

Ch 6 - Bargaining Techniques

- 6.1 - [Rule 1: Be Prepared](#)
- 6.2 - [Rule 2: Aim High](#)
- 6.3 - [Rule 3: Give Yourself Room To Compromise](#)
- 6.4 - [Rule 4: Put The Pressure On The Contractor](#)
- 6.5 - [Rule 5: Do Not Volunteer Weaknesses](#)
- 6.6 - [Rule 6: Use Concessions Wisely](#)
- 6.7 - [Rule 7: Say It Right](#)
- 6.8 - [Rule 8: Satisfy Non-Price Issues](#)
- 6.9 - [Rule 9: Use The Power Of Patience](#)
- 6.10 - [Rule 10: Be Willing To Walk Away From Or Back To Negotiations](#)

Ten Rules for Bargaining Success. You do not have to use a particular negotiation style to become a successful negotiator, but your chances of success will improve when you adopt 10 basic bargaining rules followed by win/win negotiators. These rules constitute the most important guidelines on what to do and what not to do in order to attain mutually satisfactory results in Government contract negotiations.

6.1 Rule 1: Be Prepared

Importance of Preparation. Successful negotiators are generally the best prepared negotiators. No amount of negotiator experience, skill, or persuasive ability can fully compensate for the absence of preparation. Moreover, none of the other bargaining rules can be entirely effective without preparation.

Adequate preparation by the Government negotiator is essential. When contractors are better prepared than Government negotiators, they have an important bargaining advantage. Although members of the contractor's team may not spend any more time on this contract than the Government, the cumulative preparation time they have spent selling the same product over and over again may give them an edge over individual buyers. Moreover, contractors usually know more about their relatively unique product or service because it is the reason they are in business and, after all, they produce it and may have even invented it.

Negotiator's Perception. Several surveys have shown that many Government contract negotiators do not understand the importance of negotiation preparation. They rate it far down on a list of factors that affect negotiation success. Why would that be true when all the experts say that preparation is essential for negotiation success?

- Perhaps the negotiators surveyed are not aware of the amount of preparation that is really necessary before the negotiation begins. In fact, everything you do from conducting market research to conducting exchanges with the contractor is preparation. It all affects the probability that you will be able to attain a successful outcome in contract negotiation.
- Perhaps they are aware of the importance of preparation, but they do not feel that they have time to prepare well for each negotiation. It could be that they do not have time because they do not prepare well. Poor preparation leads to poor contracts that require constant clarification, modification, and of course more negotiation.

Preparation Dividends. Adequate preparation for most negotiations includes a careful study of the strengths and weaknesses of both positions along with a study of the needs of the other party and the ways to satisfy those needs. Successful negotiators realize that a relatively small amount of preparation in these areas is well worth the effort. In fact, no other aspect of negotiation continually pays better returns than preparing for the upcoming bargaining session. Conversely, poor preparation adversely affects your chances of success. side way out of proportion to the time saved. Since there is just no substitute for good preparation, you should never negotiate an issue unless you are adequately prepared.

6.2 Rule 2: Aim High

Importance of Aiming High. The slogan "aim high" has a great deal of relevance for successful negotiators because the expectation level of negotiators is closely related to the outcome of the negotiations. Expectations are the gauges by which people measure their performance. Generally, the higher your expectations, the better you will ultimately perform. The reason for this relationship

is that expectations influence your behavior and that behavior influences the outcome of the bargaining session.

Power of Positive Thinking. The strong correlation between expectations and performance should come as no surprise because it affects many facets of our lives. Norman Vincent Peale focused on the importance of a good attitude in his book, *The Power of Positive Thinking*. In other words, you have a better chance at success if you think you will do well. Conversely, if you think that you will not succeed you will generally do poorly. This theme is constantly demonstrated in everyday life. For example, sports coaches motivate team performance by emphasizing that the team can win if it plays up to its potential. What would happen if instead the coach said, "They are bigger and stronger than you are, so just go out there and try not to get hurt?"

Laboratory and Classroom Experience. Laboratory and classroom experience confirms that, under identical circumstances, sellers who expected to receive more for their product (high seller expectation level) generally received a higher price than sellers with lower aspirations. Similarly, buyers who expected to pay a lower price (high buyer expectation level) tended to pay less than their counterparts who faced identical pressures but had lower expectation levels.

Pressures and Limitations Affect Expectations.

Negotiators, like people in general, are naturally more aware of the pressures and limitations affecting them than they are of the pressures and limitations affecting other negotiators. As a result, buyers are often willing to pay more than necessary, while sellers are often willing to accept less than necessary.

The private sale of an automobile provides a good example of this phenomenon.

- Private party sellers frequently sell their cars for less money than what the vehicles are actually worth because the sellers are **more aware** of their own personal pressures and problems related to the sale. These sellers have no knowledge of the pressures facing the nameless strangers who respond to their newspaper ads.
- Similarly, car buyers are often acutely aware of the personal pressures associated with their car purchase

- (e.g., their urgent need for transportation) and know little or nothing of the pressures facing the seller.
- The party that best understands these pressures will normally have more success in the negotiation process. This ignorance of the pressure facing the other party explains why the expectation levels of otherwise good negotiators are frequently not as high as they should be.

Make Positive Assumptions. The key to establishing high expectations is developing positive assumptions about your bargaining position. Positive assumptions lead to high expectations while negative assumptions lead to low expectations.

The \$18,000 blue book value of an automobile is a good illustration of this phenomena.

- Many sellers will assume that \$18,000 is the most they could get for the car.
- Sellers with positive assumptions will assume that the blue book price represents an average price which means some cars sold for more than \$18,000 and some for less. They expect to be among the sellers to sell at higher than average price. Making this favorable assumption will normally increase their success in negotiations.

Always Aim for a Win/Win Outcome. In Government contract negotiations, high expectations should be more than just obtaining contracts at good prices. You should "aim high" by striving for win/win outcomes with high expectations on both price and on non-price (e.g., contract requirements) issues.

Aiming high must not conflict with a win/win approach to negotiation. High expectations include good quality, timely delivery, and a mutually beneficial long term relationship. Moreover, there is typically a range of prices that you could consider fair and reasonable. Having the expectation of negotiating a contract price below your minimum estimate of a reasonable price is not a win/win approach. Aiming to negotiate a price that is not fair and reasonable will likely result in a win/lose or lose/lose outcome.

6.3 Rule 3: Give Yourself Room To Compromise

Importance of Giving Yourself Room to Compromise I. Compromise is essential to successfully conducting most negotiations. Even the most skilled bargainers must make concessions in order to obtain successful outcomes. Yet, many negotiators are unable to make material sacrifices because their opening position is too close to their expectation level. Consequently, their inability to compromise often leads to feelings of frustration by both parties which can preclude a mutually satisfactory agreement. You can easily adhere to this rule by establishing an opening position that allows you to compromise and still reach your objective.

When negotiating contract price, Government negotiators should normally present an initial position below what they feel the ultimate price will be in order to be in the position to make concessions before agreeing on the final price. In contrast, contractors should normally ask for more than what they expect so that the other party will be satisfied with a compromise that is still within the Government's range of acceptable outcomes.

Compromise Takes Planning. Whenever you review the proposal and related Government analyses there is a temptation to only develop one position, the Government objective. In developing that objective, you typically consider many compromises from positions taken by one or more Government analysts.

If you only present the Government objective to the contractor, the contractor's negotiator will never fully understand the compromises that you have made in arriving at that position. Instead, the contractor's negotiator will think that you are inflexible.

Instead, you need to develop a variety of positions that will permit you to demonstrate a range of apparently fair and reasonable positions. They will also permit you to demonstrate flexibility in making the concessions needed to reach a mutually satisfactory result.

Examples of Compromise Expectation. In some cultures the price of everything is negotiable even the price of food or the price of a taxi ride. In the United States, we assume that the prices of these basic items are fixed, but expect

the prices of larger items (e.g., an automobile or home) to be negotiable. We normally expect sellers to start high and negotiate down and buyers to start low and negotiate up.

When compromise is expected, you may be penalized for having an opening position too close to your objective. For example, you may have a difficult time negotiating a \$170,000 sale price for your home when your initial asking price is \$170,000. The reason for this difficulty is straightforward. Americans are culturally conditioned to expect the actual sale price for homes to be less than the asking price.

Automobile dealers have long followed this rule by using sticker prices that are higher than the prices they expect to receive for their cars. This practice makes it easier for the salesperson to negotiate a good price for the dealership. But just as important, buying the car at a discount instills satisfaction in the buyer, who feels that a good deal was obtained because the agreed-upon price is below the sticker price.

Penalty for Not Giving Yourself Room to Compromise. Some negotiators feel that the best way to obtain a quick settlement is to make a first counteroffer at or very close to their objective. Then they do not make any further concessions.

Actually the effect of such positions may be to extend negotiations and even result in a lose/lose situation. Why?

The contractor's negotiator expects compromise during negotiations. The Government's favorable offer raises the negotiator's expectations. The negotiator may be able to settle immediately based on the Government's offer, but negotiations continue because a better deal for the contractor now appears likely. When the Government fails to offer further compromise, the negotiator's expectations are lowered. As a result, the negotiator often becomes frustrated and even angry. Negotiations may actually last longer and end with little satisfaction on either side from any result obtained.

Caution. Never establish an unreasonable position just to give yourself room to compromise. Such positions are normally counterproductive because they often cause the

contractor's negotiator to view you as a win/lose negotiator.

Guard against this predicament by supporting your opening position with a valid rationale based on available facts and reasonable judgments. In Government contracting, your opening position should be your minimum position in the range of fair and reasonable prices.

6.4 Rule 4: Put Pressure On The Contractor

Importance of Putting Pressure on the Contractor. Because of the pressure inherent in every negotiation, success in negotiation stems in large part from the ability of a negotiator to increase pressure the other negotiator while at the same time limiting the pressure on themselves. You can often accomplish this by following some simple procedures which will reduce your stress while increasing the pressure on the other negotiator.

Consider Pressures Facing the Other Party. Bargainers are naturally more aware of their own limitations and less aware of the pressure on others. Fortunately there are several ways you can alleviate this weakness.

- Believe that there are unknown pressures facing the other negotiator. Just believing will alleviate some of the pressure on your position.
- Attempt to identify specific pressure elements as part of your preparation for negotiation.
- Listen and watch during negotiation to identify cues on the pressures affecting the contractor's negotiator.

Consider Competitive Alternatives. In non-competitive negotiations, just the hint of potential competition might pressure the prospective contractor into being more conciliatory and innovative in meeting the Government needs. For example, you can put a great deal of pressure on the prospective contractor by referring to potential alternatives, such as:

- Canceling and resoliciting;
- Changing in product requirements to encourage competition;

- Changing terms and conditions to encourage competition;
- Investing in new source development; or
- Performing the contract requirement with in-house Government resources.

Resist Artificial Pressures. Do not let artificial pressures, such as the perceived stature or the impressive credentials of the contractor's negotiator, increase the negotiating pressure on you.

- Nicely furnished offices in prestigious locations along with great sounding job titles should be of no help at negotiations unless you allow yourself to be influenced by these fake pressures. For example, the fact that the contractor's negotiator is a company vice-president should not be any more stressful than if you were negotiating with any other salesman. In some company's every salesman is a vice-president, because the perceived stature of this job title often gives them leverage over insecure buyers.
- Do not allow certifications adorning walls or listed on business cards intimidate you into thinking that owning the credentials makes the negotiator an expert on the issues under negotiation.

6.5 Rule 5: Do Not Volunteer Weaknesses

Importance of Not Volunteering Weaknesses. Never volunteer information that would weaken your negotiating position or enhance the bargaining position of the contractor. Although this rule is only common sense, it is often overlooked because most people are candid and forthright by nature.

Be Honest But Be Careful. Honesty and ethical behavior are always paramount in any Government negotiating session. However, you do not have to be dishonest to avoid volunteering weaknesses. There are many ways to respond to questions without telling falsehoods or volunteering information detrimental to your bargaining position.

You can normally adhere to this rule by carefully wording statements or by avoiding a direct response to a direct question. For example, when selling a car the owner is commonly asked, "Why are you selling your car?", the

seller could volunteer a weakness by saying, "My car is a gas guzzler." Alternatively, a seller not wanting to disclose the poor gas mileage could avoid revealing the weakness and still be honest by saying "I want to get another car" or "I just want to drive something different" or "I just want to sell my car."

Penalty for Needlessly Disclosing Weaknesses. Examples abound of negotiations where Government personnel needlessly disclosed weaknesses and that disclosure resulted in higher contract prices.

- Without being asked, an Air Force engineer admitted during negotiations that the contractor's proposal of \$3.5 million was overly generous because the commanding general wanted the contract and \$10 million in funding was available for the work. As a result of this admission, the contracting officer believed the negotiated contract price was thousands of dollars more than necessary.
- A Navy negotiator inadvertently divulged information on the extreme importance of completing a construction contract on time. Because of this admission, the contractor's negotiator correctly concluded that the Government had a short deadline and would not have enough time to solicit other offers from competitive firms. This knowledge significantly weakened the Government bargaining position, resulting in a higher than anticipated contract price.
- An attempt by a contractor's negotiator to invoke pity on his firm by disclosing that the firm was behind on payments to subcontractors backfired when the Government negotiator unfairly took advantage of this weakness. Unfortunately, in response to this disclosure of weakness, the "win/lose" Government negotiator was able to negotiate unreasonably low contractor overhead rates.

6.6 Rule 6: Use Concessions Wisely

Importance of Using Concessions Wisely. Because compromise is a vital part of contract negotiations, most successful negotiators are masters of when and how to make concessions. The concessions that you make, when you make

them, and how you make them will all have a significant affect on the outcome of the negotiation.

Concession Amount. Do not appear overly generous or rush to make concessions. Concede slowly and in small amounts. Concessions too large or given too quickly may:

- Unnecessarily raise the expectations of the other negotiator. Instead of bringing the parties closer together, the increased expectations of the other negotiator may result in the two negotiators actually being farther apart.
- Give the other negotiator the impression that the concessions were not that important to you or that you are overly anxious for a settlement. Several small concessions will more clearly demonstrate fairness and reasonableness than one or two large concessions.
- Leave little room for further maneuvering.
- Be more than necessary to achieve a mutually satisfactory result.

Something in Return. Link your concessions with the spirit of compromise.

- Whenever practical, indicate your appreciation for previous concessions and emphasize the need for additional concessions.
- Never make a concession without getting, or at least asking for, a concession in return. For example, end concession statements by saying "provided that" to insure your sacrifice is linked to a concession by the contractor. Linking concessions may:
 - Make your concessions appear more valuable. Negotiators, like most people, generally put a higher value on something that requires a sacrifice on their part.
 - Force contractor concessions that otherwise would not have been made.

Equal-Concession Trap. Negotiators often demand equal concessions, particularly when negotiating contract price. For example, "We are lowering our price by \$100,000 and we hope that you can at least match that concession."

There are two major problems with demands for equal concessions.

- Equal concessions are only equal if you are equally far from your objective. The contractor may be \$300,000 above your objective and you only \$150,000 below it. If you both concede \$100,000, you would be left with little room to compromise.
- This demand is a form of bargaining on positions. Once you get away from the issues, it may be impossible to return. Win/lose bargaining may be your only alternative.

Splitting-the-Difference Trap. Splitting the difference is a form of the equal-concession trap. It is most often offered in price negotiations and it often sounds reasonable. However, there is no guarantee that the resulting price will be fair and reasonable. For example, if the contractor's position is unreasonably high and you are close to your objective, splitting the difference will likely result in a price that is not fair and reasonable.

Repetitive splitting the difference over relatively small amounts should be avoided. This technique often portrays the user in a win/lose vein as someone more concerned about small amounts than a win/win outcome.

If a contractor's offer to split the difference will not enable you to meet your objective, accept the offer as a new contractor position and continue negotiations from there. Remember that when the contractor's negotiator offered to split the difference, that negotiator, in reality, adopted a new negotiation position. If you refuse to split, the negotiator making the offer normally cannot easily retreat from it.

6.7 Rule 7: Say It Right

Importance of Saying It Right. The time-worn axiom, "It's not what you say but how you say it," aptly applies to the way successful negotiators communicate with other negotiators. The importance of good interpersonal relationships cannot be overemphasized. The reason for this is simple. You are trying to negotiate a mutually satisfactory result. **Even the most generous offer may be rejected when the contractor feels slighted or offended.**

Key Points to Saying It Right. There are several points that you should consider in your efforts to say it right.

- **Sell Yourself and Your Ideas.**
 - Show the politeness and cordiality that you would expect from a persuasive salesperson.
 - Think before you speak and try to anticipate possible negative reactions.
- **Never Use Provocative Terms.** For example, use "resolute" instead of "stubborn" or "incorrect" rather than "stupid."
- **Be Polite and Show Respect.**
 - Always address the contractor negotiators in a polite and respectful manner. It is particularly important to state disagreements in a tactful and businesslike manner instead of responding in a way that may appear as a personal attack. For example, a response to an unacceptable offer might be "We appreciate your efforts to resolve this issue, but we still have a long way to go," instead of a personal remark such as "That offer is an insult to my intelligence."
 - Using discourteous or disrespectful language only upsets the other negotiator and makes it that much harder to obtain a mutually satisfactory result.
- **Negotiate from Strength.** Use your strong points - be confident.
- **Be Personable, But Businesslike.** Learn names and use them. Do not use a person's first name or nickname if you feel that the person might be offended.
- **Keep It Simple.** Negotiators generally will be less willing to agree when they do not understand.
- **Never Personalize Differences.** For example, never disagree using personal pronouns. Refer to the "XYZ Corporation position" instead of "your position."
- **Emphasize the Need for Cooperation.** Both parties need to work together to resolve issues. For example, "We must work together to"
- **Speak in a Voice That Projects Strength and Confidence.**
 - Be careful not to sound insincere, tentative, or overly eager for a settlement.
 - Do not chance slighting the other negotiator by saying things in a condescending or angry tone of voice.

- **Be Cautious About Expressing Unrelated Opinions.** For example, you might make a seemingly inoffensive statement such as, "The Cubs sure whipped the Reds yesterday." This remark could have a negative effect if the other negotiator is a Reds fan or just doesn't like the Cubs or baseball.
- **Never Make Negative Personal Comments.** Be especially careful not to make negative comments about anyone involved in the negotiation process.
 - Negative comments about personnel on the contractor team will likely anger team members.
 - Negative comments about personnel on your team will make you seem petty and highlight discord within the team.
- **Be Calm And Don't Lose Your Temper.** Remain calm even when others make comments that provoke you. Continue to be polite even when the other side is rude or provocative.

Penalty for Not Saying It Right. Not saying it right can do irrevocable harm to the negotiation process. Making a true but unfavorable remark about another negotiator might set an adversarial tone for the entire negotiation. The offended negotiator might resist every offer, not because of the fairness or logic involved but because of the hurt feelings caused by the remark.

6.8 Rule 8: Satisfy Non-Price Issues

Importance of Satisfying Non-Price Issues. Most negotiations will not end in agreement unless both the price and non-price issues are satisfied. Yet, many negotiators enter negotiations with an awareness only of price issues facing each side and fail to identify important non-price needs of the contractor. In contrast, successful Government negotiators are able to identify the non-price needs of the other party and develop ways to satisfy those needs.

Never narrow down the objective of negotiations to just price issues. Look for non-price needs and the corresponding ways of satisfying the other party. Non-price needs are often difficult to identify because these issues are not specified by the other party. For example, the negotiation to buy a family-owned company includes more

than just bargaining the sales price of the business. Other important non-price issues of the seller should also be addressed, such as the desire to protect the jobs of longtime employees or the retention of the family name on the business.

Identifying Non-Price Issues. Common non-price issues that you must consider include:

- Technical requirements;
- Data requirements;
- Contract start;
- Contract type;
- Contract financing;
- Delivery;
- Options; and
- Government furnished property.

6.9 Rule 9: Use The Power Of Patience

Importance of Using the Power of Patience. The power of patience seems obvious. However, practicing patience is often harder than it sounds because of the pressure inherent in every contract negotiation. The quicker the negotiations conclude, the sooner contract performance begins and this natural pressure is relieved.

Nonetheless, you can use patience to:

- Increase the stress on the contractor's negotiator.
- Display resolve or firmness in your position by demonstrating to the other side that you are not overly anxious for a settlement.
- Dissipate the emotional feelings that surround certain issues by showing a willingness to proceed through negotiations or, when necessary, slow them.

Quite often the extra negotiating time taken by patient negotiators translates into thousands and even millions of dollars in additional concessions. In one case, the Government negotiated a \$40 million reduction on a \$500 million contract by waiting for 2 days - instead of agreeing on price on the day requested by the Government program office.

Cultural Barriers. American negotiators are generally more impatient than negotiators from other societies. Patience is even sometimes seen as an undesirable quality by the American culture. In contrast, societies known to value patience as a virtue (e.g., the Japanese and Russians) produce negotiators whose patience enhances their bargaining skill. In fact, the Japanese believe that only a fool would quickly conclude a deal. Most successful negotiators would agree with that assessment.

Penalty for Not Using the Power of Patience. Research has shown that the best deal for both sides takes time. Under a controlled environment where both sets of negotiators had access to the same facts, the quickest negotiation sessions generally tended to have unbalanced or win/lose outcomes in favor of either the buyer or the seller. In contrast, the results of longer negotiation sessions based on the same information tended to be more even. These results demonstrated that achieving balanced outcomes takes longer because both sides need time to explain their positions and develop ways to achieve a mutually satisfactory result.

6.10 Rule 10: Be Willing To Walk Away From Or Back To Negotiations

Importance of Being Able to Walk Away from or Back to Negotiations. Deadlock cannot always be avoided and, in fact, is sometimes necessary when dealing with unfair or unreasonable parties. Even the best negotiators sometimes fail to come to mutual agreement and experience this lose/lose outcome. However, good negotiators are neither afraid to walk away from bad deals nor too proud to return to the negotiation table once they realize a better deal cannot be obtained.

Resolve to Walk Away. You should have the resolve to walk away from what a reasonable person would consider to be a bad deal. Emotions or time constraints should not prevent objective thinking or acting in the best interests of the Government. However, the Government team should objectively decide if a stalemate is in the best interests of the Government. For urgently needed items, it may be better for the Government to be on the losing end of a win/lose agreement instead of the losing end of a lose/lose outcome resulting from a deadlock. Nevertheless, the willingness to

deliberately deadlock when a fair deal cannot be obtained is extremely important because this attitude gives you the resolve to credibly apply other bargaining techniques.

Resolve to Come Back. You should also have the resolve to come back to the negotiation table after a deadlock. If you learn that a better deal cannot be obtained in a timely fashion elsewhere, do not let pride get in the way of renewing negotiations. Although it is usually better to let the other party make the first move after deadlock, you cannot be sure that will ultimately happen. But even when you make the first move, the other party will often welcome it because of the severe pressure on both parties caused by the deadlock.

Deadlocks are frequently caused by personality conflicts between the principal negotiators who let egos get in the way of a win/win agreement. Professionalism and a win/win attitude help prevent stalemates caused by personality clashes, but it is sometimes necessary to change principal negotiators in order to get the negotiations back on track.

Walkout Risk. A walkout or even the threat of a walkout may be used to your advantage during the conduct of the negotiation, but not without some risk. The risk is that it may be very difficult to get the negotiation started again and back on track. If your walkout or threat to walkout leads to a concession, it is a successful technique. If the walkout fails, however and your position is weakened because an extreme technique did not work, reconciliation will be difficult. Whenever a negotiation conference has reached a point where you think you should terminate discussion and walk out, consider the impact your walkout will have. When you believe the other side will perceive the walkout as a clear indication they should be more flexible, then the walkout may be appropriate. When the walkout would be perceived as a win/lose ploy, then do not walk out unless you have first tried everything else.

Stay Professional. When you believe that a contractor is about to walk out:

- **Attempt to Forestall the Contractor's Action.** You might suggest a break (e.g., hours, days, or even weeks) to give both parties time to think things over and review their positions.

- **Remain Professional.** Use words such as, "We sorry that you have chosen to end negotiations. If you change your mind, we are certainly willing to continue bargaining on the issues." An angry or frustrated reaction will likely not cause the contractor to reconsider. However, a professional reaction may prevent the impasse make it easier to restart negotiations at a later time.

Considering Your BATNA ([FAR 15.404-2\(d\)](#)). When a walkout appears eminent, you should always consider your best alternative to negotiated agreement (BATNA). Work with management to evaluate your current position and your alternatives. This evaluation should consider questions such as the following.

- ***Is the current Government position reasonable based on the available information?***

Unless there is a truly urgent requirement, such as a contingency operation, you must be willing to back away from unreasonable agreements. If the Government position is reasonable, you need to consider the remaining questions.

- ***What is your BATNA?***

If you believe that your position is reasonable and the contractor's position is unreasonable, you must ask the question "What happens if we cannot reach a mutually satisfactory result with the contractor?" Consider the effect on both current and future requirements. Sometimes an unreasonable negotiation result may be better than the available alternatives.

- ***What is the contractor's BATNA?***

Consider how badly the contractor needs the contract. It may be attractive for a number of reasons (e.g., employment of contractor resources, overhead allocation, or technology advances). It could be that the contractor has no equally attractive business opportunities.

- ***How can you make the Government position stronger vs. the contractor's position?***

You can make the Government's position relatively stronger by strengthening the Government's position or weakening the

contractor's position. One of the most effective ways of weakening the contractor's position is to introduce competition.

Return from a Walkout. Never walkout unless other alternatives appear more attractive. However, you must remain open to returning to the negotiation table if things change, particularly if the contractor becomes more reasonable. Knowledge of the relative strength of your negotiation position will define your power throughout the remainder of the negotiations.