

## THE THREE WAYS TO NEGOTIATE

Basically, there are three major negotiation methods:

1. **Take it or leave it.** A buyer makes an offer, or a seller makes a counter-offer-both sides can let the “chips fall where they may.”
2. **Split the difference.** The buyer and seller, one or the other, or both, decide to split the difference between what the buyer is willing to offer and what the seller is willing to accept. A real oversimplification, but often used.
3. **This for that.** Both buyer and seller have to find out what is important to each. So many of these important areas are non-monetary and involve personal things such as allowing the owner’s son to continue employment with the firm. The buyer may want to move the business.



There is an old adage: “Never negotiate your own deal!” The first thing both sides have to decide on is who will represent them. Will they have their attorney, their intermediary or will they go-it-alone. Intermediaries are a good choice for a seller. They have done it before, are good advocates for their side and they understand the company and the seller.

How do the parties get together in a win-win negotiation? The first step is for both sides to work with their advisors to settle on the price and deal structure positions. Both sides should be able to present their side of these issues. Which is more important price or terms, or non-monetary items?

Information is vital to a buyer. Buyers should keep in mind that the seller knows more about the business than he or she does. Both buyer and seller need to anticipate what is important to the other and keep that in mind when discussing the deal. Buyer and seller should do due diligence on each other. Both buyer and seller must be able to walk away from a deal that just is not going to work.

Bob Woolf, the famous sports agent said in his book, *Friendly Persuasion: My Life as a Negotiator*, “I never think of negotiating against anyone. I work with people to come to an agreement. Deals are put together.”

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*Alamo Corporate Group and its advisors have specialized in ownership transfers of closely held companies since the late 1980's. We offer a range of intermediary services including mergers, acquisitions, divestitures, buyer identification, management buyouts, debt restructuring and in very limited instances, acquisition searches for high net worth individuals and private equity groups.*

*Alamo's primary purpose is to provide an extremely confidential national service that brings buyers and sellers together through our extensive contacts in the financial and intermediary communities.*

*Our process is very structured, as experience has shown us that while each buyer and seller is somewhat unique, there are enough similarities that specific steps must be followed in order for transactions to close. Confidentiality is guarded throughout each step of the process.*

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