

Not-for-Profit Industry

Negotiation is a Part of Nonprofit Life. 8 Strategies for Acing Your Next One

As a nonprofit leader, you engage in negotiations all the time. You might negotiate with a foundation over the scope of work for a funded project, with a major donor over the amount and purpose of funding, with staff over their job duties and terms of employment, with board members over aspects of a strategic plan, with sponsors over forms of recognition, with nonprofit partners over the structure of a collaboration, and with vendors over costs and discounts.

Successful negotiations are essential to effective nonprofit strategy and to achieving your organization's goals. Negotiation is a process by which parties share information and use problem solving to achieve mutually beneficial solutions. Yet many seek to avoid it—even nonprofit leaders working for important causes. More than 40 percent of U.S. employees [don't feel confident in their negotiation skills](#). Especially women: In surveys, [2.5 times more women than men said they feel "a great deal of apprehension"](#) about negotiating. Why?

Negotiating can feel like a form of conflict, and thus is stressful to many people. We may be afraid of seeming greedy. We may lack confidence about what we have to offer, or knowledge about how to value it. We might feel that our self-esteem is on the line, and we may worry about hurting the relationship with the other party and about being liked. Yet even though it can be nerve-wracking, negotiating pays off. Every day, valuable opportunities are missed because people do not negotiate.



Think about your last negotiation. Did you win or lose? This is actually a trick question. There is a completely different way to think about negotiation, one that is a great fit for nonprofit leaders: A successful negotiation is one in which both parties feel they have won. If one party feels they have lost, then the negotiation has failed and they both have lost. The “winning” party may have won in the short term, but in the longer term, that party may face a damaged relationship, hard feelings, retaliation, or a negative reputation. A successful negotiation leads to good relationships, repeat business, and good reputations—which in turn leads to further successful negotiations down the line.

Use the following 8 strategies to ace the next negotiation for your nonprofit.

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1. HONOR THE RELATIONSHIP AND ACT WITH INTEGRITY

Start by building rapport with the other party and continue to nurture it throughout the course of the negotiation. Explore how you are aligned with the other party, including what you value about working together and about what they are bringing to the table.

Never lie or use tricks. It is not the right thing to do—and if discovered, it may permanently harm your reputation and your negotiating power.

Share consistent information about costs and other factors. This information may travel beyond the negotiation and impact what others in your network expect of you. The most successful negotiations happen when the parties trust and respect each other. Act to establish and grow this trust and respect, both for the short-term outcome and for the long term.

2. PREPARE

Conduct research in advance to understand the factors impacting the negotiation. Consider all your options and alternatives. Bring numbers to the table to back up your position. The more concrete your numbers, the more the other side will take them into account.

3. KNOW YOUR ASPIRATION POINT, RESISTANCE POINT, AND BEST ALTERNATIVE TO A NEGOTIATED AGREEMENT (BATNA)

A critical component of being prepared is to know your **BATNA**—your best alternative to a negotiated agreement. Your BATNA is what you will do instead if you are unable to reach an agreement. For example, if you are negotiating roles and budget allocation on a joint project with a nonprofit partner, your BATNA might be that you find a different partner or that you drop your involvement in the project. It is important to know your BATNA and to research the other party's BATNA. The single best action you can take prior to a negotiation is to strengthen your BATNA. The better your alternative, the better your likely outcome.

Once you know your BATNA, think through your **aspiration point**, or your goal in the negotiation. It should be optimistic but realistic. Make your aspiration point specific, and back it up with a clear rationale.

Finally, before the negotiation, identify your **resistance point**. This is your bottom line and is often slightly better than your BATNA. If you can't achieve your resistance point, then making an agreement is not worth your while, and you will walk away.

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Clients enjoy working with experts who help achieve their objectives. Clients receive industry knowledge and solutions they need to not only reach, but to exceed their strategic goals.

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Sometimes, the most that one party is willing to give is less than the other party is willing to accept. In this case, ending the negotiation without coming to an agreement is the best result for both parties. This counts as a successful negotiation, so long as both parties maintain a good relationship, including by communicating with each other to understand why no agreement was mutually beneficial.

Belinda Lyons-Newman is principal and founder of [Lyons-Newman Consulting](#). She helps nonprofits prepare for negotiations by first completing a negotiations preparation worksheet with them. During this step, they clarify their game plan; identify their BATNA, aspiration point, and resistance point; explore ways to expand the pie (see below); and more to support clients to achieve the best possible outcome.

4. LISTEN, BUILD UNDERSTANDING, AND EXPAND THE PIE

One reason why people resist negotiating is that they assume it means dividing up pieces of a finite pie. This perspective, called “distributive negotiations,” is common in the U.S.—where it is synonymous with the concept of “zero-sum game.” However, almost all negotiations you will complete in life, and especially as a nonprofit leader, are actually “integrative negotiations.” In integrative negotiations, the parties seek to find common ground, create value for both parties, and expand the pie. Such negotiations involve relationships with potential downstream consequences, where a win-win mindset is essential. To succeed, listen and ask questions to learn about which factors are most important to the other party and why. Also, be sure to communicate to the other party which factors are most important to you and why.

For example, an advocacy nonprofit was negotiating a lease on a Bay Area office space that could accommodate many more staff members than were currently employed. The organization hoped to grow in the near future, but it wanted to avoid paying for portions of a large space that would be unused. Through conversation, the organization learned that the landlord had a need to fill the space immediately and was also interested in supporting the organization’s mission. The nonprofit proposed a “contingent contract,” an agreement where the terms depend on specific conditions that may occur in the future. The nonprofit agreed to pay a monthly rate that would grow over time if its annual budget increased to certain specified amounts. The nonprofit was able to lease a space with room to grow, at a rent it could afford—and the landlord was able to fill the space right away while benefiting from increases over time, as the nonprofit did raise more funds and hire more staff in the years that followed.

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In another example, a negotiation between two nonprofits that had overlapping programs led to the exploration of how to expand both programs, with each organization taking on specialized roles and even doing some joint fundraising for the work.

An executive director expanded the pie with a funder by exploring ideas for collaboration beyond just grant funding. As a result, the executive director gave a speech to the donor's funding network and received additional funding to provide other thought leadership, which benefited the funder and also led to additional funds and exposure to funding prospects for the nonprofit.

As a last example, two nonprofit organizations contemplating a merger expanded their pie by exploring various forms of strategic restructuring and collaboration, including sharing office space, sharing a staff position, joint fundraising, and more. By expanding their collaboration possibilities, the two organizations came to an outcome that furthered the missions of both.

A successful integrative negotiation requires first finding common ground and overlapping interests. Once you understand each other's interests, then work together to find value and expand the pie. Once you have expanded the pie as much as possible, then claim your part of it.

5. MAKE THE FIRST OFFER

Once you have listened, built understanding, and expanded the pie, then make the first offer. Contrary to the conventional wisdom that “whoever makes the first offer loses,” research finds a [strong positive correlation between making the first offer and good negotiation results](#). This is because the first offer has an anchoring effect on the conversation—it exerts a strong influence on the rest of the conversation and what is expected as an outcome of the agreement. As a result, whoever sets the first offer has a significant advantage, and you want to be the one to do this. (However, if the other side has much more information than you do about the item to be negotiated, or about the relevant market, it is best to let them make the first move).

People often want to let the other party divulge information as a way of learning more, but this is research you should do beforehand. When you make the first offer, it should be ambitious but realistic—your aspiration point.

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6. DISCUSS ALL ISSUES TOGETHER AS A PACKAGE

Talk about all the issues you want to negotiate together as a package. Don't come to agreement on one issue at a time—come to agreement on all the issues together. If you get stuck on one issue, move to other issues and come back to the stuck issue.

7. MAKE CONCESSIONS THOUGHTFULLY

After you have made an offer, wait for a response. Use silence and patience effectively. Avoid going in with a first and final offer; your negotiating partner will appreciate a sense of flexibility. Allow yourself room to make concessions. If you make a concession, have a clear rationale for making it and ask for something in return.

8. END THE NEGOTIATIONS POSITIVELY

Keep a good rapport all the way through to the end of the negotiation. Express positivity about working together and the issues you are negotiating. Thank your partner for the discussion.

The preceding is an article by [Belinda Lyons-Newman, MBA](#), principal and founder of [Lyons-Newman Consulting](#), a nonprofit management consulting firm that provides strategic planning and related services, including negotiation preparation, to nonprofit organizations and foundations. Reach Belinda at belinda@lyonsnewman.com or visit www.lyonsnewman.com.

Contact Us

If you would like to discuss how Cole, Newton & Duran's not-for-profit team can help your organization with its tax, accounting, or consulting needs, please feel free to give me a call.

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