

Keynote Professional Development Series Course

Mastering Real Estate Negotiations

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Mastering Real Estate Negotiations

Module 1: Defining Negotiations

Learning Objectives

- You will be able to define negotiating.
- You will be able to distinguish between obvious and non-obvious negotiations.
- You will be able to explain how buyers and sellers have become more self-reliant through electronic communications.
- You will be able to explain why negotiating is a major part of the service package that real estate professionals offer to sellers and buyers.

I. **What is *Negotiating*?**

Negotiating can be defined as communicating back and forth to reach an agreement.

The ability to negotiate is a major part of the service package that real estate professionals offer to get a seller the best price and terms available in the marketplace today. Negotiation is also a valuable skill to help a buyer get the home they desire at a fair price with terms that are pleasing to them.

II. **Obvious vs. Non-Obvious Negotiations**

Real estate professionals negotiate with clients and customers, peers, and vendors to name a few. Obvious negotiations include communication with sellers to list a property for sale; communicating with buyers to prepare an offer to purchase; communicating with peers, sellers, and buyers on terms of a sales contract.

It's important to recognize that real estate professionals negotiate more often than they may realize. Every incoming call, client consultation meeting, and open house event includes some level of negotiation. It's important to ask yourself, "Is this really a negotiation?"

III. **Negotiations and Technology**

With the growth of technology, consumers are able to handle much of the real estate process on their own. This has created a trend wherein consumers are more bravely and blatantly negotiating with real estate professionals than ever before. With that in mind, real estate professionals must develop their negotiation skills to provide a value that is difficult for clients who are emotionally involved in the transaction to do on their own.

When real estate professionals communicate face-to-face, they become more effective negotiators. Electronic communications, such as email, reduce the amount of face-to-face time with clients and customers and reduce a real estate professional's ability to negotiate effectively.

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Module 2: Identify Your Negotiation Style

Learning Objectives

- Identify your own negotiation style and analyze areas for improvement.
- Describe “positional bargaining” and explain why it is not an effective negotiation strategy.
- Describe the four outcomes of negotiation.
- Define DISC behavior and explain how it influences negotiation strategy.

I. **What is *positional bargaining*?**

Positional bargaining involves holding on to a fixed idea of what you want and arguing for it, regardless of any underlying interests.

At an early age, we are taught that winning is the objective. Many real estate professionals use “positional bargaining” when negotiating on behalf of their clients. Unfortunately, this is counter intuitive to “Win-Win” negotiations.

II. **4 Outcomes of Negotiation**

- Win-Win Outcome: Both parties walk away feeling they got something that they wanted.
- Win-Lose Outcome: I get something I want, but you are forced to give something up.
- Lose-Win Outcome: I am forced to give something up, but you get what you want.
- Lose-Lose Outcome: Neither party gets what they wanted.

III. **Four DISC behavioral profiles**

In a DISC profile analysis of negotiating styles, behaviors of the parties in a negotiation can be described as:

- D-Dominant
- I-Influencer
- S-Sensitive
- C-Cautious

Dominant and Influencer negotiation styles are the more active initiators while Sensitive and Cautious styles are more passive responders. The D and C styles lean more toward self-interest while I and S lean toward more cooperative negotiations.

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It's helpful to further define the DISC profile quadrants by style as:

- D- Competitive: Win-Lose
- I-Collaborative: Win-Win
- S-Accommodating: Lose-Win
- C-Avoiding: Lose-Lose

Your own personal styles and strategies for negotiating may differ when negotiating with family, friends, or your clients and customers.

Understanding the negotiating strategy that you find comfortable will help you determine where you need to learn and grow.



Module 3: Measuring Your Success

Learning Objectives

- You will be able to identify the statistics you should analyze to succeed in negotiations.
- You will be able to analyze your ratio of listings or listing appointments to listings taken.
- You will be able to compare listings taken to listings sold.
- You will be able to gauge how many buyer leads you convert to appointments or home showings.
- You will be able to determine how many of your appointments convert to listings.
- You will be able to measure how many buyers you transition to closings.
- You will be able to compare contracts written to contracts signed.
- You will be able to compare list price to sale/purchase price.

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I. Measure Your Success

To get better at negotiating, you should know your success rate.

- Know your statistics
- Know where to improve
- Measure your improvement

II. Activities to Measure

Real estate activities to measure include:

- Listing Appointments vs. Listings Taken
- Listings Taken vs. Listings Sold
- Buyer/Seller Leads vs. Actual Appointments
- Buyer Appointments vs. Buyer Clients
- Buyer Clients vs. Buyers Closed
- Purchase Agreements/Sales Contracts vs. Closings
- List Price vs. Sale Price for Sellers

Once you know your statistics, you'll know exactly where to grow your negotiation skills.

Module 4: Recognize Other's Negotiating Strategy

Learning Objectives

- You will be able to distinguish between four DISC Profile behaviors of other negotiators - Competitive, Collaborative, Accommodating, Avoiding.
- You will be able to predict negotiating behavior of others.
- You will be able to adapt to the communication style and pace of other negotiators.
- You will be able to choose the best negotiating strategy for the situation.

I. Recognize Negotiation Strategy of Other Party

Assessing and recognizing negotiating strategies in others helps you predict what might happen in negotiations, and then helps you decide on the best negotiating strategy to use.

One of the downsides of not working face-to-face with others is that it's harder to read their negotiating style. The DISC Profile is based upon observable behavior. Without the opportunity to observe the other party, information about their negotiating style isn't available. However, behavioral clues can help a person recognize another's negotiating style.

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II. Tips for Choosing a Negotiation Strategy

- In communications with others, it's important to adapt to their communication style and pace, rather than expect them to adapt to yours.
- One size does not fit all! Once we know where we are within the DISC Profile, and after determining where the other person fits within the DISC Profile, we can choose a strategy that is correct for the situation.

Module 5: Choosing the Right Negotiating Style

Learning Objectives

- You will be able to predict the behavior of a negotiator.
- You will be able to implement the most effective negotiating strategy for the situation.
- You will be able to evaluate when compromise is not the correct negotiation strategy.
- You will be able to recognize that money is not always the most important negotiating term.
- You will be able to prepare and communicate a response appropriate for the negotiating style of the other party.
- You will recognize the consequences of making accommodations.
- You will be able to identify technological options for face-to-face interactions during a negotiation.
- You will be able to maintain open and continued communications to promote opportunity for further negotiations.

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I. Compromise as a Negotiation Style

Although we might believe the Collaborative Negotiation for a Win-Win seems like the best method, there may be situations in which it is better to use a Competitive, Accommodating or Avoiding Negotiation style.

Compromise is a commonly used Negotiating Strategy, but only works when both parties get something they want. Compromise deals with “fairness.” The desire to be treated fairly is human nature. Often, when people feel that they are getting the short end of the stick, they would rather walk away with nothing than let the other party walk away with more. Successful negotiators understand that money isn’t the only thing people care about in real estate negotiations.

Collaborative Negotiations are the most intense and time consuming and require emotional buy-in from all parties.

When in doubt of which style to use, start with a Collaborative strategy, and adjust and move to another style if necessary.

II. Prepare and Communicate a Response for the Negotiating Style of the Other Party

Determining the negotiating style of the other party is critical when knowing how to prepare and communicate a response.

- High Dominators and Collaborators need to be kept engaged.
- Highly Sensitive parties are compromisers and need to feel safe.
- Avoiders need information and data.

Understanding styles helps to predict other party’s needs.

- **High D** = Get it Done
- **High I** = Get it On/ Have Fun
- **High S** = Get Along
- **High C** = Get it Right

Strategies for Negotiating with a High D

- Remove the big thorn first by presenting a reasonable offer on the big items
- High D will test your guts! Don’t be afraid to compete on the small things or “splinters”
- Doesn’t have patience to wait - keep the communication going

Strategies for Negotiating with a High I

- Keep them engaged – they move on quickly
- Keep communication going

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Strategies for Negotiating with a High S

- They love everyone! They need to feel safe that they're not alienating people in the negotiations in order to move forward

Strategies for Negotiating with a High C

- Provide Data – they need a lot of information to ensure they are not making a mistake

Today's technology provides virtual opportunities to negotiate face-to-face. Successful negotiators include decision makers in face-to-face negotiations to view observable behaviors. Having a negotiation without the decision-maker present is a waste of time. Free resources for virtual meetings include:

- Skype
- AnyMeeting.com

III. When should you use Competitive Negotiation Style?

Use Competition:

- when the other side isn't willing to compromise
- when the other side is incapable of collaborating
- when the other relationship isn't worth it
- when you have no emotional buy-in
- for the little stuff or "splinters"

IV. When should you use Accommodating Negotiation Style?

A pattern of Accommodating can set an undesirable precedent. For example, consistently reducing a negotiated commission rate to make the deal go is an undesirable precedence.

Use Accommodating, when the other party has an obvious advantage

V. When should you use Avoiding Negotiating Style?

Use avoidance when there are better options.

VI. Summary

Open and continued communication promotes opportunity for further negotiations. Closed or stopped communications kills future opportunity.

Win-Lose or Lose-Win transactions are more likely to fall apart or blow up during the transaction or after closing.

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Ultimate Goal = End it with a Win-Win-Win. The third Win is created when there is trust, understanding, and no stress or very little stress between the parties, resulting in a future relationship and future business opportunities from repeat business and referrals.

Module 6: Build Trust

Learning Objectives

- You will be able to positively influence client relationships.
- You will be able to identify and implement five “Click Accelerators.”
- You will be able to establish improved levels of rapport and trust.
- You will be able to establish resonance by employing techniques to listen effectively.
- You will be able to build trust by helping to control the process without controlling the people.

I. Build Trust

Click accelerators can be a valuable tool for building trust with your clients and customers. When engaging others, people usually “Click” or “Clash.” Problems can occur when working with someone you don’t click with. If a click doesn’t naturally occur, it’s possible to create a click.

There are 5 Click Accelerators that help create a Click.

1. *Vulnerability*- being transparent and relating to others by revealing a story or weakness. It means being able to say “I don’t know” when you don’t know. People like to see that we are human.
2. *Proximity*- ability to be with people in person. Being physically close to others creates a better relationship than being farther away. In our world of mobile offices, with email and faxing, we’re hurting our opportunities to “click” with our clients. More face-to-face time will help you “click” with someone.
3. *Resonance*- ability to be in-flow with another, listen effectively, and be present and in the moment with people.
4. *Similarity*- people like people who are similar to themselves
5. *Safe Place*- when people are in our presence they need to feel safe

II. Establishing Resonance

It’s important to listen effectively to establish Resonance. Tips to increase Resonance include:

- Become aware of the internal conversations with yourself
- Quiet that internal voice
- Make good eye contact while listening
- Repeat what they are saying in your head

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III. Similarity

Similarity is huge in building trust and rapport needed to fulfill our goal of Win-Win-Win negotiating. Find as many similarities as you can with the other person. Try to “mirror” the tonality, pace and physical posture of the other person you are working with to become more similar to your client’s communication style or preference.

IV. Safe Place

Provide a place safe for your clients to voice themselves and share. A great way to create that is to solve problems together. Going through adversity together and bringing your client in to help solve their problems gives them confidence in you and helps create this safe place that helps them “click” with you. Tips for problem solving together include:

- Never tell people what you could ask them.
- People believe what they discover and what they author themselves. An example would be allowing them to author the pros and cons of a decision.

To build trust, help control the process in real estate without trying to control the people.

Module 7: Develop Understanding

Learning Objectives

- You will be able to distinguish between transactional and connector questions.
- You will be able to use transactional questions to gain understanding of the facts in a negotiation.
- You will be able to use connector questions to gain understanding of emotions in a negotiation.
- You will be able to discover a person's pain and pleasure to understand them as negotiators.

I. Develop Understanding

Understanding comes from what we don’t already know. Clients and Customers will share factual information first and will resist sharing emotions.

Transactional vs. Connector Questions

- *Transactional Questions* are asked to gather factual information.
- *Connector Questions* are asked to gather emotions and feelings.

Start with Transactional Questions before asking Connector Questions in order to develop trust.

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II. Discover Pain and Pleasure

It is important to discover a person's pain and pleasure to understand them as negotiators. The following three questions will help to get a person's pain and pleasure:

1. Why are you moving at this time? (Transactional Question)
2. What does this _____ (reason for moving in 1st question) mean to you? (*Pleasure is typically revealed*)
3. What would happen if we don't have this purchase/sale done in your timeframe? (*Pain and Urgency are typically revealed*)

Module 8: Reduce Stress

Learning Objectives

- You will be able to employ techniques to remain calm and rational during negotiations.
- You will be able to detect the degrees of emotion and logic in others.
- You will be able to provide perspective to avoid the pitfalls of highly emotional negotiations.
- You will be able to negotiate toward a Win-Win-Win result.

I. Minimize Stress Between The Parties

The Win-Win-Win is created when stress is limited in negotiations. We have a choice in how to react to situations. It is important to remain calm and rational during negotiations and *drop the drama!* Building drama in negotiations will not help anyone close a sale.

Effective negotiators balance emotion and logic. When Buyers and Sellers are overly emotional, logical reasoning is removed from negotiations. To overcome highly emotional reactions, Buyers and Sellers can regain perspective by asking: "Is this an inconvenience, or a tragedy?"

II. Negotiations Summary

- Minimize the amount of times we use Accommodating or Avoidance behavior in negotiations.
- Increase our use of Collaborative and learn to use Competitive strategies when it is necessary.
- Build trust by controlling the process of negotiations, and not people.
- Ask questions to understand the pain and pleasures of clients and customers.
- Minimize stress by dropping drama and balancing emotions and logic.

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ABOUT YOUR INSTRUCTOR

Jackie Leavenworth, ABR, CRB, CRS, GRI, SFR is from the Cleveland, Ohio area and was licensed in 1984. She quickly became her company's top producer and was constantly asked to share the secrets of her success. Jackie has been sharing those secrets for more than 30 years.

Jackie is married to a real estate broker and is the owner of "Jackie Leavenworth Seminars," a real estate coach to agents around the United States and has worked her way up to the prestigious title of Certified CRS Instructor.

Developing and delivering quality programs that are not the "same old thing" is Jackie's specialty. Real estate is Jackie's passion and enhancing people's lives is her purpose.

Coach Jackie's humorous, comfortable and engaging style will awaken the inner you to strive for behavioral change that will make a difference.

To learn more about Jackie Leavenworth, visit her web page at www.CoachJackie.com.



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