

The Art of Negotiation

Negotiation -

Discussion aimed at reaching an agreement.

Give and Take process between two or more parties, each party with its own aims and needs, seeking to find a common ground and reach an agreement to settle a mutual concern or to benefit both parties.

“All interactions between two or more points of view; it's possible to negotiate with yourself”

- Mary P. Rowe (MIT)

Negotiating works its way into your daily life whether you realize it or not. From heated debates and bargaining to compromises in your relationship and with yourself, you are constantly embedded in the threads of negotiation.

The Art of Negotiation itself is a varied and complex subject filled with hundreds of techniques and tips to help you on both sides of a discussion. There are thousands of books and websites devoted to the art as a whole, as well as individual areas within it. If you want to get more in-depth on negotiations and are interested in studying it, I highly recommend going to your local library, book store or do an online search and read up on different viewpoints and techniques.

The goal *here* is to keep it simple and share a few tips that will help you in your Wholesale business. By observing a few techniques or ideas, you can become more successful in your business and day-to-day dealings.

How Does Negotiation Fit Into My Wholesale Business?

Your entire business is based on negotiation. You will be negotiating price with both Sellers and Buyers as well as the terms laid out in your contracts. It doesn't matter whether it's in person or on the phone, you will be dealing with many different personalities and life situations. It would be a good idea to understand how to communicate with them in ways that will benefit, comfort them and close some deals.

While some negotiations deal with problems or arguments, a majority of them are business

related. For your business it's broken down into the basic concept of how to get someone to buy your product and how to get someone to sell you a product. Business principle tells us we want to buy low (from Sellers) and sell high (to Buyers). The Seller doesn't want to give the product to you for nothing but the Buyer wants your product for nothing. So, now we need to negotiate so we can find a middle ground where everyone feels good and benefits from the transaction.

Prepare, Prepare, Prepare

The most important thing you can do before you even talk to a Seller or a Buyer, is to prepare. Either write down some notes or take a few minutes and mentally checklist how you want the discussion to go, what you want to say and answers to any concerns or questions they may bring up.

Taking a few minutes to collect your thoughts will not only keep you clear but will keep your confidence level solid. You always want to appear calm and confident. There's really no reason to be nervous. If you can't make it work, there's a hundred other deals waiting in the wings.

So, take comfort in the knowledge that you can help them if they truly want it but it's not going to make or break you or your business if things don't work out. Simply move on to the next deal and improve your negotiating skills as you go.

Anticipation

During your Prep time, you want to spend a few moments trying to anticipate your opponent's moves. If you go one way, what do you think they'll do? If you swerve the other, will they bite? What questions or problems might they throw at you?

Try to put yourself in their shoes. If I get what I want from this deal, what kind of shape will that leave them in? Will they come out behind or ahead?

Anticipating your opponent's move is crucial to you because your negotiation techniques and skills will be dictated by their actions. You won't know what strategy you're going to use until you're talking with the person and noticing triggers or digging up their needs. Taking the time to calculate their moves and run through a few scenarios will help you think on your feet easier and to stay alert.

Core Concerns

There are 5 Core Concerns to keep in mind when talking with the other party in the discussion. If you respect these Concerns then the other party will be more amenable to your ideas, or wants, and will compromise. If you step on these Concerns then conflict arises and you'll find it almost impossible to get through.

Look at it this way: **Respect = Close Deals; Step On = Lose Deals.**

Appreciation: By acknowledging the other party's actions, you are showing them that you are paying close attention and that you do care about the situation.

Importance: If the other party feels that they have fulfilling roles and actions, they are more likely to join you in finding a beneficial solution. If they feel like they are with you, or had a hand, in resolving an issue, they feel as if they have retained some freedom and self-respect.

Autonomy: The freedom to make decisions for yourself. Don't tell someone what to do; lead them to the answer. Gently guiding them to a decision will let them feel that they came to that conclusion themselves. This will make them feel confident and lead to positive solutions.

Remember: Force leads to Conflict and Anger.

Affiliation: Treat the other party as a colleague or peer. They will feel more relaxed and will be more endeared towards you because you treat them as an equal.

If you talk down, or belittle, someone, they immediately go into Defense Mode and put up a wall. Plus, it's just rude and ignorant to treat someone that way.

Status: If the other party feels that you respect their standing on the issue, they will feel that you truly want to find a proper solution and aren't simply trying to pick a fight or be difficult.

It will also aid in making them more relaxed and feel that they are exploring all the options to an issue.

Tips For Conducting Yourself

Sit Down: This body language signals that you are going to take the time to listen to this person and really focus on the topic.

Lean In: By leaning in towards the person you are showing interest. An occasional head nod or “Right”, will also show you truly contemplating their words. Don't overdue it or you'll appear disrespectful and

unreceptive to their problem.

Keep Cool: The key word here is: POSITIVE. When you listen to them, look for the positive or think of the discussion in general as positive. People can read hostility in a wrinkled forehead or crinkled eyes and this will damage your position. You want them to read understanding and genuine concern in your face.

Under no circumstance should you yell or walk away. You are representing your business so you need to act professional and respectful. You *are* an adult after all.

Don't Cave: Caving is like quitting. You're not sharing your viewpoints or possible remedies and nothing is getting solved. You want to Compromise, which is like stretching. You're reaching out towards them to find a middle ground.

Fluff It: This is one of the biggest tactics that people forget about. During your Prep Time, think of a few items (clauses) that you can put into your contract that don't mean anything to you; terms that you really don't care if they make it into your deal or not. You can use these as bargaining chips.

By adding in a few “fluff” clauses, you can get rid of these silly or unimportant terms in your contract in exchange for something you do want. This will make the other party feel like they're gaining something because they got you to back down a bit. In actuality, you led them to leave in the things you did want by using the “fluff” terms as both bait and distraction.

You always want to have a little wiggle room in your price or terms so you can compromise but still get what you want.

Don't Drone: Speak short and to the point. If you blab on and on, it causes tension and loss of interest in your stance. Stick to the facts and be more of a listener. The one who talks the most tends to lose control of the conversation.

Don't say you “disagree” or “disapprove”. Say things like “I see what you mean but I was thinking more along the lines of . . .” or “What if . . .”. Also, don't dish out empty threats or you risk causing their defenses to spring up and you lose credibility.

Techniques

There are a ton of techniques or strategies in the art of negotiation. We'll only cover basic ones that will benefit you and help steer your business deals. You can research more advanced techniques and combinations as your Wholesale business grows and you start to feel comfortable with basic negotiations with your Buyers and Sellers.

Raising Doubts - You want to make it seem like they won't be able to get a better deal anywhere else. The other party either wants to buy from you low or sell to you high. If they think that they won't be able to do any better with someone else, then they will settle around the price range you want, even if they didn't want to go there.

How Do I Make Them Think They Can't Do Better?

Be calm and confident and lay out some facts. Tell them that you think you're being pretty reasonable considering the market, the condition of the property, the location, what's happening with other properties in the neighborhood, etc. These factors apply to both Buyers and Sellers, but with Sellers you want to talk about how bad all these factors are (unstable market, problems with location, completely outdated and falling apart property) and with Buyers you want to talk about how great these factors are (awesome buyer's market, in-demand location, top rents or sale prices in the area).

This is where doing a little research in your Preparation Phase comes in handy. You want to have a few facts about the property and area that you can whip out. Not too detailed, just a basic look at how the area is doing and what good or bad traits the property has.

By building credibility for your stance, you have placed uncertainty in their head and now they're not sure they can do any better. It also sends a message to the other person that you will hardly change your offer (even though you will) and there's no point in trying to bargain with you. They'll start to think that they can only bargain fairly close to what your offer already is.

Don't appear as if you *need* the deal. This will show them that you can easily move on to somebody else who will take your offer. Now they're afraid to lose such a good deal (you've created scarcity/urgency) and they think you won't be bending very much on your offer. If you appear desperate, or like you're anxious to close this deal, then the other party will know they have you over a barrel and will not even come close to buying or selling to you near your offer.

Increase The Need - The more you learn, or guess, the other person's need, the more pressure you can apply to them and get them to settle. You want to make the deal look more and more appealing so the other party feels like they absolutely *need* the deal.

The more irresistible it looks, the more they just have to have it.

How Do I Make Them Think They Have To Have It?

Offer bonuses or incentives. By sweetening the pot, it looks better in their eyes. What you give all depends on what you have and what you're trying to accomplish in your negotiation. Make sure that any goodies you give are of little or no cost to you. For instance (when negotiating with a Seller), you can offer to pay for their moving truck if they are willing to be flexible on the terms, such as a longer closing period. This is a small cost compared to the time you've now gained to wholesale the property.

The incentive has to be something that the other person would want or need. Be creative and think of things you'd be able to offer that would fulfill one of that person's needs without being too much of a burden on you. If you can't think of anything, engage them in casual conversation and see if you can dig up one of their needs. Everybody has bonuses that would excite them, you just have to search for wants or needs.

On the opposite end of the spectrum, you can use threats. We're not talking hurtful, malicious threats but simple nudges at the other party's hidden fears. You're basically making them afraid of what they'll miss out on or lose if they don't do the deal.

These are things like threatening to go to the President of a company if a store doesn't replace faulty equipment or threatening to go to small claims court if not reimbursed for destroyed property. Make sure the other party thinks you can stand behind these threats; that they will actually happen. Once the seed is in their head, it should grow on its own.

You **ONLY** use soft threats as a last resort. It's like saying you're ready to play hardball. And if you're being threatened, stop and think if that person can actually carry it out. It's a big industry and the chances of them doing damage to you are slim to none.

Extra Tips

Leverage:

Give yourself some options. If you're trying to sell a property, line up 5 or 6 showings instead of one or send out an email to 50 people instead of 5. Getting different offers will put you in a better position to sway the other party closer to your original price or terms.

You can also leverage the power of an ally. It could be someone that the other party respects and trusts or someone who influences them, such as a boss. That ally can sway the other party into being more agreeable to your offer.

Show It: Any good salesman will show you his wares before negotiations even start. Show off the fantastic highlights and get them drooling. Make your offer irresistible by giving them a visual stimulant.

For example, if you're trying to sell a property to, let's say a family, really amp up and gush over the property's highlights. If it has a fireplace in the living room say, "a gorgeous brick fireplace adorns the great room, with plenty of space to cozy up to and snuggle on those cold winter nights".

Show them what they will gain by talking to you.

Pace: If you are dealing with a Buyer, you speed up the deadline. Something like "if you want it at this price you better get back to me before 5 pm because that's when I leak this property out to my email list of Buyers. My properties are usually gone within hours of me doing that" is usually enough to get their wheels turning.

If you are dealing with a Seller, delay the deadline. Something like "I'm going to have to run over these numbers and get back to you next week" will spark their desperation to get out quickly and they'll settle for less.

Ask: You don't know unless you ask. Sometimes the other party might be leaning towards something you want and all you have to do is ask them about it. Pay attention to what they're saying or where they're leading the conversation. If they agree, you then proceed to do cartwheels in your head.

And The Biggest Tip Of All . . .

NEVER mention a price first.

The old saying is "The one who mentions price first, loses". The first person to say a specific price is tipping their hand to the other party. When you throw out numbers, most of the time the Buyer will mention a price higher than what the Seller will actually take. Sellers count on this so they can make more money.

For instance, let's say you went to a garage sale and saw a lawnmower that you wanted to purchase. The Owner asks you to make an offer. You have no idea what the lawnmower is worth so you start to stall and inspect the machine. You notice it's nearly brand new with only a few dents and a couple of missing screws. Obviously you wouldn't pay retail price (the price usually offered for a brand new item in stores), but what would you offer?

You could be thinking \$50 but you don't know what the Owner is thinking. What if he's thinking \$25? By you saying \$50 first, he just made double what he was willing to take for it. You

Lose.

Don't make an offer first. Use whatever strategy or skills you can to get them to throw out a ballpark figure. Then you can either take the price (if it's a really good offer that will benefit you) or negotiate the price down.

In Closing . . .

Negotiation is one of the major cornerstones to your entire business. Not only will you negotiate with Buyers and Sellers but also with Bird Dogs, Virtual Assistants and those with whom you outsource your non-Wholesale deals to. You spend every day of your life negotiating something on some level and will continue to do so.

While there are so many aspects to The Art of Negotiation, these few simple guidelines will help you improve on your own skills. It's your choice if you want to study more of the subject and practice advanced techniques or just master the basics. It's a fascinating topic with so many viewpoints, authors, experts and categories.

Like most things, your negotiation skills will get better with practice. The more you do it, the more skillfully you will speak and the easier and smoother it will become.

When you mix in NLP tips, watch out! You'll really see the magic happen then. The power of NLP mixed with the psychology of Negotiations can make you incredibly persuasive. If you use these skills in good conscious you will see positive results in both your personal and business life.