

The Art of Fee Negotiation

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Outline

- The nature of fee negotiation
- Strategies for claiming more value
- Traps to avoid
- Beyond fee negotiation: creating value
- Preparation



The nature of fee negotiations

- Why are fees negotiated?
- What is your objective?
 - How would you gauge success in the negotiation?



Strategies for claiming more value

1. Set targets as high as is reasonably possible
2. Making the first offer gives you an anchoring advantage
3. Beware of being anchored by the other side
4. Know your limit and think about the other side's limit
5. Use objective standards as arguments to frame the negotiation in your favour
6. Beware of the "even split"
7. Plan your concessions



Traps to avoid

Traps you set yourself

- Soft target, hard opening offer
- 'That's my final position' – when it's not

Traps the other side sets for you

- Price comparison to the lowest common denominator
- Discount requests



Beyond fee negotiation: creating value

- The fee is not always the only issue
- When fees are not the only issue, these are not the only strategies to use!
- Where possible, expand the range of issues to protect your interests, and create value by negotiating collaboratively



The key to success: preparation

- Time
- Target-setting
- Prioritisation
- Understanding alternatives
- Setting limits
- Identifying tradeoffs and packaged value
- Understanding the other side



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