

THE ULTIMATE NEGOTIATOR'S HANDBOOK

by Michael Sheargold

Like it or not, negotiating is the game of life. We play it in our business life with sellers, buyers and colleagues as well as in our personal life. Put simply, negotiation impacts every relationship we have. So honing, improving and developing your negotiation skills and strategies is a real key to unlocking your true influencing potential.



Welcome...

Welcome to the Negotiator's Handbook – designed specifically for real estate professionals who are committed to mastering the art of negotiation.

In fact, when you come to think about it, everything is negotiation. Negotiation is everywhere in your life. So honing your negotiation skills means you'll be adding significant value to you and importantly your clients.

Having completed over 6,000 real estate coaching sessions, I know how important your negotiation skills are in helping your clients achieve their goals.

This handbook is designed for you to carry with you as a ready reference to the fundamentals, principles, strategies and tactics of negotiating powerfully.

By honing your negotiation skills you'll gain greater confidence as well as a stronger point of difference in your market.



The Real Estate Profession

Congratulations on selecting a profession where you can make a massive difference in people's lives.

You help people create the home and lifestyle they want, as well as growing their wealth through investing in property. So the role you play in the community is incredibly valuable to so many people.

The purpose of this handbook is to give you practical and effective strategies to help you become even more valuable to your clients through the art of professional negotiation.

In the coaching work I do, I talk about the key elements to achieving a great sale price. They are...

- | | |
|------------------------------|---------------------------------------|
| 1 Sales & Marketing Strategy | 4 Buyer Management |
| 2 Property Presentation | 5 Effective Communication with Owners |
| 3 Property Pricing | 6 Professional Negotiation |

So you can see that professional negotiation is right up there in adding value to your sellers and in turn, huge value to you.

The exciting thing about the real estate market throughout Australia is that all properties are saleable.

The BIG question is... "Who will achieve the best sale price for the owner and at the same time support buyers in the process?"

The good news is negotiation is a skill set that you can learn and develop.

Influence is all about the ability for you to effectively transfer your point of view in such a way that makes sense to the other person and they take action as a result – helping people make better decisions.

What you say is important, but even more important, is the way you say it. In workshops I ask... "Have you ever heard a good joke told badly?". What happens? Quite simply, no one laughs. You see, it wasn't the joke that was "bad" it was simply the way it was delivered.

If you've been to one of my workshops in the past you'll know I have a saying and that is...

"Don't practice on clients it's too expensive!"

So the key here is to have someone in your team who you can role-play with and develop your skills even further.

Use this handbook well and the rewards will be huge. All the best in your negotiation success!



Michael Sheargold
CEO Real Estate Results

The Ultimate Result...

Win:Win:Win...

Negotiation is all about gaining agreement.

Negotiation in real estate typically involves 3 parties; the sellers, purchasers and you. Importantly, at the very essence, each party has something the other wants.

So the seller wants as much money with ideal terms for the sale of their property. The buyer wants the property and the lifestyle and/or wealth creation opportunities it offers at the best (or lowest) price possible with ideal terms.

And you want to bring these two parties together in such a way that you get what you want - a great commission cheque and raving fans spreading positive word of mouth in the market about how great you are.

Your goal is to help, assist and support both your sellers and purchasers coming to an agreement using the most effective process possible.

Two important questions you need to ask...

- 1 Do I want to do business with this person again?
- 2 How important is this relationship in the future?

The reason for asking these questions is to ensure you realise every negotiation has a future impact. So getting clear on this can make a difference to how you approach the current negotiation.

On the following page you'll see the Negotiation Ladder of Success...

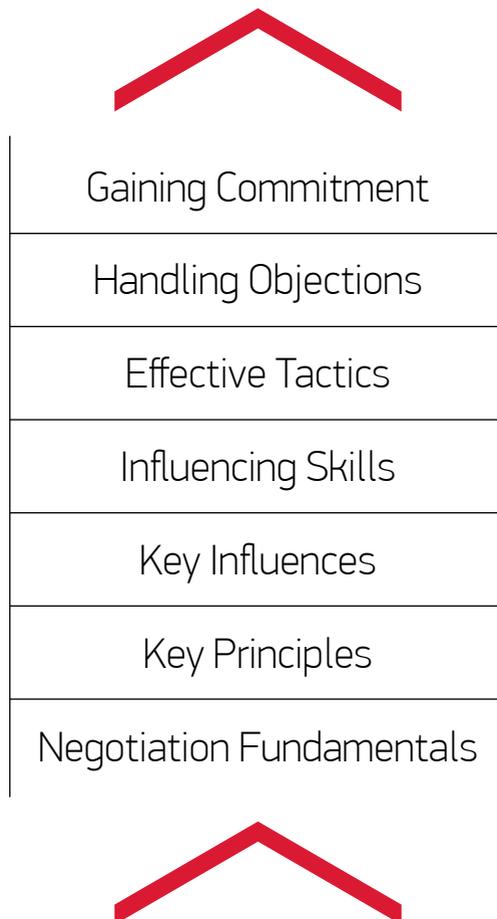
WIN WIN WIN!

Negotiation Ladder of Success

To help you understand the process of negotiation, let's look at the 7 elements that come together with effective negotiation.

The rest of the Negotiator's Handbook outlines the key points within each of these elements.

Study these well and they will pay you many times over.



Negotiation Fundamentals

1 Your Personal Values

With clearly defined values you can make easy decisions when talking with sellers and buyers. Integrity and honesty rate high on clients' wish lists when selecting an agent.

2 Belief In What You Do

When you believe in what you say and do, people get to know you as being true to your word. Importantly, start by doing a check in on the level of belief you have in YOU!

3 Superior Knowledge Base

Knowledge is power in every negotiation. By investing time to hone your knowledge base of the business, the market, the properties, your sellers and buyers, it makes a massive difference in your negotiation confidence.

4 You Don't Sell Property

Did you know the fastest way to get what you want, is to help other people get what they want? This is a people business and people don't care how much you know until they know how much you care. You need to connect to the person's heart space and address the person's head space.

Key Principles

1 Motivation Before Negotiation

This is one of the most important principles to make a dramatic impact on your negotiation skills. When you focus firstly on your seller's and buyer's motivation, then you'll find the negotiation flows.

2 Communication Frequency

Quite simply, frequency builds trust in your relationships. So low frequency creates low trust. In a negotiation, high trust is a key component to developing a WIN:WIN outcome – fast! The other reminder here in trust building is following through on commitments you make.

3 Seller Management

The right communication with sellers during the marketing of their property is key to effective negotiation. The RER performance standard for seller communication is daily contact via phone, a weekly written report and a weekly face-to-face meeting. How do you compare?

4 Buyer Management

Buyer qualification is absolutely key. Working with buyers who are motivated to purchase makes the business of real estate work. Once you've identified someone as a HOT BUYER, get clear on what they want. Remember their motivation is key to a quick and effective deal coming together.

Key Influences

1 Motivation

Understanding the motivation of your seller to sell and your buyer to buy is potentially the strongest influencer you have in any real estate negotiation. Make sure you ask quality questions that uncover their motivation.

2 Property Fit

You don't sell property, people buy property. If a property doesn't fit a buyer's needs, then quite simply you can't sell it to them. So understanding how well the property fits your buyer's needs is key.

3 Price

The seller wants to achieve the highest price possible. And the buyer wants the lowest price possible. Your goal is to work this "negotiation range" between the seller and buyer. Focus on the education that needs to occur with the seller and/or the buyer. And why the price represents excellent value.

4 Terms

Many deals come together based on the terms you can bring into the mix. Assume everything is negotiable to give yourself the flexibility to consider the terms of the deal. Flexibility and creativity are key!

Influencing Skills

1 Rapport

Every person has three internal checks that give them comfort...I know you... I like you... I trust you... Rapport is the process of "liking someone" and the ability to relate to them. In the real estate business, you need the flexibility to relate to so many different styles of people.

2 Framing

The ability to set the right scene with sellers and buyers can make the difference between deal or no deal. How do you need to "frame" your phone calls and meetings to get the best result from every interaction? What you say before you present an offer sets the scene effectively or not!

3 Questions

If you want a better answer, you need to ask a better question. The fastest way to step into other's shoes is to ask quality questions. You see, you don't learn a lot when you're speaking, you learn when you question and listen.

4 Pausing

There is huge power in pausing. In fact, more experienced agents typically pause less. Why? Because they know what to say. You might want to do a pausing self-check. In short ZIP IT during a negotiation. Let them have some thinking time!

Influencing Skills

5 Listening

Asking great questions is one thing. The real key is your ability to listen actively so you can uncover the information and make the negotiation work. Practice feeding back the words that your clients say and remember listening is one of the keys to “stepping into their shoes”.

6 Because

There is magic in this word! From a young age we've been conditioned that when we hear “because” what comes next is a valid reason to act. Simply use this when you are influencing people and you'll find your communication will have more power and influence.

7 FAB Formula

Most agents fall into the trap of communicating to buyers (and sellers) in feature mode. If a client is left with a “so what” from what you've said, quite simply you haven't taken the step to turn a Feature into an Advantage and finally to a Benefit. Remember... WII-FM.



Effective Tactics

1 Agreement

When you're in the negotiation process spend time reviewing what has been agreed already. Make sure you clarify what both parties have agreed to. Remember both people have something the other party wants. Your goal is to reach an agreement that is acceptable to both parties.

2 Outstanding Issues

With agreements, there may be some outstanding issues. Focus on what they are and get creative on how to move these from road blocks to building blocks of bringing a deal together.

3 Offer Challenge

It's okay to challenge sellers and purchasers. Many agents don't ask the "hard" questions that bring a negotiation together. Ask... "Why would you do that?" or "How come you're offering only that?" Make the buyer sell you on why that is a great offer – convince me!

4 Third Party Referral

This is an important tactic to use in every deal. The great news is you've always got sellers and buyers as your third party. Make sure you're a negotiator not just a messenger as you refer the offer on. A part of this is also never saying yes on the first offer.

Handling Objections

1 Pause & Ignore

Just by pausing many clients will answer their own issues. In many cases the more interested a buyer is in a property, the more likely they are to find things wrong. Be careful! You can spend all your time handling objections that were not “real” in the first place.

2 Acknowledge

Quite simply repeating or acknowledging what the other person has said can have an impact to get them talking. You see it’s not a showstopper yet, get them to tell you that specifically. If it is, of course move on!

3 Isolate & Park

This is a powerful technique of moving forward in a deal.

Isolate by... “Is this the only issue getting in the way?”

Park by... “Let’s just put that aside for the moment.”

4 Question & Challenge

You might have seen Columbo on TV. You see, smart is dumb and dumb is smart. The typical question to ask... “Tell me more about that...”

Gaining Commitment

1 Stack The Value

As you head into a negotiation, it might pay you to re-state your case and remind the seller and/or buyer how this deal will help them get what they want.

2 Confirm Fit

Once you've summarised and stacked the value, you can ask a great commitment question... "Do you agree that this is what you want?" or... "Do you believe this is getting to the place we need?"

3 Future Commit

One of the strongest motivators to move a negotiation forward is a goal or commitment in the future. This could be a move in/move out date based on what the seller or buyer has discussed. "To meet your timeframes..."

4 Conditional

In many situations it's the conditions that you need to focus on that will get a deal across the line. You can ask... "What needs to happen to..."

Gaining Commitment

5 Next Step

Making the process easy for sellers and buyers is absolutely key to your negotiation success. Focus on what needs to happen next. Simply ask... "To get started all we need to do is..."

6 Direct

There are many situations where a direct approach is what will be needed. You can ask a seller...

"Are you ready to put me to work?" or a buyer... "Why don't you buy this property?" The direct approach will allow you to identify if there are any issues getting in the way of moving forward.

7 Assumptive

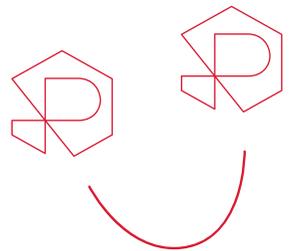
Be careful using the assumptive. Have this very much in your thinking – it allows you to be optimistic in the way you go about the negotiation. Remember your belief is transferred in everything you say and do in the negotiation. You can say... "I'm really looking forward to helping you own this property."



Negotiation Quick Tips

A few quick tips to get you going on the right track...

- Develop the right negotiation attitude
- Transform opponents into partners
- Speaking the client's language
- Rapport – build strong relationships
- Mental preparation
- Everything we do is negotiation
- Look for common ground
- Seek first to understand
- Communication is a two way street
- Ask, don't tell
- Never say what you like (or don't) without saying why you do (or don't)
- Focus on who is speaking
- Listen, listen, listen
- Ask the right questions
- Take the lead
- First impressions count
- Aim for a specific result
- Remember the senses... See... Hear... Feel...
- Be aware of physical signs
- Negative consequences can motivate people to action
- Use metaphors and paint word pictures
- Investigate before you present your case
- Questions vs statements
- Behavioural styles – different strokes for different folks
- The benefit of using visuals



Negotiation Planning Form

Buyer Priorities	Seller Priorities
Buyer Goal: Buy the Property	Seller Goal: Sell the Property
Price:	Price:
Terms:	Terms:
Inclusions:	Inclusions:
Key Needs/Motivation:	Key Needs/Motivation:
Issues & Concerns:	Issues & Concerns:
Information to gain or give:	Information to gain or give:



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