

# Negotiating UP

How to Educate CRE Clients



Elevate Aspirations  
Release Expectations™

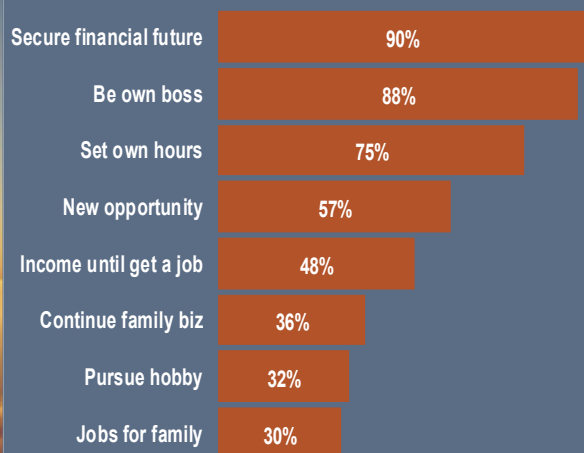


"Riggo"  
ed@edriggins.com  
404-660-4231

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## Remember: You Picked This

Gallup: Motivation for opening a small business – selected very/somewhat important.



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ed@edriggins.com  
404-660-4231

## Agent-Principal Tension



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## The Tension Between Empathy and Assertiveness

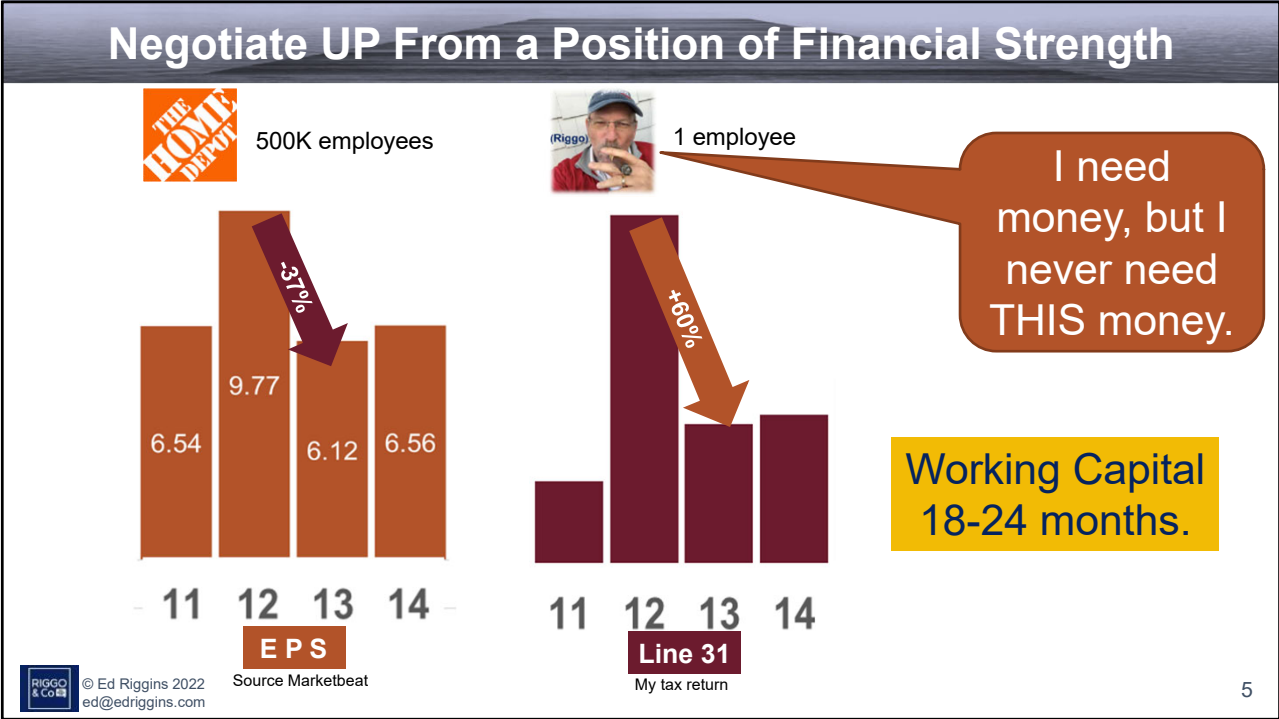
Too much and you get nothing  
Too little and they shut down

Managed, not cured

Too much and they shut down  
Too little and you get nothing



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Ed Riggins  
 ed@edriggins.com  
 404-660-4231

## Explain This to Your Clients!

Negotiation  
Phase  
(LOI)

Documentation  
Phase  
(Lease/P&S)

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## Remember: It's Not About You



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## Break Time



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## A Story About Authority. Our First meeting...

Tell me about your situation. Here's our process, my credentials, next steps... (I put on a kinda big show)

(Joking tone) I wasn't talking to you. I was talking to Sam, since he's the one I'll be working with. He's thinking I might be an idiot.

Nice to meet you. This is my CFO, Sam

You know, you didn't have to give us the pitch. I trust Tom, he likes you, and it's my decision to make.

Riggo, meet Bob. I've known him my whole life, grew up going over to his house. His son and I are best friends.

Hi, nice to meet you.

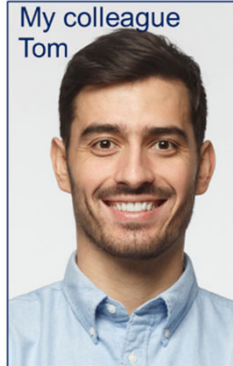
(Laughing) I appreciate that.



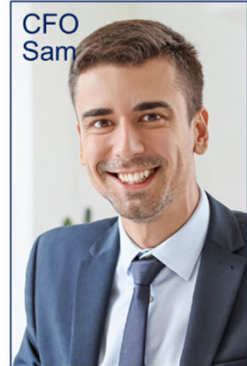
President & Owner  
Bob



My colleague  
Tom



CFO  
Sam



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## ...a Few Weeks Later

RIGGOISM 43

WANT TO KNOW WHAT MAKES MOST BUSINESS PEOPLE CRAZY? Being held accountable for results without being given the resources or the authority to make the necessary decisions. — ED RIGGINS.COM

RIGGOISM 43

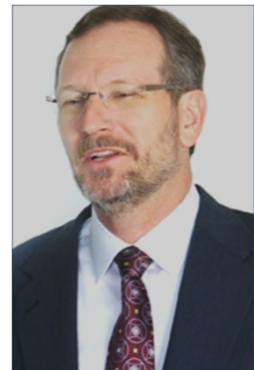
Candidly, sometimes Bob has a hard time letting go.

I'm really glad Bob gave us the OK to move ahead with the criteria you and I so painstakingly created.

I know this is completely different (Knowing glances between Sam and Riggo) way to work today that we need to discuss.

Yeah, it should be smooth sailing from here on out.

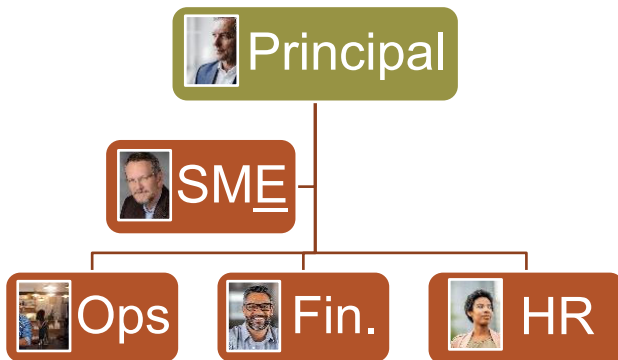
If it's any comfort, I've met dozens of entrepreneurs like Bob over the years with many skills. Letting go was not among those skills.



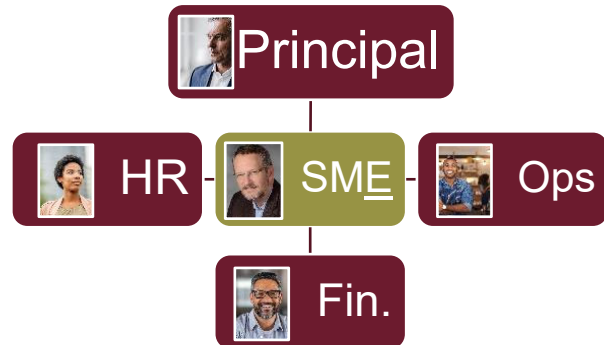
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## Expertise Gives You Leverage

### Hierarchical Positioning

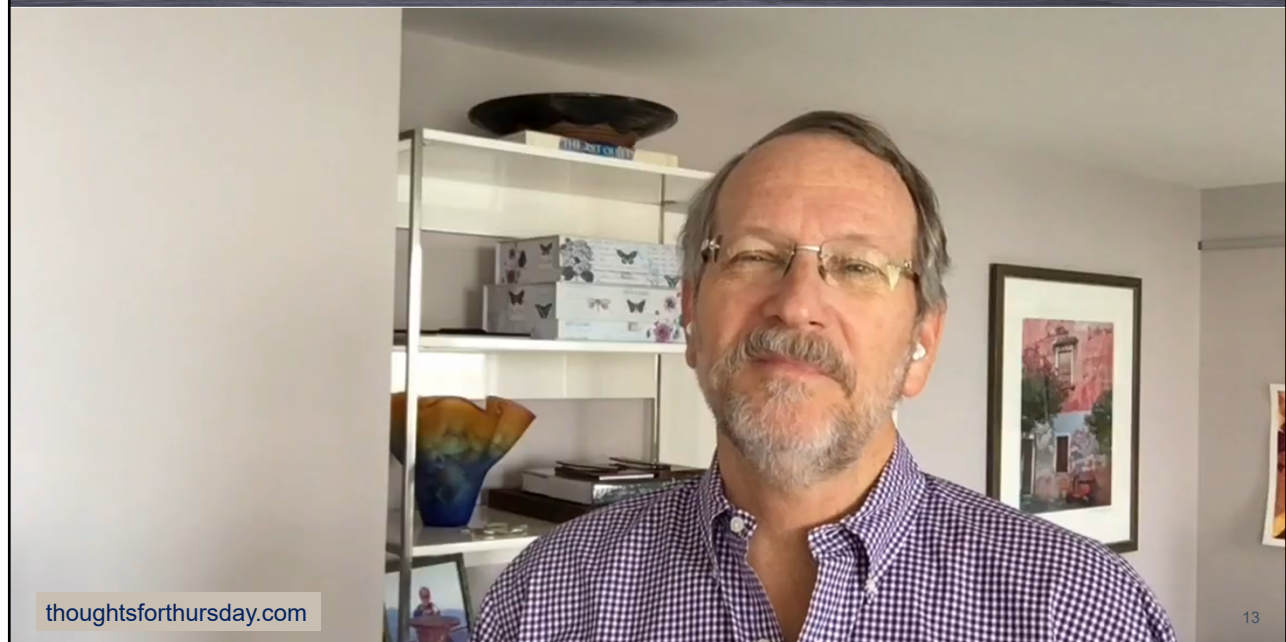


### SME Positioning



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## Distinguishing Observation from Evaluation



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## Know When to Walk Away...or Not...With Class

### The Low EQ Ph.D.



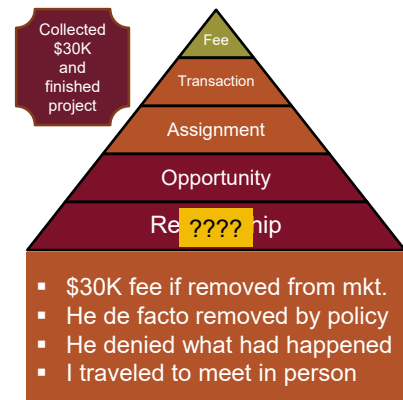
- Suspected he was uneducable
- He contacted landlord directly
- He renewed without me
- He still asked for help later

### He Had Zero Capacity to Trust



- He didn't return my early call
- He brought up expiry date
- He back-checked my info
- We lost bldgs. from indecision






### He Confirmed the Pyramid



- \$30K fee if removed from mkt.
- He de facto removed by policy
- He denied what had happened
- I traveled to meet in person

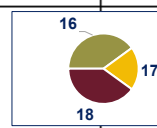
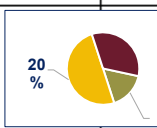
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## Getting 7 Law Partners to Agree

	Yes 1	No 2
I believe I can reliably predict the # of employees at [redacted] for the next 5 years.		
I believe if we refurbished it our existing office space would suit us just fine for the next 5 years.		
I believe higher quality office space would be worth the money, since it would help us with <u>employee recruiting and retention</u> .		
I believe higher quality office space would be worth the money, since our <u>clients would like it</u> .		
Moving to new office space would represent to me a "new day" for [redacted], even if we did not go to a higher quality building.		

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## Getting 7 Law Partners to Agree

	14	16	18	20	22
This is how many lawyers I want our firm to have over the next 5 years:					
	10%	20%	30%	40%	50%
This is how much more I'm willing to pay <u>per SF</u> (than we could get from our current landlord) to upgrade to a nicer building:					
Our monthly rent is currently:					
Our rent as a percent of annual revenue is:					
We have been in our current suite since:					

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# Getting 7 Law Partners to Agree

Agree: To have the same opinion about something; concur

I agree with the conclusions of the attached Consensus Exercise Results dated 7-16-11, and support proceeding with a search for competing spaces based on the requirements outlined in it and the attached Program of Requirements. Understanding that almost no space fits the ideal described here perfectly, and that market conditions change, our "best guess" initial monthly rentals

5-year minimum terms in all scenarios	SF	Per SF	Annual	Monthly	For each of 6 Partners
Renew and remodel current space (adding people and re-configuring occupied space difficult)	6,474	17.50	113,295	9,441	1,574
Renew and expand into the adjacent 1,386 SF suite	7,860	17.50	137,550	11,463	1,910
Relocate to larger space in TBD higher quality building. (New landlord may require new credit underwriting.)	8,000	23.00	184,000	15,333	2,556

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# Getting 7 Law Partners to Commit

Commit: pledge or bind (a person or an organization) to a certain course or policy

This is our firm consensus:

I agree with the conclusions of the attached Consensus Exercise Results dated 7-16-11, and support proceeding with a search for competing spaces based on the requirements outlined in it and the attached Program of Requirements. Understanding that almost no space fits the ideal described here perfectly, and that market conditions change, our "best guess" initial monthly rentals scenarios are as follows:

5-year minimum terms in all scenarios	SF	Per SF	Annual	Monthly	For each of 6 Partners
Renew and remodel current space (adding people and re-configuring occupied space difficult)	6,474	17.50	113,295	9,441	1,574
Renew and expand into the adjacent 1,386 SF suite	7,860	17.50	137,550	11,463	1,910
Relocates to larger space in TBD higher quality building. (New landlord may require new credit underwriting.)	8,000	23.00	184,000	15,333	2,556

-  Robert Dublin  7/21/11 Date
-  Rubin Jones  7/21/11 Date
-  Samuel Carlton  7/21/11 Date
-  Dan Powell  7/21/11 Date
-  Gavin Wilson  7/21/11 Date
-  Trent Walker  7-21-11 Date
-  Nancy Smith  7/21/11 Date

Net Sq. Ft.	Notes
1,260	15x12 office
1,200	10x12 office
120	10x12 office
632	8x8 workstations
64	Open to lobby
-	-
-	-
-	-
-	-
3,476	

Net Sq. Ft.	Notes
250	4 visitor seats
120	Enclosed secure
330	16.5 x 20 enclosed / 8 person
160	15x12
120	10x12
210	15x14
300	Enclosed
20	Enclosed
-	-
-	-
1,830	

5,000
1,500
6,500
975
7,484

off-site.

### Exercise Results

Yes	No	Notes
1	2	Now - 14 attorneys, including 7 Partners
6.5	0.5	Want to have: 17 attorneys, incl 7 Partners (in offices w/Partner offices slightly smaller than current)
0.5	6	1 office managers office
0.5	6.5	13 staff members (workstations)
4.5	2.5	1 large conf. room for 8
4.5	2.5	2 small conf. rooms
4.5	2.5	(2nd conf. room becomes office for 17th attorney)
		1 fax/copy area
		1 coffee/break area with table
		in-building file storage area (some files in hallways now)
		Atlanta address/ Cumb. area

14	16	18	20	22
2 @ 16				
1 @ 17				
2 @ 18				
10%	20%	30%	40%	50%
1 @ 15%				
3 @ 20%				
2 @ 30%				

most @ \$10,500 - \$11,500 (\$10,750 is actual)  
 ranged 3-4% (53.5% of gross is actual)  
 ranged 1984 - 1990 (2/1990 is actual for 4,589 SF)  
 Apparently, Rubin's shirt was quite controversial.

of missing votes and partial participation

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## Break Time



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## Negotiating Leases vs. Sales



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## Get Some Leverage: Specialize

Leverage: power or ability to act or to influence people, events, decisions, etc.; sway:



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## Insight From a Funny, Wise Man

What is the problem  
Who are the people?  
What can I give?  
Michael Jr. comedian



<https://www.facebook.com/life.church/videos/a-theory-about-men/403360904205587/>

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Property Type	Client Goals	Geography
	<p>Collect rent</p> <p>Buy    ↑    Sell</p> <p>Pay rent</p>	
<p>Retail listing opportunity on the southside</p>		
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Property Type	Client Goals	Geography
	<p>Collect rent</p> <p>Buy    ↓    Sell</p> <p>Pay rent</p>	
<p>Industrial tenant rep opportunity on the westside</p>		
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Ed Riggins  
ed@edriggins.com  
404-660-4231

Property Type	Client Goals	Geography
	<p>Collect rent</p> <p>Buy → Sell</p> <p>Pay rent</p>	
<p>Land listing opportunity in-town</p>		

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## Negotiating UP

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Ed Riggins  
ed@edriggins.com  
404-660-4231

## A 4-Step Process for Negotiating UP



Acknowledge  
authority



Describe your  
process (non-  
defensively)



Shift the  
cognitive load

(Used amount of working  
memory resources)



Shift  
ownership  
(then silence)

Support decision

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Known simply as “Riggo” to the thousands who have laughed and learned while attending in his programs, Ed Riggins has had a career that proves you can enjoy serious success without taking it all too seriously. He learned from doing stand-up comedy that if you want to find the truth, look for the funny. He learned from improv comedy to find the natural flow and go with it.

Before becoming a national top producer, being named “Who’s Who of Commercial Real Estate” by the Atlanta Business Chronicle and recognized as a “Power Broker” by Costar, Riggo mowed lawns, customized cars, drove a forklift, and was a small engine mechanic, on his way to becoming a first-generation college graduate. Ed is among less than 1% of practitioners nationally to have earned both the SIOR and CCIM designations.

Ed Riggins, CCIM, SIOR  
404-660-4231  
ed@edriggins.com  
www.edriggins.com

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Ed Riggins  
ed@edriggins.com  
404-660-4231