

THE ART OF NEGOTIATING FOR YOUR FARM BUSINESS

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Negotiating plays a part in everyday life, even if you don't realize it. I constantly negotiate with my twin toddlers, and most of the time they end up winning! But I plan to win the war and raise respectable 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 to successfully make a deal. Here are 10 things to consider when approaching your next negotiation with farm retailers, neighbors or other farmers.

1) Prepare in advance

With whom will you be negotiating? Do your homework and learn about the person or business with which you are transacting. Do you know if the individual you are talking with has both the authority and responsibility to negotiate? For example, if you are looking to rent farmland, be sure that you are speaking with the landowner or a person with the authority to sign on the landowner's behalf. You don't want to have a discussion with someone only to find out that he or she is not the person who will ultimately make the binding decision.

2) Have a plan

What is the objective or goal of this negotiation? What will you ask for? While this sounds simple, it can be intimidating if you have not prepared in advance. Consider the questions you are going to ask and the possible responses you may receive during your conversation. What is the ideal result? What would be an acceptable outcome? What can you be prepared to walk away with? Think about your situation and what you will be asking before you meet to discuss renting farmland, for example. The best outcome might be one in which the person agrees to rent to you. The best alternative in this situation may be that you need to negotiate on the rental price. What you might need to walk away from? Too high of a rental rate.

3) Build relationships

If you have done your homework, you should have found information on the person you will be meeting. 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. For example, were you both involved in 4-H and exhibiting at county fairs as kids? What 4-H projects were you involved in and were they the same type or different? You might not have to discuss price because you will be able to trust that you will be receiving what you need during the course of the conversation. Finding out what you have in common can keep the discussion flowing.

4) Power of silence

Be sure to 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. Share your thoughts about what you can provide, such as mowing the ditches as part of renting the farmland, and then listen. When the person realizes you are listening to them, hopefully they will also listen to you.

5) Have confidence

Take this time to reflect on yourself, your business, and your product or the service you will be providing. You know your product or service and the value it brings. Talk about the specific farming practices you will be utilizing on his or her farmland or your plan to maintain soil nutrient levels. Be sure you have information prepared so you can share it and highlight the qualities you will provide.

6) Make the offer

You should start with a strong offer – one that is close to your ideal outcome. 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 not personal. It just means that you may not have presented a case the other person can accept. The offer may be rejected, so keep your emotions in check and rethink your argument. Is there more information you can share with the other person? Again, using the renting farmland example, have you adequately explained why the landowner should rent his or her land to you? 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).

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

10) Review

After the meeting, 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.

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

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