

# The Art of Negotiating: Lessons Learned

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Negotiation is a critical part of everyday business life, especially in the commercial real estate industry – yet many people dread it. This is understandable, at least in part, because negotiations can be and often are adversarial. Nevertheless, there are ways to avoid getting caught up in a battle of wills. Commercial real estate projects will require scores of agreements between tenants, landlords, designers, contractors, furniture providers and a host of others. Good negotiating skills are critical for project success.

Most of us have discovered that you can get what you want much of the time. You will not get everything you want, but you can often persuade the other party to do what you would like without the negotiations becoming adversarial. Some people act as if the only way to succeed in negotiations is to be deceptive and intimidating. Conversely, truly effective negotiating is cooperating to arrive at a mutually satisfactory agreement. It is not, or at least should not be, adversarial. At the end of a successful negotiation, everyone should be relatively satisfied. The question to ask is "Are all the parties satisfied?" not "Who won?"

You can successfully negotiate even the most challenging and difficult matters if you consider and apply the following lessons: (1) Be prepared, (2) Be positive, (3) Don't lose your temper, (4) Listen more, talk less, (5) Stick to your guns, (6) Don't be greedy, and (7) Keep your commitments. Let's examine each of these lessons in more detail below.

## **#1: Be Prepared.**

It is absolutely essential that you prepare properly (including conducting thorough research) before starting any negotiation. Do your homework! There is no surer way to ensure an adversarial negotiating environment and/or ultimate failure in the negotiations than walking up to the bargaining table without having taken the time to prepare adequately. There is a vast amount of information available to anyone willing to look for it, particularly on the internet. Google it!

## **#2 - Be Positive.**

As the old saying goes, "You catch more flies with honey than vinegar." If you are positive, people will likely respond in kind. The majority of successful people, regardless of profession, are more likely to have a positive and upbeat attitude in the workplace than not. Not to say that we all don't have our moments, but you are more likely to succeed in any negotiation if you go in with a positive attitude. Try to enter each and every negotiation with the following attitude: "I'm going to make this deal."

## **#3 - Don't Lose Your Temper.**

Although the outcome of any negotiation depends to a great extent on your preparation and presentation, don't underestimate the tone of your presentation.

Although there will be times when you will want to tell off the other side, don't! Instead, remain calm and speak in a kind and respectful manner.

There is perhaps no greater turn off in any negotiation than shouting. If you're a shouter, restrain yourself! Shouting is unprofessional, and the more threatening you sound, the less likely the other party will relax. The converse is also true, the less threatening you sound, the more likely the other party will relax. Likewise, profanity is a no-no. Leave the bad language at the door. It's considered highly unprofessional.

Recognize that you are less likely to win a negotiation when you give in to anger and lose control because you are more likely to make bad decisions or judgments in such situations. Roadblocks will inevitably arise in negotiations, especially complex negotiations, however, there is a genuine threat of breakdown or failure when frustrations rise and tempers flare. At these times it is often best to think creatively and be flexible and attempt to find some common ground. It may be wise to back off and take a break at such times (fifteen minutes, a half hour, a day, whatever may be prudent under the circumstances...whatever it takes). Remember, "Discretion is the better part of valor."

Also, on the subject of not getting angry in negotiations, choose your words wisely. Avoid making demands if at all possible. Instead, present your "demands" in the form of proposals or recommendations. For example, instead of saying "Here's what my client wants," perhaps you could say something along the lines of "May I suggest or recommend this?" The latter is more likely to be well received by the other party. Likewise, it is arguably better to say something along the lines of "I hope you can appreciate that this is the best I can do under the circumstances, and we look forward to working together," rather than "Take it or leave it!"

#### *#4 - Listen more, talk less.*

The more you speak, the more likely you are to say the wrong thing. More importantly, the more you speak, the less opportunity there is for the other party to say something...hopefully the wrong thing (i.e., that certain something that you can use to your advantage in the negotiations). This is significant. The more you listen, the more likely that you will pick up on something said by the other party that will ultimately prove beneficial in the negotiations, and may in fact provide you the necessary leverage to win the negotiations. There is an old saying, "The less said, the more heard." Don't underestimate this lesson!

#### *#5 - Stick to your guns.*

Never lose sight of the bottom line. Negotiations can be highly charged emotional experiences. Don't lose sight of your goals, otherwise you may end up giving up more than you bargained for, all because you wanted it too badly. Sometimes it's best to walk away from the table...at least for a short while. Walking away does not necessarily mean that the deal is dead. Prior to entering into any negotiation, make sure to identify your goals up front and consider throwing in a few items that you are willing to throwaway if necessary (i.e., "add-ons"). "Add-ons" may be quite

beneficial in that you can afford to get rid of them, thereby resulting in the other side believing that they have gained something valuable (rightly or wrongly), and still achieve your goals.

#### **#6 - Don't be greedy.**

You will never make the perfect deal. That's a fact of life. Greediness is not appreciated. If you insist on squeezing every penny out of a deal, you almost guarantee that the negotiation will end on a sour note, and inevitably the other party in the deal will avoid doing (if not outright refuse to do) a subsequent deal with you or your client. As the saying goes on Wall Street, pigs get slaughtered!

#### **#7 - Keep your commitments.**

This lesson cannot be emphasized enough. After you make a deal, honor the terms of the agreement. Don't commit lightly, but once you give your word then keep it. Let your word be your bond! You can't put a price on character, ethics, integrity and trust. They should be the cornerstone of all that you do (personally and professionally).

There is absolutely no reason why you can't be an effective, smart and tough negotiator, and do it the right way at the same time. Simply keep in mind the above-referenced seven lessons and remember the following when approaching any negotiation: (i) You don't have to be disagreeable to disagree, (ii) Be quick to listen, slow to speak and slow to become angry, and (iii) Do unto others as you would have them do unto you.

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