

Special REIN Workshop

Negotiations Presentation

10 Deadly Negotiation Mistakes (and what to do about them)

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Truths about negotiating...

1. Preparation is the key
2. Everything you want is in the hands of others
3. Most techniques, don 't work most of the time..
4. Strategies and techniques don 't have to make sense to you
5. Different people want different things

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Truths...continued

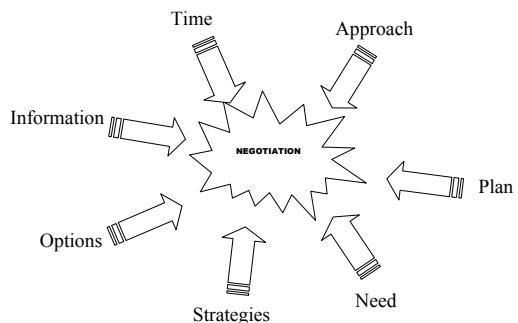
6. People want the silliest things
7. The attempt gets you further than anything.
8. If at first you don't succeed.....

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Mistake #1 Not Being Aware of Hidden Forces



Rule of time

- Whoever has the most time, is in stronger position
- Don't let them steal your time advantage – may postpone/delay meetings, signatures, etc.
- Place deadlines on everything
- 80/20 rule

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Rule of approach

- People like to help nice people – like to hurt jerks
- Ask, "Is my judgment being affected by their personality
- There is a tendency to give away more to people you like – they may know this
- Pay sincere complements to other party
- Keep the trust level high
- Pay attention to *mood* of the other person

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Rule of having a plan

- He who has a better plan wins
- Biggest mistake of all
- Fail to plan, plan to _____

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Rule of need

- The person with the greatest need is in the weakest position
- If your need is greater, never let them know (appear desperate)
- Explore all your options before negotiating
- Watch for bluffing – they don't want you to know their need

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Rule of strategies

- Whoever has more strategies wins
- Whoever has better strategies wins
- Constantly learn and try new strategies

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Rule of options

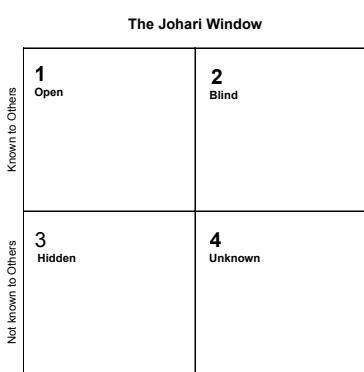
- Whoever has the most options is in the stronger position
- Brainstorm and explore other options before you negotiate
- Develop options for everything – property, terms, possession dates, chattels, lease agreements, etc. etc.

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Rule of information

- The party with best/most information is in the stronger position
- Figure out what info you DON'T have before negotiating. Does the other side have information you do not have?
- Are there areas you've asked questions about that they are evasive in? It usually means that it is valuable information.
- Use the Johari window

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Quadrant 1 Open – Neutral

- What information do we have in common?
- What information is valuable? Not valuable?
- What could be used as an advantage?

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Quadrant 2 Blind – Caution

- What do they know about us that we don't know (or know they know)?
- What information do they have (that may put us in a disadvantage)?

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Quadrant 3 Hidden – Power/strength

- What do I know that they don't?
- What should we disclose?
- What might we disclose?
- What must we not disclose?

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Quadrant 4 Unknown – Opportunity

- What opportunities are there that neither of us have explored?
- What assumptions are we making?

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Mistake #3

Being too Emotional

- Talking too much
- Nice person syndrome
- Giving concessions too easily
- Not wanting to do the things you have to do

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Mistake #4

Focusing on Positions not Issues

- A position is what they say they *want*
- An issue is *why* they are negotiating

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Position or issue?

A seller is in financial trouble. If they sell quickly they can save their credit rating. When you give them an offer of \$190,000 they say, "I could have sold last summer for \$200,000. If you think I'll take a penny less, you're nuts! I can sit and wait until I get my price".

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Something else to consider....

Interests are what they would like, needs are what they have to have!

Focus on issues and needs!!!!

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Mistake #5

Forgetting it's about people

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Mistake #6

Not selling the benefit

- Why this offer
- Why this property

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Mistake #7

Not knowing or using the rules to your advantage (intermediaries)

Only 3 situations

- Agent represents you
- Agent represents you and other person (buyer/seller) a.k.a. *Dual Agency*
- Agent represent other party – you represent yourself

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Agents have to follow the rules (RE ACT)

Fiduciary DUTIES

- Confidentiality
- Obedience (follow your lawful instructions – what do you want them to do?)
- Loyalty
- Disclosure

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In Dual Agency...

- Divided loyalty
- Full disclosure your information to the other person (watch what you say)
- Full disclosure of other parties information (what do you want to know?)
- NOTE: NO DISCUSSIONS OF PRICE OR MOTIVATIONS – Everything else is on the table

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Mistake #8

No Plan

Openings

- How will you open?
- What questions will you ask?
- How will you set up your bracket?

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No plan – continued

Middles

- What concessions will you offer?
- What concessions will you ask for?
- What strategies will you use?

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No plan – continued

Endings

- Watch the 80/20
- Always ask for a concession in return (have one ready to ask for)
- What details have to be taken care of
- Rule of thumb – do the details

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Mistake #9

Failing to Understand & Use Strategy

- Bracketing
- The vise (surprisingly simple, but deadly)
- Beware of pattern of concessions
- Never close the door
 - Let them save face – funny money works here

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Mistake #10

Letting Them Get Away

- Conditions are reasons they cannot go ahead
- Objections are reasons they don't want to go ahead
- Stalls are what they say to you to hide the reasons

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Finding the Reason

- Let's pretend.....
- Out of 10....
- Choice of 3....

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Thank you for attending!

Good luck and good negotiating!

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11. *What is the primary purpose of the following statement?*