

NEGOTIATING

Made Easy

Your Simple A-Z
For Success as
A Top Negotiator



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NEGOTIATING

Made Easy

The Simple A-to-Z

**For Success as
A Top Negotiator**

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Agendas

Never allow the Negotiation to be narrowed down to just a single issue!

This is the number one rule to become an expert negotiator.

Negotiation is a very crucial game which has its own specific set of rules.

You have probably heard it said that whoever prepares the Agenda ... is the one who controls the meeting.

This same principle used when you buy a Commercial property.

During the course of a negotiation, you can generally find out a lot about the other party's viewpoint.

But it all comes down to paying close attention to how they respond to everything you say and do.

Most people tend to make an offer for a Commercial property based solely on price.

And when you stop to think about it, you're not really acting in your own best interests.

A business consultant should never submit a "quote." The word "quote" indicates that you're immediately open to negotiation.

Instead, you should always refer to it as a "Fee Proposal." And likewise, when a Commercial property.

Your Key Elements of a Good Purchase Proposal ...

1. The Deposit

The initial Deposit should be split equally. Assuming the regular deposit is 10% ... five percent is proposed upon the exchange of contracts, while another five would be paid upon the completion of a satisfactory due diligence.

2. Due Diligence

You might begin by requesting 21 business days to give you time to verify the integrity of what you're buying — both from physical and financial point of view.

3. Purchase Price

Buying a Commercial property requires you to put forward your Lowest Realistic Amount (LRA).

4. Settlement Terms

Again, you should initially start by seeking 120 days. Then, you work back from there.

Before exploring the components one by one, you should think about what you've just achieved by submitting such a Proposal.

What you have done is create four points for negotiation — rather than solely focusing upon the Price.

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For more details go to [Module 1](#)

Boldness

That goes for each component you include as a part of your initial Purchase Proposal — where the initial price is called your Lowest Realistic Amount (LRA).

The Importance of your LRA

- ❖ At this early stage, you know very little about the other side.
Any assumptions you created about their expectations may be a way off. In fact, they might be ready to accept far less than you first thought.
- ❖ Given the fact you have no history with the other side; you end up coming across as more accommodating, especially if you're in a position to make concessions along the way.
- ❖ It helps lower the perception of the property's value in their mind. However, if you intend to go below this LRA, make sure you also infer the flexibility level of your decision.
Otherwise, you unintentionally create a deadlock in negotiations.

You see, sometimes the other side will be ready to accept a price closer to what you initially propose.

Even if they don't, you're able to create a climate where the other party feels they have won overall.

Conversely, by proposing your best price up front ... it means you leave yourself very little room to trade, and leave the other party with the "winning" feeling.

Therefore, it's important for you to ask for more than what you expect to achieve.

The End is Not the End

Even after everyone feels it's already a "done deal," you can actually ask for more. This technique is called Nibbling.

Believe it or not ... some things are actually achieved more easily with a Nibble at the end (after both parties obtained a final agreement). How's that possible?

As a Master Negotiator, you are able to gain a concession (by Nibbling) on something the other party would never have agreed to, earlier in the negotiation.

The secret is patience.

You need to wait for the right timing until the point of agreement in the negotiation then find a way to go back and 'nibble' for a bit extra.

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Characteristics

Exactly What does it take to become a Master Negotiator?

1. Diligence to seek Information

To be truly successful, you need to put in the prep time to gather as much information as you can about the other party's motivations. Never simply accept what they tell you without doing some close probing. Undertake research like a hungry reporter. Then, you will be well-placed to devise sound assumptions that will underpin your negotiating strategy.

2. Becoming a Good Listener

By listening, you can quickly uncover the other party's real needs. Only then, you can work towards achieving a win-win outcome.

Start by showing genuine interest when they talk — lean in, tilt your head slightly and ask questions. Give them feedback by rephrasing a point they just made.

Your focus should be on the message, not the delivery style.

If possible, take notes to show that you value what they're saying.

This technique also has two other side benefits:

- ❖ It saves time and will avoid any arguments later about what was said.
- ❖ The other party tends to be more truthful about in what they are telling you.

Remember: Always wait until they finish before you reply; and don't

allow any personal bias to flavour your response.

3. Being able to engage 'Strategic Thinking'

This simply means planning out every detail of your negotiation. The technique is called Mind Mapping. You can simply use a pen and paper or a whiteboard to achieve this goal.

But as you develop your ideas, you tend to discover that you'll need to reorder the sequence, which is hard to do when you've already written them down. [Use software]

4. The Virtue of Patience

Being tough won't necessarily make you a top negotiator. 'Master Negotiators' are very patient — so that even the strong-arm tactics don't intimidate them. Nor will they be forced into concluding a deal that is anything other than a win-win outcome.

5. It all comes down to Persistence

If patience is a virtue, persistence can often be your only remaining card to play in order for you to pull a deal off. When all else fails, persistence is the only thing that will get you across the line.

There will be times when the other party will throw up countless of objections, simply to see if you've got what it takes.

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Deadlines

Most Deadlines will actually turn out to be Artificial.

Through experience, you will quickly find the majority of deadlines are flexible.

You see, most of these "stated deadlines" tend to be created by people for their own convenience. And people tend to become more flexible when they are under time pressures.

As a general rule, you'll find 80% of all concessions seem to occur in the last 20% of the time set aside for a negotiation.

Early in the negotiation, neither side is willing to concede all that much, in response to any of the other party's demands.

If a few significant issues arise during the last the final stretches of the available time, you'll find both sides willing to make whatever concessions are needed to conclude a deal.

Think about it for a moment.

If I know your deadline and you don't know mine, who holds the advantage?

The secret here is, try to avoid disclosing your own deadline.

If you're in a strong position, then you are able to use the pressure of time to your advantage.

Otherwise, you are better to avoid the pressure and begin negotiating well ahead of the deadline.

In other words: Fully quantify any risks you are about to take.

Whenever perceived pressure mounts from your approaching your deadline, just try to maintain a nonchalant demeanour.

Benefits of 'Holding Your Nerve'

- ❖ Most concessions in any negotiation tend to occur at or beyond the stated deadline — so be patient. At this point, doing nothing can often be your best strategic move.
- ❖ As composed the other party may seem; they will always have some sort of a deadline. Their own internal stress can often work to your advantage.
- ❖ You need to understand negotiating is a *process* and not an *event*. The passage of time can create dramatic shifts in the balance of power.
- ❖ Always have a creative solution up your sleeve to float at the very last moment.

As the "11th hour" approaches, your proposed solution may now be seen as something the other side is prepared to 'grab with both hands' ... rather than see the negotiation fall apart in.

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Expertise

Expertise is simply one Component of Personal Power.

So the question is: How Do You Project Yourself as an Expert?

Basically, what you need to do is to establish your own background and credentials in a subtle way upfront.

As the world becomes more complicated, more and more power shifts to the experts although many of them haven't realised that yet.

Once you master a certain skill, make sure you maintain and improve that skill over time.

These days, many people will excessively use "Expert Power."

When they speak, they regularly use their in-house jargon to make them seem superior.

What you need to do is quietly disarm them.

Simply use phrases like:

"I'm not sure I quite understand. In fact, I think you may have lost me a few minutes ago."

"Would you mind explaining that to me in layman's terms?"

In other words, use a basic formula when talking with these 'Experts' ...

Irreverence + Innocence

... followed by polite persistence and intelligent questions.

You'll soon discover that's all it takes to regain (and retain) the initiative.

To help you achieve this, here are some key rules on how and when to speak.

1. Do not even attempt to answer, if you're not prepared.
2. Never be afraid to answer any question with a question.
3. Do not ask about something you don't want to talk about.
4. After you ask a question, keep quiet and listen.
5. Every so often, try asking a question you already know the answer to.
6. Restate your understanding of what the other party said.
7. Never be offensive or rude.
8. Feel free to use conditional (or hypothetical) statements, until you are certain of the point you're wishing to make.

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Flinching

The very first thing any Master Negotiator needs to learn and fully grasp is the very simple “Art of Flinching”.

Earlier we talked about how to pitch your opening position on price. Let's now take a look at how you should respond to an initial proposal put to you — particularly face-to-face.

Imagine you are looking to buy a Commercial property; and you find one worth around \$1 million. The vendor (or agent) tells you the asking price is \$1.3 million.

How Should You React?

Without missing a beat, you simply need to squint your eyes a little and while feigning in disbelief; you come back with:

"You want me to pay what? You've got to be kidding."

Why is it so important for you to respond with something along these lines?

Because, otherwise, the other party will automatically be left thinking there is a very good chance of them achieving a figure close to their asking price.

Flinching relates to when you instinctively display the reaction of "Shock and Surprise" to whatever the other party may initially propose to you.



Unless you have experienced first-hand just how potent ‘Flinching’ truly is ... you can be excused for thinking this might be merely a childish prank.

But if you do it properly, this is arguably one of the most powerful strategies you have at your disposal — setting you up for your opening moves and creating the tone for the entire negotiation.

This seemingly simple strategy is certainly not intended to 'nail the other party to the wall.'

All you are trying to do is to instil a degree of uncertainty in their thinking — as to the likelihood of success.

But you'll surprise yourself by just how effective it can be every time.

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Gambits

The Master Negotiator plays by a clearly defined set of rules just like in any other game.

However, unlike most games, the other party in your negotiations is generally not acquainted with these rules.

In a game of chess, your strategic moves are known as Gambits. In fact, your Opening Gambits will invariably set the course for the entire negotiation.

As you'll appreciate, the success of your closing phase will depend on how well you execute your earlier Gambits.

“By How Much should I Overstate My Initial Position?”

Let's begin by looking at the first of your Opening Gambits.

1. Bracketing

When you're buying, you need to determine the opening figure by pitching it below your "target outcome."

For example, assume you have a seller seeking \$1.3 million for a Commercial property worth about \$1.2 million.

Always make sure the other party states their position first. Then pitch your opening proposal at the same distance below your target price.

While there is no guarantee that you will end up at the targeted 'midpoint,'

your odds of doing so are extraordinarily high.

The other party's response to your initial proposal immediately tells you how big your first concession should be.

If the seller responds with \$1.25 million, your response ought to be \$1.15 million. If their next move is to \$1.23 million; you can increase your figure to \$1.17 million.

All the time, you must keep your target outcome at the midpoint within the bracket. But don't allow yourself to become too predictable.

2. Never Say "Yes" First Up

You might decide to gamble and "low-ball" the sellers with \$1million. To your absolute surprise they say:
“We'll accept your offer!”

What are the immediate thoughts racing through your mind upon hearing that?

“I probably could have bought the property for less!”

“Is there something wrong with the property?”

As a result, you may decide to pull out the deal for all the wrong reasons. But if you've sought the right advice upfront, you should know the correct pricing.

Always be prepared to haggle a little, so the other party leaves feeling they pushed you pretty much to your limit.

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Hostility

You are going to learn about a little gem of a technique ... to help you neatly sidestep anyone displaying Hostility towards you during a Negotiation.

The truth is ... you only have a limited number of choices when it comes to negotiating styles:

It is either Collaborative ... or Confrontational.

When you start by **Collaborating**, you can always get tough later, if the need arises.

But if you begin your negotiation as **Confrontational** ... then you've left yourself with nowhere to go.

As such, you need to choose your words very carefully — especially during the first few moments of the negotiation.

You see, people will quickly sense whether or not you intend working towards a Win-Win outcome or you are just creaming all you can get.

Therefore, what should you do whenever the other party proposes something completely opposed to where you plan to end up?

Firstly, never allow things to develop into an argument. Simply acknowledge where they're coming from. Then, deftly move them around to your point of view by the use of a very simple technique.

This technique is also called as ... the "**Feel-Felt-Find**" formula.

If you simply allow an argument to develop, you're actually forcing the of the party to begin justifying their position.

Instead, try responding with:

*"Listen, I understand just how you **feel** — because many people have probably **felt** exactly the same way, when they first hear a figure like that. But when you take a closer look at the entire proposal, you'll **find** there are several areas where we could work together and come up with a good result for us both."*

In other words: Display empathy first, by agreeing with them. Then gently turn things around, to get the other party back on the path you intend to follow.

While you are covering the "Feel" and "Felt" portions of the formula ... it should give you enough time to immediately come up with an appropriate "Find" aspect ... and turn things around.

Instead of reacting to any hostility as you may have been doing in the past, simply diffuse things using this persuasive formula.

That way, you can instantly recover your composure and remove any unwanted emotion — so you can get the negotiation back on track.

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Impasses

For the novice negotiator: The difference between 'Impasse,' 'Stalemate' and 'Deadlock' can be somewhat confusing.

In fact, many people just think they are all the same thing.

Suppose you are part-way through negotiating to purchase an Office building, which you you feel is only worth \$1.1 million.

The selling agent tells you: *"The owner won't accept anything under \$1.2 million. If you're not ready to pay that, there is no point in us talking any further".*

An **Impasse** occurs when you reach complete disagreement, which shapes to de-rail the entire negotiation.

The response above suggests they are saying: *"If you can't live with that, we've got nothing left to talk about."*

To the inexperienced negotiator, this is seen as an absolute Deadlock (with no more discussion possible). While the Master Negotiator quickly realises it is nothing more than an Impasse.

Whereas a **Stalemate** occurs when progress with the negotiation begins to stall, even though you're still talking to one another.

Whenever things get bogged down with face-to-face negotiation, you need to somehow alter the dynamics.

- ❖ Make a change within your negotiating team.
- ❖ Suggest a change of venue. *"Let's continue this over lunch?"*
- ❖ Remove someone who's causing a personality clash. This can be a strategic move particularly when they play the 'Bad Guy.'
- ❖ Try to reach Agreement "in principle." Sometimes people to lose sight of the bigger picture.

Dealing with a **Deadlock**

The only way to successfully resolve this situation is to bring in a third party as a mediator.

While you may have briefed the mediator, he or she should open by saying: *"I haven't had a chance to get fully across all the issues involved. Perhaps, you could both start by explaining your positions. And then let's see if there's any middle ground."*

These phrases immediately convey even-handedness and it shows no bias towards either side.

Having first achieved a 'concession' from you, the mediator then seeks a similar concession from the other side on a separate issue.

Once some momentum returns, you will usually find a win-win outcome quickly follows.

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Jousting

Make sure you are always trading Joust for Joust.

Posing an open-ended request works to your benefit. Even if you only ask for something quite small ... **always** ask them for something in return.

If you simply conceded to a minor item early on, you could open the floodgates to a constant flow of other "minor" concessions. Plus, you enhance the perceived value of whatever you're about to concede.

With one specific property, I had made several purchase proposals; and the negotiations had stalled.

So, I set up a meeting with the vendor and his selling agent. The only reason for not having my client was to be able to "refer to a higher authority", if the need arose.

The vendor announced that for this to work for him, my client needed to come up another \$20,000 on the price.

As it turned out, this really wasn't a problem for my client. She would go further \$50,000 more than where things currently stood. Therefore, my response was:

"That might be possible, but I'll need to check with my client first on that. But if she is be prepared to do that, would you agree to extend the settlement 180 days and allow us access to renovate after 30 days?"

At this point, the vendor felt he'd achieved what he was after on price and he simply needed to agree to what I was asking in return.

However, I was actually seeking commitment from the vendor, *before* my client had to agree.

The property was actually vacant and I knew the timing of the settlement was not an issue. So, why wouldn't the vendor agree?

But the selling agent was also a good negotiator and quickly said:

"If the vendor agrees to that, would your purchaser be prepared to pay a further 10% deposit when access is granted in 30 days?"

At this point, you need to tie everything down. *"If I can get my client to agree to all of that, do we then have a deal?"*

Again, you'll notice I was seeking to gain a pre-commitment from the vendor, before my client was required to make a decision.

The **Jousting** was complete ... and the parties had each traded two items. Both parties now had a deal that would work for them.

The extra 10% deposit was worth far less than the additional months gained for renovation — which would allow the property to be pre-leased prior to settlement.

The vendor felt more comfortable with a 20% deposit; and upgrades only add value if my client were to default on the settlement.

And all in all, a Win-Win situation.

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Knowledge

Having Knowledge about the other party is vital – because information is everything, and always gives you power in a Negotiation.

Whenever you share something with anyone, you begin to get closer to them.

Disarming Innocence

It's always better to ask questions rather than make statements. And asking questions can be one of your strongest negotiating tools.

Instead of trying to tell a prospect why you think he or she should adopt your line of thinking ... ask them something to find out what their motivations are.

What you need to uncover are factors that can or will influence their behaviour during the negotiating process.

Ask yourself...

1. Is the other party under any time or money pressures?
2. Are you dealing with the decision maker?
3. Are they seasoned negotiators?
4. How much do they know about your needs?
5. Have you fully identified what your needs are?
6. Can they exploit any areas of weakness?
7. Do they want a quick sale, or to tough it out?

By going through this exercise, you are trying to establish their realistic limits.

Knowledge is Power

You can never know too much about the other party's needs and desires.

Withholding Information

People hate it whenever you withhold something from them.

If you ask them wait outside while you talk in private, their level of self-confidence starts to drop.

Your Defence

Don't become concerned, if this happens to you. Simply pick up from where you left off as soon as you return to the room — and any expected power shift will vanish.

Objections can be Useful

Objections are a normal part of any sales negotiation.

Therefore, learn to use objections as an opportunity to discover more about the other party's needs, and what solutions you can bring to the table.

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Legitimacy

As you would expect, gaining power through Legitimacy will largely depend on the credibility you possess in a Negotiation.

Some of this credibility you'll be able to generate simply through how you handle yourself. But you'll find the rest of that credibility will come from the external influences.

People may well listen to you; but they won't act, until they actually *believe* you.

Here are a few simple techniques to help you make yourself appear more credible. And also raise the power you gain from Legitimacy.

1. Never assume they believe you.

Always include a level of "proof" in whatever you are trying to present.

2. Only tell them as much as they can actually believe.

You might have loads of proof available. But there comes a point beyond which the other party begins to doubt despite being truthful.

3. Frame your numbers within stories.

Statistical information may form a key part of your presentation. But you need to bring it alive by weaving it into examples or case studies.

As a 'Master Negotiator,' you understand how to use the power of language to connect with your audience.

4. Bad news can work for you.

Telling the truth (even when it is to your detriment) can be very powerful. By pointing out certain disadvantages, it tends to make everything else you tell much more believable.

Use Legitimacy for Your Benefit

If you are selling a Commercial property, most buyers tend to look upon the Contract of Sale as a standard document — even when it contains several special conditions typed in towards the end.

Never underestimate the power of the Printed Word!

Adopting Position Power

As you'd expect, titles do convey legitimacy; and therefore, tend to influence people.

However, you can also establish Legitimacy through asking the other party to come to your office, instead of negotiating in theirs. Or at least, agree upon your chosen neutral location.

And if you do need to travel to somewhere, always take them in your car. That way, they can't readily leave ... without you having to drive them back.

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Manoeuvring

There will be times when you need to 'buy time' or perhaps gain a little 'breathing space' during a negotiation.

So, what type of Manoeuvring can help you to buy the added thinking time you might need?

Experience is always valuable ... but in Negotiation, it's vital.

After some practice, you will quickly develop your own style and be able to implement these simple personal techniques. But there will be times, you may still find yourself being backed into a corner.

Rule #1 in Negotiating

“Whoever blinks first ... loses”

For you to possess any real power, you need to leave your ego at the door.

Be prepared to refer key decisions to a Higher Authority. It could be some distant ‘committee’, a board, your client or financial planners.

When you Reach a Brick Wall ...

Sometimes you'll reach a point where the other party won't budge from a certain price. And it could be helpful once you say:

"I would be wasting everyone's time taking your proposal to my financial planners at that price level."

Your aim is to unsettle the other side by revealing that they are not actually dealing with the ultimate decision maker.

This should cause them to provide something worthy of consideration by your Higher Authority.

Exactly who that Authority may be is not vital. The vaguer the better.

As a Master Negotiator, you realise the beauty of having to obtain approval from somebody else.

You can then sidestep any potential confrontation — because you then become the Good Guy, who is taking the other party's proposal to those Bad Guys.

In case the other party doesn't have the authority to decide, you need to deftly push their envelope and discover the full extent of the range, for the deal to work for you.

Then you need to try and influence the decision to be made by the Higher Authority.

Here's what you could do

1. Everyone loves to feel important. If you stroke their ego properly, the other party should guide to the basis of a deal.
2. Enlist their support for the deal. Even offer to negotiate direct with their higher authority — to avoid any misunderstanding by having the details conveyed through a third party.

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Numbers

You may not have thought much about what the actual Numbers in a purchase proposal convey.

If you initially propose \$900,000 for a Commercial property, when the asking price is \$1.1 million ... this simply implies an opening position.

It suggests you are looking to negotiate — probably prepared to meet midway, at \$1 million. And this may well be a fair price to pay for the property.

But if you were to initially propose \$920,000 ... this immediately implies a considered approach — where you may be prepared to go to \$950,000.

And you then reinforce this perception by first increasing, by \$20,000; and then, by \$10,000 ... in subsequent rounds of the negotiation.

Your aim was to have the vendor quickly dropped the asking price to \$1 million, as you slowly work your way to \$950,000.

Formulating a Tender Price

For some reason, many people seem to shy away from Tenders.

That's probably because they are not too clear on how to structure their Bid Prices — even when they know exactly what the property should be worth.

You'll find using this first-order logic won't get you across the line.

However, 2nd-order logic requires you to put yourself into the other person's shoes.

And you do that simply by posing:

“What if I bid (the price)? How would they react? Then, what should I do?”

So how could you use this when you're submitting tender?

In most cases, you can establish fairly accurately how much you should logically submit — based on your research. Other times, you may feel there is a psychological figure you need to exceed.

For this example, let's assume that 'magical' figure is \$1 million.

First-order logic would say:

“If someone else is looking to submit a bid price of \$1 million ...

Then I should submit a figure of \$1,010,000 -- being 1% more.”

However, second-order logic would be saying:

“If the other party thinks I am likely to submit \$1 million ... then, they are likely to bid \$1,010,000.

And therefore, my bid should be at least \$1,020,000.”

By using second-order logic, you are able to elevate your thought process to a far higher level.

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Objections

Only the serious buyers raise objections. Conversely, it's the "lookers" who talk glowingly about what it is you're selling.

"Yes, the property does need work — but isn't that better than having to pay for someone else's ideas?"

How do you Handle Objections?

Listen: First, hear their concerns and objections. By listening, you're getting closely to their real needs.

Acknowledge: Echo back what you heard to show you understand. To get the other party to elaborate further, give them the details of what do you heard their objection to be.

Identify the Objection: Isolate it and check is the only reason for not buying. In other words ... if you can handle the objection, then it's a deal.

Flip the Objection: This is where you turn the objection around. Just try using "Yes, but ..." or perhaps the *Feel-Felt-Find* technique ... to show how the truth is the reverse of what was being objected to.

As a Seller

When you are selling a Commercial property, you'll find some buyers raise an objection in the form of a concern about the physical integrity of the building.

If you know everything is fine, why waste time trying to convince the other party of that — when raising that objection indicates they are ready to buy.

If there is a shortcoming ... you should mention it as a by-the-way comment; and then try to turn it into a benefit.

Remember: "No" is not necessarily an objection. The other party just needs more information to reach the decision you're asking of them.

The Reluctant Seller: Whenever you sell something, you should try to convey an emotional attachment to the 'treasured possession.'

The Reluctant Buyer: When you are the one who is eager to buy something, always manage to find an aspect not meeting your needs.

With a property, just to identify a certain feature that's missing.

Close a Reluctant Buyer/Seller?

1. *"I doubt that there's much flexibility on price ..."*
(Lower their expectations)
2. *"But if you'll tell me what it would take to reach a deal..."*
(Pre-commit the other party)
3. *"I'll take it to my people ..."*
(Refer to a 'Higher Authority')
4. *"And I'll see what I can do for you with them."*
(Good-cop, bad-cop)

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Sometimes the best approach is to be a direct ...

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Power

Power is one of those intangible elements, which is more often based more on perception than upon reality.

Power of Competition

This occurs when you can create the perception of having several other options.

The rule here is: Never negotiate without having alternatives!

Power of Reward

Whether you're selling a product or service, you can make this work for you?

First up, you need to believe you are the very 'Best in the Business.' Then, convince your clients of the value of what *you* can bring to the table.

Take a moment to write down three reasons why your clients would be rewarded when dealing with you.

Power of Risk Taking

This is the technique of blending courage with common sense. It means knowing what the 'odds' are and being prepared to walk away from a poor outcome, without the feeling of any remorse.

Power of Commitment

As soon as you can get the other party involved in framing the actual solution, then they feel compelled to accept the final outcome.

And it is your ability to gain their commitment that will enhance your argument and give you power.

Power of Consistency

Consistency builds up a level of trust with other people, who will admire and want to do business with you.

If you show willingness to cut corners, you may achieve a short-term gain ... but suffer long-term loss.

Power of Investment

The more time, effort and money you can have the other party invest into a negotiation, the greater your chances of securing your desired outcome.

Power of Persuasion

The Art of Persuasion is such a truly fascinating component of power. You will find logic and reason by themselves seldom influence people.

Power of Morality

People will respond favourably to a genuine cry for help. They seldom take advantage of someone whom they see as defenceless.

Go to [Module 16](#)

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Questions

The key to your success can often lie within the type of Questions you pose.

Open-ended & Expansive

Generally, they are intended to discover more about their needs and negotiating style.

For example:

"You seem to be a little upset with my proposal. Which part seems to cause you the greatest concern?"

Noting their reaction can often reveal a great deal.

Closed-ended & Direct

You can use them for obtaining specific information, refocusing the negotiation or gaining commitment from the other party ...

"Do you want to have a look through the property this afternoon, or first thing tomorrow morning?"

Providing A Way Forward

Using with a blank sheet of paper, just ask them:

"What might be standing in the way of you progressing things to the next stage?"

Your choice of words is clearly non-threatening, as you're not asking them to actually conclude a deal.

- ❖ By voicing their perceived concerns, the other party often realises how minor some issues are.

As such, they may not even make it onto the list.

- ❖ Everything is now out in the open; and you now know what you are actually dealing with.
- ❖ The other party is reluctant to bring up any last-minute issues, having already agreed this is the "complete list" of objections.
- ❖ You now have a list of all the issues which (if resolved) allows you to reach agreement.

How Master Negotiators Act?

If you were the seller, you would take your agreed ruled-off list and start 'trading' items as you moved towards a final agreement.

The trick is to tackle all of their concerns together as an entire package, and not item by item.

What If They Ask Questions?

Whenever you are faced with an onslaught of questions, always give yourself sufficient time to think.

You do not have to answer the entire question, sometimes just answering part of it will do.

Never be afraid to answer a question with a question:

"Interesting ... why that is so important to you?"

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Go to [Module 17](#)

Red Herrings

Some people tend to confuse Red Herrings with Decoys. And so, what's is the difference between the two?

A '**Decoy**' occurs when the other party raises a phoney issue in order to gain some concession from you on a real issue.

Whereas, a '**Red Herring**' arises when the other party makes a phoney demand to only to then withdraw it, once you make the concession they're seeking.

Decoys

These are intended as a distraction from one or more of the real issues under negotiation. So, how might you be able to use a Decoy to your advantage?

After a lengthy negotiation, you feel you have reached the lowest point at which the vendor would sell to you on a 60-day settlement.

You might say: *"Given my current commitments ... at that price, I'm afraid I'm definitely going to need six months to settle."*

From the vendor's perspective, the negotiation is going backwards — because you're reverting back to the settlement terms you may have originally proposed.

As such, you are likely to receive either ... a confident response (*"It's 60 days — take it or leave it."*) or ... a compromise (*"120 days is the best we can do."*) ... plus a reluctant drop in price.

Red Herrings

With some drawn-out selling negotiations, you think you have achieved the price you want ... but the required settlement period is longer (let's say 180 days) than you intended.

Just ask for something unrealistic, like a bank guarantee to ensure the completion of the contract.

This gives you a chance to regain the initiative and perhaps secure a larger deposit — to allow you to go off and buy a larger property, during the settlement period.

The Defence

Whenever, the other party tries to introduce Decoys or Red Herrings, never allow them to deflect you from the real issue at hand.

Simply stay focused and isolate the issue being raised ...

"Is this all that's concerning you?"

Then, engage your Higher Authority and Good Guy/Bad Guy strategies:

"Let's put something in writing; and I'll take it to my people and see what I can do for you, with them."

That way, you are gaining a pre-commitment from them ... before having to make a decision yourself.

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Go to **Module 18**

Silence

Properly used this can be one of the most potent Tools in your box of tricks.

However, there is one thing you simply must do in order to ensure this tactic will work for you.

And don't be offended when I say to you ... **"Shut Up!"**

Here is the GOLDEN RULE of Negotiation ...

Whenever you pose a question (or seek a response) that will actually commit the other party to a serious concession (or effectively conclude the deal) ... ***do not say another word*** until after the other party has replied.

Even when you're waiting for a response on small concessions ... just stay sitting there, simply reviewing your notes for a while.

And notice how the awkwardness of silence tends to cause the other party to fill the void, and invariably give you what you want.

What about when they try Using Silence on You?

Sometimes you will find yourself negotiating with a person, who also understands the Power of Silence as well as you do.

Rather than wasting time in silence, simply restate your offer.

Don't make suggestions. Simply repeat basis upon which you are prepared to proceed.

By using this technique, you'll force the other person to respond.

And more often than not, they'll come back with a suitable of concession.

The Module on Silence contains a full case study on exactly how to use this tactic.

Go to [Module 19](#)



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Tapering

Let's assume you have now established your negotiating range to be \$20,000.

Tapering is the process by which you 'give away' that range and, at the same time, gain the *maximum* advantage for yourself.

There are different ways you can go about bridging the gap; and not all of them end up benefiting you.

Option 1:
Offering Matching Concessions

Here's where you make the mistake of giving away your negotiating range in equal amounts, over the course of the negotiation.

The first secret is ... never make any two concessions of the same amount. They have no idea how far you will go. However, they do know that every time they press, you end up conceding another similar amount.

Option 2:
The Drip-feed Approach

Sometimes, the other party will spin you a story that they simply don't negotiate.

This person is not being truthful — because they actually love to negotiate. It's just a ploy to have you concede everything before the negotiation even begins.

The moment they treat your initial concession with scant regard, you realise you're in for a bit of a struggle with no agreement in sight.

As such, you began small then you'll continue by making larger concessions as the negotiation unfolded.

Again, you lose out.

Option 3:
Two Big Concessions?

Another alternative would be to make an initial concession (Let's say \$12,000) then follow with a further Large concession (of say \$8000).

Your problem is ... they simply won't believe you are now actual limit.

The Secret ...

Your concessions need to reduce in amount (ie: Taper) as you approach your limit — to ensure you send the right message to the other party.

Remember: Simply take your time. Clear your thoughts and make sure you convey the correct message from the outset.

Go to [Module 20](#)

Ultimatums

Every terrorist understands the impact of an Ultimatum!

It's an emotion-charged statement by one party ... intended to place enormous pressure upon the other.

From your perspective, only use genuine ultimatums. Adopt them sparingly and always be able to follow through.

For example:
If you declare certain consequences will occur by the close of business (next Friday) unless agreement is reached ... you had better follow through with your ultimatum on Monday morning.

How do you Combat an Ultimatum?

Assume the other party demands a 30-day settlement; or otherwise, they'll sell the property to another buyer. Never rush to respond.

Start by asking yourself:

- Does another buyer actually exist?
- Could that buyer actually meet the same deadline?
- What might be the real reason for the 30-day request?

Try Being Creative

Leave the settlement as it is ... but look to the offer vendor an increased deposit.

"What if we were to leave the settlement at 60 days. But increase the deposit to 20% ... with 10% of it now, and then, a further 10% within 30 days?"

Try Stalling for Time

People often need approval from a "High Authority", before being in a position to agree with the specific ultimatum.

For example ...

"Look, 30 days is a tall order. Let me talk with my financier, and see what I can arrange."

The next day ...

"Unfortunately, I won't be able to give you an answer until Tuesday of next week."

As soon as the other party agrees to that timeframe, their ultimatum immediately loses its power. And you may pull off the third option.

Simply Refuse to Accept It

As the time passes, you find control shifts dramatically in your all favour.

Always assume them that you will make every effort to settle early; but stand firm on what works for you.

Victory

How often have you heard someone say ...

“Lets just split the difference?”

And you’re tempted to think the split would be 50/50; as well as the outcome representing fair value for both parties.

This is where Victory comes into play.

It can be defined as having the other party respond in exactly the way you want them to ... and still feel good about the outcome, because they feel it was their idea.

Let the Victory Work for You

As a Master Negotiator, you will quickly realise splitting the difference does not necessarily mean “down the middle.”

For example: Assume you have reached \$900,000 in your efforts to acquire an Office suite, and the vendor simply won't come any lower than \$920,000 ... what are you going to do?

Here is what you could say, when you reach the point of an apparent impasse on price:

“It looks as though we're not going to be able to make this work. And that's a pity really – because we've both spent so much time and effort in getting this far.”

(Invoking the Power of Investment)

“After all this time, we are so close to a price we could both live with. It really seems a shame to let it go, when we're just \$20,000 apart.”

Provided you keep on harping about the time you've both invested, plus the small amount you are apart on price ... the chances are very good that the other party will come around to saying:

“How about we simply split the difference?”

(This is where you suddenly start acting like a real novice)

“So you'd come down to \$910,000, is that what you're saying?”

They should then come back with something like:

“That's correct. If you'll come up to \$910,000 then we have a deal.”

Understand What Has Just Happened?

The more time, effort and money you cause the other party to invest in the negotiation; the keener they will be to reach a deal towards the end.

And if you can orchestrate another “splitting the difference”, the final result means 75/25 in your favour.

The key is ... it's not you offering to split the difference; encourage the other party to come up with the suggestion.

There is a lot more about Victory in the full Module.

Go to [Module 22](#)

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Walking

You need to care ... but not too much. That is your real key to success during a negotiation.

It is a game ... a very serious one. Even so, you need to approach it just like any other game.

There is a definite set of rules to follow; and you simply cannot afford the luxury of allowing any of your emotions to creep in.

With that said, knowing when and how to 'walk away' from the deal is your most powerful weapon.

The moment you move past the point of being able to say to yourself: *"I am prepared to walk away from this"* ... then the other party has gained total control of the negotiation.

Scoping Your Strategy

If you are a salesperson, you are well aware of the four Stages in the sequence:

1. Prospecting: Identifying potential buyers (sellers).
2. Qualifying: Who's real and who is not.
3. Building Desire: Making them want what you have, more than anything else.
4. Closing: Concluding the deal.

And ***Walking*** is Stage 4 tactic.

You can only use it effectively once you've properly built Desire and you are in the process of Closing out the deal.

But actually walking away is not the purpose of this tactic. It's the threat of 'walking away' that carries the real power.

More often than not, you'll discover the Walking tactic works best when you are a face-to-face around a table.

Sometimes during those meetings, the seller won't budge — despite every effort on your part. And that's where you need to simply stand up, smile and hold out your hand.

The implication being ... one or the other of you is leaving the table.

You're able to do this with supreme confidence, because you always have at least one other alternative property as a fallback. And that's how you develop this power?

Whoever holds the most options going into a negotiation has the greatest walk-away power. But, if they won't alter their position at all, just turn on your heel and head for the door.

Make sure you also bring along your partner or colleague. As you leave the room, your colleague should say something like:

"Look, he (or she) is obviously quite upset having spent all the time and effort to reach this stage — surely there's some way to put this together?"

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Go to [Module 23](#)

X-Mark

Nobody is quite sure why ... but people tend to believe whatever they receive in a printed format.

In fact, if you stop and think about it, our lives are basically governed by the printed word ... more than we may realise, or even care to acknowledge.

When You Are Selling

Rightly or wrongly, you will find people who accept a pre-printed document as being unchangeable.

Clearly, it reached this point in its life following countless changes and amendments — many of which have come about through the negotiating process. However, when you give someone the document, the unspoken message is that it's non-negotiable.

Therefore, when you're selling and have agreed on the commercial terms of a deal ... just add them (by hand) to the contract of sale; along with the purchasers' personal details.

Then, turning the contract around on the table ... *is your next step* to ask them to sign it?

No! That would spell disaster!

Stepping Through This Stage

There's a strong psychological reason why it's preferable to add the commercial terms of the deal to the contract ... by hand.

The purchasers have already agreed to those as part of the negotiating process.

And will quickly recognise these items — also feeling quite comfortable seeing their own name and address as well.

Pre-Conditioning People

Furthermore, most people tend to assume only the commercial terms (price, deposit, settlement date, due diligence, etc.) are up for discussion.

No surprises there ... when being presented with a contract that containing them — being merely hand-written additions, to an otherwise standard document. After all, they have spent a fair amount of time negotiating those details.

Now move straight onto the formal signing. If someone does ask to read through the contract,, they're merely reconfirming (in their mind) the decision they've already made.

No Need to be Slick

No high-pressure selling. Don't over-complicate the situation. Just keep things moving ... naturally.

That's what a 'Master Negotiator' would do — using words like ... *initial ... confirm ... okay ... and acknowledge.*

But never asking the other party to actually “sign” the contract.

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Go to [Module 24](#)

Yielding

This is in NOT all about simply capitulating to the other party.

It is about ‘Yielding’ your own Ego, in order to help you become a top-class negotiator.

Instead of coming across as overly “smart” ... the Master Negotiator prefers to act “dumb” on certain occasions — to enlist the other party's support.

Vary Your Approach

Instead of making quick decisions and not being prepared to trade concessions, you understand the need to “act dumb” by:

- Seeking time to think things over.
- Asking to refer the proposal to your partner or principal.
- Using Good Guy/Bad Guy tactics to gain concessions.
- Being prepared to ask for help.

The Secret: Ask Questions

The idea is to change the atmosphere from one of being a *Competition* to one of *Co-operation*. Gaining control of your ego is a major factor to achieving that goal.

To discover key information, you may need to ask questions like:

“How long have you owned the property?” and *“Do you mind telling me how much you paid for it?”*

These questions could cause some people to feel a little awkward; but if phrased properly, they don’t need to be offensive. **From there**, all your questions need to appear as more innocent ...

“Would you just go over what you are proposing once again? I realise you've explained it a couple of times. For some reason I'm simply not getting it. Would you mind?”

All of a sudden, you are no longer considered to be the opposition. The other party will start to help you in putting the deal together.

Questions, Not Statements

An innocent question, rather than a confronting statement is best ... when not willing to accept their proposal: *“Why do you feel I should agree to what you're proposing?”*

Immediately, you have managed to achieve two things:

1. The ball is back in their court.
2. They have to justify the logic behind their proposal.

And in responding, they may well discover just how foolish it sounds.

“Can we both agree on that, then?”

By posing a question like this, it brings the issue clearly into focus.

It also gains a commitment from the other party so you can move on to the next item. And the answer to that question indicates a strong commitment by them, to do a deal.

By adopting this overall approach, you will not come across as the know-it-all professional ... but as a friendly problem-solver.

Go to [Module 25](#)

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Zeal

As a Master Negotiator, you are always striving to maintain your Zeal — your enthusiasm and positive approach.

So, let's take a look at the different personalities you'll encounter, who may affect this.

The Competitors: They want to win at all costs, gathering as much information from you as possible but giving very little back in return.

So with them, it's extremely hard to reach a win-win outcome with this type of person.

The Perfectionists: They are looking to structure a perfect deal, partly due to their own ego. But mostly, they want to look good in front of their boss or partner.

You need to make them realise there can be a 2nd and 3rd best solution.

The Problem Solvers: These are the people who understand nobody derives benefit until an agreement is reached.

Like you, they are open-minded and creative towards finding solutions that work for both parties.

The Constrained Co-operatives: These people are working with you to arrive at an outcome they can then 'sell' to their partner or principal. You need to gently probe and find out who or what it is you need to satisfy then.

(Once you discover that, you are in a far better position to assist them in packaging the most appropriate deal)

And The Bad Guys ...

The Warriors: These people make outlandish requests. They establish superiority through intimidation.

Therefore, don't confront them; simply let them go until they run out of steam.

The Interrogators: They meet all your proposals with very probing questions, implying that you have not done your research. They also challenge your answers.

Simply, be prepared; just listen; and paraphrase your main points.

Mr & Ms Reasonable: They present as being quite reasonable while making impossible demands.

Don't be lulled into a false sense of security. Politely ask them to justify the basis of what they're proposing.

The Silent Types: They tend to listen intently to what you say, hoping you become unnerved and reveal information that they need

Don't fall for the Power of Silence ... when someone is merely abusing it.

The Confiders & Dividers: They seek to cause dissension in your ranks, if you have a negotiating team. Just say ...

"It's fairly clear all you're trying to do is confide and divide. Let's not try and break the teams up. Do you mind if we perhaps return to what we're actually here to resolve?"

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Go to [Module 26](#)