

RLI[®]

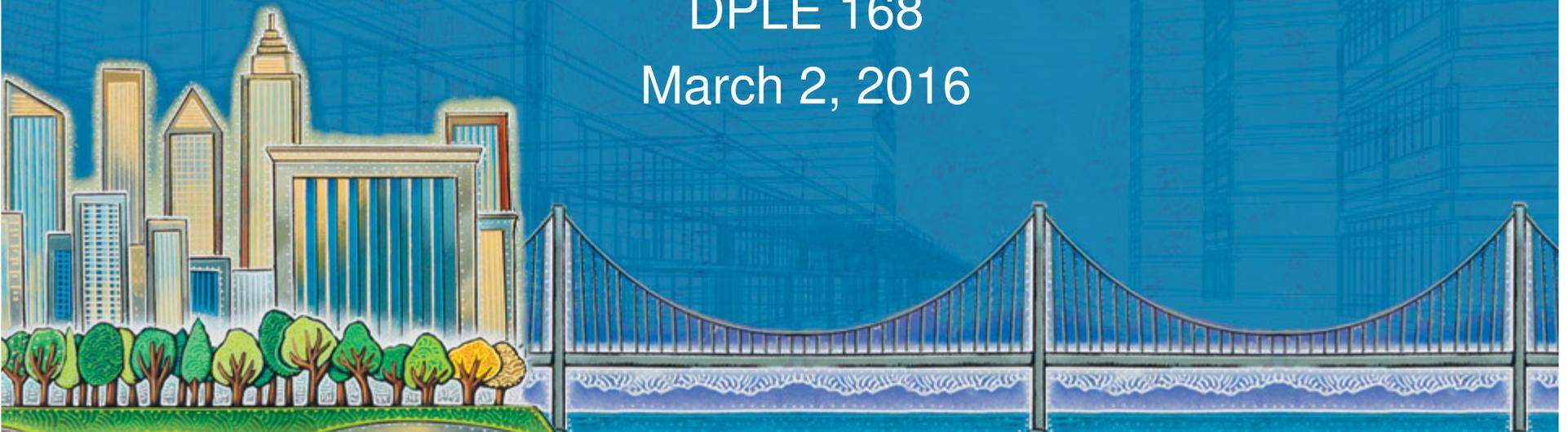
DIFFERENT WORKS

Five Steps to More Effective Negotiation

RLI Design Professionals
Design Professionals Learning Event

DPLE 168

March 2, 2016

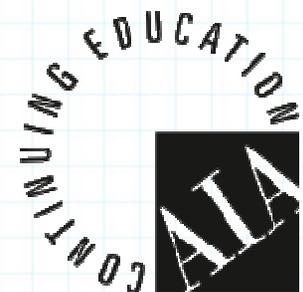




RLI Design Professionals is a Registered Provider with The American Institute of Architects Continuing Education Systems. Credit earned on completion of this program will be reported to CES Records for AIA members. Certificates of Completion for non-AIA members are available on request.

This program is registered with the AIA/CES for continuing professional education. As such, it does not include content that may be deemed or construed to be an approval or endorsement by the AIA of any material of construction or any method or manner of handling, using, distributing, or dealing in any material or product.

Questions related to specific materials, methods, and services will be addressed at the conclusion of this presentation.





Copyright Materials

This presentation is protected by US and International Copyright laws. Reproduction, distribution, display and use of the presentation without written permission of the speakers is prohibited.

© RLI Design Professionals

RLI[™]

DIFFERENT WORKS



■ Introducing...



Abbey Brown
Manager, Client Solutions
RLI Specialty Products Group

RLI[™]

DIFFERENT WORKS



■ 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)

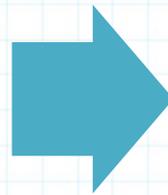
Your counterpart's:

- 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

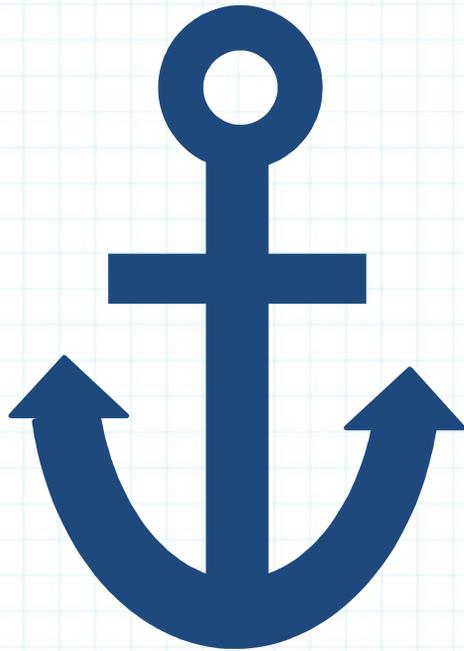
Ask:

- 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>



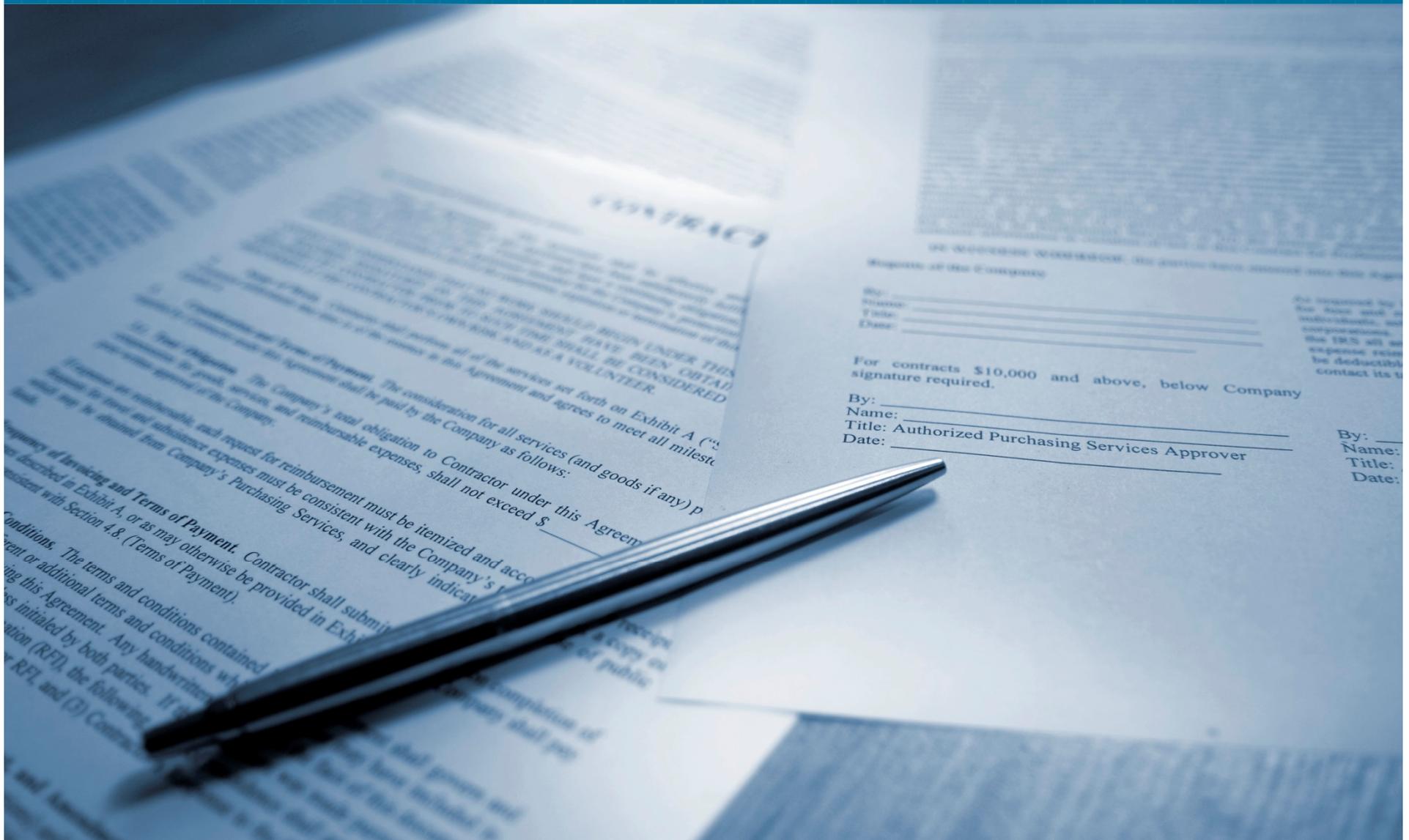
■ 5A. End—Bring Ideas to Conclusion

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?



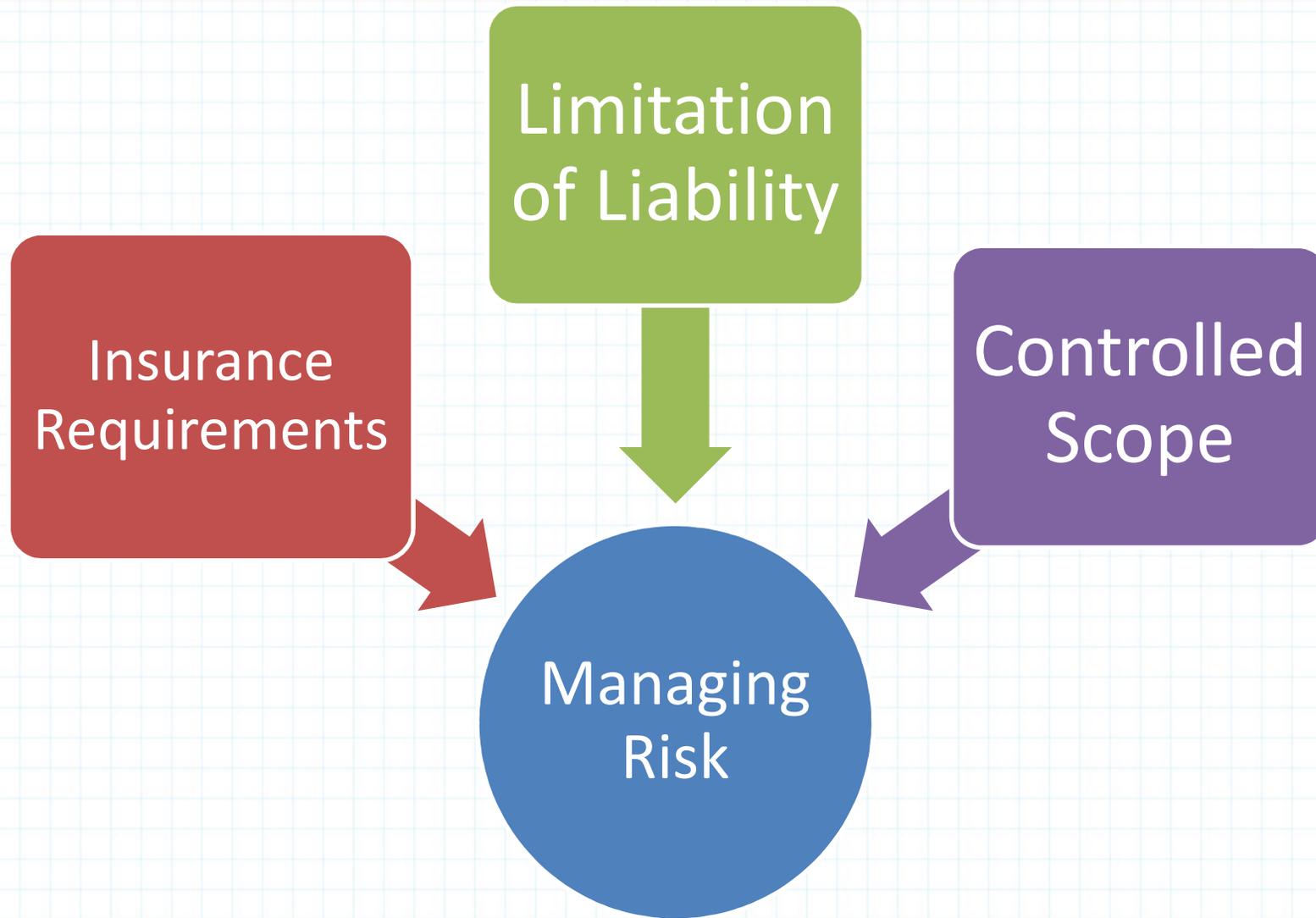
■ Example: Insurance Terms and Conditions

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

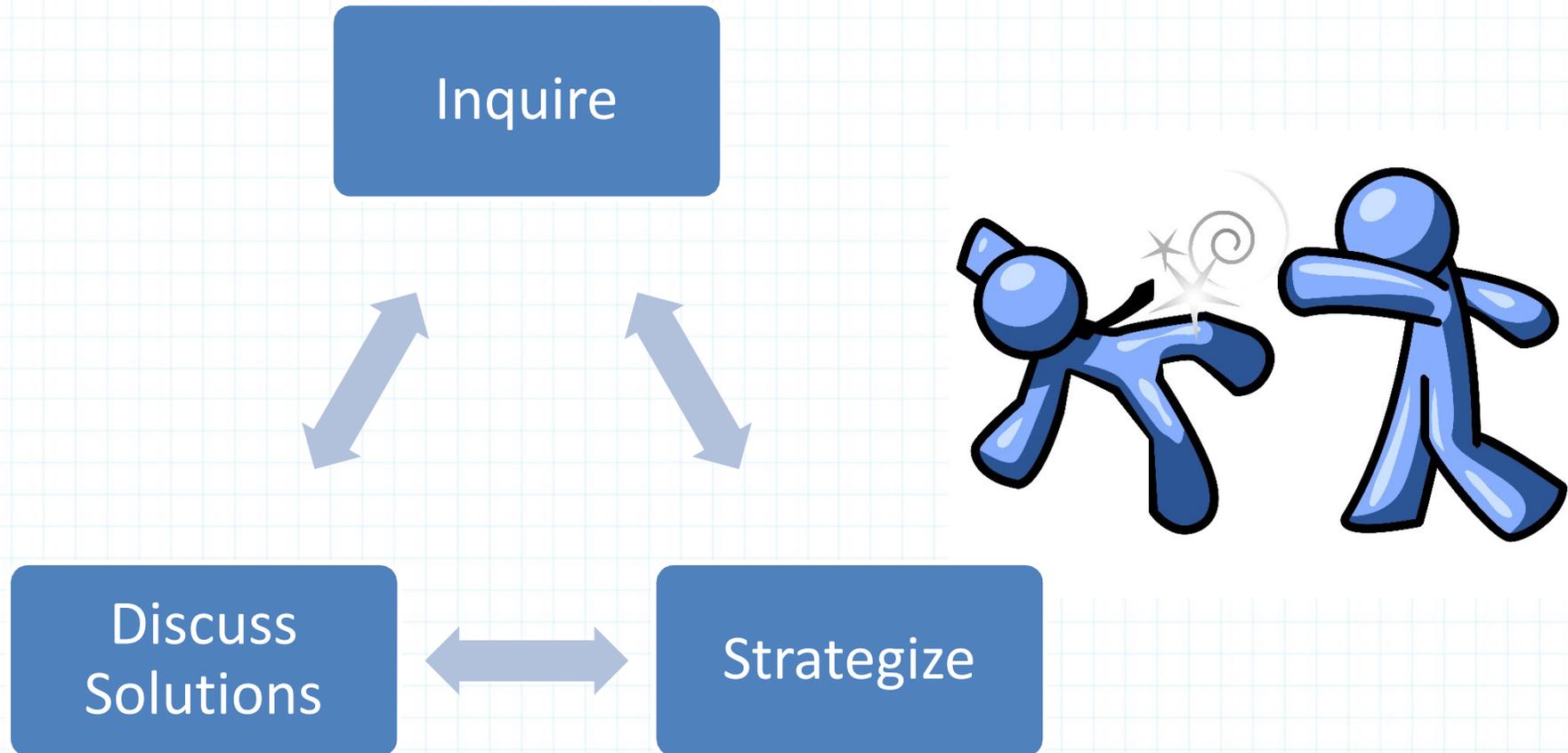


■ Example: Consultant's Risk/Responsibilities

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

Barbara Sable, Assistant Vice President
Barbara.Sable@rlicorp.com

RLI[®] DIFFERENT WORKS

