

DEAL OR NO DEAL: THE ART OF NEGOTIATIONS  
FOR THE TRIPLE PLAY CONVENTION DECEMBER 5, 2018



I. “Let us not negotiate out of fear, but never fear to negotiate.”



- a. Why do REALTORS® sometimes fear to negotiate?
  - i. Fear of how their counterpart will see them
    - 1. People are afraid of appearing either too strong or too weak. They have an inherent need to be liked.
  - ii. Lack of knowledge of the negotiating process.
    - 1. Realtors need to be better educated on negotiations skills and strategies that it does not have to be adversarial.
  - iii. Fear of conflict
    - 1. Realtors can be afraid of disagreeing with a client/customer and potentially losing business.
    - 2. Realtors are afraid that they will either lose money or potential referrals when neither has to happen.
  - iv. Fear of losing business
    - 1. This fear is all about reputation and developing future referral business. However, strong negotiating skills can actually be shown as a strength and help them obtain more referral business.

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**II. COMPROMISING AND NEGOTIATING ARE TWO DIFFERENT THINGS.**

- a. Although compromise can often be a part of some negotiations, compromise does not have to be included in all negotiations.
  - i. You must understand that we often negotiate for clients and for ourselves. Before we compromise where it might upset our client, we have a fiduciary obligation to help them the best we can, so compromise is at best a secondary strategy.
  - ii. If we compromise for ourselves it often can cost us money. Just giving in is not negotiating, it is just being weak.

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**III. FOUR POSSIBLE OUTCOMES OF NEGOTIATIONS.**

- a. Lose ..Lose....Lose
- b. Lose ..Win.....Lose
- c. Win.....Win.....Lose
- d. Win.....Win.....Win
  - i. Three keys to a win...win...win negotiations
    - 1. Avoid bringing negotiations down to one issue
    - 2. Understand that the other party does not have the same needs/wants as you.
    - 3. Do not assume you understand the other party's needs.

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**IV. THREE CRITICAL ELEMENTS WE CAN USE TO SUCCESSFULLY NEGOTIATE**

- a. Time
  - i. Try to understand yours and the other party's timelines, motivations, plans and goals.
  - ii. When to be patient, persistent, and move quickly.
- b. Information
  - i. How much do you know about the negotiations of the particular situation? Is there any information that you know of that can help in the negotiations? (Without violating the law of agency)
  - ii. Negotiations is not an event; it is a process.
  - iii. You must be thoroughly prepared with knowledge and a plan.
- b. Power

- i. There are certain power factors that can assist either party in gaining an advantage. These powers can include experience, communications skills, knowledge, character/ethics, rewards, punishment, gender, charisma, lack of interest, behavior.

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**V. RULES OF POWER**

- c. One side NEVER has all the power.
  - i. You have to understand the power of your client, the other party and for yourself and how to best leverage that power.
  - ii. Power can often be real or just perceived.
  - iii. Power only exists if it is recognized by all parties.
  - iv. You should test your power from time to time to see if it is recognized and accepted.

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**VI. THE POWER OF QUESTIONS IN NEGOTIATIONS**

- a. Closed ended questions
  - i. Used for casual conversation/ice breaker
  - ii. To confirm a point
  - iii. To receive a concession from the other party
- b. Open ended questions
  - v. To gain insights and information
  - vi. To reveal the temperature of the other party
  - vii. It invites participation from all parties
  - viii. It often gets the other party thinking
  - ix. Can often get the other party re-focused back on vital subject matter

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**VII. THREE MAJOR LISTENING SKILLS MISTAKES WE CAN MAKE WHILE NEGOTIATING**

a. When we believe that the “Power of Persuasion” means speaking loudly or a lot.

i. Speaking in quality terms instead of quantity terms usually will give you an edge in negotiations because we are less apt to give away too much information and more likely to gain valuable information.

ii. We focus too much on what to say next and are not listening to key information being given. It can also appear rude and unattractive if we interrupt or show that we are being disrespectful by not giving our full attention to the other party while they are speaking.

iii. When we give ALL of our focus to the other party’s words and not also listening to their emotions and body language which can explain a lot.

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**VIII. ADDITIONAL EFFECTIVE LISTENING SKILLS TO HELP IN NEGOTIATIONS**

a. You must be motivated to listen.

i. Do you have a goal of being respectful and not adversarial regardless of what you or your client’s goals are?

ii. Are you planning to obtain as much information as possible?

iii. Do not interrupt; ever.

b. Stay focused

i. You must block out all distractions and remain single focused while negotiations are on going. Losing focus may cause to lose a listing and/or sale.

ii. If need be, write things down. Don’t always trust your memory in lengthy or difficult negotiations.

c. It’s ok to attack the message, but never the messenger.

i. Keep your cool at all times. Emotions can often flare up during negotiations and by keeping your cool while others around your are losing theirs is one way to keep negotiations on an even keel and reaching a satisfactory conclusion.

ii. Silence is golden. Sometimes, silence; is an overpowering strategy. Especially right after you’ve made a significant point in the process. It gives time for the other party to mull over your point, gain their composure and see the benefits of what you are saying.

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**IX. LET'S PUT OUR NEWLY FOUND KNOWLEDGE TO WORK IN REAL LIFE SITUATIONS.**

- a. Negotiating commissions and price on a listing presentation.
  - i. The challenge: You will be given a scenario in class and will do a five minute role play with your neighbor in class.
- b. Negotiating commission when asked to during a transaction.
  - i. The challenge: You will be given a scenario in class and will do a five minute role play with your neighbor in class.
- c. Negotiating with a co-op broker.
  - i. The challenge: You will be given a scenario in class and will do a five minute role play with your neighbor in class.
- d. Negotiating a transaction where your law of agency knowledge is put to use to protect your client's interest
  - i. The challenge: You will be given a scenario in class and will do a five minute role play with your neighbor in class.

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**X. OPTIONS WHEN REACHING A STALEMATE IN NEGOTIATIONS**

- a. A NO at this moment may not be a NO in a few minutes. Often motivations can change in a heartbeat during negotiations.
- b. Always try to leave an OUT so the other party can save face.
- c. Always know in advance what you are willing to concede and not concede.
- d. Never give a concession without receiving one back immediately. Make the trade-off fair and balanced.
- e. If your negotiations fail, always try to learn from the experience for future negotiations.

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