

The big deal

Learn the fine art of negotiation

By COELI CARR

EVERY cash-strapped entrepreneur can benefit from requesting better financial or contractual arrangements that will keep their businesses going until revenues start soaring.

"As the economy tightens up, it's all the more critical to ask, especially for start-ups," said Jim Thomas, a Washington, D.C.-based lawyer and professional negotiator.

Thomas, the author of "Negotiate to Win: How to Get the Best Deal Every Time!" (Collins), points out that average after-tax profits have been declining for the last 50 years, down from 15 to 20 percent to about 4 percent now.

"That means, if you negotiate poorly and are looking at a 4 percent profit, you can be underwater," he said.

While Thomas concedes that "New York is the last bastion of hard core haggling in America" — there's more tolerance for pushiness here, he says — Americans, in general, are terrible negotiators.

"They think it's 'not quite nice' and a sign of 'bad breeding' to ask for better prices.

He acknowledges that buying a couple of chairs won't give you much bargaining power, suggesting, instead, the possibility of trading services in kind.

"Barter can really leverage resources," he said. Other entrepreneurs have successfully used a variety of options.

"People are either afraid to ask for discounts or don't know they can," said Janet Attard, the founder and owner of BusinessKnowHow.com, in Centereach, Long Island.

"Discounts are a way of life. People ask for them all the time."

Attard underscores it's all about how you ask. "If you say, 'Gee, I'm just starting out, and I really don't have a lot of money, so can you give me a discount?' it sounds like you're begging," she said.

“You have to come up with terms that will be worthwhile to the other company. ‘I’m going to be big one day’ is not one of them. People have heard that so much. You have to have a way of showing that’s going to happen.”

What’s key is knowing what others in the industry are paying or getting for a product or service, and knowing your own bottom line, she says — the lowest number you’ll accept as a price for your service or product, and the highest number you’re willing to pay for someone else’s.

Attard’s magic words are, “Can you do better?” or “We usually get such-and-such amount.” One could also ask for or give a price using a sliding-scale arrangement, where costs go down the more one buys.

Or, it could mean asking for a more generous payment period, or offering to pay up front for better pricing.

“If discussions don’t go the way one wants, walking away is another option. “It’s part of negotiating,” she said.

Donald C. Farber, an entertainment lawyer at Jacob, Medinger & Finnegan in Midtown and the author of “Common Sense Negotiation: The Art of Winning Gracefully,” avoids the word “negotiation” altogether.

“It’s an antagonistic word,” he said, suggesting using alternatives. “Try, ‘Can we talk about it?’ ‘Can we work something out?’ ‘Can we reach some agreement?’ or ‘Can you make it easier for me?’

“These words all have meaning. I try to steer clear of words that put people off.”

Farber adds he gets more by saying “please.” “This is all about personal relationships. Bullying doesn’t work.”

And if a deal cannot be struck, he says, find another supplier. “None of us are indispensable.”

Neil Garfinkel, a lawyer who handles the administrative business at his 10-year-old firm Abrams Garfinkel Margolis Bergson, has cut loose at least two equipment service providers and subsequently negotiated better leases and arrangements.

The temptation to stay locked in less than optimal business relationships becomes greater as time goes on, as entrepreneurs settle for the services being provided, he said, and sometimes it’s necessary to get out of one’s comfort zone.

Garfinkel said that one provider went so far as to tell him that Garfinkel’s firm would not be able to function or even survive without them.

"If you buy into that, it's easier not to have to look around," he said.

"Not enough people walk away," said Michael Donaldson, an entertainment lawyer in Los Angeles and the author of "Negotiating for Dummies" (Wiley).

Donaldson described how one of his clients figured out what the vendor's rock bottom price was, simply by rattling off numbers until the vendor turned his back and started to exit.

But hanging in there is not always the best solution. "There's always another deal around the corner," he insists. "We don't celebrate avoiding a bad deal enough."

What people need to remember, however, is that too much negotiating prices can itself become a distraction from the real deal.

Says Thomas: "The more time you spend negotiating, the less time you have to make money."