

Negotiation in Agriculture: A Resource for Wyoming Producers

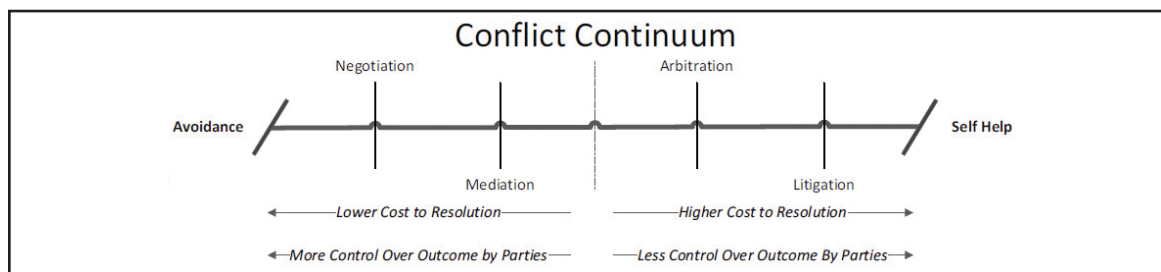
Negotiation is an often-overlooked aspect of production agriculture. Many may not realize just how much time and effort goes into negotiating the various relationships in their businesses. Negotiation is part of just about any aspect of working with people on a farm or ranch. We often tend to shy away from thinking much about negotiation, especially if conflict is involved. Commercial agriculture producers, whether new/beginning, those switching from another business, or armed service veterans looking for a new start in a farm or ranch, should be aware of just how important negotiation skills are to their business.

Developed by academic professionals on the Western Extension Committee, the website Negotiation in Agriculture (negotiation.farmmanagement.org) was started as a resource for those in agriculture to learn more about negotiation. The project helps agricultural producers become informed about the various aspects of negotiation, leading to better outcomes. Materials currently available include five, self-paced learning modules and eight, written guides to help lead users through a variety of negotiation topics and scenarios. They also offer many examples of situations that could benefit from better negotiating skills.

Why Negotiate?

One module explores reasons for negotiation and background in conflict resolution basics. Negotiation is a technique to resolve conflicts. We frequently face conflict in production agriculture; this can range from minor property or water disputes, family conflicts, or neighbor-based issues. The different approaches to conflict: compete/fight, collaborate, compromise, avoidance, or accommodate, are addressed. The diagram below outlines the Conflict Continuum as a function of concern for one's self versus concern for others.

Working to understand the other party's perspective can lead to an improved understanding of how a conflict can escalate. Avoidance is at the far left, while self-help is at the far right of the continuum. The cost of resolution decreases as you move left along the scale, with a higher cost and reduced control over the outcome as you move right.



Parties able to negotiate retain the greatest control over the processes and the outcomes. It is also much easier to keep details private. Keep the process in perspective; it is not a zero-sum game for either side. A better outcome for both parties is the goal.

Preparation and Questions to Answer before Meeting

Another module examines the preparations needed for negotiation. Examine not just the strengths and weaknesses of the other parties, but also what you bring to the table. Questions cover a broad range of topics that, when answered, can bring clarity to the vision for the outcome. It is important first to address the overall vision for the future as it relates to the negotiation. Think of it as drafting a road map for the direction of the negotiations. Many of the questions involve determining best, most likely, and worst case scenarios.



Questions to Answer Before the Meeting

- 1) What is your vision for the future?
- 2) What are your concerns?
- 3) What options agree with your vision, address your concerns, and might be acceptable to the other party?
- 4) What comparative advantages and disadvantages do each party possess?
- 5) What are your alternatives?
- 6) How will you evaluate options?
- 7) What do you know about the other party?
- 8) What can you determine about the unknown?

Preparing for the Discussion

Realize that the more time spent preparing for a negotiation meeting, the better the final outcome. This includes laying out clear objectives for yourself, as well as what you think will be priorities for the other party or parties involved. This likely involves understanding compromises or concessions that might be acceptable and what could be considered non-negotiable. The more organized you can be in terms of meeting details, such as agendas, outlines, and logistics, the better the likely outcome. It is often good to set timeframes and goals for what each party is seeking and the process or rules by which the meeting will be run and agreements that may be drafted.

Frames and Biases

Understand we each have our own view of the world. All of us likely have had trouble deciphering other people's perceptions or understanding why someone thinks the way they do. A third negotiation module addresses how to deal with frames, defined as mental shortcuts people use to understand and interpret the world around them, and biases/beliefs that form views, opinions, and strategies.

Better understanding the framing involved in a conflict or dispute, whether yours or the other party's, can help shape a better strategy for moving forward. This module outlines four categories or reframing approaches: reducing tension and hostility, perspective taking, establishing common ground, and enhancing options and alternatives. As covered in the module, "A key element to making any negotiation more successful or to resolving conflict is the ability to reframe."

Bargaining for a Better Market Outcome

Negotiating prices for commodities sold is often part of being involved in production agriculture; it is also an uncomfortable aspect for many. Do you hold out for the highest price and risk losing a buyer? Do you take the first price offered? Is the best course of action somewhere in the middle? One online module helps explain the concepts of bargaining position, bargaining for a higher price, and knowing your reserve or best alternative to a negotiated agreement price. Farmers and ranchers often have several forms of risk. Producers tend to have high upfront costs tied-up in production of a commodity, meaning they often must sell to cover expenses and are more likely to make concessions on price due to worrying about finding more than one buyer. It is important to invest the time to prepare for price negotiations, as well as make a plan for marketing commodities produced. This preparation includes knowing break-even costs, setting strategy, and not waiting for a first offer.

For More information

Visit negotiation.farmmanagement.org to access any of the course modules, negotiation guides, and other online resources.

Steps to Improve Bargaining Position

- 1) Form a reserve price
- 2) Consider your best alternative to a negotiated agreement
- 3) Set a target price
- 4) Know your break-even cost of production and market information
- 5) Start the negotiation by offering the first price
- 6) Focus on the target price
- 7) Be prepared to make a counteroffer
- 8) Be willing to make more than one counteroffer

