

Life Cycle of the Award Series:

Part I:

Award Negotiation and Acceptance



Session Leaders:

- Craig Reynolds, Director, Office of Research and Sponsored Projects, University of Michigan
- Rosemary Madnick, Executive Director, Office of Grants and Contracts Administration, University of Alaska Fairbanks
- John Hanold, Associate Vice President for Research and Director, Office of Sponsored Programs, Pennsylvania State University
- Patricia Hawk, Assistant Vice President, Office of Sponsored Research and Award Administration, Oregon State University
- Martin Kirk, Director of Research Services, University of British Columbia

The Overview of Research Awards

- Overview of research awards
 - By award instrument
 - By legal awarding document
 - By sponsor type

Awarding Instruments

ASSISTANCE

- **GRANT**
 - Funding is being provided to the recipient to carry out research or another activity for the public good
 - No substantial involvement is anticipated between the government and the recipient
 - Project idea usually originated with applicant
- **COOPERATIVE AGREEMENT**
 - Roughly the same as a grant except the idea may or may not originate with the applicant
 - Substantial involvement between the government agency and the recipient is expected throughout the activity.
 - Both have CFDA numbers

PROCUREMENT

- **CONTRACT**
 - The principal purpose of the agreement is to acquire property or services for the direct benefit of the federal agency
 - Extensive involvement between the agency and the recipient is expected throughout the activity
- No CFDA Number

Overview of Negotiations

Defining Negotiation

Negotiation is the **process** in which parties that perceive one or more **incompatibilities** between them, try to find a **mutually acceptable solution**.

Stages of Negotiation

- Preparation
- Discussion
- Clarification of goals
- Negotiate towards a win-win outcome
- Agreement
- Implementation of a course of action

What would you do? (Case 1)

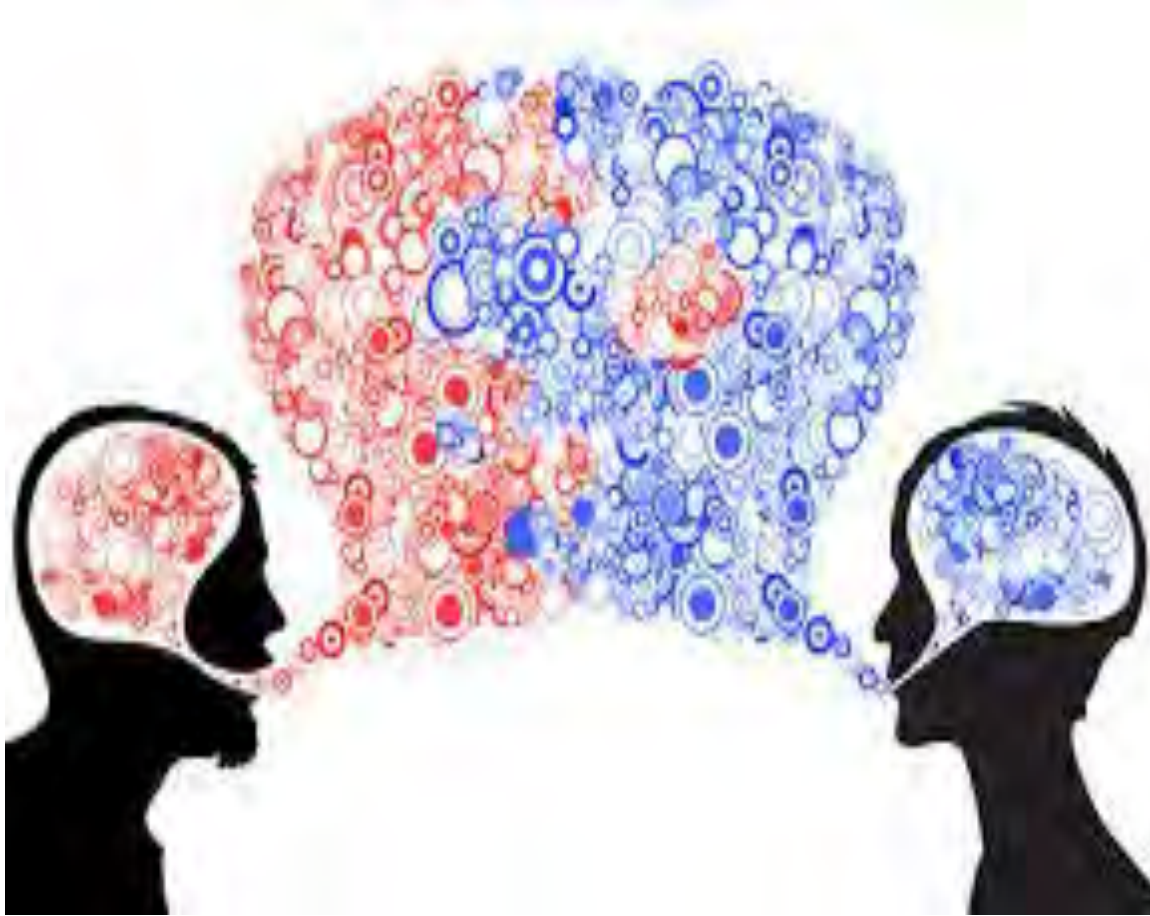
You've been on the phone for 20 minutes when the contracting officer starts screaming at you. He accuses you of asking for too much. He's paying for this research, and "the customer is always right." If you don't withdraw your requested changes by the end of the call, he's pulling the project.

The Negotiation Process

Pre-Negotiation

- Understanding the Institution
- Doing your due diligence
- Planning

Characteristics of Negotiation



- Two or more parties
- Conflict between needs and desires
- We *believe* we can do better by negotiating
- We should expect a “give and take” process

(Lewicki, Saunders & Barry. 2011)

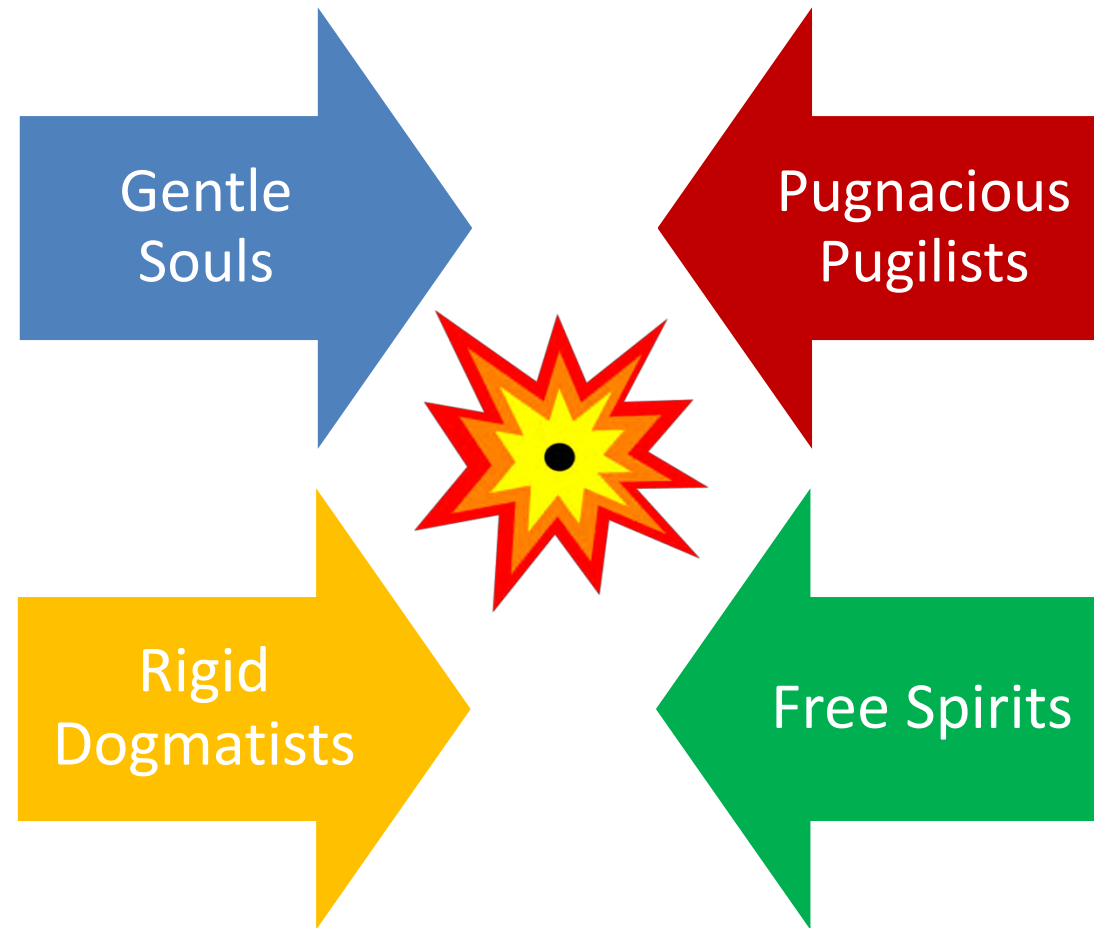
What would you do? (Case 2)

Your institution is receiving a subcontract from a small company. You've explained your concerns, but the small company is nervous about going back to their federal prime. They are afraid that if they ask for any changes, they won't look like a team player, which might hurt their chances to secure federal funding in the future.

Types of Negotiation

- Distributive Negotiation
- Integrative negotiation
- Informal negotiation

Types of Negotiators: Avoid the Extremes



Potential Barriers to Negotiations

- Parties may not be open about their desired outcomes.
- Parties may not be clear in their own minds about what they actually want to accomplish with their proposals.
- Parties may not reveal all of the truth regarding their positions to each other.

Potential Barriers to Negotiations

- Parties may not be willing to believe all that they hear from each other.
- Parties may not have the right negotiators.
- Parties may not be ready to settle.

What would you do? (Case 3)

You get on the phone for a scheduled conference call with your sponsor. Much to your surprise, your PI is on the line, too, apparently at the invitation of the sponsor. The PI says that the university is being unreasonable, and that she thinks the sponsor's position makes a lot more sense.

The Aim of Negotiation

- To reach a desired and durable result by including the interests of both parties
- To reach agreement efficiently and fairly using talents of all participants to solve problems
- To develop a shared sense of satisfaction from working together successfully

A Good Negotiating Outcome

- Better than alternatives
- Satisfies Interests
- The best among many options
- Efficient Process
- Realistic Commitments
- Leaves with a good working relationship

Negotiation Ethics

Unethical behavior:

Bullying a weaker party (e.g., a subrecipient or a small business)

Withholding or misrepresenting information

Showing a lack of consideration for the other party's interests

NOTE: Industry negotiators aren't always as "ethical" as we would like them to be. But that doesn't mean we can stoop to their level.

Negotiating Methods

The outcome of any agreement will reflect the extent and manner in which the parties deal with the basic methods of negotiation.

- Power
- Rights
- Interests

Management of Negotiations

Defining the Ground Rules

- Where will the negotiation take place?
- Will time constraints exist?
- Will there be any issues that are off limits?
- What happens if there is not any agreement?

Management of Negotiations

- Preparation
- Planning
- Administrative
- Communications
- Deal Making and Credibility
- Levels of Trust
- Closure

What would you do? (Case 4)

The contracting officer isn't very good at responding to your E-mails. Weeks go by, and sometimes he only answers some of your questions, ignoring others. When you call and explain your concerns, you get the impression that he doesn't really understand what you are talking about. Or care.

Meanwhile, your PI wants to know what is taking so long....

Problem Solving Techniques

- Brainstorming
- Consensus-Building
- Action Planning

The Expectations

- Reality Checking
- Objective Standards

Award Acceptance: Grants and Contracts

- Are the final terms acceptable to all parties?
- Do you need to consult others before accepting the award?
 - Unusual terms and conditions.
 - Significant liabilities or hidden costs.
 - Significant differences from the proposal. What is “significant?”
 - Award Amount / Timing / Duration / F&A rate / Cost Sharing / Scope
- Who needs to be consulted? How do you know?

Award Acceptance: Grants and Contracts

- Are there unresolved compliance issues?
- What does “acceptance” mean?
- Who is authorized to accept?

Two elements are essential:
Reasonableness and Flexibility

Questions?