How to Negotiate Anything!

October 21, 2014

Robert S. MacWright, Ph.D. Esq.
Director
Technology Transfer Office
University of Massachusetts Amherst
Our Sponsor

Technology Transfer Office

launching ideas
Programs and Goals

• **Patents and Licensing**
  • *Customer service for faculty, companies*

• **Support for Start-ups**
  • *Advice, licenses, seed funds*

• **Services for the Creative Arts**
  • *Copyrights, trademarks, contracts*

• **More Women and Minorities**
  • *Outreach, mentoring, measuring*
All Negotiations Are the Same

1. You want **different things** -
   • You want to pay less, they want more
   • You want them to do it, they don’t
   • You want higher quality for the price
   • You want Ford, he wants Cadillac
   • Your daughter wants to come home at midnight, you want her home by 10:00
All Negotiations Are the Same (Cont’d)

2. You both have room to compromise
3. You both want the deal to be fair, but you would prefer to be the happiest
4. You know what your own bottom line is, but not theirs
5. One of you has more negotiating experience than the other
A Few Ways to Negotiate Poorly

• “I know we’ll end up at $500, let’s agree”
• “Let’s just split the difference.”
• Start with a hard line, stick to your guns
• Always offer half of the asking price
• “Another guy said he’d pay full price.”
• Ignore how it looks from the other side
• Make one offer and walk away
Ten Rules for Good Negotiation

1. Do your homework
2. Decide what your bottom line is
3. Think of some add-ins and take-outs
4. Let them make the first offer
5. Keep thinking about the “range of reasonableness”
Ten Rules for Good Negotiation (Cont’d)

6. No unilateral concessions, big swings
7. Don’t fall for games or illogic
8. Be willing to let if feel like an impasse
9. Add-ins and take-outs to close the gap
10. Don’t let perfect fight the good enough
1. Do Your Homework

Learn everything you can:

• The people
• The company
• Their customers
• Usual price / other deals
• Alternatives to this deal
• The circumstances
2. Decide on Your Bottom Line

- What do you want?
- What do you absolutely need?
- What is the risk or cost of walking away?
- What is the risk or cost to the other side?
- Is there a logical justification?
- What will you do when you reach it?
- Do you even want to have one?
3. Think of Add-ins and Take-outs

- **Cars**: sun roof, warranty, leather seats, upgraded stereo, roof rack, fancy paint job
- **Houses**: new roof, upgrade allowance, paint, carpet, reduced commission
- **Contractors**: delay penalty, quality up/downgrade, payment plan
- **Family**: theme park, later weekend curfew
4. Let Them Make the First Offer

• Studies show whoever makes the first offer is at a disadvantage
  • Bottom line $300, they start at $250!
• They often will if you “tap dance”
• If their first offer is ridiculous,
  • Reject it as crazy
  • Make an equally ridiculous counter-offer
5. The “Range of Reasonableness”

- For you, dream price to your bottom line
- Same for them - but different dream!
- The **real** range of fairness is the overlap
- Each offer narrows the range
- Remember the bottom line may change!
- Gauge from body language, tone, “tells”
Body Language, Tone and “ Tells ”

• Few can control their non-verbal cues – but all car salesmen can!!
• We are all experts at body language!
  • Nerves, anger, fear, relief, happiness
• “ Tells ” are subtle expressions or quirks that signal emotions – think poker player
• Face-to-face always get the best deal
6. No Big Swings, Unilateral Concessions

• How far you swing telegraphs how far you are willing to go

• If they say, “That’s not good enough,” just say “Well that’s my offer, I’m glad to hear your counter-offer.”

• If you give a second offer in a row, you are negotiating with yourself!
7. Don’t Fall for Games or Illogic

• “My boss won’t let me”
• “Everybody pays at least invoice price”
• “A house down the street sold for $50K more!” (but it was lakefront!)
• “80% is just materials!” (I get a rebate)
• “All the other kids stay out ‘til 1 AM!”
• “A guy yesterday offered full price”
• “Let’s split the difference”
8. Let it Feel Like an Impasse

• “Sorry, but $22K is my bottom line.”
• “Well, $28K is my bottom line.”
• Pause. Think about the risk of cost of walking away – for you and for them.
• Use your homework to make them move:
  • Don’t you want one more sale this month?”
  • “House has been on the market 6 months.”
• Decide whether to walk or go to #9
9. Use Add-ins /Take-outs

If price is at an impasse, use your throw-ins/take-outs to change value!

C: “I’ll do $26K if you throw in a sunroof.”
S: “With the sunroof, I need $27K.”
C: “Throw in leather seats we have a deal.”
S: “For both it has to $28K.”
C: “Forget dealer financing, $27K cash.”

When $ concessions are tied to add-ins, you can take them back!
10. Don’t Let Perfect Fight Good Enough

- Sometimes you concede more than you planned, do you feel satisfied enough?
- Even experts don’t get the “dream deal”
- Experience counts, do better next time
- If not, walk away! You aren’t committed until you pay or sign on the dotted line.
  - If you do, odds are they’ll stop you
Traps for the Unwary!

• “Invoice price” has dealer profits built in
• Have your want car financing, or you’ll get a great deal and a lousy interest rate
• Negotiate cash price, not monthly cost!
• Realtor for seller or buyer? Or his wallet?
• Flea markets have “draw items” that attract customers to look, may want top dollar
• Few contractors meet optimistic timelines
Some Specific Tips

- Car price guides are friendly to dealers
- Salesmen are eager at the end of the month
- Dealers are eager at the end of the year!
- Spend lots of time at the dealer
- Internet sales can give you a better deal!
- Some contractors will agree to a penalty for late completion, e.g., 1% or $200/day
Some Specific Tips (Continued)

• With children, you need leverage:
  • Computer time, allowance cards
• When planning vacations, a day at Six Flags may sell two at the Smithsonian
• A spa day might swap for a golf day
• Spur-of-the-moment add-ins can work at the flea market
TV Negotiation Shows

- Gas Monkey Garage – Discovery
- Shark Tank - CNBC
- Pawn Stars – Discovery
- Hardcore Pawn – truTV
- American Pickers – History Channel
Any similarities between examples given and actual negotiations, statements, or positions of any party are purely coincidental. This presentation is not intended to criticize or endorse any particular tactics or strategies, or individuals or entities who may use them. Nothing in this presentation or accompanying materials is intended to serve as specific legal or business advice. Suggested negotiation tactics and strategies are provided for general information and illustrative purposes only, and may not be applicable or appropriate in many situations. All parties to any actual negotiation are advised to seek specific legal advice from their own attorney. The authors, speakers, and their respective employers make no representation or warranty with respect to the accuracy, applicability, or validity of the facts and perspectives described in this presentation or the accompanying materials.

THE AUTHORS, SPEAKERS, AND THEIR RESPECTIVE EMPLOYERS DISCLAIM AND MAKE NO EXPRESS OR IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

In other words, if you get in big trouble, DON’T BLAME ME!
Thanks to Our Sponsor

Technology Transfer Office

Launching Ideas
Programs and Goals

- **Patents and Licensing**
  - *Customer service for faculty, companies*

- **Support for Start-ups**
  - *Advice, licenses, seed funds*

- **Services for the Creative Arts**
  - *Copyrights, trademarks, contracts*

- **More Women and Minorities**
  - *Outreach, mentoring, measuring*
THANKS!

Robert MacWright
Director
UMass Amherst Technology Transfer Office
www.umass.tto
macwright@umass.edu