

VBA SCHOOL OF BANK MANAGEMENT

EFFECTIVE NEGOTIATIONS

“TEAM B” SKILL PRACTICE

BACKGROUND:

You are Zach Dykes, a residential builder who completes 25-30 “affordable” (\$200,000 to \$250,000) houses a year. You also operate a very successful commercial millwork and remodeling operation. Your reputation for quality is keeping your business steady. You finance each project at YourBank, whose lender advanced your first construction loan 7 years ago. Today that relationship is strong; a good working partnership with your account officer and approximately \$3 million in construction and equipment loans. YourBank also handles your builders’ risk policies. One of the aspects you appreciate about your banker’s service is that the appraisal fees on your construction loans are waived. You pass this along to your customers as an added benefit (“We’ll pay for your appraisal!”) listed in your marketing material. This has never been a “deal closer”, but the \$400 discount has been a nice added marketing tool. No other banks offer this feature.

NOTES:

CURRENT SITUATION:

You are in a highly competitive business that operates on low margins and need to always be looking for ways to save money and time to improve your operations. You really like your business banker, who is someone you have grown to trust. But after a recent visit and discussion with MegaBank, where you have your business and personal deposit accounts plus several treasury and cash management services, you wonder why you are never approached by YourBank’s banker about other services. Does he not know about these, or perhaps the bank doesn’t offer them?

A major flaw with YourBank is its lack of interest in using your company for the remodeling of their branches. You have a great reputation in this area but can’t even get a return call from their facilities manager. In January you mentioned this to your banker, who said he’d look into it, but you haven’t heard anything from him. You think it’s time to light a fire under him and get some answers.

Coincidentally, your banker called to set up a meeting to “discuss some options” about your relationship. What options? You’re not sure but gladly accepted the meeting.

NOTES:

YOUR MAIN NEEDS:

- Revenue: The bank's branch remodels are a significant income opportunity. You deserve a shot at these bids. On the other side of the ledger, expense reduction is more important than ever in a weakening economy. A penny saved...
- Relationship: MegaBank's logic of a one-bank relationship makes sense, especially in using time efficiently. Can YourBank offer the same packages and pricing?
- Trust: You need a bank that is more than just responsive to your requests. YourBank seems to be content with your current relationship, while you need proactive advice that encompasses all areas of your business and personal finances.

NOTES:

PERSONALITIES:

You are an Influencer/Dominant combination. The D comes out when you don't immediately get what you want.

Your banker is a combination of Influence and Supportive. Very approachable, but sometimes needs to be more direct.

NOTES:

THE MEETING:

Prepare for your meeting with your banker. Consider the main needs and strengths of both yourself and the bank. Develop an opening position, a walk away point, and at least one intermediate option.

NOTES:

NEGOTIATION PLANNER

NEEDS

DYKE'S NEEDS	REASON	PRIORITY

STRENGTHS

DYKE'S ADVANTAGES	HOW TO LEVERAGE

BANK'S NEEDS	REASON	PRIORITY

BANK'S ADVANTAGES	HOW TO COUNTERACT

OPTIONS

TO BE NEGOTIATED	OPTION A (OPENING POSITION)	OPTION B	OPTION C	OPTION D (WALK AWAY POINT)

CONSIDERATIONS