

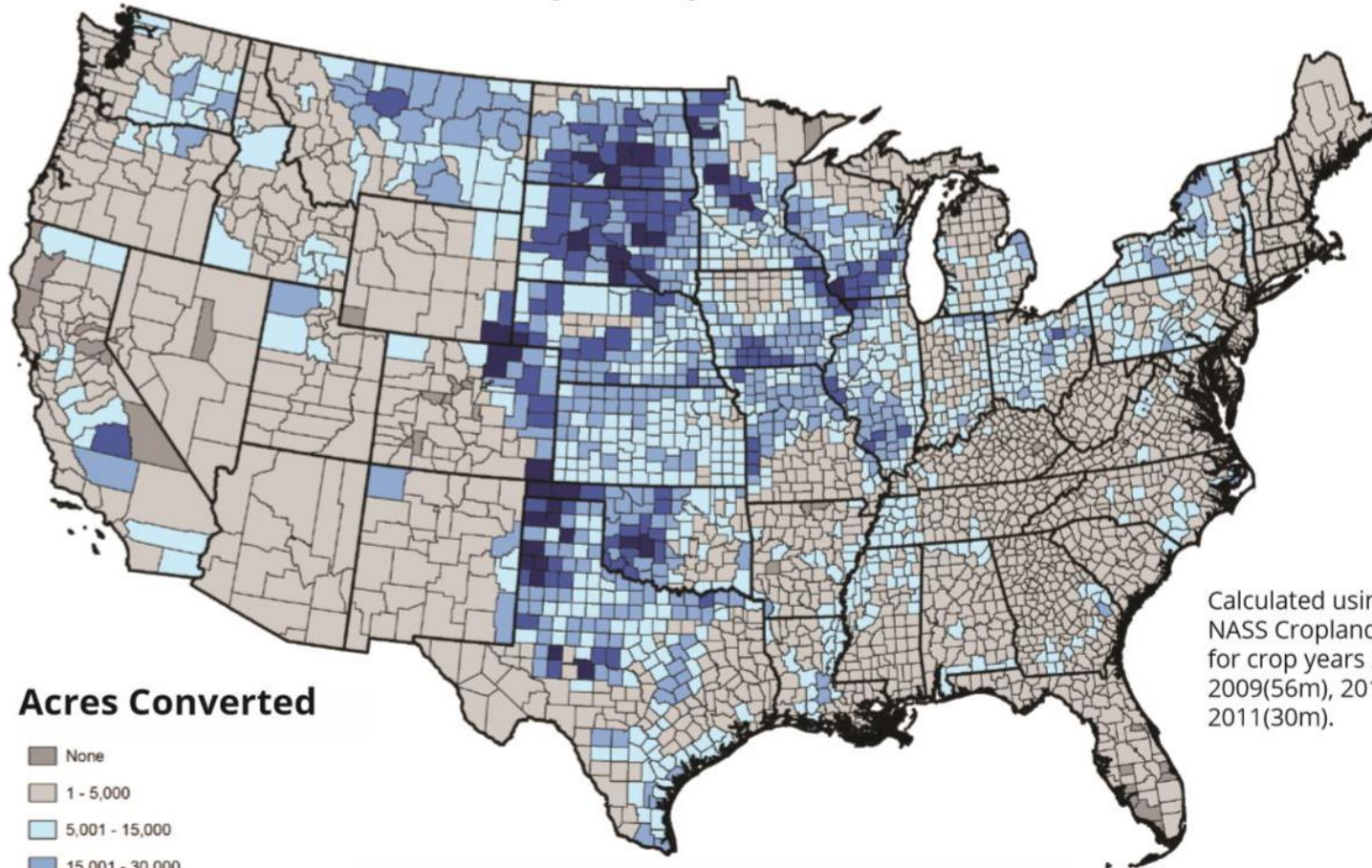
Bargaining vs. negotiating pasture lease agreements

**Robert Bauer, Grazing Broker
Southwest Badger RC&D**

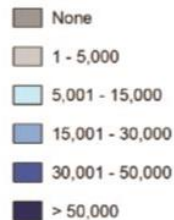
**Mentorship program potluck and orientation
Avoca, Wisconsin
March 4, 2017**

Millions of acres of grassland are lost to row cropping each year.

**Acres of Grassland/Wetlands/Shrub Land Converted to All Crops
By county, 2008-2011**

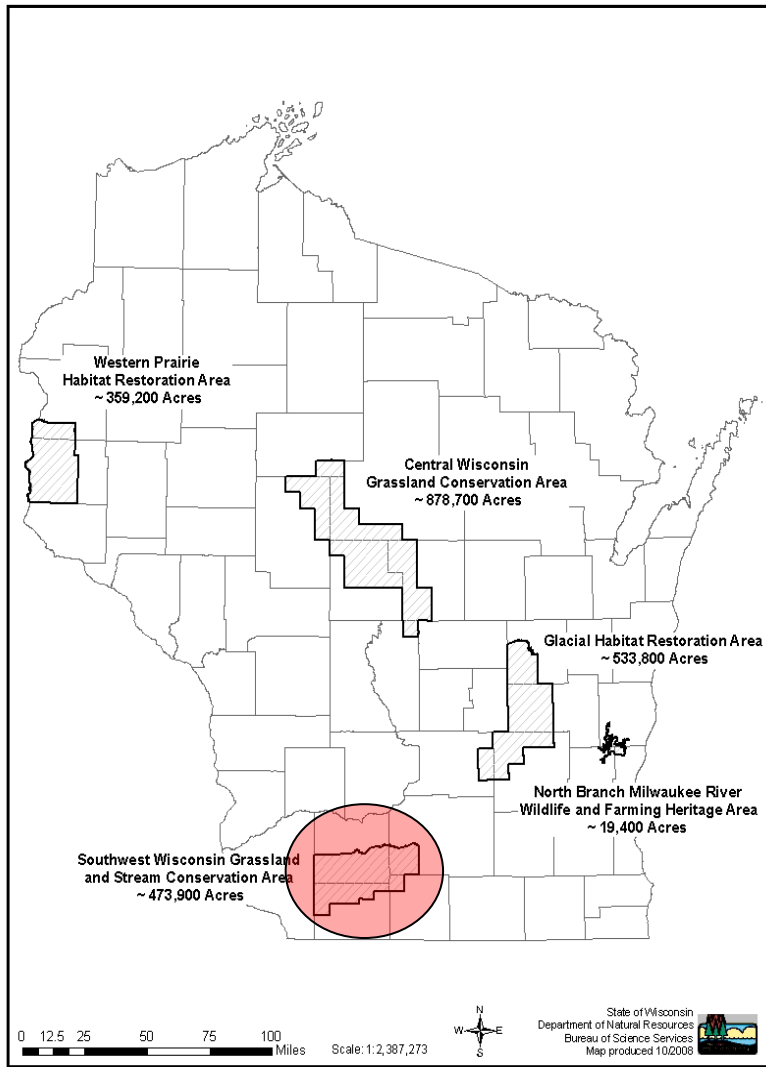


Acres Converted



Total Acres: 23,681,611

Threatened bird species need grasslands.

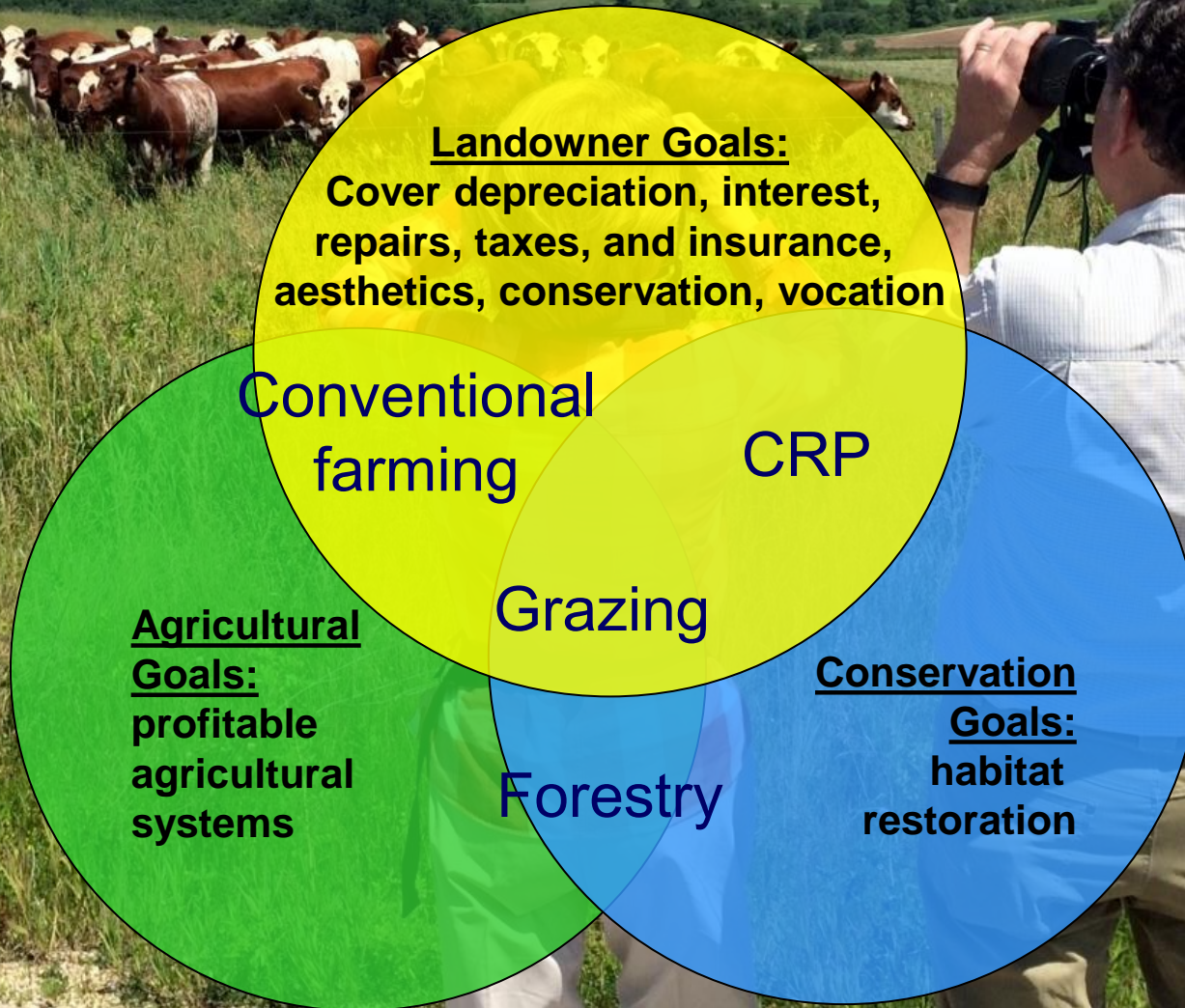


Grazing broker aims to keep grasslands intact.



- ✓ Match landowners and livestock producers.
- ✓ Determine fair market value of grasslands.
- ✓ Provide guidance on pasture rental contracts.
- ✓ Host workshops and pasture walks.
- ✓ Write grazing plans (EQIP-eligible).

Grazing fits because many landowners and graziers have common interests.

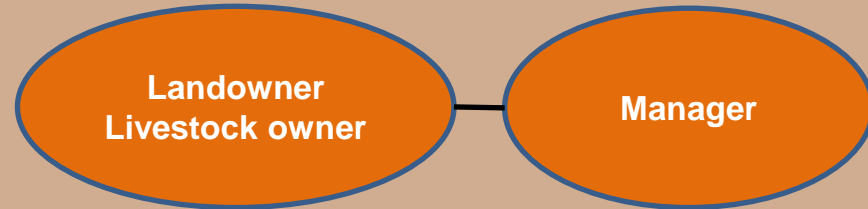


Each party's interests determine the possible arrangement.

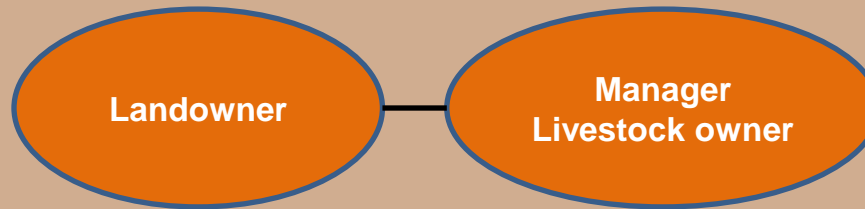
1. Traditional definition of "Farmer"



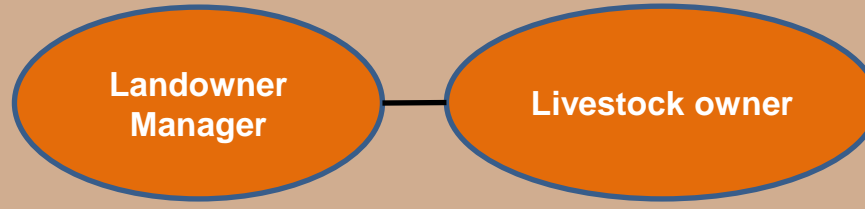
2. Herdsmen



3. Landowner / Renter



4. Contract grazier



5. "Cowboy"?



My goal is to help you to avoid three pitfalls in arranging a grazing contract.

1. Making an agreement that you should reject.
2. Leaving money on the table.
3. Damaging a good working relationship.

Bargaining is unwise, inefficient, and unfriendly!





Soft Bargain

- Participants are friends.
- Make concessions to cultivate the relationship.
- Be soft on people and the problem.
- Trust others.
- Make offers.
- Disclose your bottom line.
- Yield to pressure.
- Accept one-sided losses to reach agreement.

Hard Bargain

- Participants are adversaries.
- Demand concessions as a condition of the relationship.
- Be hard on people and the problem.
- Distrust others.
- Make threats.
- Lie about your bottom line.
- Apply pressure.
- Demand one-sided gains as the price of agreement.

Get wise, efficient, friendly outcomes with principled negotiation.

-  Separate the people from the problem.
-  Focus on interests, not positions.
-  Invent multiple options looking for mutual gains before deciding what to do.
-  Insist that results be based on some objective standards.

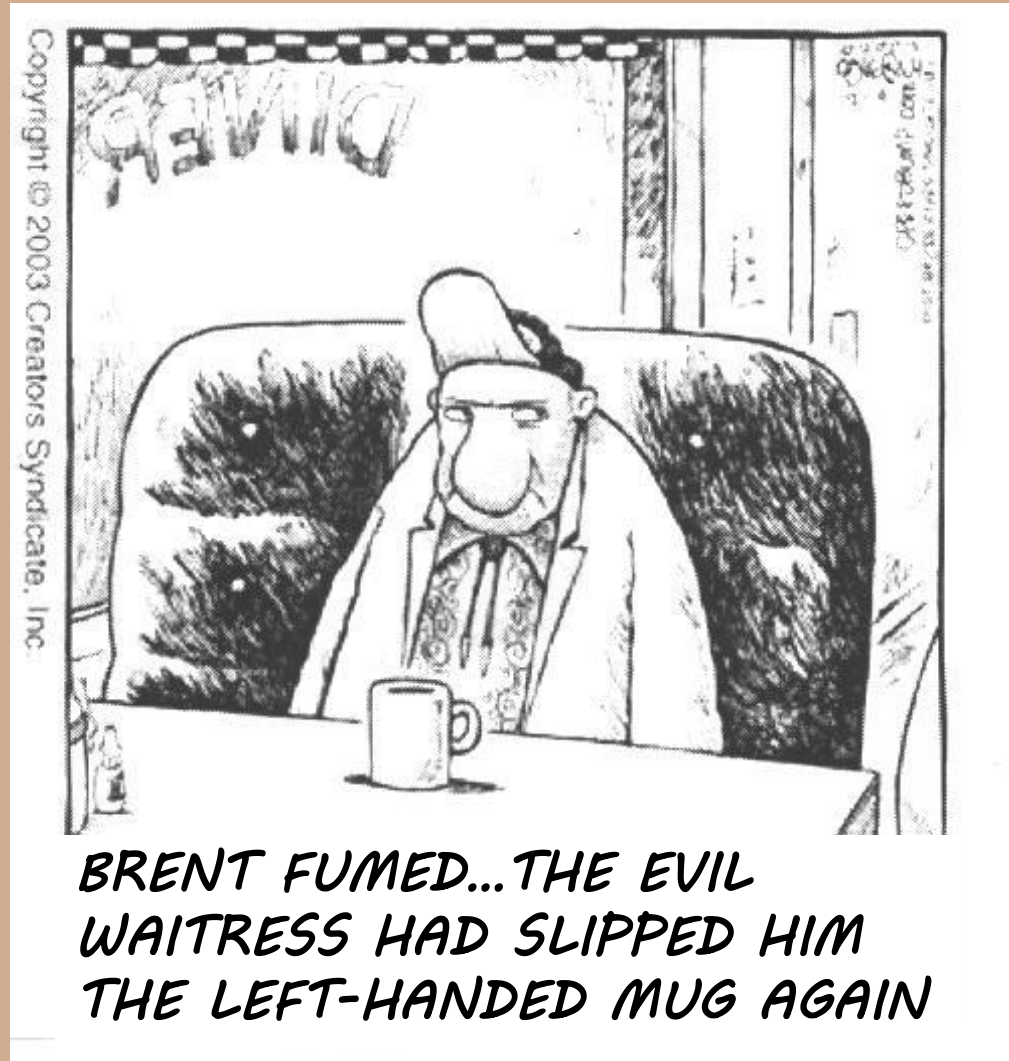
Protect yourself from agreements you should reject by considering alternatives.

- BATNA: Best Alternative to a Negotiated Agreement.
- Your “bottom line” is a tripwire for your BATNA.
- BATNA gives you power to walk away.

- How to develop a BATNA:
 - Invent a list of actions you might take if no agreement.
 - Improve the promising ideas and convert them to practical alternatives.
 - Select the one best alternative.

#1. Separate the people from the problem.

- Facts don't necessarily change a "people problem." You must change your behavior.
- Bargaining puts the relationship in conflict with the substance of the negotiation.
- Deal directly with the "people problem."



Disentangle substance from relationships.

Substantive issues

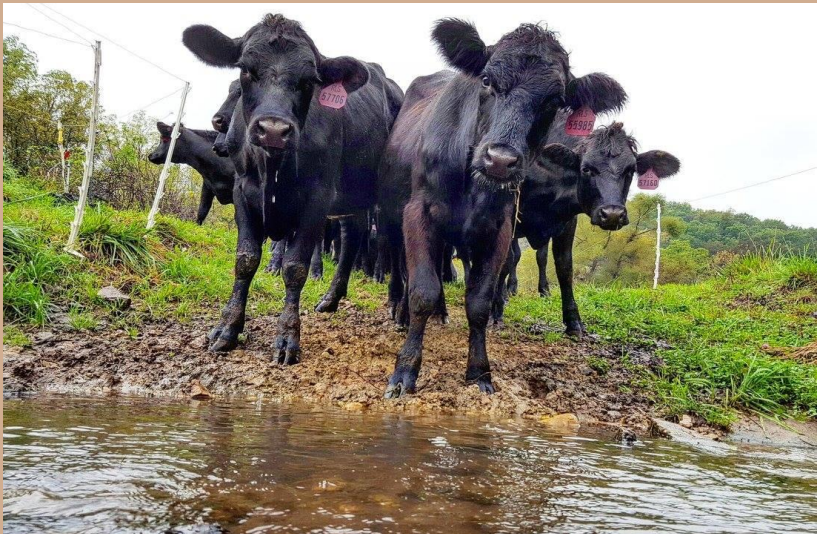
- Terms.
- Conditions.
- Prices.
- Dates.
- Numbers.
- Liabilities.

Relationship issues

- Balance of emotion and reason.
- Ease of communication.
- Degree of trust and reliability.
- Attitude of acceptance.
- Relative emphasis on persuasion (or coercion).
- Degree of mutual understanding.

#2. Focus on interests, not positions.

- Positions don't define problems, interests do.
- Interests are needs, desires, concerns, fears.
- Examine the positions they take. Ask “why?”
- Commit to your interests, not your position.



#3. Invent multiple options for mutual gain before you decide what to do.



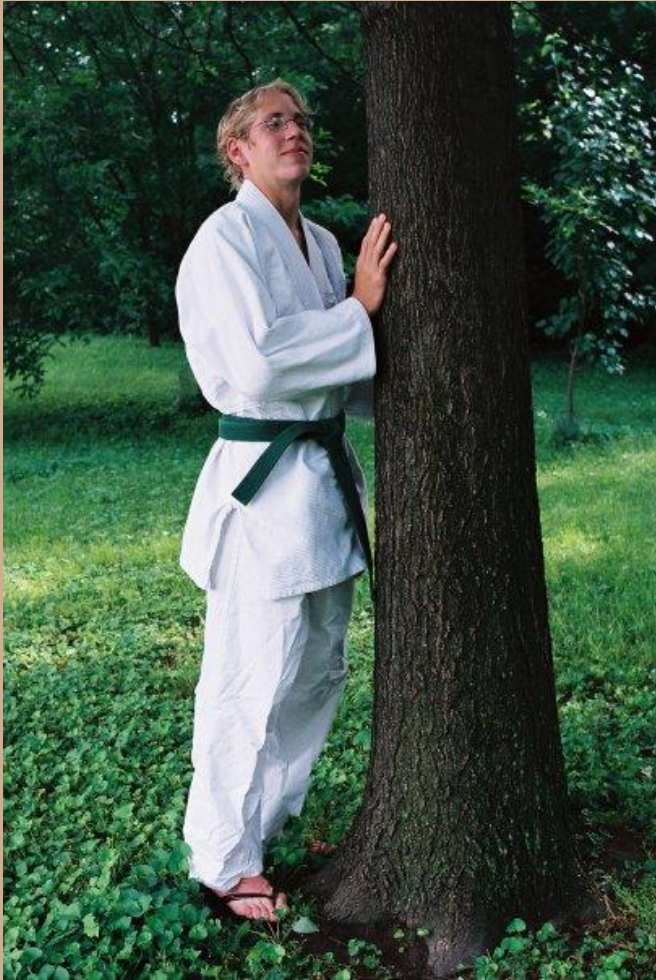
- Get help from a third party.
- Go to a separate location to brainstorm.
- Separate brainstorming from deciding.

#4. Insist that results be based on some objective standard.

- Costs.
- Tradition.
- Reciprocity.
- Market value.
- Equal treatment.
- Moral standards.
- Professional standards.



Use negotiation jujitsu if they won't play fair.



- Focus on the merits of their ideas.
- Don't attack their positions, take their positions seriously.
- Try using a third party to re-focus.

Example: price of pasture rental.

Producer: “I saw the 25 acres of pasture on Craigslist. What are you asking for it?”

Landowner: “I want twenty five hundred dollars up front for the season by May first. Take it or leave it.”

Example: length of the lease.

Producer: “Are we still agreeing to do a 5-year lease for the cow pasture like we talked about?”

Landowner: “We could. But there is still one problem...I need the first two years rent up front.”

Example: terms about grazing method.

Landowner: “I’ll never rent to a pig farmer again! My last renter let pigs wallow in the mud and the pasture is so lumpy it looks terrible.”

Producer: “Well, good luck.”