

Master Negotiation Techniques

by Ravinder Tulsiani



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© RAVINDER TULSLANI, FCSI, BA-Law Corporate Trainer • Transformational Leader

Educator, business developer, corporate leader, author, & entrepreneur – I offer diverse talents across a wide spectrum of businesses & industries. My reputation for excellence reflects my expertise as a strategic planner who creates cultural transformation in business – with a focus on educating & motivating the workforce to achieve core business objectives.

In my professional career – which spans banking, finance, real estate, mortgages, insurance, & investments – I took organizational development to new heights. I always looked for ways to bring all employees, agents, branch managers, & executives up to speed on changing market conditions. In each situation, I built a reputation for driving cultural transformation for pinnacle growth by:

- Providing solutions that balanced company concerns about training time with productivity impact.
- Creating online programs, & multiple modules & methodologies that allowed for flexibility & employee choice.
- Offering unique one-to-one & group sessions fitting corporate requirements.

“Unleash the E.D.G.E.” reflects the value I offer. Each element targets exceptional customer service for bottom-line growth & brand enhancements.

- Educate – educate personnel on their current job (give them the knowledge, tools & resources to be effective)
- Develop – develop them for their next role
- Guide – provide coaching, guidance, & correction along the way
- Empower – set a good example & then get out of their way

I have travelled worldwide & am familiar with many cultures. I know how to use international opportunities to maximize results aligned with the vision. I also ensure knowledge transfer & application that allows organizations to swiftly reach global targets.

An author & highly effective online networker, I have written e-books that include:

- Super Tactics of Time Management Experts
- Develop Your Financial IQ
- How to be a Public Speaking Superstar.

I welcome your emails and questions at ravinder@unleashtheedge.com



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1 Get the Upper Hand in Any Negotiation

Introduction

We have all heard of the old saying, you don't ask, you don't get. But, the reality is that you've gotta do more than just ask. Getting what you want out of the negotiation is an art that needs to be mastered. True negotiation results in both parties creating a win-win situation – both parties get what they want.

Before we get into the techniques, if you don't already know this, you're negotiating all the time. With your spouse, children, boss, co-workers... you're negotiating at some level.

Remember, anything you currently want is owned or controlled by someone else, the only way to get what you want is to give them what they want.

Before we get into specific techniques, here are a few fundamental things you need to know.

1) There are some predictable responses to negotiation techniques. Example, you offer low-ball offer expecting to negotiate and they take it... your response... I could have done better. Also, there's something wrong.

Part of negotiation is learning that there are predictable responses.

2) To negotiate effectively, you must believe in win-win scenarios. Rather than, trying to outsmart the other, you need to get what you want while giving them what they want.

3 Fundamental Rules of Creating Win-Win

1. If you narrow down to one issue in negotiation, then somebody has to win and somebody has to lose. But, there's usually more than one issue.
2. Understanding that People don't want the same thing. People see things from a different perspective (example 6/9). Don't fall into the trap that price is the only issue.
3. If we think they want what we want. Because if they get what they want, we can't get it. So, we need to understand that people want different things.

Note: Negotiation is not the same as price cutting. In fact, if you try to sell at full price needs to be a better negotiator. You don't need a lot of negotiating techniques to cut your price.

3 Stages of Negotiation

1. Establish criteria. Find out exactly what they expect you to do. Find out what they want. Tell them what we are prepared to do. This establishes how far each party is.
2. Get information about the other side. Don't assume.
3. Reach for compromise that's acceptable to both sides

5 Things That Make You Better Negotiator

1. Negotiating is always a 2 way affair. Understand, both sides have pressures. Good negotiator mentally compensates for the tendency that we have a weaker position.
2. Desire to acquire the skills of negotiating. Understand, everyone negotiates, understand how effective they can be.
3. The understanding of how these principals work and the gambits
4. You don't have to wait before you use these skills, learn to practice in everyday life.
5. Desire to create win-win solutions.

Common Tactics in Negotiation

Even if you don't use these techniques, you still need to know them so that you know when they are being used against you.

Nibbling Technique

You can get a little bit more even after everything has been agreed to. Ex. Car dealer – add ons. Reason, during negotiation, your guard is up, once the decision is made, their guard goes down.

If you ask for it up-front, it becomes a trade-off situation (a bargaining chip), the nibbling technique suggests that you don't necessarily ask for everything up-front, you wait for that moment of agreement in the negotiation and then nibble a little extra.

Hot Potato

When someone wants to give you their problem. For example, a client comes to you and says they only have \$4,000 for downpayment and want to purchase a home, that's a very low number, it would be very difficult to find a property for them.

Here is a way to address it:

Test it for validity right away – that's fine, we can work with that (always agree), but let me ask you this if I find you the property in exactly the right property, in exactly the right neighborhood, price & terms property, your family will love it, but they're asking for \$10,000, is there any point in showing it to you or should I just show it my other buyers.

Nine out of ten times they will say they would still like to see it and can scrape the little extra needed if they love it or borrow it from a family member etc... Immediately, you know that the problem they tossed you is not a deal buster. It's not a valid problem.

Higher Authority

If you thought that having the full authority to negotiate a deal gives you the upper hand, you're wrong. The exact opposite is true. You put yourself in a weaker position by doing that. Always have a higher authority that you need to check with before you have to change your proposal or make a decision. Negotiate the deal and then tell them that you need to run it by your partner to get the final ok. The next day, you can go back to them and say that the partner did not approve, he thought you were giving away too much and would only do the deal if they would be shave the another \$5,000 off the price.

Set-Aside

First, there is a difference between a deadlock and impasse. The simplest way to address an impasse in any negotiation is the set-aside technique. You simply state that you understand how important the point is to them, but let's just set that aside and cover off all the other issues first and we'll come back to it later.

Resolve the little issues first to establish a momentum. Inexperienced negotiators think they need to resolve the big issues first. The reality is that the big impasse areas become very flexible once you've found common ground and momentum on the smaller issues.

Third Party Close / Arbitrator

If you do reach a deadlock in a negotiation, the best way to deal with it is to bring in a third party who is perceived as reasonably neutral in the negotiation by the other party.

Timeshare sales people use this technique very well. If they are unable to close, they bring in another person (their manager). The client then has to explain all over again why they are unable to purchase the timeshare. By explaining it again, the manager is able to start the discussions again and hopefully find a common ground to discuss further.

Good Guy / Bad Guy

I'm sure you've seen a TV or movie where a suspect is brought in for interrogation and the first detective to come in is rough and intimidating, he is then mysteriously called away, and the second nicer detective comes in. The nicer detective then attempts to convince the suspect that he's on your side and

can help the suspect if the suspect will talk. He then starts with a minor point and then eventually asks the real questions. Remember, little decisions lead to big ones. That's why car sales people ask you if you were to buy this car, what colour would you want, manual or automatic etc...

I've used this technique when negotiating with a builder, my partner and I were sitting at the boardroom in the builders' office and my partner laid out a whole list of demands and when the builder said the pricing was too high, my partner basically told him that's what I need, he stood up and shook hands with the builder and walked out of the room. I then tidied my things and as I slowly walked towards the door, I said to him, look, I think this deal is do-able, if you could just be a little more flexible in the pricing, I could possibly get my partner to go along with it... and yes, we closed the deal at very favorable terms.

Never Say Yes to the First Offer

Anytime you say yes to the first offer the other party automatically thinks they could have done better in the negotiation. The second thought is that there is something wrong. The third reaction is to nibble to get a little more.

So never jump at the first offer, it doesn't matter how good the first offer is. It will allow the other party to feel like they won in the negotiation.

Feel, Felt, Found Formula

Don't argue with them, always agree with them. Arguing with them forces them to defend their position. Agreeing with them diffuses arguments.

Agree with them and then turn it around using the feel, felt, found technique.

I understand how you feel, I felt that way about a few years back, but once I looked at ... here is what I found.

Columbo

You're better off not be very sophisticated when you're dealing with people, because sophistication breeds competition. If you act a bit dumb with people, they help you.

Remember Detective Columbo, he was a very smart guy, but acted very dumb... he was so dumb in fact in the killers eye, that the killer wanted to help him solve the case for him.

That's an exaggerated example, but in negotiation, you need to convey that you don't represent a competitive threat to the other party.

Dimished Value Principal

The value of services always appear to diminish rapidly after the service has diminished.

Anytime you're negotiating and give something, you should ask for something reciprocal in return right away.

Walk-Away

Learn to develop walk away power. Be prepared to walk away from the negotiation table. There is a mental point in the negotiation that you pass when you're no longer willing to walk away from the table. The minute you pass over this point, the minute you say to yourself I'm not willing to walk away, you lose

in the negotiation. So, be sure not to pass that point.

There is no deal that you have to have at all costs. Be prepared to walk away.

Flinching

You should visually react when a proposal is made to you. People are watching for your response.

When a proposal is made to you, if you don't react, they know you're ok with it. If you're not, they will try and save the deal. So, get in the habit of reacting when you hear the price of anything. Your reaction should suggest that the price suggested is well above what you had in mind.

Trade Off

Anytime the other party asks for something, always ask for something in return right away. The simple technique is to say I don't know if that would be ok with my partner or not (higher authority) but if I were to this for you, what can you do for us?

Two things happen. One, you may get additional incentives. Two, you've also elevated the value of the concession you gave to the other party. Three, it stops the nibble process by the other party.

Vice Technique

This is a way to squeeze the other party to offer you more. When a person makes a proposal, simply state, you'll have to do better than that...

An inexperienced negotiator will often concede significant benefits when you use this technique.

The Art of Printed Word

The written word is believable. People believe what they see in writing that they won't believe when they just hear about it.

Any chance you get put it in writing.

Withdrawn Concession

It is very effective for bringing the negotiation to close. You should use this technique when you feel the people are arm wrestling with you, you know they want to do the deal, but they're just negotiating for a better price or terms.

If you have ever been involved in a negotiation and the salesperson says to you that piece of furniture is \$800 and you negotiate down to \$750; you then try and get him to approve it for \$700, he says he needs to check with the manager, he comes back and says, look I'm very embarrassed about this but I know I said the price of the couch was \$750, but I can't sell it to you for that price. This couch was for \$800 last week, but the sale ended and it's now for \$850. I can't even sell it to you for the \$750, there's not enough margin. You then forget about trying to negotiate for \$700 and say to the person, you said \$750, I want you to at least honour that. If something similar has happened to you, you've just been subjected to the withdrawn concession technique.

Negotiate in Progressively Smaller Ranges

Offer a reasonable concession up-front and make sure if you have to make further concessions, make them smaller and smaller to convince them that they have squeezed you to your max. Remember,

a good negotiator makes the other party feel they have won in the negotiation.

Positioning for Easy Acceptance

Very important to set them up for conceding to you without making them feel like they lost.

With this technique you say to the other party, look, I know you're not getting the best deal, but with my partners I can't move any more on this, do me favor, give into this one and I'll make it up to you on a later deal once my partners have done some business with you.

This way, they don't feel that they lost in the negotiation, but rather they are doing you a favor.

You can also combine this technique with a nominal concession. I can only go another \$100, but look...

Always Write the Contract

When you're done with the basic negotiation someone has to write the contract, ideally it should be you.

The person who gets to put it in writing has a significant advantage because all the little details not discussed can be inserted in your favor and it's now up to the other party to negotiate them out.

Send the other party a completed proposal with the assumption that the other party will accept it exactly the way it's written. So mail the contract signed with the deposit (if applicable). Assumption of close places pressure on the other party to close quickly. They can either take the easy route by simply signing and accepting the payment or they can open up negotiation and stand a chance of the whole thing falling apart.

Breaking it Down to the Ridiculous

There are different ways to describe costs. For example, insurance companies do this effectively, the cost of life insurance can be described as \$360 per year, or \$30 per month or just \$1 per day... now, isn't a cost of cup of coffee a day worth your family's peace of mind? They emphasize a dollar a day which is much smaller than if they were to say \$360 per year.

For example in a real estate contract, when someone is negotiating over \$5,000 off the price, you break-down the additional monthly payments amortized over 25 years, that represents only a few dollars extra per month... are they going to let this deal go over \$10 extra per month?

Decoy

When you try to negotiate over something you don't care about to take the focus off the things you do care about. For example, the house you're looking at has a swimming pool, you like it, but tell the seller that you were hoping to buy a property without a pool because of the cost to maintain etc... because of the pool this property is less desirable to you as a buyer... you then use that as a bargaining chip to reduce the price of the property.

Puppy Dog Close

This technique comes from the pet store, where the parents come in with the child and the store owner sees resistance; so he tells the parent, why don't you take the puppy home for the weekend and see if the child likes it, if not, just bring it back.

They rarely ever come back. The child falls in love with it and decides to keep it.

This technique involves getting the other party emotionally involved in the decision. In real estate, this is used very frequently; a couple see the house, just before they're about to leave the house, the realtor pulls out a camera and takes a few pictures of the client in the house and outside. He then gives them the pictures. They can now see themselves in that house starting a new family. They can now show this picture to their family and friends and says this is the house they just put an offer on. It's very hard to back out of the offer after you just told everybody around you about it.

Reluctant Buyer

If you tell the other party up-front that you need to move out of your house by the end of the month, then don't expect to later negotiate a good deal. They already know you're a motivated buyer.

Always play the reluctant buyer role. I don't think I'm interested in it at this time, I just close on another property, but I do appreciate you bringing this deal to me, just to be fair to you what is the lowest price you would be willing to accept.

This helps to dramatically squeeze down the negotiation range before the real negotiation even begins.

By the way, the same principal applies to seller. Always be a reluctant seller. If I put 5 properties on sale and one of them gets an offer, that happens to be my favorite out of the others. I tell the realtor, I don't mind holding onto this one, I was just about to take it off the market, it's a very good property, I was hoping to liquidate the others. This particular property, I'm not interested any offers other than the full asking price, but just to be fair to you, what is the very best price the clients would give me?

Never Name the Price First

You've already heard about the old saying, he who says the price first loses. Well, if both parties have studied negotiation, no one would name the price and nothing would get done.

To avoid naming the price first, resort to the higher authority technique. That is, make me an offer and I will take it back to my board of directors / partners.

If you are pressured into naming a price, let them know that you don't know if your partners would go for it, but you know they're looking for x amount, anything over, you would need to confirm with your partners.

Ask For More

Always ask for more than you expect to get. Not only because you may get them, but also that you have something to concede in the negotiation process. Remember, the key is to make the other person in the negotiation feel that they have won.

When you're making an offer, don't go in with your very best offer – take it or leave it technique. My advice is to offer low and imply some flexibility.

Split the Difference

Always get the other party to split the difference in half, don't do it yourself.

For example, you want to buy an item for \$6,000 and the seller wants to sell at \$10,000. So you indicate that you're just \$4,000 apart, would they meet half way? If they say ok, you say that I will go back to my partners and let them know you're ok with \$8,000 and see if they go for it. Then come back and say, they won't go for \$8,000, but we're just \$2,000

apart and if you could get the seller to move half way, I think I can convince them. You now negotiated down to \$7,000.

Time Constraints

Never reveal that you have a deadline... you need to suggest that you have all the time in the world. Remember, the person with the most time constraints is the most motivated. As the deadline approaches, the party becomes a lot more flexible.

Think about it, when do kids ask you for something... when you're about to run out the door... when do they ask you for help with their homework, always on the last day... Kids are instinctively great negotiators.

Never Gloat

After the negotiation is over, never ever gloat about how they gave in too quickly and you were willing to much further etc... this will make them feel they lost. The key is to make them feel as if they won in the negotiation. So, when you're done with the negotiation congratulate them and let them know they did a fantastic job in negotiation... make them feel good.

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