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# PROJECT COMMUNICATION & NEGOTIATION

## Negotiation Process

by

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# Chapter Description

- **Aims**
  - Importance of negotiation process in project management
  - Different stages in negotiation
- **Expected Outcomes**
  - Negotiation process in project management can be understood.
  - Activities in different stages of negotiation can be understood
- **Other related Information**
  - Responsibilities of different parties in negotiation.
  - Indicators of successful negotiation.
- **References**
  - Panda, S. (2017), *Managing Performance for Excelling Organization- A Practical Approach*, Penerbit, Universiti Malaysia Pahang.
  - Campbell,, M. (2009), *Communication Skills for Project Management*, New York, NY: AMACOM.
  - Hames, D.. (2012), *Negotiation: Closing Deals, Settling Disputes and Making Team Decisions*, Sage.



# Negotiation Process

## Stages in Negotiation

- Negotiation is considered as one of the key functional components of project management.
- It is the responsibility of a project leader to take an active role in setting the field for negotiation.
- A well prepared team can contribute better to a successful negotiation. Starting from discussing with client and ending with handing over the project, negotiation can be considered as a connecting functional link between the client and the consultant or consultancy firm proving the requisite project.
- Negotiation is required in different stages of a project.
- Negotiation is to be done with different stakeholders as per requirement of the project.
- There are different stages in negotiation.
- Preparedness, execution of negotiation skills, understanding parties and proper use of conflict management styles shall help in bringing success in negotiation.
- Negotiating parties should be ethical.
- After the agreement, both parties have to follow the norms of the agreement. Any deviation or violation in the negotiated agreement shall bring confrontation between the negotiating parties which ultimately has negative implications in future.
- If a negotiation fails, both the parties are responsible. One party either could not convince or another party could not understand properly.
- One has to understand different stages in negotiation and accordingly, different issues and activities have to be taken care by negotiating parties.



# Negotiation Process continues....

- Negotiation process is comprising of three stages viz;
  - Pre-Negotiation Stage
  - Negotiation Stage
  - Post-Negotiation Stage
- In the first stage, the deal has to be prepared.
- In the second stage, the deal has to be made.
- In the third stage, the deal has to be closed.
- Maintenance of long-term relationship and how to bring amicable solution of the conflicting issues should be kept in mind in negotiation. In this direction, both the parties have to take responsibility.
- In stage one of negotiation, each party should be concerned for own needs, expectations, approach and issues to be communicated in negotiation.
- The dealing points should be focused and assertive communication should be followed at the time of bargaining as per requirement of the deal in negotiation.
- In the second stage of negotiation, dialogue should be exchanged and proper business etiquette to be followed. The points are discussed one by one. There should not be too much rigid or flexible in dealing with points. If any point is disagreed by other party, enough care should be taken and efforts should be put for convincing so that in later stage coming to agreement would be easier.
- The facts, figures, contextual factors impacting the deal and other aspects should be kept in mind in dealing different issues.
- The points and issues have to be thought from broad perspective. Negotiating parties should listen to each other. The points should be quite valid and full of strong base.
- Efforts should be taken to make 'win-win' approach in negotiation.
- The closing stage brings documentation of the deal. Both negotiating parties have to clarify their roles which is helpful for avoiding the creation of any conflicts relating to negotiating issues.
- There should not be any scope for future conflict.
- Efforts should be taken to make a fair deal.
- Preparation of contract, negotiation outcomes, negotiation summary, signature of both parties and suitable effective plans for agreement administration measures should be considered in negotiation.



# Negotiation Process continues...

- The process of negotiation is as follows:



# Negotiation Process continues....

- Successful negotiation should consider the issues and points beyond the short-term gains & relationship.
- Copies, records and any files and information should be kept with proper care.
- The contents of the agreement should be kept confidential if it is considered that any reveal of any content of the deal is going to be detrimental to any of the negotiating parties.
- The deal should not be made or revealed to public if it is not required.





# Conclusion of The Chapter

- Conclusion #1
  - Negotiation is an important functional component of project communication and management.
  - The process of negotiation has three stages.
- Conclusion #2
  - Both parties in negotiation should take responsibility for making the deal success.
  - Long-term relationship should be considered in negotiation.
  - Both the negotiating parties should be committed to the negotiated deal.



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