\$@ @&*\$#
- You cannot go wrong being businesslike – Emotions Distract!



Brain Surgery is not Necessary

- Price negotiation is the best estimate at a particular point in time later impacted in part by:
 - World economics
 - Business base volume changes
 - Contractor changes/Government changes
 - Labor base changes
- However:
 - Challenge liberal estimates
 - Question generalized statements
 - Question estimates and/or statements that lack support



Listen Loudly – Very Loudly

- People love to talk – Don't
 - Listen to understand what is important – it may not be price alone:
 - Schedule
 - Quantity
 - Alternate process
 - Future business
- Excessive talking can deteriorate a position
 - Some will concede to succeed
 - After you have explained your position – shut up!
- Listen to hear the other parties definition of success
 - Make them a hero
- When you do talk – Make eye contact, speak up, and be succinct



The Dog Ate My Homework

- Be prepared by doing your homework – faking it don't get it
 - Do actuals support?
 - Is the business base increasing or decreasing – why?
 - What did you pay for it last year – this is just one data point
- Lack of preparation wastes time and money
 - Meetings scheduled with the right people with correct authority
 - Where to meet, support tools, business like atmosphere
 - Support data at the table and organized
- Take detailed notes in the current negotiation – echo them back next year
 - Use previous agreements and their statements to support your position
 - “I promise we only need the research hours this one time”
- Exchange information



What Matters Matters Much

- If it matters, focus on it
 - Hours vs. Labor Rates – which is the most important?
 - Indirect Rates are Important
 - Material adds up quickly
 - Subcontracts may be more important than the prime's cost
- People focus on elements they understand which are often immaterial
 - Travel – trips/rates/number of people – if no agreement then write a clause and move on – too much time is wasted on travel
- Look for alternative solutions to fulfill various business objectives: I mentioned schedule, quantity, future business
- Be open and share information
- Frame as opportunity not risk



Timing is Everything

- Do not get in a hurry - Those in a hurry typically lose
- Those who want to go home lose
- Capitalize on the adversaries pressure points
- When it gets late in the evening, timing is right for a deal
 - My guess – 80% of deals are made on Thursday evenings after 1600
- Know the contractor's fiscal year
 - Booking sales is important – Can a bonus drive a decision?
- Deals are struck when one truly believes that money is going away
- Timing includes:
 - Introducing or deleting options
 - Awarding options if possible



Build Your Team

- My Dream Team:
 - Experienced and flexible Contracting Officer and specialist
 - Pricing individual that knows cost elements and knows what type of document(s) will support a position
 - A technical team lead that understands a contractor is not superhuman
 - Contractors do not accomplish 3 hour tasks in 1 hour
 - The team understands the concept of Single point of decision making
 - Does not include rogue players
 - A team that understands negotiation, by definition, means you will not get everything your way 100% of the time
 - Build your capabilities:
 - Participate in a variety of negotiations with many contractors
 - Work in pricing arena for a minimum of three years



Afraid to Disagree?

- If you are afraid to disagree then question your role as the team lead
- Disagree nicely
- Ask for what you want
- Be prepared to walk away - It is amazing what this will do for the next negotiation
- If someone is proposing insanity - point it out to them in a nice way
 - A sense of humor helps
 - A matter of fact statement without emotion resets the baseline
- Never be afraid to ask questions – weak answers make it easy to disagree
- If a person has a strong personality, review the listen loudly slide
- If a person has an overbearing personality and becomes emotional with you – Cuss them out (*just kidding*)
 - If a negotiation becomes personal – back away



Checkers Anyone?

- Negotiations is like checkers
 - Request the opponent provide an opening position at the table
 - If higher than the previous proposal challenge their number and request a new opening offer
 - Try for the two to one – Attempt to have the opponent move twice to your once during the negotiation – potential comments:
 - That was not a real move/That was just adjusting for what we agreed/That was just correcting mistakes
 - If possible, keep your objective at the difference split
 - Never number your offer as x of X – infers it is not the last
 - Never give a Best and Final - unless it is
 - Never let the deal be elevated without your direct involvement
 - Your goal is to make the opponent believe your offer is the last offer



Additional Sources

- Contract Pricing Reference Guides (Vol 5) Negotiations – Federal Contract Negotiation Techniques
 - <https://acc.dau.mil/CommunityBrowser.aspx?id=406579&lang=en-US>
- The internet – Google: “Negotiation Tips”

Contract Pricing Reference Guides

The Contract Pricing Reference Guides are a set of reference volumes that were developed jointly by the Federal Acquisition Institute (FAI) and the Air Force Institute of Technology (AFIT). The Guides are now maintained by the Office of the Deputy Director of Defense Procurement and Acquisition Policy for Cost, Pricing, and Finance. The Guides were developed to provide instruction and professional guidance for contracting personnel. They provide detailed discussion and examples applying pricing policies to pricing problems.

The Guides are posted at the Acquisition Community Connection (ACC), under the Contracting ACC Practice Center



Contact Information

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