

Structuring A Deal

NEGOTIATION STRATEGY AND TECHNIQUE SEMINAR

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on behalf of AAPL





Contract Law

Offer

Acceptance

Consideration

Capacity

Intent

Legally Enforceable

→ *Statute of Frauds – Oil and Gas Agreements in writing*





Negotiation

Negotiation Strategy & Technique - Outline

1. Assessment and Plan Development for a Negotiation
2. Setting the Tone for Your Negotiation
3. The First Steps in the Negotiation Process



Outline Continued...

4. Negotiation Considerations

5. What Makes a Good Deal and Contract

6. Negotiations through Technology

7. Negotiation Styles



**Develop Your Vision
for the Deal**



**What is Your
Planned Outcome**

**What Do You Need
to Know**

Assessment and Plan Development



Develop Your Vision for the Deal



**What do I want to
accomplish?**



Assessment and Plan Development

- What are the Boundaries and Authorities
- Developing the Terms for Your Best Deal
- Identifying Your Walk Away Terms
- Identify the Other Party's Walk Away Terms



Know Your BATNA

**BATNA – Best Alternative To a
Negotiated Agreement**

**The Standard By Which Any
Negotiated Deal Should Be Measured**

How to Create Your Own BATNA

Insecurity of an Unknown BATNA

Interaction #1





**When,
Where,
and How . . .**



Setting the Tone for Your Negotiation

- When, Where and How
- The Power of Civility
- The Power of Integrity and Trust
- The Power of Pacing, Timing, and Breaks



When Should You Make the First Offer

Anchoring is when you make the first offer to set a value anchor to the negotiation process.



Zone of Possible Agreement (ZOPA)

The ZOPA is the range of possible outcomes that each side will find acceptable—and your research and interpretation of the other side's knowledge of the ZOPA.

In regard to Leasing, you usually have a better handle on what the ZOPA is and it typically makes more sense for you to make the Offer.



The Seven Elements of Negotiating

- INTERESTS
- OPTIONS
- ALTERNATIVES
- LEGITIMACY
- COMMUNICATION
- RELATIONSHIPS
- COMMITMENTS







Body Language



The First Steps in the Negotiation Process

How to Learn the Counterparty's Perspective of Deal Success:

Reach out to the people you know

Contact those in your company

Do Industry research and gather info

Research the other side's company and their competitors

The First Steps in the Negotiation Process

Is Their Perspective Consistent With Your Planning Assumptions about Them?

Do You Now Know How to Satisfy the Common Goals?

Do You Need to take a Break to Adjust Your Planning Based on What You Now Know?

NEGOTIATION PREPARATION WORKSHEET (QUICK PREP)

YOUR VISION FOR YOUR DEAL: _____

MY SIDE	THEIR SIDE
Interests (Identify Parties):	Interests (Identify Parties):
Options:	Options:
Alternatives (BATNA):	Their BATNA:
<p>Proposals:</p> <p><u>ASPIRE TO:</u></p> <p><u>MIDDLE GROUND:</u></p> <p><u>CAN LIVE WITH:</u></p>	



Vision For The Deal:

- Acquire XYZ Company and all their assets for \$50,000,000.00 with in 6 months.



Identify Parties:

My Side:

Interests (Identify Parties)

- ME
- MY COMPANY
- OUR STOCKHOLDERS

Their Side:

Interests (Identify Parties)

- OTHER COMPANY
- THEIR EMPLOYEES



Options:

My Side:

- Offer is \$50,000,000.00

Their Side:

- May be looking at selling rights in a different basin
- May have plans to increase drilling schedule in basin you are interested in
- May not be willing to sell anything



Alternatives:

My Side – BATNA

- If this company isn't willing to sell at our price, list other companies with similar interest that might be willing to sell
- Possibly purchase only a portion of the company
- Possibly purchase only certain formation rights

Their Side – BATNA

- They may be getting offers from other companies
- They may be getting additional funding
- They may need money for their drilling schedule in a different basin



Proposals:

- ASPIRE TO:

- MIDDLE GROUND:

- CAN LIVE WITH:



Lunch Break

1 Hour

Exercise



Negotiation Considerations

How to Defuse Emotional
Negotiations/Negotiators

Joint Problem-Solving

Barriers to Communication

Breaking Through Tough Blocks in
Negotiations – using Breakthrough
Strategies



Barriers to Communications



Barriers To Be Aware Of

Physical

Language

Gender

Interpersonal

Perceptual

Cultural

Emotional



Fears



Overcoming Barriers



ACTIVE LISTENING



CLARIFICATION



REFLECTION



**What to do if
you are at an
Impasse**

When Do You Walk Away?

Unethical and Bad Faith Practices

- Inappropriate information collection
- Emotional Manipulation
- Falsifications
- Deception
- Selective Disclosure
- Falsely Threaten
- Promise Things You Can't Deliver
- Bluffing
- Misrepresentation
- Competitive Bargaining
- Over-Marketing
- Crooks
- Sell things of low quality
- Representing that they have access to Deal – when they don't



What Makes a Good Deal and Contract

- All Important Terms, Financials, Roles, and Obligations are Included
- The Agreement is Organized and Easily Administered
- The Parties Are Willing to Do Another Deal Together



Negotiations by Email or Text Message



Should You Negotiate by Email or Text Message



What are the Risks and Benefits



Negotiations Begin
From The Very First Contact – If Not Before



Negotiations by Email or Text Message

Convey

Expressly convey your intentions

Put

Put the other party on notice

Clear up

Clear up any confusion

Be

Be mindful of accidental contract amendment

Train

Train your employees



Negotiations by Email or Text Message

- Set the Stage and Bring in Feelings
- Express Empathy
- Mention Feelings
- Stress Confidence of a Solution
- Make Suggestions, Ask Questions, Problem-Solving Mode
- Don't Be Afraid to Mention Doubt
- Close by Stressing a High Degree of Confidence in Your Ability to Find a Mutually Beneficial Solution







Personal Negotiation Styles



Personal Negotiation Styles

THE COMPETITORS

THE ACCOMMODATORS

THE CONFLICT AVOIDERS





Checklist of Points to Cover in your Negotiation:



Approach	Approach every negotiation with a Win/Win attitude, unless you find that win/win won't work
Trust	Be honest. Create trust
Leverage	Know your leverage. Don't use it unless you must
Weakness	Know your weakness and how you will make up for your weakness
People	Remember people make deals, not companies or organizations



Persuasion is achieved by the speaker's personal character when the speech is so spoken as to make us think him credible. We believe good men more fully and more readily than others: this is true generally whatever the question is, and absolutely true where exact certainty is impossible, and opinions are divided.

- Aristotle

Final Questions

THANK YOU!



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