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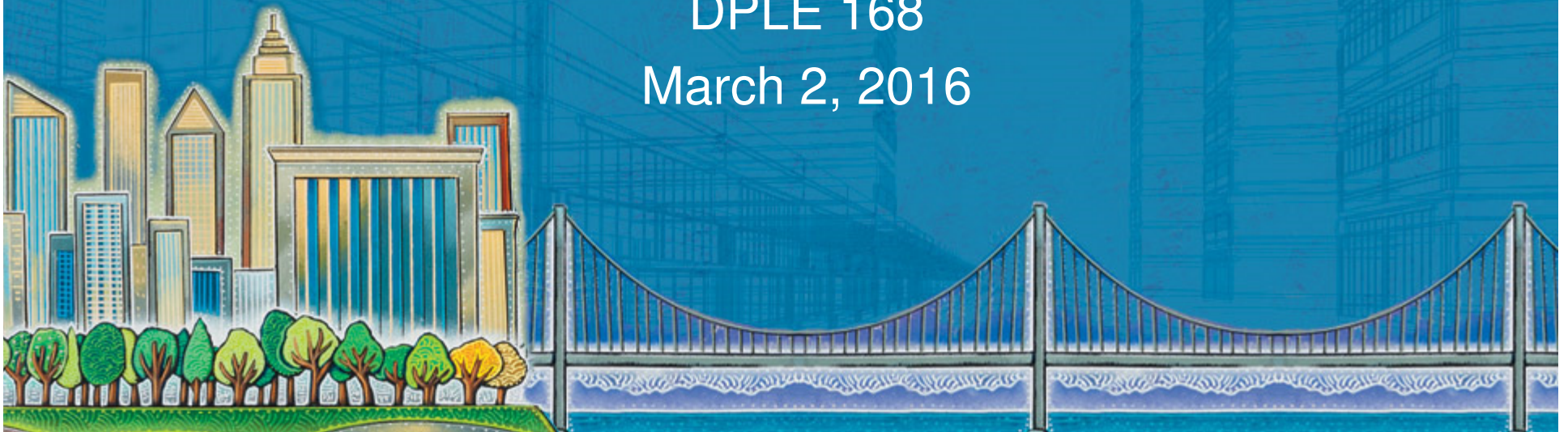
DIFFERENT WORKS

# Five Steps to More Effective Negotiation

RLI Design Professionals  
Design Professionals Learning Event

DPLE 168

March 2, 2016

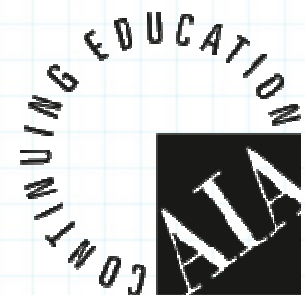




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# ■ Introducing...



Abbey Brown  
Manager, Client Solutions  
RLI Specialty Products Group

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# ■ Course Description

Being able to negotiate well can impact so many important elements of your business, yet few people seem to spend the time to enhance their negotiation skills. This course will focus on five steps to more effective bargaining that can be used:

- with your insurance providers for better terms,
- with a consultant to determine a fair allocation of risks and responsibilities,
- with an adversary to navigate through a claim or potential claim,
- with your subconsultant in compensation discussions, or
- with a client in analyzing the need for additional services.



# ■ Learning Objectives

## Participants will:

Learn key steps to effectively preparing for a negotiation.

Better understand the importance of relating to the parties with whom you are negotiating.

Observe how asking compelling questions can impact the outcome of a negotiation.

Consider new tactics for bargaining that can impact your success.



# The Five Steps

## Prepare

- Gather Facts and Information
- Develop Strategy and Priorities

## Relate

- Share Information Selectively

## Inquire

- Obtain Your Counterpart's Information through Effective Questioning

## Zigzag

- Make the First Offer
- Persuade
- Trade

## End

- Bring Ideas to a Mutually Agreed Conclusion
- Acknowledge or Formalize the Agreement



## ■ 1A. Prepare—Gather Facts and Information

### Your:

- Interests
- Resources
- Alternatives
- Target(s)
- BATNA(s)

### Your counterpart's:

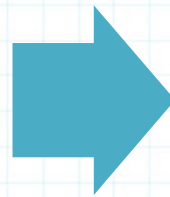
- Interests
- Resources
- Alternatives
- Target(s)
- BATNA(s)



## ■ 1B. Prepare—Develop Strategy and Priorities

List potential negotiating points:

- Critical issues
- Obvious issues
- Extension issues
- Values
- Coinciding interests
- Tradeoffs



Walkaway Terms

## ■ 2. Relate—Share Information Selectively

"Unless we can join forces and recognize each other's humanity, how can we do business together, let alone make progress?"

Daniel Lubetzky  
Founder & CEO, KIND



## ■ 3. Inquire—Use Effective Questioning

### Ask:

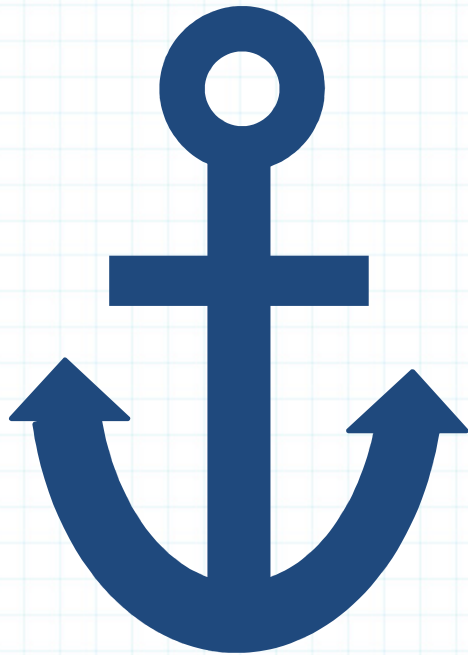
- Open-ended questions for fact gathering  
*“On what basis did you determine that was fair?”*
- Open-opportunity questions to assess your counterpart’s views  
*“How does that approach sound?”*
- Leading questions to influence the outcome  
*“Don’t you think...?”*
- Sequential questions to lead to a conclusion  
*“And after this year, what can we expect for...?”*





## ■ 4A. Zigzag—Make the First Offer

“More often than not,  
negotiators who make first offers  
come out ahead.”



--Adam Galinsky  
Columbia Business School

- Shows confidence and strength
- Creates flexibility to make concessions



## ■ 4B. Zigzag—Persuade

*You don't get something for nothing  
You don't get freedom for free  
You won't get wise  
With the sleep still in your eyes  
No matter what your dreams might be*

--Rush (1976)

“Something for Nothing” lyrics

BUT...you may actually get “something for nothing”  
if your counterpart places no value on that something.



## ■ 4C. Zigzag—Trade

### negotiation

*Bargaining (give and take) process between two or more parties (each with its own aims, needs, and viewpoints) seeking to discover a common ground and reach an agreement to settle a matter of mutual concern or resolve a conflict.*

Source: <http://www.businessdictionary.com>





## ■ 5A. End—Bring Ideas to Conclusion

CLOSE the sale!

*“If I give you this,  
and you give me that,  
do we have a deal?”*



# ■ 5B. End—Acknowledge Agreement



## Remember:

What's the Goal?

*Mutual Conclusion*

What should you do?

*Prepare*

How do you get there?

*Discussion*





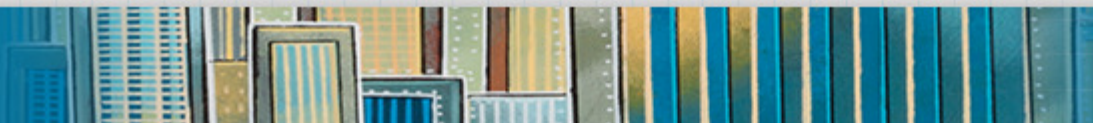
## ■ Example: Insurance Terms and Conditions

It's a puzzle where the pieces are always moving...

*What do you need?*



*How can your insurer respond?*



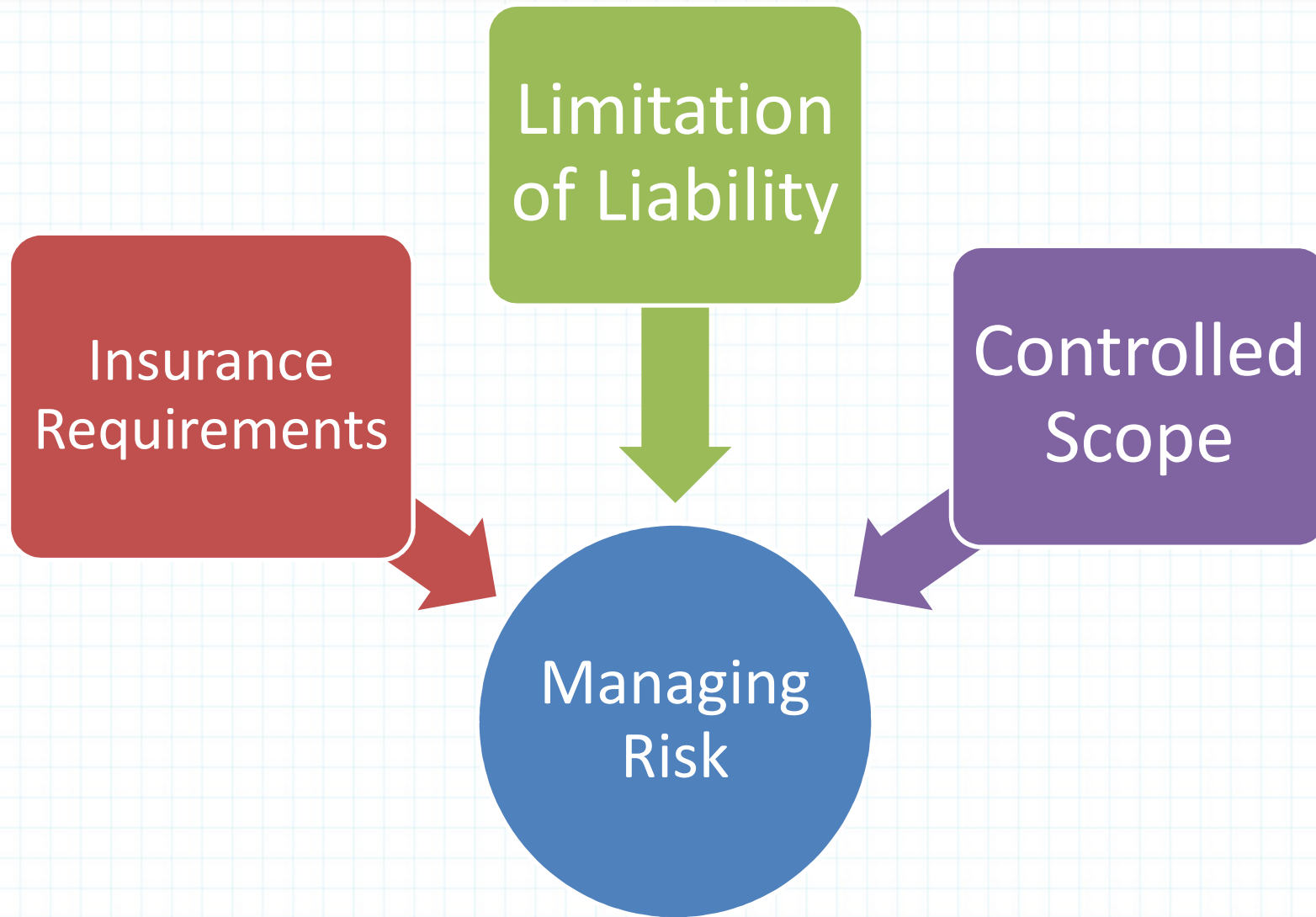
## ■ Example: Insurance Terms and Conditions

### Next Steps to Consider:

- *Negotiating different limits in the contract*
- *Placing additional excess coverage with RLI or another insurer*
- *Not pursuing the project*



# ■ Example: Consultant's Risk/Responsibilities



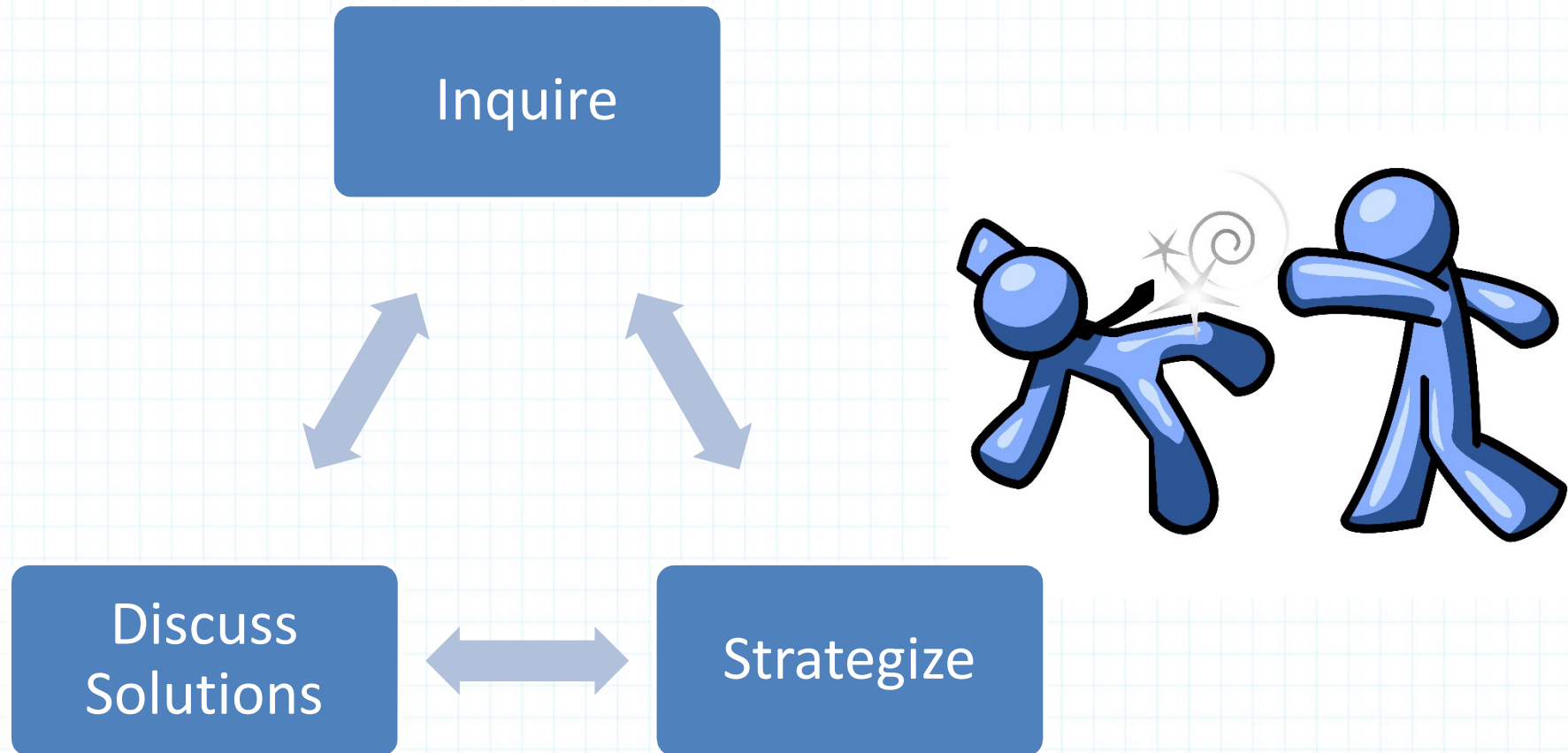
## ■ Example: Consultant's Risk/Responsibilities

### Next Steps to Consider:

- *Negotiate LoL to be a specific \$\$ (fees)*
- *Negotiate LoL to be lower than insurance requirements*
- *Include a mutual waiver of consequential damages*



# Example: Potential Claim



# Example: Potential Claim

## Next Steps to Consider:

- *Retain counsel and set strategy*
- *Know situational limitations*
- *Have the right people with the right authority present*
- *Preserve the integrity of the project and your reputation*
- *No need to point the finger or admit fault; you're there to solve the problem*



# Example: Compensation



## ■ Example: Negotiating Additional Services

What is the contract scope?

Were potential additional services outlined?

Do the requested additional services fit your skill set? Compensation?





## ■ Example: Negotiating Additional Services


### Next Steps to Consider:

- *What if you also end up making more site visits than originally negotiated?*  
→ Invoice the work separately and await payment
- *Is there a dispute about what “basic services” are?*  
→ Have a meeting to discuss; contract disputes are often just misunderstandings
- *Remember, you probably have a dispute resolution clause...and for good reason!*

# ■ Keep Your Eye on the...

- **P**repare
- **R**elate
- **I**nquire
- **Z**igzag
- **E**nd





**Thank you for your time!**

**QUESTIONS??**

This concludes The American Institute of Architects  
Continuing Education Systems Program

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**RLI**<sup>®</sup> DIFFERENT WORKS

