

Improving your negotiation outcomes

Guidelines for growers

As a grape grower, it is likely you will need to negotiate with a winery or winemaker regarding the purchase of your fruit. You may also need to negotiate with contractors, suppliers, employees and people in other areas of your life. Sometimes, a dispute arises and you may be negotiating in a conflict situation. Growers may be afraid that holding out for a reasonable price or “standing up for themselves” will lead to retaliation by the winery and loss of business. Good negotiation skills are about getting the best outcome for yourself, without compromising your relationship with the other party. A good negotiation has a win-win outcome.

Step 1: Preparation

Successful negotiation is 80% preparation. Consider:

- ✓ **Get advice first!**
It’s pretty much useless getting advice once you’ve reached an agreement. If you are unsure of your position, your rights, or the normal or usual terms of a grape sale agreement, get professional advice BEFORE you start discussions.
- ✓ **Do some research**
How good is your fruit? It is essential to have an idea as to how good your fruit quality is and how large your crop is likely to be.

What is the current market price? How does your product compare with others? What can you find out about supply and demand, their business or other relevant factors?
- ✓ **What are my goals, and what is my ‘least’ position?**
Be clear about what your objective is and what is the least acceptable price or terms that you will accept. Beyond this point, do not settle in any circumstances. Write it down so you can’t revise it “in the heat of the moment”.
- ✓ **What could I trade?**
If you have nothing to trade, you are not really negotiating. Take that into account when deciding your opening position. Identify the strengths and weaknesses of your position and be realistic about who has the most power.
- ✓ **How would the other side answer the above questions?**
Think about the other party’s position. What would they want to achieve? What might they be willing to compromise on? What are their strengths and weaknesses? The better you can anticipate their perspective, the better you can target your approach.
- ✓ **Who am I negotiating with?**
How well do you know the people or person you will be negotiating with? Are there any cultural or personality factors that might affect their negotiation style? How can you adapt yours to best suit the situation?

Make sure you will be negotiating with the decision-maker – not someone who has to refer back to an absent supervisor to authorise an agreement.
- ✓ **What can we offer each other and what relationship do we want?**
The best approach is often not to “win at all costs” but to negotiate a “win-win” solution based on cooperation. This is easier if you can define a common goal with the other side (eg “increase sales of this wine in a particular market segment”). Remember: Your customer is not your enemy and a long term arrangement with a good winery will be a valuable asset to your business – it’s worth working hard to create.

Step 2: Negotiate

This stage is all about good communication skills

- ✓ **Be the “negotiation navigator”**
If you take the lead, you will naturally be in a more powerful position to drive the discussion.
- ✓ **“Break the ice” and establish ground rules for the negotiation**
A good atmosphere and mutual understanding will lead to a better outcome.
- ✓ **Listen, listen, listen**
The more you listen and ask questions, the better you will understand the other person’s position, which will best enable you to respond. Invite them to state their opening position first.
- ✓ **Be assertive**
This means clearly stating your own needs and being respectful of the other person’s needs and their right to have and to express them. It also means being open and honest and expecting the same of the other person.
- ✓ **Know your growing costs and overheads inside out**
It’s more likely that your customer will understand your position if you are able to give him/her exact reasons why you need to achieve a reasonable price.
- ✓ **Think outside the square**
Look for what is really important to the other side – maybe there are alternative ways to achieve their objective without sacrificing your own position.
- ✓ **Look out for ploys and negotiating tactics**
These work by trying to distract or confuse you so that you lose track of your objectives, or railroad you into signing a deal before you are really happy with the terms. Recognising and countering ploys will help to negotiate around them and stay focused.

Step 3: Strike a deal

- ✓ **Bid for the best bargain**
Aim high with your proposals. Your concessions should be small and tentative but sufficient to encourage the other side to respond. Try to convince the other side that they are getting more of a concession from you than you are really giving.
- ✓ **Negotiate in small chunks**
Negotiate the easiest wins first. Acknowledge and sign-off on “mini-deals” along the way. For example: “Okay – we’ve agreed on the payment schedule and basis for price determination – can we look at the price itself now?”
- ✓ **Propose solutions/options**
Put forward options as questions or suggestions, not statements. For example: “If I agree to this price on the Chardonnay, will you agree to take the Shiraz at XX price?”
- ✓ **Take into account the context of the negotiation**
Ask yourself if it is worth nailing the other party to the wall on this occasion if you wish to develop or continue to have an effective relationship with them in future?
- ✓ **Close the deal**
Check that everyone has the same understanding of what has been agreed. End on a positive note regardless of how the negotiation has ended up. Put the deal in writing and get it signed so there is no misunderstanding.
- ✓ **Get advice (again)**
If the terms are complicated, or you are not sure what has been agreed or how to write it down, get advice from your own accountant, solicitor or regional association.

If the negotiations get stuck

- ✓ **Try changing negotiators**
An independent third party might help – or a different representative on one or both sides.
- ✓ **Walk away without burning bridges**
Emphasise the positive aspects of the discussion and hold open the possibility of future talks.

Negotiating disputes

- ✓ **Make sure your negotiation is “without prejudice”**
This is a legal term for statements that cannot be used in court if the discussions break down and it ends up in court. Any offers or discussion under these terms cannot be referred to in court. Take care that proposals or suggested compromises put in writing are clearly marked “without prejudice” if appropriate.
- ✓ **Keep emotion out of it**
Try to avoid getting angry or showing frustration.
Concentrate on the issue, not the person (“play the ball not the player”) and don’t take anything personally – it’s the deal, not the person, you are there for. If they are showing anger, it is really about the situation, not you.
Go back to basics – listen, ask questions, clearly state your own and try to understand the buyer’s needs.
If things are getting heated – request a break to help everyone calm down.

If the negotiations break down completely.....

- ✓ **Refer to the Australian Wine Industry Code of Conduct**
Follow the informal facilitated resolution process outlined in the Code
- ✓ **Bring in an expert determination**
Where both parties agree *in advance* to be bound by the decision of an independent expert.
- ✓ **Consider a mediator**
An independent and neutral third party to assist you to reach an agreement
- ✓ **Avoid litigation if possible**
Only go to court as a last resort – as this will be expensive, protracted and will usually result in the permanent breakdown of the relationship between you and the other party.

More information

Australian Wine Industry Code of Conduct

Voluntary code of conduct providing a framework for winegrape supply contracts and dispute resolution process

www.wgga.com.au/winegrape-sales/code2

A Guide to Negotiating the Sale of Wine Grapes in the Barossa

Barossa Grape & Wine Association 08 8563 0650

Very comprehensive resource recommended for all grapegrowers. Can be ordered from

www.mybookingmanager.com/grapebooklet

sa.gov.au – search for “negotiation skills”

Good general guidelines on negotiation skills for small business owners.

Training in negotiation skills – search on the Internet for corporate training providers