

# Negotiating in Agriculture

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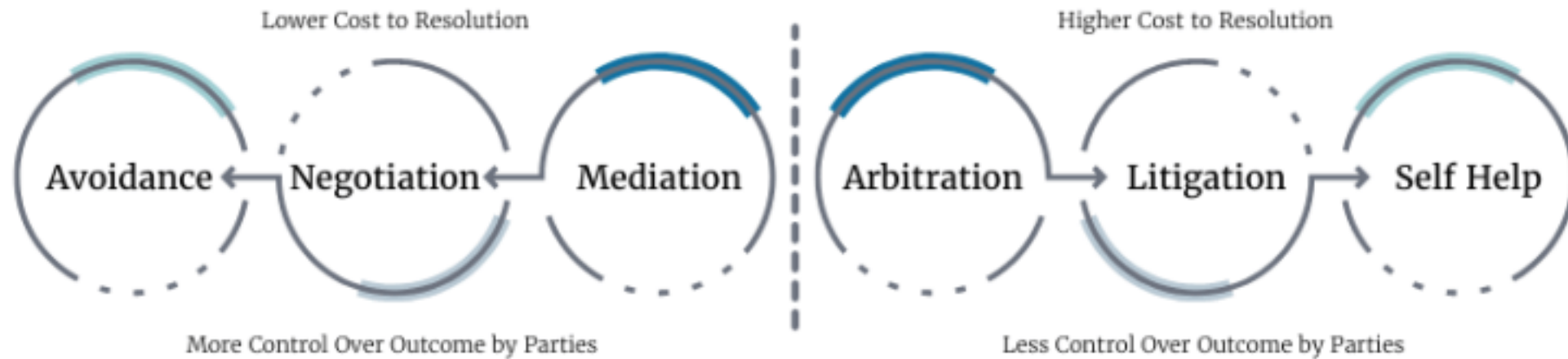
# What is a Negotiation?

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“When two or more parties with different interests come together to reach a mutually acceptable agreement”

# Conflict Resolution

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<https://harmoniousresolutionsllc.com/conflict-continuum/>

# Why Negotiate?

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- Each party brings different resources
- Use partnerships to bring those resources together to create value
- Distribute the value among parties through negotiation

(Smutko, 2023)

# Well-Negotiated Lease

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- Sets the foundation for a successful landlord-tenant relationship
- Protects interests of both parties
- Reduces the potential for disputes and legal issues

# Preparing for Negotiation

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# Framework

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Rights	Responsibilities	Risks	Rewards

(Richard Brown, Alpha Harvest Inc)

# Understand Yourself

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- Define success
- What are your interests?
- Determine your **BATNA** and **walk-away point**
- Identify major issues related to your goals
  - **Bargaining mix**



# Understand the Other Parties

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- What might their interests be?
- What are some options that might satisfy both their interests and yours?
- Counterparty due diligence:
  - Ability to keep terms of lease
  - Willingness to keep terms of lease

# Context of the Negotiation

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- Decide who should be on your team
  - What resources do they bring?
- Who is on the other team?
- Consider other factors
  - Deadlines
  - Time limits

# Plan the Process

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- Agenda
  - Agree on what will be negotiated
- Location
- Track what is agreed to
  - **Term sheet**
- What happens if negotiations fail?

# Term Sheet

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- Use to facilitate negotiation
- Track key terms of the lease
- Non-binding

Term Sheet
Term of Lease
Rent
Responsibilities of parties
Farming Practices
Insurance
Default Provisions

# Default Provisions

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- Define a default
- Notification
- Cure period
- Remedies

(Richard Brown, Alpha Harvest Inc)

# Prepare to Open Negotiation

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- Set achievable targets
  - Trade-offs and throwaways
- Consider your opening offer
- Framing of message
- Communication

# Strategies in Negotiation

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# Communication Strategies

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- Active listening
  - Empathy
  - Open-ended questions
  - Identify themes
- Avoid reactive listening
- Focus on interests
  - Look for overlap that help you move towards resolution
  - Frame discussion in terms of the future relationship



# Other Tips

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- Communicate as often as necessary
  - Be clear in communication preferences
- Include clause for mediation of disputes
- Barter for reasonable discounts
- Share the budget
- Be realistic

# Finally...

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Remember the negotiation process is about building trust for a successful long-term relationship.

# Assessing Success

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# Assessing Success

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- Did you meet your primary objectives?
- How does the agreement compare to your **BATNA**?
- Do both parties benefit from the agreement?
- Did the negotiation strengthen the relationship between parties?

# Cash Rental Rates

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# Approach

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- Tenant's residual method
  - Estimate of breakeven cash rents
  - Estimate income (crop yields & prices, govt payments)
  - Subtract out estimated expenses
- Breakeven rates expected to drop significantly
  - NFI estimates down
  - Realized rates are going to be sticky
- KSU projections by Dr. Gregg Ibendahl

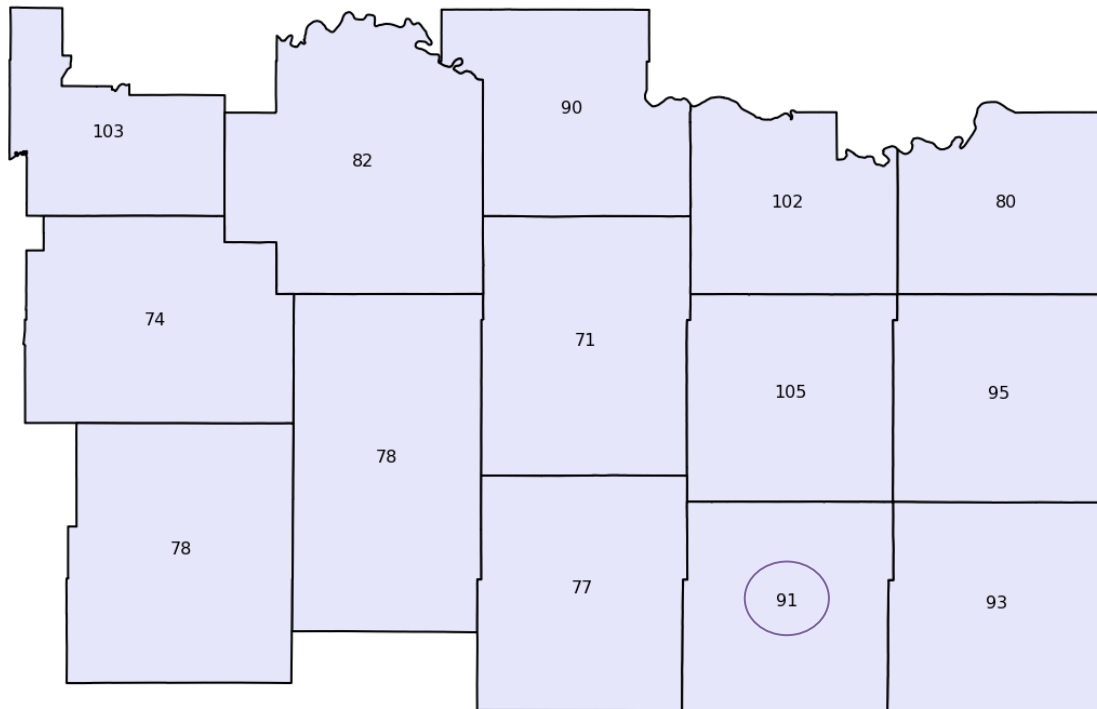
# Non-Irrigated Cash Rental Rates

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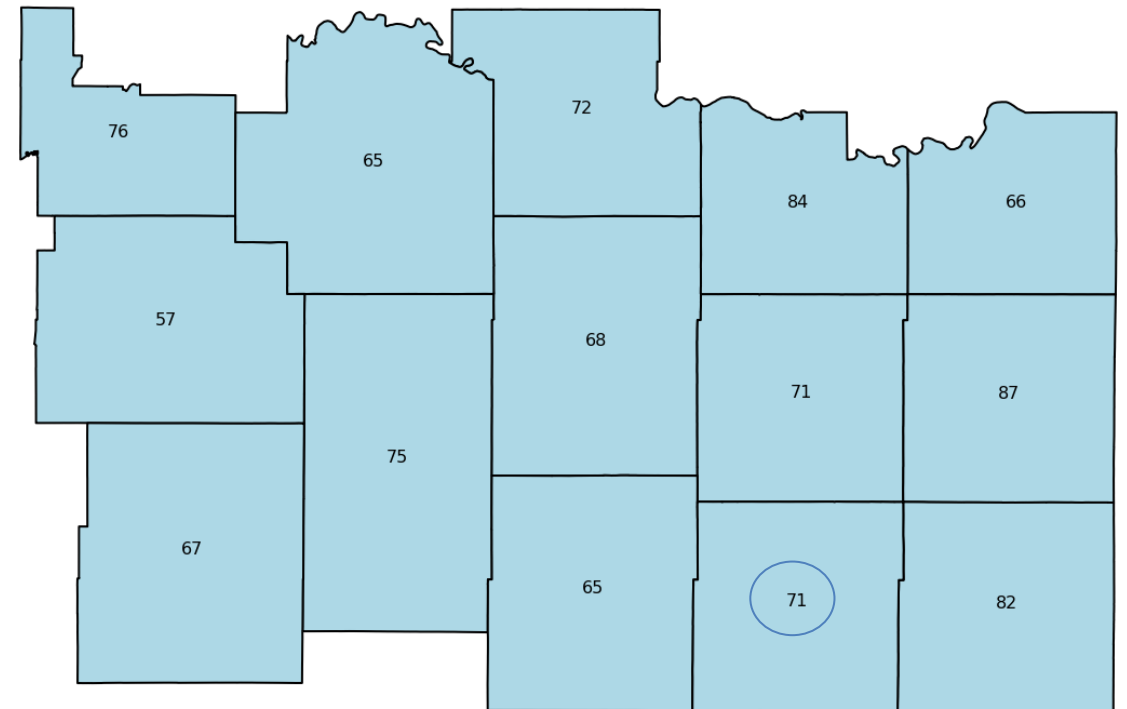
		KSU	NASS
EAST	Northeast	127	123
	East Central	67	72
	Southeast	52	57
CENTRAL	North Central	89	75
	Central	56	58
	South Central	42	47
WEST	Northwest	67	59
	West Central	59	47
	Southwest	45	38

# 2024 East Central Region

KSU 2024 Projection



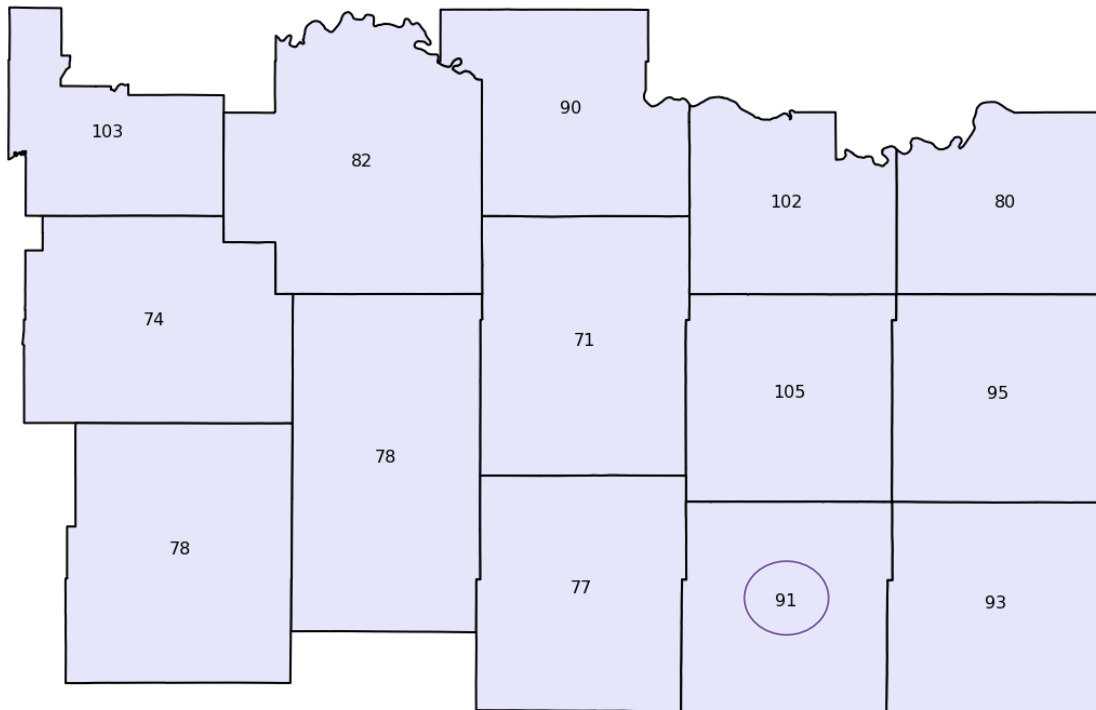
NASS 2024 Estimates



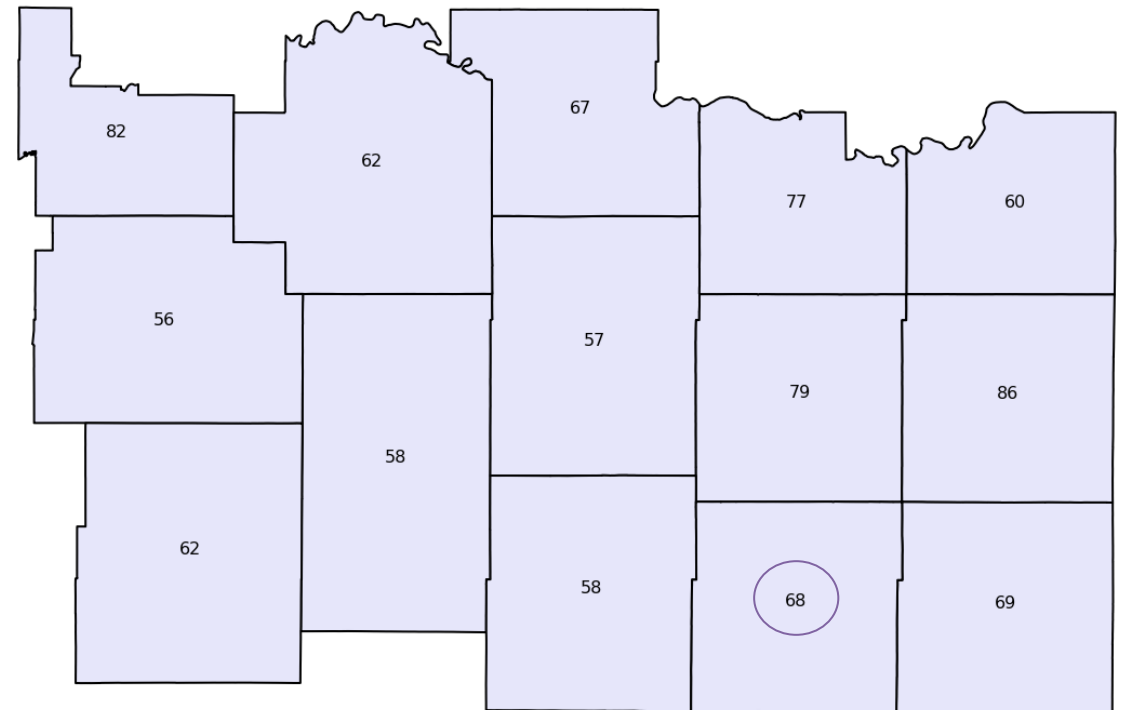


# 2024-2025 East Central Region

KSU 2024 Projection



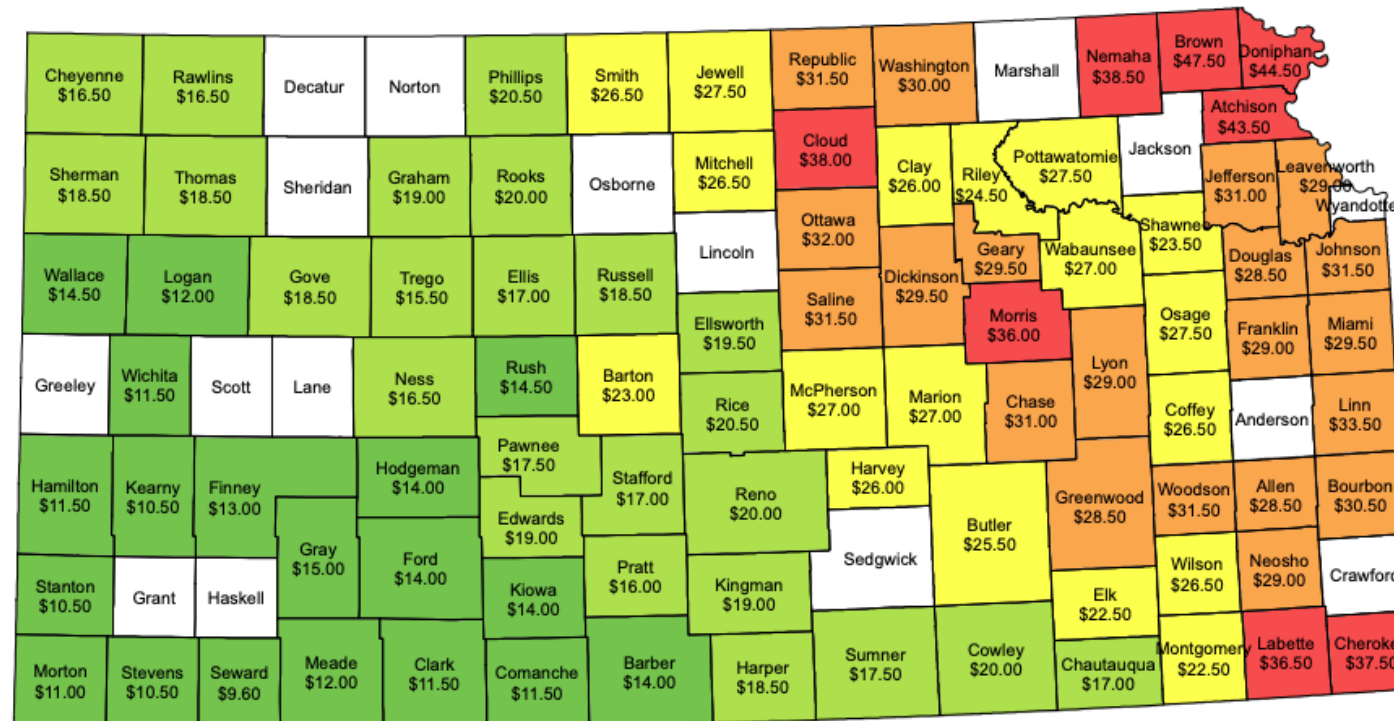
KSU 2025 Projection



# NASS 2024 Pasture



2024 Pasture Cash Rent Paid Per Acre  
Kansas



# Thank You!

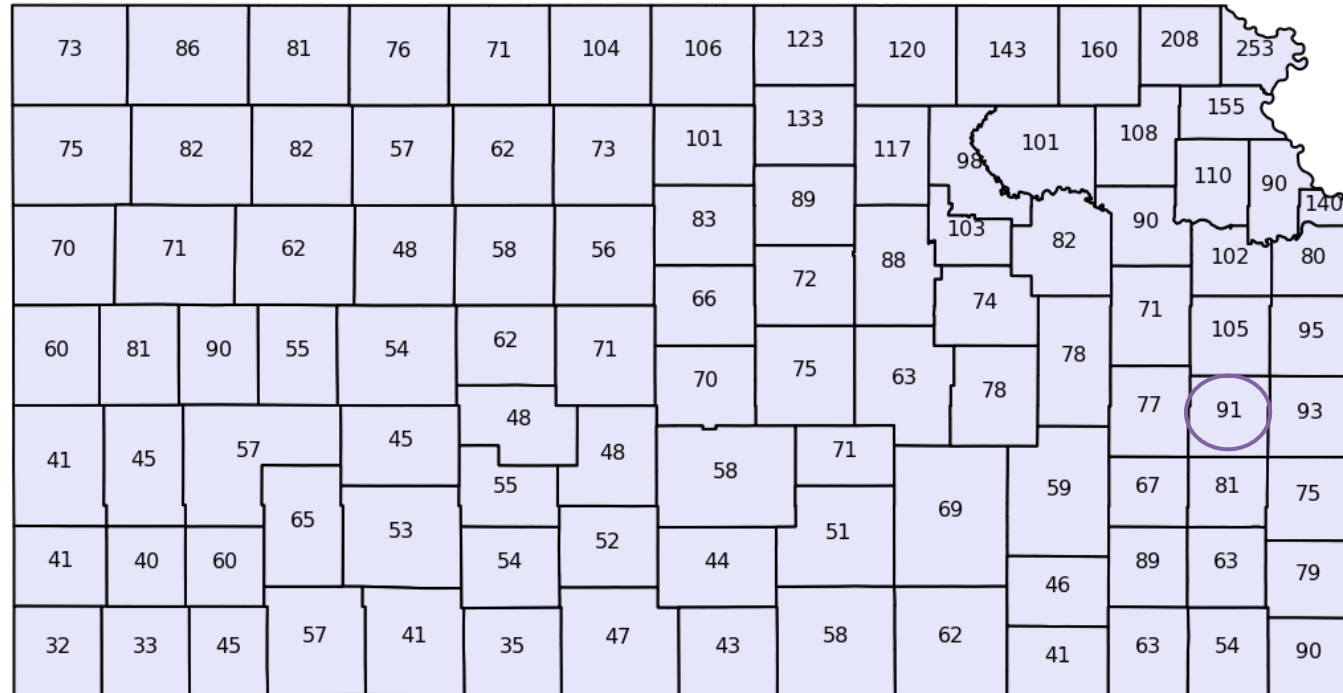
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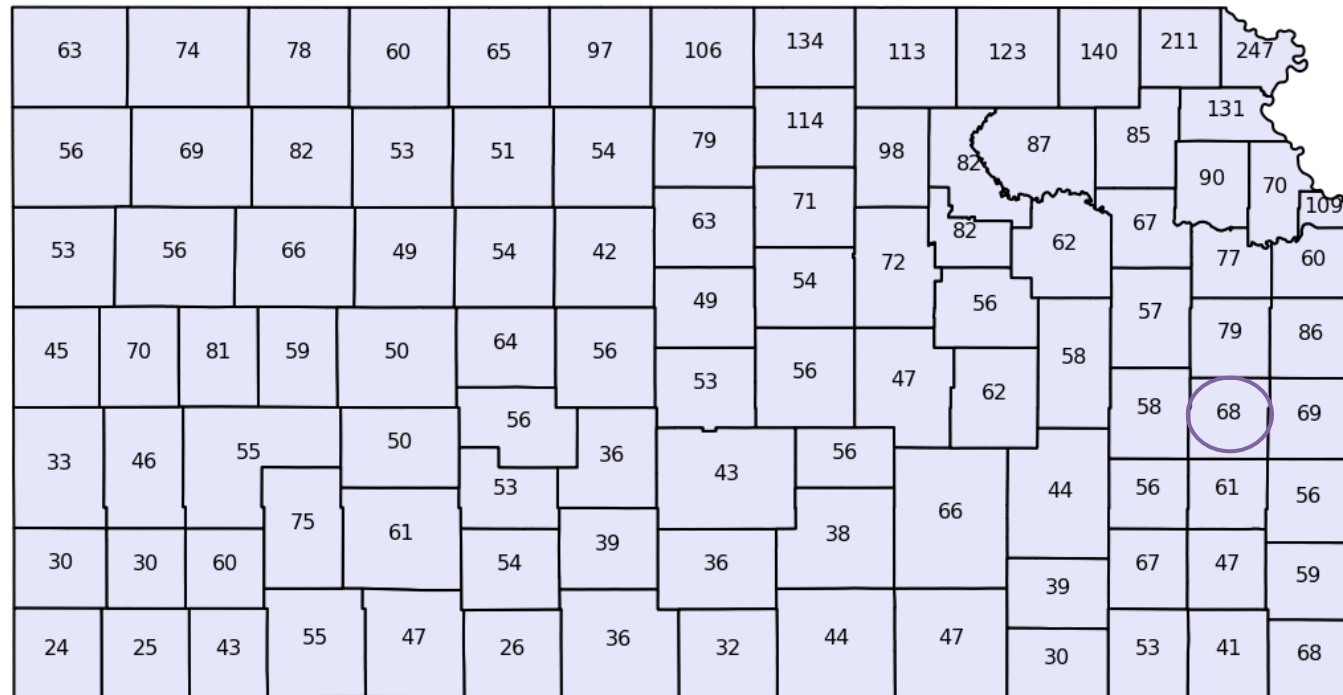
# KSU 2024 Projection

KSU 2024 Projection



# KSU 2025 Projection

KSU 2025 Projection



# 2024 NASS Estimates

NASS 2024 Estimates

59	67	65	52	52	82	81	96	83	125	150	206	194	
62	67	60	42	43	51	76	102	94	83	94	93	126	
45	46	51	35	42	42	67	70	76	76	65	72	80	82
43	57	65	42	37	46	53	54	67	57	75	68	84	66
43	57	65	42	37	46	53	60	74	59	67	75	71	87
33	34	45	36	41	47	58	68	53	48	65	71	82	
33	34	45	36	41	47	58	68	53	48	65	71	82	
33	31	43	54	45	39	50	48	51	53	48	54	66	61
33	31	43	54	45	39	50	48	51	53	48	54	66	61
33	31	43	54	45	39	50	48	51	53	48	54	66	61
33	31	43	54	45	39	50	48	51	53	48	54	66	61
31	33	35	46	35	32	48	41	53	62	39	71	51	60

# 2023 NASS Estimates

NASS 2023 Estimates

