



HANDBOOK

# NEGOTIATION SKILLS FOR NONPROFITS

Why negotiation is essential to fundraising,  
communications and partnerships.

NEGOTIATION &  
PUBLIC SERVICE



# WHY NEGOTIATION SHOULD BE AT THE HEART OF EVERY NONPROFIT

## INTRODUCTION

People who join nonprofits generally love the word cooperation. One cannot change the world alone: joining forces with others –colleagues, partners, donors– is the only way to do so. In the global fight around poverty, climate change, illiteracy and access to health care, Development Cooperation is the logical umbrella term. Negotiation, on the other hand, does not feature very prominently in the minds of non-profit professionals; neither does it often make the list of required skills in NGO job listings. More often than not, negotiation is perceived as a win or lose exercise in which two or more parties are dividing something of fixed value.

**One cannot change the world alone: joining forces with others – colleagues, partners, donors – is the only way to do so.**

This handbook covers the question why negotiation is essential to fundraising, communications and partnerships. Within this “negotiation triangle”, enhanced skills set can make the difference between success and failure.

**PERHAPS THE SINGLE  
LARGEST MISSED OPPOR-  
TUNITY FOR NON-PROFIT  
PROFESSIONALS IS TO  
DEFAULT TO FUNDRAI-  
SING AS A WELL-FRAMED  
BEGGING EXERCISE.**

Stefan Szepesi, founder of Negotiation & Public Service

# NEGOTIATING YOUR FUNDING

WITH INDIVIDUALS, FOUNDATIONS  
OR LARGE INSTITUTIONS



## POSITIONAL NEGOTIATION...

When my pitch to a donor is “you should fund this project because it is the best around”, that is a position a donor can respond to with either “yes” or “no”. Often it will be “no” because competition is fierce. Similarly, if my only focus is on donor’s official positioning on funding (e.g. “highest impact, value for money and proven concept”) I am likely to adjust my position to what is required. Even if funded, those adjustments are often not in my interest as they reduce the impact my organization is seeking in the field.

Positional negotiation has been proven to create less value for both parties and to lead to breakdowns (no deals) more often.

### DON'T

Approach donors with a story that appeals to their charitable instincts alone, and from a perspective of zero power on your own end, is very ineffective.

### DON'T

Limit fundraising to a high-quality pitch on the substance, i.e. presenting a better plan than your competition.

### DO

Conduct your fundraising strategy inspired by negotiation theory. It offers better odds.



## ... VS. INTEREST-BASED NEGOTIATION

When only pitching, fundraisers are (often unconsciously) engaging in a positional negotiation. By doing so they forego exploring the underlying interests of both the prospective donor and the soliciting organization. These underlying interests are usually diverse and at least partially hidden. In interest-based negotiation, it is essential to uncover the interests of the other side as well as clarifying your own.

Beyond sharply increasing your odds for funding, moving from positions to exploring mutual interests has another important effect. It widens the scope of potential agreement and provides you, the party requesting money, more leverage. Few fundraising professionals, for example, are comfortable asking for more than what they are initially offered. When you develop a relationship that is based on joint interests and creating value, this becomes easier. It also becomes more comfortable to say “no” to a donor’s particular demand without risking the relationship.

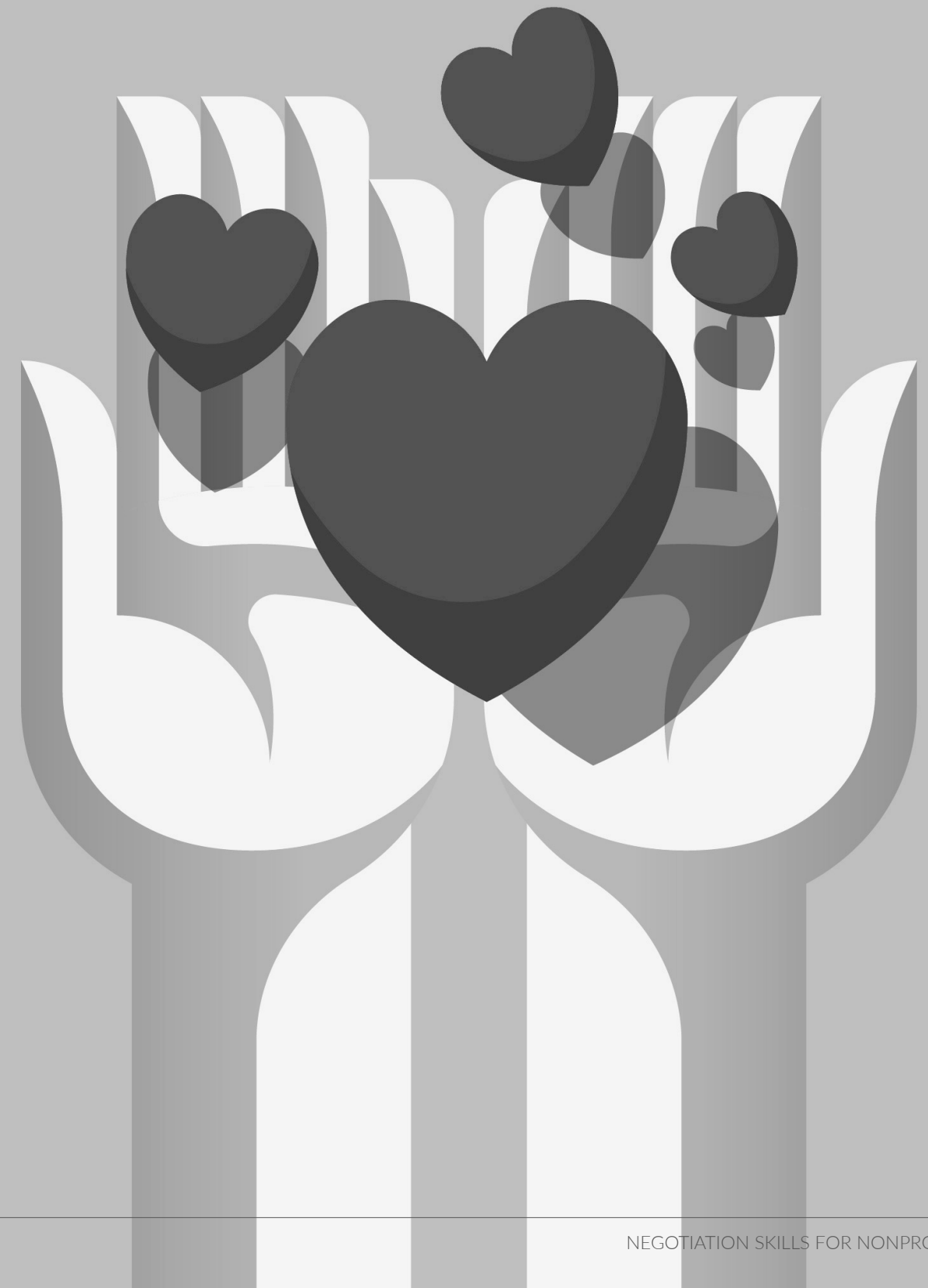
**Interest-based negotiation sharply increases your odds for funding and widens the scope of potential agreement.**

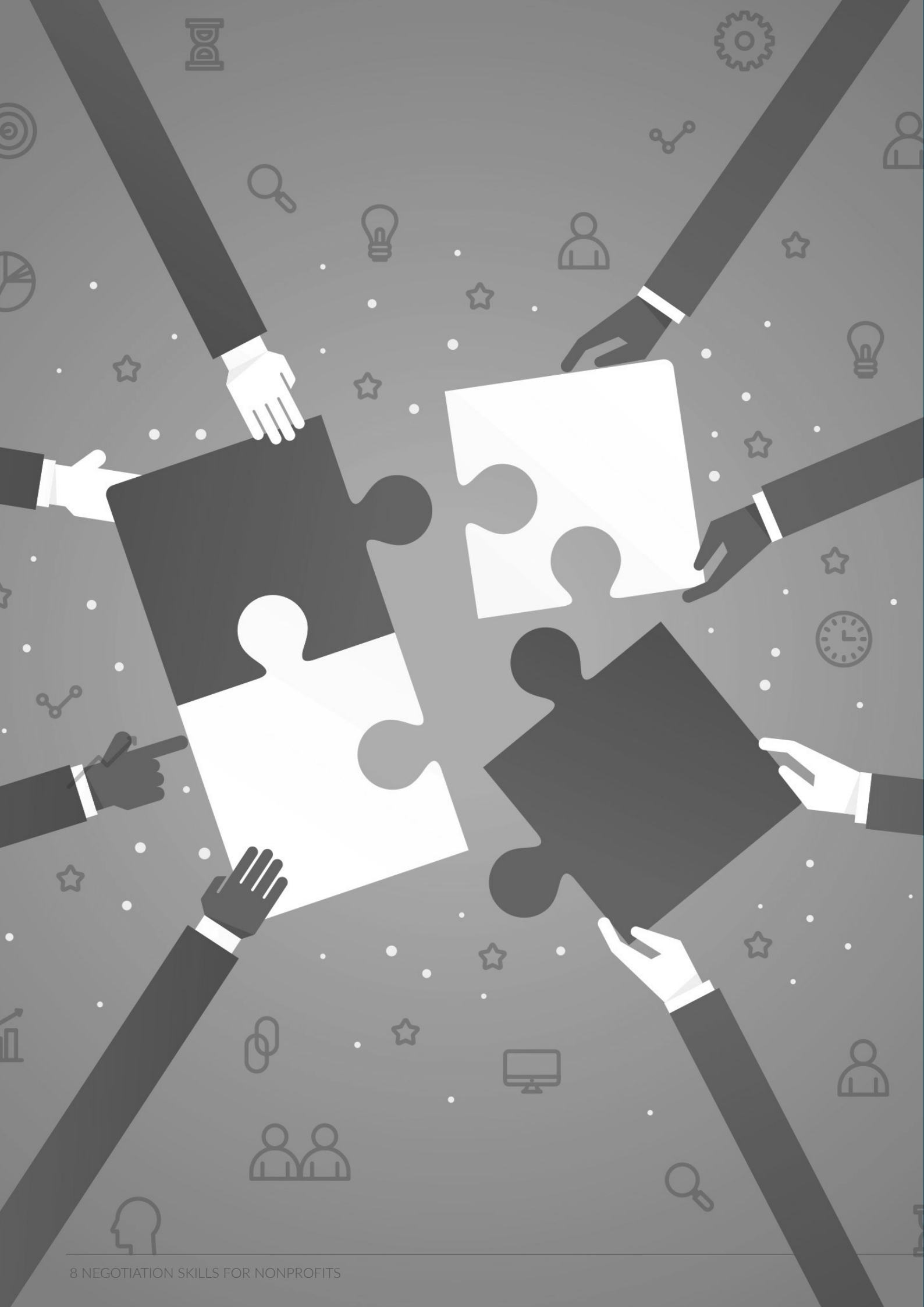
## LIFE CASE

STEFAN SZEPESI

At first, I believed an interest-based negotiation approach would only work with high-end individual philanthropists. After all, they have no formal mandate to abide by and they will more easily reveal what is in it for them: a deeper cause they believe in, a geographic area they are passionate about, a development challenge they like to occupy themselves with, credibility towards their friend and colleagues, or a mixture of motives. But in raising resources from large foundations and institutional donors, I found out that largely the same logic applies. In raising money from the World Bank, for example, a positional pitch-only approach would have failed because our small NGO did not have the track record and scale-readiness that bank-funded projects require.

However, in broadening the discussion to interests we found out a number of departments and individuals were interested in piloting new approaches to supporting marginalized communities in conflict-affected areas. Scale and track record mattered less; innovation and local momentum is what counted. At the same time, exploring our own interests more deeply, we found out we were not just in need of money; we were looking for technical expertise as well. This meant a whole new area for value creation opened up between a mammoth-sized international institution and a small NGO.





**PARTNERSHIPS ARE THE BREAD AND BUTTER OF NONPROFITS. THEY ARE AN INDISPENSABLE PART OF INTERNATIONAL DEVELOPMENT COOPERATION.**

Not only are they valuable to bring advocacy and program execution to scale, but they are also required to operate abroad and to obtain funding from the largest donors. Many donors, such as the EU, explicitly require multiple organizations to submit proposals together. This supply-driven cooperation, however, induces particular negotiation challenges, often turning constructive negotiation practices on its head.

# NEGOTIATING PARTNERSHIPS

AS A NONPROFIT

## COMMON MISTAKE: NEGOTIATION AS A WIN-LOSE PROPOSITION

A defining feature of so-called principled negotiation theory is the yin and yang between creating and dividing value. Almost every negotiation has the potential to create value, to increase the size of the pie that eventually must be divided. A common mistake is to skip over or pay scant attention to value creation. Often, mutual interests are not fully explored or creative options are not tabled. Instead, negotiators cut to what they see as “the chase”: dividing the smaller pie through a back-and-forth of proposals and counter proposals. The negotiation is seen as a win-lose proposition. More for me means less for you.

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In particular, in situations where partnership is driven by the donor, the risks are high. One organization often authors the content and what follows is old-fashioned positional bargaining with the others over bits and pieces for contractor and sub-contractors. The full potential of cooperation goes untapped because parties do not spend enough time getting all interests on the table, let alone exploring creative ways in which all or most of these interest could be met. But worse, what is an opportunity for a stronger relationship between nonprofits often becomes a liability. The sub-contractors feel less or no ownership over the project as a whole and its design. They come to see it as a resource to be tapped rather than an impact generator. The lead applicant perceives its partners as not pushing their weight enough, doing the minimum work for maximum reward.

## FIRST CREATE VALUE, THEN TALK ABOUT DIVIDING

A few negotiation best practices in the design and submission phases can help avoid these risks. Key among them is to distinguish between people, process and product.

### People

Check in on your relationship(s) before embarking on any process steps. Do not assume all is well because you personally have no issues with any of your counterparts. They may well have a few unresolved issues with you or with one another.

### Process

Give the order and frequency of negotiations explicit attention. Obtain buy-in from prospective partners on process before moving on to substance. This means explicitly covering:

- The intention both parties hold for the partnership;
- The mandate they have to negotiate or participate in;
- The agenda for discussion;
- The foreseen timeline to conclude it.

### Product

Resist the temptation to table (your) solutions too early in the discussion. Your solution is a position on what works best. Even if it is brilliant, it often invites the other parties to take on positions as well. People generally overestimate how persuasive rational arguments are in a negotiation. Ultimately, negotiation is the art of letting others have your way. So instead of going straight for your solution, spend time exploring interests and brainstorming a range of possible avenues to meet them. Your ideas stand a much better chance of succeeding if they emerge out of a joint exercise.



**THE TOUGHEST  
NEGOTIATIONS ARE  
OFTEN NOT THOSE WITH  
EXTERNAL PARTNERS  
OR DONORS BUT WITH  
COLLEAGUES INSIDE THE  
ORGANIZATION.**

This is especially the case when conflict erupts over the identity and values of the organization.

# INTERNAL NEGOTIATIONS

IN A NONPROFIT

1

## DO NOT ESCALATE PREMATURELY

Going up the chain may feel good, but most likely your colleagues on “the other side” will do the same. People are reaction machines and the risk is that the battle over “who wins the argument with management” becomes more important than attending to the needs and interests of the organization.

3

## DO NOT PROPOSE SOLUTIONS TOO EARLY BUT SPEND TIME EXPLORING OPTIONS

As discussed in “Negotiating partnerships”

4

## LOOK FOR OBJECTIVE CRITERIA TO WEIGH DIFFERENT OPTIONS

That may look impossible in a situation in which different departments struggle over “their turf”. However, the core values the organization upholds, can help guide a way forward in which everyone can recognize themselves.

2

## DO NOT IGNORE EMOTIONS OR NEGATIVE PERCEPTIONS BETWEEN TEAM MEMBERS

This means, for example, strengthening relationships and contact between program managers, fundraisers and communication staff. People often instinctively prefer to sidestep relationship issues and move straight to the content, siding with being “professional” and “solution-oriented”. In challenging negotiations this can be a costly mistake to make as distrust continues to linger underneath the surface and greatly hampers creativity.

5

## ONCE A WAY FORWARD IS FOUND, SPEND SOME TIME LOOKING AT HOW YOU RESPOND TO UNFORESEEN DEVELOPMENTS

Agreements by definition cannot predict these developments but they can include a process for dealing with issues between colleagues at an early stage.





## HANDBOOK BY

### Negotiation & Public Service (NPS)

We are committed to advancing negotiation capabilities of public sector and non-profit professionals and their organisations. NPS provides training, coaching and consulting services on negotiation, mediation and conflict resolution. NPS was founded by Stefan Szepesi in the Netherlands and consists of a network of negotiation experts based in Europe, the United States and Asia.

### Han Valk Fundraising Consultancy

We support organizations whose missions we believe in to accelerate their performance and help achieve the Sustainable Development Goals. We support clients around the world to improve and diversify their fundraising through six core services: donor research & strategy, proposal writing, interim management, recruitment, training and impact consultancy.

Founded in Gouda, the Netherlands, in 2015 by Han Valk, Han Valk Fundraising Consultancy has grown exponentially ever since. We are now based both in Gouda and in Washington D.C. Our international team of over a dozen experienced advisors provides our partners with the best tools and knowledge available to increase their impact.

Grow your skills further in our

### IN-DEPTH TRAINING NEGOTIATION SKILLS

Contact us for more information!



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## NEGOTIATION & PUBLIC SERVICE

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