

# A Value-Added Commitment

Creating a mindset of abundance in right of way negotiations

BY DUSTIN WEAVER, PMP

**I recently read a study published by two researchers from Harvard Business School. They believe that a negotiation based solely on the negotiator's innate ability to talk with people is a contradiction to creating real value in the outcome. So then, what are some negotiation strategies that can be used to create the most value for both parties?**

Let's begin with a clear definition of what a negotiation is—and what it is not. According to the Merriam-Webster dictionary, a negotiation is defined as a dialogue between two or more people or parties intended to reach an agreement. Negotiations are not compromises, as for all intents and purposes, this is when one party essentially gains value by harming the other party.

Take the car salesman example. Imagine being in love with a certain car, and you have a maximum amount you are willing to pay. The salesman shows you the vehicle, emphasizes the features and explains why the sticker price and the sales price are the same. The car is priced at \$35,000, so you make an offer of \$25,000. The salesman carries on a big haggling scene, reiterating the features and value before he counters with \$33,500 and says this is the best he can do.

As you become more personally invested, you decide to offer \$30,000, which just happens to be your maximum. At this point, you have come down \$5,000 while the salesman reduced his price by only \$1,500. Following another pitch about the car's features, he offers to split the difference. Somehow this feels like a good compromise, so you agree and soon you are driving away in your brand new car after paying \$31,750. Yet the dealer only reduced his price by \$3,250 and you increased yours by \$6,750. It seems that the dealer took the lion's share of the value. Was this a negotiation? According to the Harvard researchers I mentioned earlier, it was not.

Perhaps the car is worth every penny of the \$31,750, but how can you be sure? Had you conducted ample research on the vehicle's availability, features, recent sales and competitive dealer pricing, you may have discovered that your price limit of \$30,000 was simply unrealistic. Or perhaps you were unprepared for the lengthy haggling process, and the whole experience was more emotional



than you expected. This type of confusion is how field negotiations often get off track with landowners over rights of way, surface facilities and other appurtenant sites.

## Your Interest

The first step of any negotiation is getting prepared. In order to do this, the negotiator needs to clearly define their primary interest in the deal. For instance, if we need to purchase 10 miles of right of way for a gas pipeline, our main goal is getting the project completed within the parameters established. That usually means staying within the budget and time specifications as defined by our employer, while maintaining a high level of professionalism and ethical standards.

I have been able to make some trade-offs with landowners by keeping the company's goal in

mind throughout the entire negotiation. In one case, the landowner's main concern during construction was his cattle—specifically where they would be housed so he could protect the livelihood of his business. By understanding his concerns and staying focused on my own goals, we agreed to pay the landowner to house his cattle during the construction phase and were able to settle quickly.

## The Other Party

Understanding the other party's interest is vital to a successful outcome. After defining your own interest, focus on theirs. An effective strategy for this is an integrative negotiation process. This is where you gather as much information as possible so you can gain a deeper understanding of the counterparty's interest. If you determine during a landowner



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negotiation that location is their sole concern, then it makes sense to question why they are demanding such a high price. If the project impedes on crop land, knowing that will help you get to a faster agreement. Showing the owner some empathy can go a long way in getting them talking so you can identify their main interest. There are often multiple issues to address, and by sharing information, you may discover that something critical to one side may actually be a minor concession to the other.

### Formalizing the Deal

In every negotiation, there are ways of expanding the pie. The negotiation does not need clear winners and losers for you to get the best deal for your company. Our challenge as negotiators is to seek out potential value-adding opportunities, and this comes from having a clear understanding of the other party's interest. By taking the

time to identify or develop alternatives, you are creating a mindset of abundance that will benefit both of you.

In their desire to get the deal closed, some negotiators end up with deals that don't deliver the value they promise. From the agent agreeing to rebuild a fence, to the construction inspector trading bulldozer work for the use of a private road, there are a lot of handshake deals that have caused contention between agencies, landowners and stakeholders. These kinds of off-the-cuff negotiations and agreements have value, but they need to be spelled out and agreed upon by all parties in a formal agreement.

Formalizing the details will help ensure that your company follows through on the promises made. I consider it to be a value-added commitment that demonstrates your professionalism and creates goodwill for your company. To add the most value, always remember to ask for the close, get it in writing, and provide the appropriate follow-through on your agreement. ☺



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Challenges**

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