

Art of Negotiating for Your Farm Business

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Ten Things to Consider during a Negotiation

Negotiating plays a part in everyday life, even if you don't realize it. I am constantly negotiating with my twin toddlers, and most of the time they end up winning! But I plan to win the war and raise respective human beings, so I take it all in stride.

Negotiating is important for the success of any business, but it is especially critical during lean times. It may seem like common sense, but many times people let their emotions get the best of them and ignore their basic instincts. It takes homework, discipline and street smarts in a successful negotiation. Here are ten things to consider when approaching your next negotiation with farm retailers, neighbors or other farmers.

1. Prepare in advance

Who will you be negotiating with? Do your homework and learn about the person or business that you are negotiating with. Do you know if this individual has both the authority and responsibility for making a decision? For example, if you are looking to rent farmland, be sure that you are speaking with the landowner or a person that has the authority to sign on their behalf. You don't want to have a discussion with someone only to find out that they are not the person who is ultimately going to be making that decision.

2. Have a plan

What is the objective or goal of this negotiation? What are you asking for? While this sounds simple, it can be daunting in practice. Consider the questions that you are going to ask and the possible responses that you may receive. What is the ideal outcome? What would be an acceptable outcome? What can you be prepared to walk away with? Think about what your best outcome might be, the best alternative and what you might be able to accept before your meeting.

3. Build relationships

If you have done your homework, you should have found information on the person that you will be meeting with. The more you know, the better you will be able to find things in common and build trust. Quite a bit of useful information can be learned during small talk. If you can master the art of BS'ing, you might not have to discuss price because you will be able to trust that you will be receiving what you need.

4. Power of silence

Be sure that you take time to pause and not talk too much during the conversation. Never underestimate the power of silence. You need to be comfortable with the awkwardness of a pause, which can feel strange. This pause may greatly enhance your ability to win the deal in the end.

5. Have confidence

Take this time to reflect on yourself, your business and your product or the service that you will be providing. You know your product or service and the value that it brings. Be sure that you have information prepared so that you can share it and highlight the qualities that you will provide.

6. Make the offer

You should start with a strong offer. You never know what the response will be if you aren't bold enough to ask. Don't give up when the answer is no. Many times, rejection is never personal. It just means that you may not have presented a worthwhile case. The offer may be rejected so keep your emotions in check and rethink your argument. Is there more information that you can share with them on the benefits of your product or service? Try a different approach to showcase how you stand out from the competition.

7. Find a win-win

A favorable negotiation is achieved when everyone feels like they are a winner. If the negotiation arrives at a standstill, you may need to ask, "What is it going to take to make this happen?" Not every deal is about sales and money. You may need to compromise or sweeten the deal, such as offering to mow the landowner's ditches of the rented farmland.

8. Close the deal

It is a good idea to keep notes during your conversation, so you remember clearly what was discussed and is promised on behalf of each person. What is being promised? Who is responsible? When is it happening?

9. Put it in writing

To avoid any misunderstandings, offers should be finalized in writing and signed by each person. This helps to protect both sides and alleviate any confusion. You may think that you have captured everything the other person said, but what they remember seems to be different. Documenting the details of an agreement eliminates any misinterpretations.

10. Review

After the meeting, you should take time to examine how the negotiation went, what you did well, and where you could make improvements next time. Practice and commitment to honing your skills will result in successful future negotiations.

References: Peabody, Mary. (2015). Negotiation Worksheet. University of Vermont Extension.

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