

Techniques for sales *by Roger Dawson*

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Basic Principles Make You a Smarter Negotiator

The way that you conduct yourself in a negotiation can dramatically the outcome. I've been teaching negotiating to business leaders throughout North America since 1982 and I've distilled this down to five essential principles. These principles are always at work for you and will help you smoothly get what you want:

Get the Other Side to Commit First

Power Negotiators know that you're usually better off if you can get the other side to commit to a position first. Several reasons are obvious:

- o Their first offer may be much better than you expected.
- o It gives you information about them before you have to tell them anything.
- o It enables you to bracket their proposal. If they state a price first, you can bracket them, so if you end up splitting the difference, you'll get what you want. If they can get you to commit first, they can then bracket your proposal. Then if you end up splitting the difference, they get what they wanted.

The less you know about the other side or the proposition that you're negotiating, the more important the principle of not going first becomes. If the Beatles' manager Brian Epstein had understood this principle he could have made the Fab Four millions more on their first movie. United Artists wanted to cash in on the popularity of the singing group but was reluctant to go out on a limb because United Artists didn't know how long the Beatles would stay popular. They could have been a fleeting success that fizzled out long before their movie hit the screens. So they planned it as an inexpensively made exploitation movie and budgeted only \$300,000 to make it. This was clearly not enough to pay the Beatles a high salary. So United Artists planned to offer the Beatles as much as 25 percent of the profits. The Beatles were such a worldwide sensation in 1963 that the producer was very reluctant to ask them to name their price first, but he had the courage to stay with the rule. He offered Epstein \$25,000 up front and asked him what percentage of the profits he thought would be fair.

Brian Epstein didn't know the movie business and should have been smart enough to play Reluctant Buyer and use Good Guy/Bad Guy. He should have said, "I don't think they'd be interested in taking the time to make a movie, but if you'll give me your very best offer, I'll take it to them and see what I can do for you with them." Instead, his ego wouldn't let him play dumb, so he assertively stated that they would have to get 7.5 percent of the profits or they wouldn't do it. This slight tactical error cost the group millions when the director Richard Lester, to every one's surprise, created a brilliantly humorous portrait of a day in the group's life that became a worldwide success.

If both sides have learned that they shouldn't go first, you can't sit there forever with both sides refusing to put a number on the table, but as a rule you should always find out what the other side wants to do first.

Act Dumb, Not Smart

To Power Negotiators, smart is dumb and dumb is smart. When you are negotiating, you're better off acting as if you know less than everybody else does, not more. The dumber you act, the better off you are unless your apparent I.Q. sinks to a point where you lack any credibility.

There is a good reason for this. With a few rare exceptions, human beings tend to help people that they see as less intelligent or informed, rather than taking advantage of them. Of course there are a few ruthless people out there who will try to take advantage of weak people, but most people want to compete with people they see as brighter and help people they see as less bright. So, the reason for acting dumb is that it diffuses the competitive spirit of the other side. How can you fight with someone who is asking you to help them negotiate with you? How can you carry on any type of competitive banter with a person who says, "I don't know, what do you think?" Most people, when faced with this situation, feel sorry for the other person and go out of their way to help him or her.

Do you remember the TV show *Columbo*? Peter Falk played a detective who walked around in an old raincoat and a mental fog, chewing on an old cigar butt. He constantly wore an expression that suggested he had just misplaced something and couldn't remember what it was, let alone where he had left it. In fact, his success was directly attributable to how smart he was-by acting dumb. His

demeanor was so disarming that the murderers came close to wanting him to solve his cases because he appeared to be so helpless.

The negotiators who let their egos take control of them and come across as a sharp, sophisticated negotiator commit to several things that work against them in a negotiation. These include being the following:

- o A fast decision-maker who doesn't need time to think things over.
- o Someone who would not have to check with anyone else before going ahead.
- o Someone who doesn't have to consult with experts before committing.
- o Someone who would never stoop to pleading for a concession.
- o Someone who would never be overridden by a supervisor.
- o Someone who doesn't have to keep extensive notes about the progress of the negotiation and refer to them frequently.

The Power Negotiator who understands the importance of acting dumb retains these options:

- o Requesting time to think it over so that he or she can thoroughly think through the dangers of accepting or the opportunities that making additional demands might bring.
- o Deferring a decision while he or she checks with a committee or board of directors.
- o Asking for time to let legal or technical experts review the proposal.
- o Pleading for additional concessions.
- o Using Good Guy/Bad Guy to put pressure on the other side without confrontation.
- o Taking time to think under the guise of reviewing notes about the negotiation.

I act dumb by asking for the definitions of words. If the other side says to me, "Roger, there are some ambiguities in this contract," I respond with, "Ambiguities . . . ambiguities . . . hmmm, you know I've heard that word before, but I'm not quite sure what it means. Would you mind explaining it to me?" Or I might say, "Do you mind going over those figures one more time? I know you've done it a couple of times already, but for some reason, I'm not getting it. Do you mind?" This makes them think: What a klutz I've got on my hands this time. In this way, I lay to rest the competitive spirit that could have made a compromise very difficult for me to accomplish. Now the other side stops fighting me and starts trying to help me.

Be careful that you're not acting dumb in your area of expertise. If you're a heart surgeon, don't say, "I'm not sure if you need a triple by-pass or if a double by-pass will do." If you're an architect, don't say, "I don't know if this building will stand up or not."

Win-win negotiating depends on the willingness of each side to be truly empathetic to the other side's position. That's not going to happen if both sides continue to compete with each other. Power Negotiators know that acting dumb diffuses that competitive spirit and opens the door to win-win solutions.

Think in Real Money Terms but Talk Funny Money

There are all kinds of ways of describing the price of something. If you went to the Boeing Aircraft Company and asked them what it costs to fly a 747 coast to coast, they wouldn't tell you "Fifty-two thousand dollars." They would tell you eleven cents per passenger mile.

Sales-people call that breaking it down to the ridiculous. Haven't we all had a real estate salesperson say to us at one time or another, "Do you realize you're talking 35¢ a day here? You're not going to let 35¢ a day stand between you and your dream home are you?" It probably didn't occur to you that 35¢ a day over the 30-year life of a real estate mortgage is more than \$7,000. Power Negotiators think in real money terms.

When that supplier tells you about a 5¢ increase on an item, it may not seem important enough to spend much time on. Until you start thinking of how many of those items you buy during a year. Then you find that there's enough money sitting on the table to make it well worth your while to do some Power Negotiating.

I once dated a woman who had very expensive taste. One day she took me to a linen store in Newport Beach because she wanted us to buy a new set of sheets. They were beautiful sheets, but when I found out that they were \$1,400, I was astonished and told the sales clerk that it was the kind of opulence that caused the peasants to storm the palace gates. She calmly looked at me and said, "Sir, I don't think you understand. A fine set of sheets like this will last you at least 5 years, so you're really talking about only \$280 a year." Then she whipped out a pocket calculator and frantically started punching in numbers. "That's only \$5.38 a week. That's not much for what is probably the finest set of sheets in the world."

I said, "That's ridiculous."

Without cracking a smile, she said, "I'm not through. With a fine set of sheets like this, you obviously would never sleep alone, so we're really talking only 38 cents per day, per person." Now that's really breaking it down to the ridiculous.

Here are some other examples of funny money:

- o Interest rates expressed as a percentage rather than a dollar amount.
- o The amount of the monthly payments being emphasized rather than the true cost of the item.
- o Cost per brick, tile, or square foot rather than the total cost of materials.
- o An hourly increase in pay per person rather than the annual cost of the increase to the company.
- o Insurance premiums as a monthly amount rather than an annual cost.
- o The price of land expressed as the monthly payment.

Businesses know that if you're not having to pull real money out of your purse or pocket, you're inclined to spend more. It's why casinos the world over have you convert your real money to gaming chips. It's why restaurants are happy to let you use a credit card although they have to pay a percentage to the credit card company. When I worked for a department store chain, we were constantly pushing our clerks to sign up customers for one of our credit cards because we knew that credit card customers will spend more and they will also buy better quality merchandise than a cash customer. Our motivation wasn't entirely financial in pushing credit cards. We also knew that because credit card customers would buy better quality merchandise, it would satisfy them more, and they would be more pleased with their purchases.

So, when you're negotiating break the investment down to the ridiculous because it does sound like less money, but learn to think in real money terms. Don't let people use the Funny Money Gambit on you.

Concentrate on the Issues

Power Negotiators know that they should always concentrate on the issues and not be distracted by the actions of the other negotiators. Have you ever watched tennis on television and seen a highly emotional star like John McEnroe jumping up and down at the other end of the court. You wonder to yourself, "How on Earth can anybody play tennis against somebody like that? It's such a game of concentration, it doesn't seem fair."

The answer is that good tennis players understand that only one thing affects the outcome of the game of tennis. That's the movement of the ball across the net. What the other player is doing doesn't affect the outcome of the game at all, as long as you know what the ball is doing. So in that way, tennis players learn to concentrate on the ball, not on the other person.

When you're negotiating, the ball is the movement of the goal concessions across the negotiating table. It's the only thing that affects the outcome of the game; but it's so easy to be thrown off by what the other people are doing, isn't it?

I remember once wanting to buy a large real estate project in Signal Hill, California that comprised eighteen four-unit buildings. I knew that I had to get the price far below the \$1.8 million that the sellers were asking for the property, which was owned free and clear by a large group of real estate investors. A real estate agent had brought it to my attention, so I felt obligated to let him present the first offer, reserving the right to go back and negotiate directly with the sellers if he wasn't able to get my \$1.2 million offer accepted.

The last thing in the world the agent wanted to do was present an offer at \$1.2 million-\$600,000 below the asking price-but finally I convinced him to try it and off he went to present the offer. By doing that, he made a tactical error. He shouldn't have gone to them; he should have had them come to him. You always have more control when you're negotiating in your power base than if you go to their power base.

He came back a few hours later, and I asked him, "How did it go?"

"It was awful, just awful. I'm so embarrassed." He told me. "I got into this large conference room, and all of the principals had come in for the reading of the offer. They brought with them their attorney, their CPA, and their real estate broker. I was planning to do the silent close on them."

(Which is to read the offer and then be quiet. The next person who talks loses in the negotiations.)

"The problem was, there wasn't any silence. I got down to the \$1.2 million and they said, 'Wait a minute. You're coming in \$600,000 low? We're insulted.'" Then they all got up and stormed out of the room.

I said, "Nothing else happened?"

He said, "Well, a couple of the principals stopped in the doorway on their way out, and they said: 'We're not gonna come down to a penny less than \$1.5 million.' It was just awful. Please don't ever ask me to present an offer that low again."

I said, "Wait a minute. You mean to tell me that, in five minutes, you got them to come down \$300,000, and you feel bad about the way the negotiations went?"

See how easy it is to be thrown off by what the other people are doing, rather than concentrating on the issues in a negotiation. It's inconceivable that a full-time professional negotiator, say an international negotiator, would walk out of negotiations because he doesn't think the other people are fair. He may walk out, but it's a specific negotiating tactic, not because he's upset.

Can you imagine a top arms negotiator showing up in the White House, and the President saying, "What are you doing here? I thought you were in Geneva negotiating with the Russians."

"Well, yes, I was, Mr. President, but those guys are so unfair. You can't trust them and they never keep their commitments. I got so upset, I just walked out." Power Negotiators don't do that. They concentrate on the issues, not on the personalities. You should always be thinking, "Where are we now, compared to where we were an hour ago or yesterday or last week?"

Secretary of State Warren Christopher said, "It's okay to get upset when you're negotiating, as long as you're in control, and you're doing it as a specific negotiating tactic." It's when you're upset and out of control that you always lose.

That's why salespeople will have this happen to them. They lose an account. They take it into their sales manager, and they say, "Well, we lost this one. Don't waste any time trying to save it. I did everything I could. If anybody could have saved it, I would have saved it."

So, the sales manager says, "Well, just as a public relations gesture, let me give the other side a call anyway." The sales manager can hold it together, not necessarily because he's any brighter or sharper than the salesperson, but because he hasn't become emotionally involved with the people the way the salesperson has. Don't do that. Learn to concentrate on the issues.

Always Congratulate The Other Side

When you're through negotiating, you should always congratulate the other side. However poorly you think the other person may have done in the negotiations, congratulate them. Say, "Wow-did you do a fantastic job negotiating that. I realize that I didn't get as good a deal as I could have done, but frankly, it was worth it because I learned so much about negotiating. You were brilliant." You want the other person to feel that he or she won in the negotiations.

One of my clients is a large magazine publishing company that has me teach Power Negotiating to its sales force. When I was telling the salespeople how they should never gloat in a negotiation, the founder of the company jumped to his feet and said, "I want to tell you a story about that." Very agitated, he went on to tell the group, "My first magazine was about sailing, and I sold it to a huge

New York magazine publisher. I flew up there to sign the final contract, and the moment I signed it and thanked them, they said to me, 'If you'd have been a better negotiator, we would have paid you a lot more.' That was 25 years ago and it still burns me up when I think about it today. I told them that if they had been better negotiators, I would have taken less." Let me ask you something. If that magazine publisher wanted to buy another one of his magazines, would he start by raising the price on them? Of course he would. However harmless it may seem, be sensitive to how you're reacting to the deal. Never gloat and always congratulate.

When I published my first book on negotiating a newspaper reviewed it and took exception to my saying that you should always congratulate, saying that it was manipulative to congratulate the other side when you didn't really think that they had won. I disagree. I look upon it as the ultimate in courtesy for the conqueror to congratulate the vanquished. When the British army and navy went down the Atlantic to recapture the Falkland Islands from the Argentineans, it was quite a rout. Within a few days, the Argentine navy lost most of its ships and the victory for the English was absolute. The evening after the Argentinean admiral surrendered, the English admiral invited him on board to dine with his officers and congratulated him on a splendid campaign.

Power Negotiators always want the other parties thinking that they won in the negotiations. It starts by asking for more than you expect to get. It continues through all of the other Gambits that are designed to service the perception that they're winning. It ends with congratulating the other side.

If you let these five principles guide your conduct when you're negotiating, they will serve you well and help you become a Power Negotiator.

Ask for More Than You Expect to Get

One of the cardinal rules of Power Negotiating is that you should ask the other side for more than you expect to get. Henry Kissinger went so far as to say, "Effectiveness at the conference table depends upon overstating one's demands." Think of some reasons why you should do this:

- o Why should you ask the store for a bigger discount than you think you have a chance of getting?
- o Why should you ask your boss for an executive suite although you think you'll be lucky to get a private office?
- o If you're applying for a job, why should you ask for more money and benefits than you think they'll give you?
- o If you're dissatisfied with a meal in a restaurant, why should you ask the captain to cancel the entire bill, even though you think they will take off only the charge for the offending item?

If you're a salesperson:

- o Why, if you are convinced that the buyer wants to spread the business around, should you still ask for it all?
- o Why should you ask for full list price even if you know it's higher than the buyer is paying now?
- o Why should you ask the other person to invest in the top of the line even when you're convinced they're so budget conscious that they'll never spend that much?
- o Why should you assume that they'd want to buy your extended service warranty even though you know they've never done that in the past?

If you thought about this, you probably came up with a few good reasons to ask for more than you expect to get. The obvious answer is that it gives you some negotiating room. If you're selling, you can always come down, but you can never go up on price. If you're buying, you can always go up, but you can never come down. What you should be asking for is your MPP-your maximum plausible position. This is the most that you can ask for and still have the other side see some plausibility in your position.

The less you know about the other side, the higher your initial position should be, for two reasons:

1. You may be off in your assumptions. If you don't know the other person or his needs well, he may be willing to pay more than you think. If he's selling, he may be willing to take far less than

you think.

2. If this is a new relationship, you will appear much more cooperative if you're able to make larger concessions. The better you know the other person and his needs, the more you can modify your position. Conversely, if the other side doesn't know you, their initial demands may be more outrageous.

If you're asking for far more than your maximum plausible position, imply some flexibility. If your initial position seems outrageous to the other person and your attitude is "take it or leave it," you may not even get the negotiations started. The other person's response may simply be, "Then we don't have anything to talk about." You can get away with an outrageous opening position if you imply some flexibility.

If you're buying real estate directly from the seller, you might say, "I realize that you're asking \$200,000 for the property and based on everything you know that may seem like a fair price to you. So perhaps you know something that I don't know, but based on all the research that I've done, it seems to me that we should be talking something closer to \$160,000." At that the seller may be thinking, "That's ridiculous. I'll never sell it for that, but he does seem to be sincere, so what do I have to lose if I spend some time negotiating with him, just to see how high I can get him to go?"

If you're a salesperson you might say to the buyer, "We may be able to modify this position once we know your needs more precisely, but based on what we know so far about the quantities you'd be ordering, the quality of the packaging and not needing just-in-time inventory, our best price would be in the region of \$2.25 per widget." At that the other person will probably be thinking, "That's outrageous, but there does seem to be some flexibility there, so I think I'll invest some time negotiating with her and see how low I can get her to go."

Unless you're already an experienced negotiator, here's the problem you will have with this. Your real MPP is probably much higher than you think it is. We all fear being ridiculed by the other. So, we're all reluctant to take a position that will cause the other person to laugh at us or put us down. Because of this intimidation, you will probably feel like modifying your MPP to the point where you're asking for less than the maximum amount that the other person would think is plausible. Another reason for asking for more than you expect to get will be obvious to you if you're a

positive thinker: You might just get it. You don't know how the universe is aligned that day. Perhaps your patron saint is leaning over a cloud looking down at you and thinking, "Wow, look at that nice person. She's been working so hard for so long now, let's just give her a break." So you might just get what you ask for and the only way you'll find out is to ask for it. In addition, asking for more than you expect to get increases the perceived value of what you are offering. If you're applying for a job and asking for more money than you expect to get, you implant in the personnel director's mind the thought that you are worth that much. If you're selling a car and asking for more than you expect to get, it positions the buyer into believing that the car is worth more.

Another advantage of asking for more than you expect to get is that it prevents the negotiation from deadlocking. Take a look at the Persian Gulf War. What were we asking Saddam Hussein to do? (Perhaps asking is not exactly the right word.) President George Bush, in his state of the Union address used a beautiful piece of alliteration, probably written by Peggy Noonan, to describe our opening negotiating position. He said, "I'm not bragging, I'm not bluffing and I'm not bullying. There are three things this man has to do. He has to get out of Kuwait. He has to restore the legitimate government of Kuwait (don't do what the Soviets did in Afghanistan and install a puppet government). And he has to make reparations for the damage that he's done." That was a very clear and precise opening negotiating position. The problem was that this was also our bottom line. It was also the least for which we were prepared to settle. No wonder the situation deadlocked. It had to deadlock because we didn't give Saddam Hussein room to have a win.

If we'd have said, "Okay. We want you and all your cronies exiled. We want a non-Arab neutral government installed in Baghdad. We want United Nations supervision of the removal of all military equipment. In addition, we want you out of Kuwait, the legitimate Kuwaiti government restored and reparation for the damages that you did." Then we could have gotten what we wanted and still given Saddam Hussein a win.

I know what you're thinking. You're thinking, "Roger, Saddam Hussein was not on my Christmas card list last year. He's not the kind of guy I want to give a win to." I agree with that. However, it creates a problem in negotiation. It creates deadlocks.

From the Persian Gulf scenario, you could draw one of two conclusions. The first (and this is what Ross Perot might say) is that our State Department negotiators are complete, blithering idiots. What's the second possibility? Right. That this was a situation where we wanted to create a

deadlock, because it served our purpose. We had absolutely no intention of settling for just the three things that George Bush demanded in his state of the Union address. General Schwarzkopf in his biography *It Doesn't Take a Hero* said, "The minute we got there, we understood that anything less than a military victory was a defeat for the United States." We couldn't let Saddam Hussein pull 600,000 troops back across the border, leaving us wondering when he would choose to do it again. We had to have a reason to go in and take care of him militarily.

So, that was a situation where it served our purpose to create a deadlock. What concerns me is that when you're involved in a negotiation, you are inadvertently creating deadlocks, because you don't have the courage to ask for more than you expect to get.

A final reason-and it's the reason Power Negotiators say that you should ask for more than you expect to get-is that it's the only way you can create a climate where the other person feels that he or she won. If you go in with your best offer up front, there's no way that you can negotiate with the other side and leave them feeling that they won.

- o These are the inexperienced negotiators always wanting to start with their best offer.
- o This is the job applicant who is thinking, "This is a tight job market and if I ask for too much money, they won't even consider me."
- o This is the person who's selling a house or a car and thinking, "If I ask too much, they'll just laugh at me."
- o This is the salesperson who is saying to her sales manager, "I'm going out on this big proposal today, and I know that it's going to be competitive. I know that they're getting bids from people all over town. Let me cut the price up front or we won't stand a chance of getting the order."

Power Negotiators know the value of asking for more than you expect to get. It's the only way that you can create a climate in which the other side feels that he or she won.

Let's recap the five reasons for asking for more than you expect to get:

1. You might just get it.
2. It gives you some negotiating room.
3. It raises the perceived value of what you're offering.
4. It prevents the negotiation from deadlocking.
5. It creates a climate in which the other side feels that he or she won.

In highly publicized negotiations, such as when the football players or airline pilots go on strike, the initial demands that both sides make are absolutely outlandish. I remember being involved in a union negotiation where the initial demands were unbelievably outrageous. The union's demand was to triple the employees' wages. The company's opening was to make it an open shop-in other words, a voluntary union that would effectively destroy the union's power at that location. Power Negotiators know that the initial demands in these types of negotiations are always extreme, however, so they don't let it bother them.

Power Negotiators know that as the negotiations progress, they will work their way toward the middle where they will find a solution that both sides can accept. Then they can both call a press conference and announce that they won in the negotiations.

An attorney friend of mine, John Broadfoot from Amarillo, Texas, tested this theory for me. He was representing a buyer of a piece of real estate, and even though he had a good deal worked out, he thought, "I'll see how Roger's rule of 'Asking for More Than You Expect to Get,' works." So, he dreamt up 23 paragraphs of requests to make of the seller. Some of them were absolutely ridiculous. He felt sure that at least half of them would be thrown out right away. To his amazement, he found that the seller of the property took strong objection to only one of the sentences in one of the paragraphs.

Even then John, as I had taught him, didn't give in right away. He held out for a couple of days before he finally and reluctantly conceded. Although he had given away only one sentence in 23 paragraphs of requests, the seller still felt that he had won in the negotiation. So always leave some room to let the other person have a win. Power Negotiators always ask for more than they expect to get.

If You Need to Put Negotiating Pressure on the Other Side, Try Good Guy/Bad Guy

Good Guy/Bad Guy is one of the best known negotiating gambits. Charles Dickens first wrote about it in his book *Great Expectations*. In the opening scene of the story, the young hero Pip is in the graveyard when out of the sinister mist comes a large, very frightening man. This man is a convict, and he has chains around his legs. He asks Pip to go into the village and bring back food and a file, so he can remove the chains. The convict has a dilemma, however. He wants to scare the child into doing as he's asked, yet he mustn't put so much pressure on Pip that he'll be frozen in place or bolt into town to tell the policeman.

The solution to the convict's problem is to use the Good Guy/Bad Guy Gambit. Taking some liberty with the original work, what the convict says in effect, is "You know, Pip, I like you, and I would never do anything to hurt you But I have to tell you that waiting out here in the mist is a friend of mine and he can be violent and I'm the only one who can control him. If I don't get these chains off-if you don't help me get them off-then my friend might come after you. So, you have to help me. Do you understand?" Good Guy/Bad Guy is a very effective way of putting pressure on people, without confrontation.

I'm sure you've seen Good Guy/Bad Guy used in the old police movies. Officers bring a suspect into the police station for questioning, and the first detective to interrogate him is a rough, tough, mean-looking guy. He threatens the suspect with all kinds of things that they're going to do to him. Then he's mysteriously called away to take a phone call, and the second detective, who's brought in to look after the prisoner while the first detective is away, is the warmest, nicest guy in the entire world. He sits down and makes friends with the prisoner. He gives him a cigarette and says, "Listen kid, it's really not as bad as all that. I've taken a liking to you. I know the ropes around here. Why don't you let me see what I can do for you?" It's a real temptation to think that the Good Guy's on your side when, of course, he really isn't.

Then the Good Guy would go ahead and close on what salespeople would recognize as a minor point close. "All I think the detectives really need to know," he tells the prisoner, "is where did you buy the gun?" What he really wants to know is, "Where did you hide the body?"

Starting out with a minor point like that and then working up from there, works very well, doesn't it? The car salesperson says to you, "If you did invest in this car would you get the blue or the gray?" "Would you want the vinyl upholstery or the leather?" Little decisions lead to big ones. The real estate salesperson who says, "If you did invest in this home, how would you arrange the furniture in the living room?" Or, "Which of these bedrooms would be the nursery for your new baby?" Little decisions grow to big decisions.

People use Good Guy/Bad Guy on you much more than you might believe. Look out for it anytime you find yourself dealing with two people. Chances are you'll see it being used on you, in one form or another.

For example, you may sell corporate health insurance plans for an HMO and have made an appointment to meet with the Vice-President of Human Resources at a company that manufactures lawn mowers. When the secretary leads you in to meet with the vice president, you find to your surprise that the president of the company wants to sit in and listen in on your presentation.

That's negotiating two on one, which is not good, but you go ahead and everything appears to be going along fine. You feel that you have a good chance of closing the sale, until the president suddenly starts getting irritated. Eventually he says to his vice president, "Look, I don't think these people are interested in making a serious proposal to us. I'm sorry, but I've got things to do." Then he storms out of the room.

This really shakes you up if you're not used to negotiating. Then the vice-president says, "Wow. Sometimes he gets that way, but I really like the plan that you presented, and I think we can still work this out. If you could be a little more flexible on your price, then I think we can still put it together. Tell you what-why don't you let me see what I can do for you with him?"

If you don't realize what they're doing to you, you'll hear yourself say something like, "What do you think the president would agree to?" Then it won't be long before you'll have the vice-president negotiating for you-and he or she is not even on your side.

If you think I'm exaggerating on this one, consider this: Haven't you, at one time or another, said to a car salesperson, "What do you think you could get your sales manager to agree to?" As if the salesperson is on your side, not on theirs? Haven't we all at one time been buying real estate and

have found the property we want to buy, so we say to the agent that has been helping us find the property, "What do you think the sellers would take?" Let me ask you something. Who is your agent working for? Who is paying her? It's not you, is it? She is working for the seller and yet she has effectively played Good Guy/Bad Guy with us. So, look out for it, because you run into it a lot.

Power Negotiators use several Counter-Gambits to Good Guy/Bad Guy:

- o The first Counter-Gambit is simply to identify the Gambit. Although there are many other ways to handle the problem, this one is so effective that it's probably the only one you need to know. Good Guy/Bad Guy is so well known that it embarrasses people when they get caught using it. When you notice the other person using it you should smile and say, "Oh, come on-you aren't going to play Good Guy/Bad Guy with me are you? Come on, sit down, let's work this thing out." Usually their embarrassment will cause them to retreat from the position.
- o You could respond by creating a bad guy of your own. Tell them that you'd love to do what they want, but you have people back in the head office who are obsessed with sticking to the program. You can always make a fictitious bad guy appear more unyielding than a bad guy who is present at the negotiation.
- o You could go over their heads to their supervisor. For example, if you're dealing with a buyer and head buyer at a distributorship, you might call the owner of the distributorship and say, "Your people were playing Good Guy/Bad Guy with me. You don't approve of that kind of thing, do you?" (Always be cautious about going over someone's head. The strategy can easily backfire because of the bad feelings it can cause.)
- o Sometimes just letting the bad guy talk resolves the problem, especially if he's being obnoxious. Eventually his own people will get tired of hearing it and tell him to knock it off.
- o You can counter Good Guy/Bad Guy by saying to the Good Guy, "Look, I understand what you two are doing to me. From now on anything that he says, I'm going to attribute to you also." Now you have two bad guys to deal with, so it diffuses the Gambit. Sometimes just identifying them both in your own mind as bad guys will handle it, without you having to come out and accuse them.
- o If the other side shows up with an attorney or controller who is clearly there to play bad guy, jump right in and forestall their role. Say to them, "I'm sure you're here to play bad guy, but let's not take that approach. I'm as eager to find a solution to this situation as you are, so why don't we all take a win-win approach. Fair enough?" This really takes the wind out of their sails.

This Gambit is very, very effective even when everybody knows what's going on. It was how Presidents Carter and Reagan got the hostages out of Iran, wasn't it? You remember that? Carter had lost the election. He was very eager to do something about the Iranian hostage situation before he left the White House and Reagan could take credit for their release. So, he started playing Good Guy/Bad Guy with the Ayatollah. He said to him, "If I were you, I'd settle this thing with me. Don't take a chance on this new team coming into office in January. My goodness, have you taken a look at these guys? The President's a former cowboy actor. The Vice President is the former head of the C.I.A. The Secretary of State is Alexander Haig. These guys are crazier than Englishmen. There's no telling what they might do."

Reagan, playing along with it, said, "Hey, if I were you, I'd settle with Carter. He's a nice guy. You're definitely not going to like what I'll have to say about it, when I get into the White House." And sure enough, we saw the hostages being released on the morning of Reagan's inauguration. Of course, the Iranians were aware of Good Guy/Bad Guy, but they didn't want to take a chance that Reagan would follow through with his threats. It demonstrated that these Gambits work even when the other side knows what you're doing.

In 1994, Jimmy Carter was again called upon to play the Good Guy when he and Colen Powell went to Haiti to see if they could get General Cedras to give up power without a fight. Powell was there to impress the might of the armed forces upon Cedras. Carter was there to cozy up the dictator, even suggesting he come to Plains, Georgia, and teach a class in Sunday School when the crisis was over.

KEY POINTS TO REMEMBER:

- o People use Good Guy/Bad Guy on you much more than you might believe. Look out for it whenever you're negotiating with two or more people.
- o It is a very effective way of putting pressure on the other person without creating confrontation.
- o Counter it by identifying it. It's such a well-known tactic that when you catch them using it, they get embarrassed and back off.
- o Don't be concerned that the other side knows what you're doing. Even if they do it can still be a powerful tactic. In fact, when you're Power Negotiating with someone who understands all of these Gambits, it becomes more fun. It's like playing chess with a person of equal skill rather than someone whom you can easily outsmart.

Learn to Play the Reluctant Buyer When You're Purchasing

Let's say that you're in charge of buying new computer equipment for your company. How would you get a salesperson to give you the lowest possible price? I would let the other person come in and have her go through her entire presentation. I would ask all the questions I could possibly think of and when I finally couldn't think of another thing to ask, I would say, "I really appreciate all the time you've taken. You've obviously put a lot of work into this presentation, but unfortunately it's just not the way we want to go; however I sure wish you the best of luck." I would pause to examine the crestfallen expression on the salesperson's face. I would watch her slowly package her presentation materials. Then at the very last moment, just as her hand hit the doorknob on the way out, I would come back with this magic expression. There are some magic expressions in negotiating. If you use them at exactly the right moment, the predictability of the other person's response is amazing. I would say, "You know, I really do appreciate the time you took with me. Just to be fair to you, what is the very lowest price that you would take?"

Would you agree with me that it's a good bet that the first price the salesperson quoted is not the real bottom line? Sure, it's a good bet. The first price a salesperson quotes is what I call the "wish number." This is what she is wishing the other person would do. If the other person said okay to that, she would probably burn rubber all the way back to her sales office and run in screaming, "You can't believe what just happened to me. I was over at XYZ Company to make a bid on the computer equipment they need for their new headquarters. I went over the proposal and they said, 'What's your absolute bottom line price?' I was feeling good so I said, 'We never budge off list price less a quantity discount, so the bottom line is \$225,000,' and held my breath. The president said, 'It sounds high, but if that's the best you can do, go ahead and ship it.' I can't believe it. Let's close the office and go celebrate." So, the first price quoted is what I call the wish price. Somewhere out there, as the song says, there's a "walk-away" price. A price at which the salesperson will not or cannot sell. The other person doesn't know what the walk-away price is, so he or she has to do some probing, some seeking of information. He or she has to try some negotiating Gambits to see if they can figure out the salesperson's walk-away price.

When you play Reluctant Buyer, the salesperson is not going to come all the way from the wish price to the walk-away price. Here's what will typically happen. When you play Reluctant Buyer, the salesperson will typically give away half of his or her negotiating range. If that computer

salesperson knows that bottom line is \$175,000, \$50,000 below the list price, he will typically respond to the Reluctant Buyer Gambit with, "Well, I tell you what. It's the end of our quarter, and we're in a sales contest. If you'll place the order today, I'll give it to you for the unbelievably low price of \$200,000." He'll give away half his negotiating range, just because you played Reluctant Buyer.

Remember that when people do this kind of thing to you, that it's just a game that they are playing on you. Power Negotiators don't get upset about it. They just learn to play the negotiating game better than the other side.

Key points to remember:

Look out for the Reluctant Buyer.

Playing this Gambit is a great way to squeeze the other side's negotiating range before the negotiation even starts.

The other person will typically give away half his or her negotiating range just because you use this.

Learn to Play the Reluctant Seller When You're Negotiating

Imagine for a moment that you own a sailboat, and you're desperate to sell it. It was fun when you first got it, but now you hardly ever use it, and the maintenance and slip fees are eating you alive. It's early Sunday morning, and you've given up a chance to play golf with your friends because you need to be down at the marina cleaning your boat. You're scrubbing away and cursing your stupidity for ever having bought the boat. Just as you're thinking, "I'm going to give this turkey away to the next person who comes along," you look up and see an expensively dressed man with a young girl on his arm coming down the dock. He's wearing Gucci loafers, white slacks, and a blue Burberry's blazer topped off with a silk cravat. His young girlfriend is wearing high heels, a silk sheath dress, big sunglasses, and huge diamond earrings. They stop at your boat, and the man says, "That's a fine looking boat. By any chance is it for sale?" His girl friend snuggles up to him and says, "Oh, let's buy it, poopsy. We'll have so much fun." You feel your heart start to burst with joy and your mind is singing, "Thank you, Lord! Thank you, Lord!"

Expressing that sentiment is not going to get you the best price for your boat, is it? How are you going to get the best price? By playing Reluctant Seller. You keep on scrubbing and say, "You're welcome to come aboard, although I hadn't thought of selling the boat." You give them a tour of the boat and at every step of the way you tell them how much you love the boat and how much fun you have sailing her. Finally you tell them, "I can see how perfect this boat would be for you and how much fun you'd have with it, but I really don't think I could ever bear to part with it. However, just to be fair to you, what is the very best price you would give me?"

Power Negotiators know that this Reluctant Seller technique squeezes the negotiating range before the negotiating even starts. If you've done a good job of building the other person's desire to own the boat, he will have formed a negotiating range in his mind. He may be thinking, "I'd be willing to go to \$30,000, \$25,000 would be a fair deal and \$20,000 would be a bargain." So, his negotiating range is from \$20,000 to \$30,000. Just by playing Reluctant Seller, you will have moved him up through that range. If you had appeared eager to sell, he may have offered you only \$20,000. By playing Reluctant Seller you may move him to the mid-point, or even the high point of his negotiating range, before the negotiations even start.

One of my Power Negotiators is an extremely rich and powerful investor, a man who owns real estate all over town. He probably owns real estate worth \$50 million, owes \$35 million in loans, and therefore has a net worth of about \$15 million. Very successful-what you could justifiably call a heavy hitter. He likes wheeling and dealing.

Like many investors, his strategy is simple: Buy a property at the right price and on the right terms, hold onto it and let it appreciate, then sell at a higher price. Many smaller investors bring him purchase offers for one of his holdings, eager to acquire one of his better-known properties. That's when this well-seasoned investor knows how to use the Reluctant Buyer Gambit.

He reads the offer quietly, and when he's finished he slides it thoughtfully back across the table, scratches above one ear, saying something like, "I don't know. Of all my properties, I have very special feelings for this one. I was thinking of keeping it and giving it to my daughter for her college graduation present and I really don't think that I would part with it for anything less than the full asking price. You understand; this particular property is worth a great deal to me. But look,

it was good of you to bring in an offer for me and in all fairness, so that you won't have wasted your time, what is the very best price that you feel you could give me?" Many times, I saw him make thousands of dollars in just a few seconds using the Reluctant Seller philosophy. Power Negotiators always try to edge up the other side's negotiating range before the real negotiating ever begins.

I remember an oceanfront condominium that I bought as an investment. The owner was asking \$59,000 for it. It was a hot real estate market at the time and I wasn't sure how eager the owner was to sell or if they had any other offers on it. So, I wrote up three offers, one at \$49,000, another at \$54,000 and a third at \$59,000. I made an appointment to meet with the seller, who had moved out of the condominium in Long Beach and was now living in Pasadena. After talking to her for a while, I determined that she hadn't had any other offers and that she was eager to sell. So I reached into my briefcase, where I had the three offers carefully filed and pulled out the lowest of them. She accepted it, and when I sold the condominium a few years later, it fetched \$129,000. (Be aware that you can do this only with a "For Sale by Owner." If a real estate agent has listed the property, that agent is working for the seller and is obligated to tell the seller if he's aware that the other side would pay more. Another reason why you should always list property with an agent when you're selling.)

So, Power Negotiators always play Reluctant Seller when they're selling. Even before the negotiation starts, it squeezes the other side's negotiating range.

Remember that when people do this kind of thing to you, that it's just a game that they are playing on you. Power Negotiators don't get upset about it. They just learn to play the negotiating game better than the other side.

Key points to remember:

Always play Reluctant Seller.

Playing this Gambit is a great way to squeeze the other side's negotiating range before the negotiation even starts.

The other person will typically give away half his or her negotiating range just because you use this.

Want to Get More at the Bargaining Table? Learn to Flinch at Proposals

Power Negotiators know that you should always *flinch*-react with shock and surprise at the other side's proposals.

Let's say that you are in a resort area and stop to watch one of those charcoal sketch artists. He doesn't have the price posted, and he has the shill sitting on the stool. You ask him how much he charges, and he tells you \$15. If that doesn't appear to shock you, his next words will be, "And \$5 extra for color." If you still don't appear shocked, he will say, "And we have these shipping cartons here, you'll need one of these too."

Perhaps you are married to someone who would never *flinch* like that because it's beneath his or her dignity. My first wife was like that. We would walk into a store, and she would say to the clerk, "How much is the coat?"

The clerk would respond, "\$2,000."

My wife would say, "That's not bad!" I would be having a heart attack in the background.

I know it sounds dumb and I know it sounds ridiculous, but the truth of the matter is that when people make a proposal to you, they are watching for your reaction. They may not think for a moment that you'll go along with their request. They've just thrown it out to see what your reaction will be. For example:

- o You sell computers and the buyer asks you to include an extended warranty.
- o You're buying a car and the dealer offers you only a few hundred dollars for your trade-in.
- o You sell contractor supplies and the buyer asks you to deliver it to the job site at no extra charge.
- o You're selling your house and the buyer wants to move in two weeks before the transaction closes.

In each of these situations, the other side may not have thought for a moment that you would go along with the request, but if you don't *flinch*, he or she will automatically think, "Maybe I will get them to go along with that. I didn't think they would, but I think I'll be a tough negotiator and see how far I can get them to go."

It's very interesting to observe a negotiation when you know what both sides are thinking.

Wouldn't that be fascinating for you? Wouldn't you love to know what's going on in the other person's mind when you're negotiating with her? When I conduct the one or two day Secrets of Power Negotiating seminars, we break up into groups and do some negotiating to practice the principles that I teach. I create a workshop and customize it to the industry in which the

participants are involved. If they are medical equipment salespeople, they may find themselves negotiating the sale of laser surgery equipment to a hospital. If they are owners of print shops, the workshop may involve the acquisition of a smaller printing company in an outlying town.

I break the audience up into buyers, sellers, and referees. The referees are in a very interesting position because they have been in on the planning sessions of both the buyers and the sellers. They know each side's negotiating range. They know what the opening offer is going to be, and they know how far each side will go. So the sellers of the printing company would go as low as \$700,000, but they may start as high as \$2 million. The buyers may start at \$400,000, but they're prepared to go to \$1.5 million if they have to. So the negotiating range is \$400,000 to \$2 million, but the acceptance range is \$700,000 to \$1.5 million. The acceptance range embraces the price levels at which the buyers' and the sellers' negotiating ranges overlap. If they do overlap and there is an acceptance range, it's almost certain that the final price to which they agree will fall within this range. If the top of the buyers' negotiating range is lower than the bottom of the sellers' negotiating range, then one or both sides will have to compromise their objectives.

The negotiation starts with each side trying to get the other side to put their offer on the table first. After a while someone has to break the ice, so the sellers may suggest the \$2 million (which is the top of their negotiating range). They believe \$2 million is ridiculously high, and they barely have the nerve to propose it. They think they're going to be laughed out of the room the minute they do. However, to their surprise, the buyers don't appear to be that shocked. The sellers expect the buyers to say, "You want us to do what? You must be out of your minds." What they actually respond with is much milder, perhaps, "We don't think we'd be prepared to go that high." In an instant, the negotiation changes. A moment ago, the \$2 million had seemed to be an impossible goal. Now the sellers are thinking that perhaps they're not as far apart as they thought they were. Now they're thinking, "Let's hang in. Let's be tough negotiators. Maybe we will get this much."

Flinching is critical because most people believe more what they see than what they hear. The visual overrides the auditory in most people. It's safe for you to assume that at least 70 percent of the people with whom you negotiate will be visuals. What they see is more important than what they hear. I'm sure you've been exposed to some neuro-linguistic programming. You know that people are either visual, auditory or kinesthetic (what they feel is paramount). There are a few gustatory (taste) and olfactory (smell) people around, but not many and they're usually chefs or perfume blenders.

If you'd like to know what you are, close your eyes for ten seconds and think of the house in which

you lived when you were ten years old. You probably saw the house in your mind, so you're a visual. Perhaps you didn't get a good visual picture, but you heard what was going on, perhaps trains passing by or children playing. That means you're auditory. Auditories tend to be very auditory. Neil Berman is a psychotherapist friend of mine in Santa Fe, New Mexico. He can remember every conversation he's ever had with a patient, but if he meets them in the supermarket, he doesn't remember them. The minute they say good morning to him, he thinks, "Oh yes that's the bi-polar personality with anti-social tendencies." The third possibility is that you didn't so much see the house or hear what was going on, but you just got a feeling for what it was like when you were ten. That makes you a kinesthetic.

Assume that people are visual unless you have something else to go on. Assume that what they see has more impact than what they hear. That's why it's so important to respond with a *flinch* to a proposal from the other side.

Don't dismiss *flinching* as childish or too theatrical until you'd had a chance to see how effective it can be. It's so effective that it usually surprises my students when they first use it. A woman told me that she *flinched* when selecting a bottle of wine in one of Boston's finest restaurants and the wine steward immediately dropped the price by five dollars. A man told me that a simple *flinch* caused the salesperson to take \$2,000 off the price of a Corvette.

A speaker friend of mine attended my seminar in Orange County, California, and decided to see if he could use it to get his speaking fees up. At the time he was just getting started and was charging \$1,500. He went to a company and proposed that they hire him to do some in house training. The training director said, "We might be interested in having you work for us, but the most we can pay you is \$1,500."

In the past he would have said, "That's what I charge." But now he gasped in surprise and said, "\$1,500? I couldn't afford to do it for just \$1,500."

The training director frowned thoughtfully. "Well," he said, "the most we've ever offered any speaker is \$2,500, so that's the very best we can do." That meant \$1,000 in additional bottom line profit dollars per speech to my friend and it took him only 15 seconds to do. Not bad pay.

Key points to remember:

- o *Flinch* in reaction to a proposal from the other side. They may not expect to get what they're asking for, but if you don't show surprise you're communicating that it's a possibility.

o A concession often follows a *flinch*. If you don't *flinch*, it makes the other person a tougher negotiator.

o Assume that the other person is a visual unless you have something else on which to go.

o Even if you're not face to face with the other person you should still gasp in shock and surprise.

Telephone *flinches* can be very effective also.

How to negotiate when the other person tells you that they don't have the authority to decide

One of the most frustrating situations you can run into is trying to negotiate with the person who claims that he or she doesn't have the authority to make a final decision. Unless you realize that this is simply a negotiating tactic that's being used on you, you have the feeling that you'll never get to talk to the real decision-maker.

When I was president of the real estate company in California, I used to have salespeople coming in to sell me things all the time: advertising, photocopy machines, computer equipment, and so on. I would always negotiate the very lowest price that I could, and then I would say to them, "This looks fine. I do just have to run it by my board of directors, but I'll get back to you tomorrow with the final okay."

The next day I could get back to them and say, "Boy, are they tough to deal with right now. I felt sure I could sell it to them, but they just won't go along with it unless you can shave another couple of hundred dollars off the price." And I would get it. There was no approval needed by the board of directors, and it never occurred to me that this deception was underhanded. I and the people with whom you deal see it as well within the rules by which one plays the game of negotiating. So when the other person says to you that they have to take it to the committee, or the legal department, it's probably not true, but it is a very effective negotiating tactic that they're using on you. Fortunately, Power Negotiators know how to handle this challenge smoothly and effectively. Your first approach should be trying to remove the other person's resort to higher authority before the negotiations even start, by getting him to admit that he could make a decision if the proposal was irresistible. This is exactly the same thing that I taught my real estate agents to say to the buyers before putting them in the car, "Let me be sure I understand, if we find exactly the right property for you today, is there any reason why you wouldn't make a decision today?" It's exactly the same thing that the car dealer will do to you when, before he lets you take it for a test drive, he says, "Let me be sure I understand, if you like this car as much as I know you're going to like it, is there any reason why you wouldn't make a decision today?" Because they know that if they don't remove the resort to higher authority up front, then there's a danger that under the pressure of asking for a decision, the other person will invent a higher authority as a delaying tactic. Such as, "Look, I'd love to give you a decision today, but I can't because my father-in-law has to look at the property (or the car), or Uncle Joe is helping us with the down payment and we need to talk to him

first."

One of the most frustrating things that you encounter is taking your proposal to the other person and having her say to you, "Well, that's fine. Thanks for bringing me the proposal. I'll talk to our committee (or our attorney or the owners) about it and if it interests us we'll get back to you."

Where do you go from there? If you're smart enough to counter the Higher Authority Gambit before you start, you can remove yourself from that dangerous situation.

So before you present your proposal to the other person, before you even get it out of your briefcase, you should casually say, "Let me be sure I understand. If this proposal meets all of your needs (That's as broad as any statement can be, isn't it?), is there any reason why you wouldn't give me a decision today?"

It's a harmless thing for the other person to agree to because the other person is thinking, "If it meets all of my needs? No problem, there's loads of wriggle room there." However, look at what you've accomplished if you can get them to respond with, "Well, sure if it meets *all* of my needs, I'll give you an okay right now." Look at what you've accomplished:

1. You've eliminated their right to tell you that they want to want to think it over. If they say that, you say, "Well, let me go over it one more time. There must be something I didn't cover clearly enough because you did indicate to me earlier that you were willing to make a decision today."
2. You've eliminated their right to refer it to a higher authority. You've eliminated their right to say, "I want our legal department to see it, or the purchasing committee to take a look at it."

What if you're not able to remove their resort to higher authority? I'm sure that many times you'll say, "If this proposal meets all of your needs is there any reason why you wouldn't give me a decision today?" and the other person will reply, "I'm sorry, but on a project of this size, everything has to get approved by the specifications committee. I'll have to refer it to them for a final decision."

Here are the three steps that Power Negotiators take when they're not able to remove the other side's resort to higher authority:

Step number one-appeal to their ego. With a smile on your face you say, "But they always follow your recommendations, don't they?" With some personality styles that's enough of an appeal to his ego, that he'll say, "Well, I guess you're right. If I like it, then you can count on it." But often they'll still say, "Yes, they usually follow my recommendations but I can't give you a decision until I've taken it to the committee."

If you realize that you're dealing with egotistical people, try preempting their resort to higher authority early in your presentation, by saying, "Do you think that if you took this to your supervisor, she'd approve it?" Often an ego-driven person will make the mistake of proudly telling you that he doesn't have to get any body's approval.

The second step is to get their commitment that they'll take it to the committee with a positive recommendation. So you say, "But you will recommend it to them-won't you?" There are only two things that can happen at this point. Either she'll say, yes, she will recommend it to them, or she'll say, no she won't-because . . . Either way you've won. Hopefully, you'll get a response similar to, "Yes, it looks good to me, I'll go to bat for you with them." But if that doesn't happen, and instead they tell you that they won't recommend it because, you're still ahead, because any time you can draw out an objection you should say, "Hallelujah" because objections are buying signals. For example, nobody will object to your price unless buying from you interests them. If buying from you doesn't interest them, they don't care how high you price your product or service.

For a while I dated a woman who was really into interior decorating. One day she excitedly dragged me down to the Orange County Design Center to show me a couch covered in kidskin. The leather was as soft and as supple as anything I'd ever felt. As I sat there, she said, "Isn't that a wonderful couch?"

I said, "No question about it, this is a wonderful couch."

She said, "And it's only \$12,000."

I said, "Isn't that amazing? How can they do it for only \$12,000?"

She said, "You don't have a problem with the price?"

"I don't have a problem with the price at all." Why didn't I have a problem with the price? Right. Because I had absolutely no intention of paying \$12,000 for a couch, regardless of what they covered it with. Let me ask you this: If buying the couch interested me, would I have a problem with the price? Oh, you had better believe I'd have a problem with the price!

Objections are buying signals. We knew in real estate that if we were showing property, and the people were "Oooing and aaahing" all over the place, if they loved everything about the property, they weren't going to buy. The serious buyers were the ones who were saying, "Well the kitchen's not as big as we like. Hate that wallpaper. We'd probably end up knocking out that wall." Those were the ones who would buy.

If you're in sales, think about it. Have you ever in your life made a big sale where the person loved

your price up front? Of course not. All serious buyers complain about the price.

Your biggest problem is not an objection, it's indifference. I would rather they said to you, "I wouldn't buy widgets from your company, if you were the last widget vendor in the world, because . . ." than have them say to you, "I've been using the same source on widgets for 10 years, and he does fine. I'm just not interested in taking the time to talk about making a change." Indifference is your problem, not objections.

Let me prove this to you. Give me the opposite of the word love. If you said hate, think again. As long as they're throwing plates at you, you have something there you can work with. It's indifference that's the opposite of love. When they're saying to you, like Rhett Butler in *Gone With the Wind*, "Quite frankly, my dear, I don't give a damn." -that's when you know the movie is about over. Indifference is your problem, not objections. Objections are buying signals.

So when you say to them, "You will recommend it to them, won't you?" they can either say, yes they will, or no they won't. Either way you've won. Then you can move to step three:

Step Three: The qualified "subject to" close. The "subject to" close is the same one that your life insurance agent uses on you when he or she says, "Quite frankly, I don't know if we can get this much insurance on someone your age. It would be "subject to" you passing the physical anyway, so why don't we just write up the paper work "subject to" you passing the physical?" The life insurance agent knows that if you can fog a mirror during that physical, he or she can get you that insurance. But it doesn't sound as though you're making as important a decision as you really are. The qualified "subject to" close in this instance would be: "Let's just write up the paper work 'subject to' the right of your specifications committee to reject the proposal within a 24-hour period for any specifications reason." Or, "Let's just write up the paper work 'subject to' the right of your legal department to reject the proposal within a 24-hour period for any legal reason."

Notice that you're not saying subject to their acceptance. You're saying subject to their right to decline it for a specific reason. If they were going to refer it to an attorney, it would be a legal reason. If they were going to refer it to their CPA, it would be a tax reason and so on. But try to get it nailed down to a specific reason.

So the three steps to take if you're not able to get the other person to waive his or her resort to higher authority are:

1. Appeal to the other person's ego.

2. Get the other person's commitment that he'll recommend it to the higher authority.
3. Use the qualified subject-to close.

Being able to use and handle the resort to higher authority is critical to you when you're Power Negotiating. Always maintain your own resort to higher authority. Always try to remove the other person's resort to a higher authority.

Key points to remember:

- o Attempt to get the other person to admit that he could approve your proposal if it meets all of his needs. If that fails, go through the three counter gambits:
 - o Appeal to his ego.
 - o Get his commitment that he'll recommend to his higher authority.
 - o Go to a qualified subject-to close.
- o If they are forcing you to make a decision before you're ready to do so, offer to decide but let them know that the answer will be no, unless they give you time to check with your people.
- o If they're using escalating authority on you, revert to your opening position at each level and introduce your own levels of escalating authority.

To be a better bargainer bracket your objective

Whether you're bargaining in your favorite antique store, negotiating for an increase in pay, or trying to get the rock-bottom price for a new car, you'll do better if you use a technique that negotiators call Bracketing. This means that your initial proposal should be an equal distance on the other side of your objective as their proposal.

Let me give you some simple examples:

The antique dealer is asking \$1200 for that antique desk that would be perfect in the corner of your living room. You are willing to pay \$1000. You should offer him \$800.

You hope that your boss will give you a 10 percent increase in pay. You should ask him for 20 percent.

The car dealer is asking \$25,000 for the car. You want to buy it for \$22,000. You should make an opening offer of \$19,000.

Of course it's not always true that you'll end up in the middle, but that is a good assumption to make if you don't have anything else on which to base your opening position. Assume that you'll end up in the middle, mid-way between the two opening negotiating positions. If you track that, I think that how often it happens will amaze you. In little things and in big things.

In little things. Your son comes to you and says he needs \$20 for a fishing trip he's going to take this weekend. You say, "No way. I'm not going to give you \$20. Do you realize that when I was your age I got 50 cents a week allowance and I had to work for that? I'll give you \$10 and not a penny more."

Your son says, "I can't do it for \$10, dad."

Now you have established the negotiating range. He's asking for \$20. You're willing to pay \$10. See how often you end up at \$15. In our culture, splitting the difference seems fair.

In big things. In 1982, we were negotiating the pay-off of a huge international loan with the government of Mexico. They were about to default on an \$82 billion dollar loan. Their chief negotiator was Jesus Herzog, their finance minister. Treasury Secretary Donald Regan and Federal Reserve Board Chairman Paul Volcker represented our side. In a creative solution, we asked

Mexico to contribute huge amounts of petroleum to our strategic petroleum reserve, which Herzog agreed to do. That didn't settle it all, however. We proposed to the Mexicans that they pay us a \$100 million dollar negotiating fee, which was a politically acceptable way for them to pay us accrued interest. When President Lopez Portillo heard what we were asking for, he went ballistic. He said the equivalent of: You tell Ronald Reagan to drop dead. We're not paying the United States a negotiating fee. Not one peso.

So now we had the negotiating range established. We asked for \$100 million dollars. They're offering zero. Guess what they ended up paying us? That's right. \$50 million dollars.

So often, in little things and in big things, we end up splitting the difference. With bracketing, Power Negotiators are assured that if that happens, they still get what they want.

To bracket, you must get the other person to state his position first. If the other person can get you to state your position first, then he can bracket you so that, if you end up splitting the difference as so often happens, he ends up getting what he wanted. That's an underlying principle of negotiating: Get the other person to state his position first. It may not be as bad as you fear, and it's the only way you can bracket his proposal.

Conversely, don't let the other person trick you into committing first. If the status quo is fine with you, and there is no pressure on you to make a move, be bold enough to say to the other person, "You're the one who approached me. The way things are satisfies me. If you want to do this, you'll have to make a proposal to me."

Another benefit of bracketing is that it tells you how big your concessions can be as the negotiation progresses. Let's take a look at how this would work with the three situations I described earlier: The antique dealer who is asking \$1200 for that antique. You are willing to pay \$1000. You offer him \$800. He comes down to \$1150, which means that you can raise your offer to \$850, and still have your objective mid-way between the two proposals that are on the table.

You hope that your boss will give you a 10 percent increase in pay, so you asked him for 20 percent. He offers you 5 percent, so you can now lower your demand to 15 percent.

The car dealer who is asking \$25,000 for the car. You want to buy it for \$22,000. You made an opening offer of \$19,000. Then if the dealer comes down to \$24,500, you can go up to \$19,500 and you will still have your objective bracketed. If the dealer's next move is to \$24,200, you can also shift your position by \$300 and go to \$19,800.

There's a danger here, however. You should not become so predictable with your responses that

the other side cannot detect your pattern of concessions. I illustrated this with mathematically computed concessions to make my point clear, but you should vary your moves slightly so that your reason for making a move cannot easily be determined.

About five years ago, I bought one hundred acres of land in Eatonville, Washington, a beautiful little town located just west of Mount Rainier. The seller of the land was asking \$185,000. I decided that it would be a super buy if I could get it for \$150,000, so I Bracketed my objective and offered \$115,000. To my astonishment, the seller accepted my offer, but had we have ended up negotiating further and ended up in the middle between our two opening negotiating positions, I still would have made my objective of \$150,000. Inexperienced negotiators get into trouble because they don't have the courage to start that low. Someone who didn't understand Bracketing might offer \$140,000 for the land, hoping that the seller will come down from his asking price of \$185,000 to the buyer's objective of \$150,000. That's hard to do. It's hard to get the other side to come down \$35,000, when you're only willing to go up \$10,000. Or worse yet, the buyer is so uncomfortable with negotiating that he offers the seller \$150,000 with a take-it-or-leave-it attitude. That's almost impossible to do. It's virtually impossible to get the seller to keep on making concessions to you, when you are not willing to make any reciprocal concessions-even if selling for \$150,000 would be the right thing for the seller to do.

If you want to be a better bargainer, take a tip from the professional negotiators. Get the other side committed to a position first, and then bracket your objective. You're far more likely to end up with what you want.

When negotiations stall position the other side for easy acceptance

When you're negotiating with people who have studied negotiating, and are proud of their ability to negotiate, you can get ridiculously close to agreement, and the entire negotiation will still fall apart on you. When it does, it's probably not the price or terms of the agreement that caused the problem, it's the ego of the other person as a negotiator. When that happens, Power Negotiators use a simple technique that positions the other person for easy acceptance.

Let's say that you market advertising specialties, such as rulers, with the company's name on it-or custom printed baseball caps and T-shirts. You have made an appointment to meet with the manager at a local appliance store. What you may not realize is that just before you showed up in his office, the manager said to the owner of the store, "You just watch me negotiate with this advertising specialty representative. I know what I'm doing, and I'll get us a good price." Now he's not doing as well as he hoped in the negotiation and he may be reluctant to agree to your proposal because he doesn't want to feel that he lost to you as a negotiator. That can happen, even when the other person knows that your proposal is fair and it satisfies his needs in every way. So, when this happens you must find a way to make the other person feel good about giving in to you. You must Position for Easy Acceptance. Power Negotiators know that the best way to do this is to make a small concession just at the last moment. The size of the concession can be ridiculously small, and you can still make it work because it's not the size of the concession that's critical, but the timing.

So, you might say, "We just can't budge another dime on the price, but I tell you what. If you'll go along with the price, I'll personally supervise the printing to be sure that it goes smoothly." Perhaps you were planning to do that anyway, but the point is that you've been courteous enough to position the other person so that he can respond, "Well all right, if you'll do that for me, we'll go along with the price." Then he doesn't feel that he lost to you in the negotiation. He felt that he traded off.

Positioning for Easy Acceptance is another reason why you should never go in with your best offer up front. If you have offered all of your concessions already, before you get to the end of the negotiation, you won't have anything left with which to position the other side.

Here are some other small concessions that you can use to position:

You're selling a boat, so you offer to take the buyers out and show them how to sail it.

If you sell office equipment, offer to inventory their supplies and set them up on an automatic reordering system.

You're selling a car, so you offer to include the snow chains.

Hold this price for 90 days in case they want to duplicate this order.

You're hiring someone and can't pay him or her what they asked, but you offer to review it after 90 days.

Offer forty-five day terms instead of 30 days.

Offer three years for the price of two on an extended service warranty.

Remember, it's the timing of the concession that counts, not the size. The concession can be ridiculously small and still be effective. Using this Gambit, Power Negotiators can make the other person feel good about giving in to them.

Never, ever gloat. Never, when you get through negotiating, say to the other person, "Harry, you know, if you'd hung in there a little bit longer, I was prepared to do this and this and this for you." Harry's going to say unkind things about your mommy when you do that.

I realize that in the normal course of business you'd never be foolish enough to gloat over the other person because you felt you out-negotiated him. However, you get into trouble with this one when you're negotiating with someone you know really well. Perhaps you've been playing golf with this person for years. Now you're negotiating something. You both know you're negotiating and you're having fun playing the game. Finally, he says to you, "All right. We're all agreed on this and we're not going to back out, but just for my own satisfaction, what was your real bottom line there?" Of course you are tempted to brag a little, but don't do it. He will remember that for the next 20 years. Always when you're through negotiating-congratulate. However poorly you think the other people may have done, congratulate them. Say, "Wow. Did you do a fantastic job negotiating with me. I realize that I didn't get as good a deal as I could have done, but frankly, it was worth it because I learned so much about negotiating. You were brilliant." You want the other person to feel that he or she won in the negotiations.

Have you ever watched attorneys in court? They'll cut each other to ribbons inside the courtroom. However, outside you'll see the district attorney go up to the defense attorney and say, "Wow, were you brilliant in there. You really were. True your guy got 30 years, but I don't think anybody could have done a better job than you did." The district attorney understands that he'll be in another courtroom one day with that same defense attorney, and he doesn't want the attorney feeling that this is a personal contest. Gloating over a victory will just make the attorney more determined than ever to win the rematch.

Similarly, you will be dealing with that other person again. You don't want her remembering that she lost to you. It would make her only more determined to get the better of you in a rematch.

Key points to remember:

- If the other person is proud of his ability to negotiate, his egotistical need to win may stop you from reaching agreement.
- Position the other person to feel good about giving in to you with a small concession made just at the last moment.
- Because timing is more important than the size of the concession, the concession can be ridiculously small and still be effective.
- Always congratulate the other person when you get through negotiating, however poorly you think he or she did.

How time pressure affects the outcome of a negotiation

In Puerto Prince, Haiti, former President Jimmy Carter, Colin Powell, and Senator Sam Nunn were in intense negotiations with Haiti's military commander, General Cedras. The phone rang and it was President Clinton calling to tell them that he had already started the invasion and they had 30 minutes to get out of there.

That was putting extreme time pressure on the negotiation, and people become flexible under time pressure. When do your children ask you for something? Just as you're rushing out of the door, right? When my daughter Julia was attending the University of Southern California, she lived in a sorority house and would sometimes come home for the weekends and need money for books.

When would she ask me? Seven o'clock on a Monday morning, just as she was racing out the door she'd say, "Dad, I'm sorry, I forgot; I need \$60 for books."

I'd say, "Julia, don't do this to me. I teach this stuff. How come you've been home all weekend, and we didn't have a chance to talk about it before?"

"Oh sorry, Dad, I just didn't think about it until I got ready to go, but I'm late now, I've got to get on the freeway, or I'll be late for class. If I can't get my books today, I won't be able to get my assignment in on time. So please, can I have the money now, and we'll talk next weekend?"

Children are not that manipulative, but instinctively, over all those years of dealing with adults, they understand that under time pressure people become more flexible. The problem was that President Carter was putting time pressure on the wrong side.

Power Negotiators know that an interesting question is raised when both sides are approaching the same time deadline, as was the case in Haiti. Think of this in terms of you renewing your office lease for example. Let's say that your five-year lease is up in six months, and you must negotiation a renewal with your landlord. You might think to yourself, "I'll use time pressure on the landlord to get the best deal. I'll wait until the last moment to negotiate with him. That will put him under a great deal of time pressure. He'll know that if I move out the place will be vacant for several months until he can find a new tenant." That seems like a great strategy until you realize that there's no difference between that and the landlord refusing to negotiate until the last minute to put time pressure on you.

So, there you have a situation in which both sides are approaching the same time deadline. Which side should use time pressure and which side should avoid it? The answer is that the side who has

the most power could use time pressure, but the side with the least power should avoid time pressure and negotiate well ahead of the deadline. Fair enough, but who has the most power? The side with the most options has the most power. If you can't reach a negotiated renewal of the lease, who has the best alternatives available to them?

To determine this you might take a sheet of paper and draw a line down the middle. On the left side, list your options in the event that you are unable to renew the lease. What other locations are available to you? Would they cost more or less? How much would it cost you to move the telephones and print new stationary? Would your customers be able to find you if you move? On the right hand side of the page, list the landlord's options. How specialized is this building? How hard would it be for him to find a new tenant? Would they pay more or would he have to rent it for less? How much would he have to spend on improvements or remodeling to satisfy a new tenant?

Now you must do one more thing. You must compensate for the fact that whichever side of the negotiating table you're on, you always think you have the weaker hand. After all, you know all about the pressure that's on you, but you don't know about the pressure that's on the landlord. One of the things that makes you a more powerful negotiator is understanding that you always think you have the weaker hand and learning to compensate for that. So, when you list each side's alternatives in this way, you'll probably end up with the conclusion that the landlord has more alternatives than you do. So compensate for that, but if you do so and clearly the landlord still has more alternatives than you do, he's the one who has the power. You should avoid time pressure and negotiate the lease renewal with plenty of time to spare. However, if clearly you have more alternatives available to you than the landlord does, put him under time pressure by negotiating at the last moment.

When President Clinton called President Carter to tell him that he had already started the invasion, and Carter had 30 minutes to leave the country, it was an ultimate example of applying time pressure to a negotiation. The only problem was that Clinton was putting time pressure on the wrong side. We had all the power in that negotiation because we had all the options. It should have been Carter putting time pressure on Cedras, not Clinton putting time pressure on Carter.

Because being under time pressure weakens your hand, you should never reveal to the other side that you have a deadline.

Let's say for example, that you have flown to Dallas to resolve a negotiation with a hotel developer and you have a return flight at 6 o'clock. Sure, you're eager to catch that flight-but don't let the other people know. If they do know you have a 6 o'clock flight, be sure to let them know you also have a 9 o'clock back-up flight or, for that matter, you can stay over for as long as it takes to work out a mutually satisfactory arrangement.

If they know you're under time pressure, they could delay the bulk of the negotiations until the last possible minute. Then there's a real danger that you'll give things away under that kind of time pressure.

In my Power Negotiating seminars, I set up exercises so the students can practice negotiating. They may have 15 minutes to complete a negotiation, and I impress on them the importance of reaching agreement within that time period. As I walk around the room eavesdropping on the progress of the negotiations, I can tell that during the first 12 minutes they have trouble making any progress. Both sides are stonewalling the issues and there is very little give and take. At 12 minutes, with 80 percent of the time used up, I take the microphone and tell them they have only 3 minutes left. Then I continue periodic announcements to keep the time pressure on them and end with a countdown of the seconds from five to zero. It's very clear to see that they make 80 percent of the concessions in the last 20 percent of the time available to negotiate. So, the rule in negotiating is that 80 percent of the concessions occur in the last 20 percent of the time available to negotiate. If demands are presented early in a negotiation, neither side may be willing to make concessions, and the entire transaction might fall apart. If, on the other hand, additional demands or problems surface in the last 20 percent of the time available to negotiate, both sides are more willing to make concessions.

Think of the last time that you bought a piece of real estate. It probably took about 10 weeks from the time you signed the initial contract to the time you actually became the owner of the property. Now think of the concessions that were made. Isn't it true that during the last 2 weeks when things came up to be renegotiated, both sides became more flexible?

Some people are unethical enough to use this against you. They hold out, until the last minute, elements of the negotiation that could have been brought up earlier and resolved simply. Then when you're getting ready to finalize the arrangements these problems come up because they know you'll be more flexible under time pressure.

Another thing that the principle of time pressure tells you is that you should always tie up all the details up front. Don't leave anything to, "Oh well, we can work that out later." A matter that appears to be of little importance up front can become a very big problem under time pressure. I remember being in Kalispell, Montana, to do a seminar for the Montana graduates of the Realtors' Institute. These are the highest trained residential real estate people in the state. We were doing an all-day seminar on Power Negotiating and during the break an agent came up to me and said, "Perhaps you can help me. I have a big problem. It looks as though I'm going to lose a big part of my commission on a very large transaction."

I asked her to tell me more, and she said, "A couple of months ago a man came into my office and wanted me to list his \$600,000 home. Well, I had never listed anything that large before, and I guess I didn't express as much confidence as I should have, because when he asked me how much commission I would charge, he flinched, and I fell for it. I told him six percent. He said: 'Six percent. That's \$36,000! That's a lot of money.' So I said: 'Look, if you have to come down much on the price of the property, we'll work with you on the commission.' That's all I said, and I never gave it a second thought.

"As luck would have it, I ended up not only getting the listing, but I found the buyer as well. He didn't have to come down much on the price, so now I have almost the full \$36,000 commission coming into my office, and the property is due to close next week. Yesterday he came into my office and said: 'I've been thinking about the amount of work that you had to do on that sale. You remember you told me that you'd work with me on the commission?'

"I said, 'yes.'

"Well, I've been thinking about the amount of work you had to do, and I've decided that \$5,000 would be a very fair commission for you."

\$5,000 when she was due \$36,000. She was almost panic-stricken. This illustrates that you shouldn't leave anything to "We can work that out later" because a little detail up front can become a big problem later when you're under time pressure.

That story also illustrates how we always think we have the weaker hand in negotiations- whichever side we're on. In fact, the real estate agent in Montana was in a very strong position wasn't she? As I explained to her, she had a written contract for the six percent. If anything, she had verbally modified it with a vague comment that wouldn't hold up in court anyway. So in fact she had all the power, but didn't think she had any.

However, why expose yourself to that kind of problem? Tie up all the details up front. When the other side says to you, "We can work that out later, it's not going to be a big problem," bells should start to ring and lights should start to flash. Don't let people do that to you.

Also realize that the longer you can keep the other side involved in the negotiation the more likely the other side is to move around to your point of view. The next time you're in a situation in which you're beginning to think that you'll never budge the other side, think of the tugboats in the Hudson River off Manhattan. A tiny tugboat can move that huge ocean liner around if it does it a little bit at a time. However, if the tugboat captain were to back off, rev up its engines, and try to force the ocean liner around, it wouldn't do any good. Some people negotiate like that. They reach an impasse in the negotiations that frustrates them, so they get impatient and try to force the other side to change their mind. Think of that tugboat instead. A little bit at a time, it can move the liner around. If you have enough patience, you can change anybody's mind a little bit at a time.

Unfortunately, this works both ways. The longer you spend in a negotiation the more likely you are to make concessions. You may have flown to San Francisco to negotiate a large business deal. At 8 o'clock the next morning, you're in their office feeling bright, fresh, and determined to hang in and accomplish all of your goals. Unfortunately, it doesn't go as well as you hoped. The morning drags on without any progress, so you break for lunch. Then the afternoon passes, and you've reached agreement on only a few minor points. You call the airline and reschedule for the midnight flight. You break for supper and come back determined to get something done. Look out. Unless you're very careful, by 10 o'clock you'll start making concessions that you never intended to make when you started that morning.

Why does it work that way? Because your subconscious mind is now screaming at you, "You can't walk away from this empty handed after all the time and effort you've spent on it. You have to be able to put something together." Any time you pass the point where you're prepared to walk away, you have set yourself to lose in the negotiations.

Time is comparable to money. They are both invested, spent, saved, and wasted. Do invest the time to go through every step of the negotiation, do use time pressure to gain the advantage, and don't yield to the temptation to rush to a conclusion. Power Negotiators know that time is money.

Never make a concession when you're negotiating unless you ask for something in return

Power Negotiators know that anytime the other side asks you for a concession in the negotiations, you should automatically ask for something in return. Let's look at a couple of ways of using the Trade-Off Gambit:

o Let's say that you have sold your house, and the buyers ask you if they could move some of their furniture into the garage three days before closing. Although you wouldn't want to let them move into the house before closing, you see an advantage in letting them use the garage. It will get them emotionally involved and far less likely to create problems for you at closing. So you're almost eager to make the concession, but I want you to remember the rule: However small the concession they're asking you for, always ask for something in return. Say to them, "Let me check with my family and see how they feel about that, but let me ask you this: If we do that for you, what will you do for us?"

o Perhaps you sell forklifts and you've sold a large order to a warehouse style hardware store. They've requested delivery on August 15-30 days ahead of their grand opening. Then the operations manager for the chain calls you and says, "We're running ahead of schedule on the store construction. We're thinking of moving up the store opening to take in the Labor Day weekend. Is there any way you could move up delivery of those fork lifts to next Wednesday?" You may be thinking, "That's great. They're sitting in our local warehouse ready to go, so I'd much rather move up the shipment and be paid sooner. We'll deliver them tomorrow if you want them." Although your initial inclination is to say, "That's fine," I still want you to use the Trade-Off Gambit. I want you to say, "Quite frankly I don't know whether we can get them there that soon. I'll have to check with my scheduling people, and see what they say about it. But let me ask you this, if we can do that for you, what can you do for us?"

One of three things is going to happen when you ask for something in return:

1. **You might just get something.** The buyers of your house may be willing to increase the deposit, buy your patio furniture, or give your dog a good home. The hardware storeowners may just have been thinking, "Boy, have we got a problem here. What can we give them as an incentive to get them to move this shipment up?" So, they may just concede something to you. They may

just say, "I'll tell accounting to cut the check for you today." Or "Take care of this for me, and I'll use you again for the store that we're opening in Chicago in December."

2) **By asking for something in return, you elevate the value of the concession.** When you're negotiating, why give anything away? Always make the big deal out of it. You may need that later. Later you may be doing the walk through with the buyers of the house, and they've found a light switch that doesn't work. You're able to say, "Do know how it inconvenienced us to let you move your furniture into the garage? We did that for you, and now I want you to overlook this small problem." Later you may need to be able to go to the people at the hardware store and say, "Do you remember last August when you needed me to move that shipment up for you? You know how hard I had to talk to my people to get them to re-schedule all our shipments? We did that for you, so don't make me wait for our money. Cut me the check today, won't you?" When you elevate the value of the concession, you set it up for a trade-off later.

3) **It stops the grinding away process.** This is the key reason why you should always use the Trade-Off Gambit. If they know that every time they ask you for something, you're going to ask for something in return, then it stops them constantly coming back for more. I can't tell you how many times a student of mine has come up to me at seminar or called my office and said to me, "Roger, can you help me with this? I thought I had a sweetheart of a deal put together. I didn't think that I would have any problems at all with this one. But in the very early stages, they asked me for a small concession. I was so happy to have their business that I told them, 'Sure, we can do that.' A week later they called me for another small concession, and I said: 'All right, I guess I can do that too.' Ever since then, it's been one darn thing after another. Now it looks as though the whole thing is going to fall apart on me." He should have known up front that when the other person asked him for that first small concession, he should have asked for something in return. "If we can do that for you, what can you do for us?"

I trained the top 50 salespeople at a Fortune 50 company that manufactures office equipment. They have what they call a Key Account Division that negotiates their largest accounts with their biggest customers. These people are heavy hitters. A salesperson at the seminar had just made a \$43 million sale to an aircraft manufacturer. (That's not a record. When I trained people at a huge computer manufacturer's training headquarters, a salesperson in the audience had just closed a \$3 billion dollar sale-and he was in my seminar taking notes!) This Key Account Division had its own

vice-president, and he came up to me afterward to tell me, "Roger, that thing you told us about trading-off was the most valuable lesson I've ever learned in any seminar. I've been coming to seminars like this for years and thought that I'd heard it all, but I'd never been taught what a mistake it is to make a concession without asking for something in return. That's going to save us hundreds of thousands of dollars in the future."

Jack Wilson, who produced my video training tapes, told me that soon after I taught him this Gambit, he used it to save several thousand dollars. A television studio called him and told him that one of their camera operators was sick. Would Jack mind if they called one of the camera operators that Jack had under contract and ask him if he could fill in? It was just a courtesy call. Something that Jack would have said, "No problem," to in the past. However, this time he said, "If I do that for you, what will you do for me?" To his surprise, they said, "Tell you what. The next time you use our studio, if you run overtime, we'll waive the overtime charge." They had just conceded several thousand dollars to Jack, on something that he never would have asked for in the past.

Please use this Gambit word for word the way that I'm teaching them to you. If you change even a word, it can dramatically change the effect. If, for example, you change this from, "If we can do that for you what can you do for us?" to "If we do that for you, you will have to do this for us," you have become confrontational. You've become confrontational at a very sensitive point in the negotiations-when the other side is under pressure and is asking you for a favor. Of course, you're tempted to take advantage of this situation and ask for something specific in return. Don't do it. It could cause the negotiation to blow up in your face.

When you ask what they will give you in return, they may say, "Not a darn thing," or "You get to keep our business, that's what you get." That's fine, because you had everything to gain by asking and you haven't lost anything. If necessary, you can always revert to a position of insisting on a trade-off by saying, "I don't think I can get my people to agree to that unless you're prepared to accept a charge for expedited shipping" or "unless you're willing to move up the payment date."

Key points to remember:

- o When asked for a small concession by the other side, always ask for something in return.
- o Use this expression: "If we can do that for you, what can you do for me?"
- o You may just get something in return.

- o It elevates the value of the concession so that you can use it as a trade-off later.
- o Most important, it stops the grinding away process.
- o Don't change the wording and ask for something specific in return because it's too confrontational.

When you're negotiating money isn't as important as you think

Let me tell you about my pet subject: When you're selling your product or service, money is way down the list of things that are important to the other side.

First, we'll talk about something that you may find hard to believe but it's something of which I've become convinced-that people want to spend more, not less, and that the price concerns salespeople more than the people to whom they sell.

Then I'll teach you all the things that are more important to people than money.

Finally, I'll teach you some techniques to find out how much they'll pay.

People Want To Pay More, Not Less

After almost two decades of training salespeople, I have become convinced that price concerns salespeople more than it does the people to whom they sell. I'll go even further than that-I think that customers who may be asking you to cut your price are secretly wishing that they could pay more for your product. Hear me out before you dismiss this as being imbecilic.

I was the merchandise manager at the Montgomery Ward store in Bakersfield, California back in 1971. Although Bakersfield was not a large town, the store ranked 13th in volume in a chain of more than 600 stores. Why did it do so well? In my opinion, it was because head office left us alone and allowed us to sell to the needs of the local population. For example, we did a huge business in home air conditioners because of the outrageously hot summers. In Bakersfield, it's common for it to be 100 degrees at midnight. In those days an average blue-collar home in that city cost around \$30,000. The air conditioners that we would install in these homes might cost \$10,000 to 12,000. It was very hard for me to get new salespeople started selling in that department because they had a real resistance to selling something that cost more money than they had ever made in a year. They simply didn't believe that anybody would spend \$12,000 to put an air conditioner in a \$30,000 home. The customers were willing to pay it, as was illustrated by our huge sales volume, but the salespeople weren't willing to support these decisions because they thought it was outrageously expensive.

However, if I could get salespeople started to where they began to make big money and they installed air conditioner son their own homes, suddenly they didn't think it was so outrageous any more, and they would dismiss the price objection as if it didn't exist.

Beginning stockbrokers have the same problem. It's very hard for them to ask a client to invest \$100,000 when they don't know where lunch money is coming from. Once they become affluent, their sales snowball.

So I believe that price concerns salespeople more than it concerns any customer. This is demonstrated by the experience of one of my clients who is a designer and supplier of point-of-purchase sales aids and displays. He tells me that if three products are on a shelf in a store-let's say three toasters-and the features of each are described on the carton, the customers will most frequently select the highest price item-*unless* a salesperson comes along to assist them with the selection. When that happens, the salesperson, who is probably working for minimum wage, is unable to justify spending money on the best and manages to talk the customer down to the low-end or middle-of-the-line toaster.

The important element here is the description on the carton. You must give customers a reason for spending more money, but if you can do that, they want to spend more money, not less. I think that spending money is what Americans do best. We love to spend money. We spend six trillion dollars a year in this country, and if we could walk into a store and find a salesclerk who knew anything about the merchandise, we'd spend seven trillion dollars a year. And that's when we're spending our own hard-earned after-tax dollars. What if you're asking someone who works at a corporation to spend the company's money? There's only one thing better than spending your own money, and that's spending someone else's money. If that weren't enough, remember that corporate expenditures are tax deductible, so Uncle Sam is going to pick up 40 percent of the bill.

So, I believe that we've had it all wrong for all these years. When we're trying to sell something to somebody, she doesn't want to spend less money; she wants to spend more. However, you do have to do two things:

1. You must give her a reason for spending more.
2. You must convince her that she could not have gotten a better deal than the one you're offering her.

That second point is where Power Negotiating comes in because everything I teach is designed to convince the other people that they won the negotiation and that they couldn't have done better. Let's face it, does what you pay for something really matter? If you're going to buy a new automobile, does it matter if you spend \$20,000 or \$21,000? Not really, because you'll soon forget what you paid for it, and the slight increase in payments is not going to affect your lifestyle. What really matters is the feeling that you got the best possible deal. You don't want to go to work the

next morning and have everybody crowded around to admire your new car when somebody says, "How much did you get it for?"

You say, "I worked out a terrific deal. I got them down to \$21,000."

"You paid what?" he replies. "My friend bought one of those, and he paid only \$20,000. You should have gone to Main Street Auto Mall." That's what hurts-the feeling that you didn't get the best deal.

The objection that every salesperson hears most is the price objection. "We'd love to do business with you, but your price is too high." Let me tell you something about that. It has nothing to do with your price. You could cut your prices 20 percent across the board and you'd still hear that objection. I trained the salespeople at the largest lawn mower factory in the world. You probably own one of their products because they manufacture most of the low-end private label lawn mowers that discount and chain stores sell. Nobody can undercut their production cost on lawn mowers. They have it down to such a science that if you bought one of their mowers at Home Depot and you tipped the kid who carries it to your car a dollar; the kid made more on the lawn mower than the factory did. That's how slim their profit margins are. However, when I asked them to tell me the number one complaint they hear from the buyers at stores, guess what they told me? You got it. "Your prices are too high."

You hear that complaint all the time because the people you're selling to study negotiating skills too. They meet in groups at their conventions and sit around in the bars saying things like, "Do you want to have fun with salespeople? Just let them go through their entire presentation. Let them take all the time they want. Then when they finally tell you how much it costs, lean back in your chair, put your feet up on the desk and say, 'I'd love to do business with you, but your prices are too high.' Then try not to laugh as they stammer and stutter and don't know what to say next."

Instead of letting this kind of thing work you up into a sweat, adopt the attitude that negotiating is a game. You learn the rules of the game, you practice, practice, practice until you get good at it, and then you go out there and play the game with all the gusto you can muster. Negotiating is a game that is fun to play when you know what you're doing and have the confidence to play it with vigor.

The next time you're trying to get somebody to spend money remember that they really want to spend more money with you, not less. All you have to do is give them a reason and convince them that there's no way they could get a better deal.

Things That Are More Important Than Money

A reporter at a press conference once asked Astronaut Neil Armstrong to relate his thoughts as Apollo 11 approached the moon. He said, "All I could think of was that I was up there in a spaceship built by the lowest bidder." A cute line, but he was falling prey to a popular misconception that the government must do business with anybody who bids the lowest price. Of course, that's not true, but it's amazing how many people believe it. I hear it all the time at my *Secrets of Power Negotiating* seminars: "What can we do when we have to deal with the government? They have to accept the lowest bid."

I once found myself sitting next to a Pentagon procurement officer on a flight to the East Coast, and I raised this point with him. "All the time I hear that the government has to buy from the lowest bidder. Is that really true?"

"Heavens no," he told me. "We'd really be in trouble if that were true. Cost is far from the top of the list of what's important to us. We're far more concerned with a company's experience, the experience of the workers and the management team assigned to the product, and their ability to get the job done on time. The rules say that we should buy from the lowest bidder who we feel is capable of meeting our specifications. If we know that a particular supplier is the best one for us, we simply write the specifications to favor that supplier."

Of course, that is the key to selling to government agencies, whether it is the city, county, state, or federal government. If you want to do business with any level of government, you should become known as the most knowledgeable person in your industry, so that when the agency starts to prepare bid specifications, they welcome your advice on what they should specify. Fortunately, the trend is away from this type of direct bidding and toward the government agency hiring a private sector project manager to supervise the work. By inserting this middle person, they avoid the obligation to let bids and instead let the middle person negotiate the best deal.

So even with the federal government, price is far from the most important thing. When you're dealing with a company that doesn't have legal requirements to put out a request for bids, it's far from the top of the list. Just for the fun of it, review the following list of things that are probably more important than price to buyers.

- o The conviction that they are getting the best deal you're willing to offer.
- o The quality of the product or service. This is an interesting one because I frequently hear from salespeople that they sell an item that has become a commodity, and it doesn't matter which source the buyer uses and that the buyer wants only the lowest price. Baloney. If that were true 90 percent

of companies supplying such products or services would be out of business. If that were true, the only company that could exist in the market place would be the one offering the lowest price, and that's a nonsensical proposition.

- o The terms that you offer. Many large companies make more on the financing of their product than they do the sale of the product. I recently leased a top-of-the-line luxury automobile and became convinced that making the car was only a small part of what this company did. The real money was in financing the lease or the purchase.

- o The delivery schedule that you offer. Can you get it to them when they need it and be counted upon to keep on doing that? Do you offer a just-in-time delivery system? Are you willing to let them warehouse the product and bill them as they use it?

- o The experience you have in delivering the product or service. Are you familiar with their type of company and the way they do business? Are you comfortable with that kind of relationship?

- o The guarantees that you offer and, in general, how well you stand behind what you do. I once paid several hundred dollars to buy a product from a Sharper Image store. After a few months, a part on it broke, and I called their 800 number to see if they would take care of the problem. After listening to me only long enough to understand what the problem was, the operator said, "If you'll give me your address I'll FedEx a replacement part to you."

I said, "Don't you need to know when and where I bought it? I'm not sure that I can find my receipt."

"I don't need to know any of that," he told me. "I just want to be sure that you're happy with what you bought." When a company stands behind what they do to that extent, am I really going to worry about whether they have the lowest price or not? Of course not.

- o Return privileges. Will you take it back if it doesn't sell? Will you inventory their stock and do that automatically for them?

- o Building a working partnership with you and your company. The old adversarial relationship between vendor and customers is disappearing as astute companies realize the value of developing a mutually beneficial partnership with their suppliers.

- o Credit. A line of credit with your company may be more important than price, especially to a start-up company or in an industry where cash flow is cyclical, and you could take up the slack during the lean months.

- o Your staff. When the contract calls for something to be made (aerospace, construction) or a service to be performed (legal, audit or accounting work, computer services) other factors may be

more important than price:

The quality of the workers that you will assign to the job.

The level of management that you will assign to oversee the work.

o The ability and willingness to tailor your product and packaging to their needs.

o The respect that you will give them. Many times a company will move from a large vendor to a smaller one because they want to be a substantial part of the vendor's business to have more leverage.

o Peace of mind. AT&T keeps my telephone business although they are more expensive than Sprint and MCI and have never pretended that they aren't. I stay with them because the service has been trouble free and simple to use for many years, and I have more important things concerning me than switching long distance companies to save a few pennies a call.

o Reliability. Can they trust that the quality of your product and service will stay high?

Finding Out How Much a Seller Will Take

Now let's look at some techniques to find out the seller's lowest price. When you are buying, the negotiating range of the seller ranges from the wish price (what they're hoping you'll pay) all the way down to the walk-away price (at anything less than this they will not sell at all). The same is true in reverse with the buyer. How do we uncover the seller's walk-away price? Let's say that your neighbor is asking \$15,000 for his pick-up truck. Here are some techniques you can use to uncover his lowest price.

o Ask. That may seem incredibly naive, but if he's not a good negotiator, he may just tell you what's on his mind. Of course, a Power Negotiator won't fall for that, but many people will. If he's a Power Negotiator, he will automatically turn the tables on you by saying, "I think \$15,000 is a very fair price, but if you want to make me an offer somewhere close to that, I'll talk it over with my wife (Higher Authority-see Chapter 7). What is the best price you would offer me?"

Of course, the way that you ask for his lowest price makes a big difference. Try these approaches: "I'm really interested only in a pick up truck for occasional use, not one as fine as yours. I'm looking at one that the owner's asking only \$5,000 for. However, I thought I'd be fair to you and ask you what the least you'd take would be."

Or the Reluctant Buyer approach (see Chapter 5): After spending a lot of time looking it over and asking questions you say, "I really appreciate all the time you've taken with me on this, but unfortunately it's not what I was looking for. But I wish you the best of luck with it." Then, when

you're halfway into your car to leave you say, "Look, I really want to be fair to you because you spent so much time with me, so just to be fair to you, what is the very lowest price you would let it go for?"

- o Drop out of contention but tell him you have a friend who might be interested. You might say, "Thanks for showing it to me but it's really not what I'm looking for. However, I do have a friend who's looking for something like this, but he doesn't have much money. What's the very least you'd take?"

- o Nibble for a finder's fee. "If my friend did buy it from you, would you give me a \$500 finder's fee?"

- o Offer something in return to see if it will cause them to lower the price. "Would you take less if I let you borrow it once in a while?"

- o Have other people make super-low offers to lower the expectation of the seller. This is unethical of course, but I'll tell you about it so that you will recognize it when it's used against you. If the seller has high hopes of getting \$15,000 for his truck, your offer of \$10,000 may sound like an insult. However if he's had only two offers so far, one for \$7,000 and the other for \$8,000, when you come along and offer him \$10,000, he may jump at it.

- o Make a low offer subject to the approval of a higher authority. "My buddy and I are going in on this so I'll have to run this by him, but would you take \$10,000?"

Now let's look at some techniques that a seller could use to find out how much a buyer is willing to pay. Let's say that you sell switches to computer manufacturers. Here are some techniques you could use:

- o Raise their top offer by hypothesizing what your higher authority might be willing to do. Perhaps they buy similar switches now for \$1.50 and you're asking \$2.00. You might say, "We both agree we have a better quality product. If I could get my boss down to \$1.75, would that work for you?"

Protected by Higher Authority, it doesn't mean that you have to sell them to him for \$1.75.

However, if he acknowledges that \$1.75 might be workable, you have raised his negotiating range to \$1.75 so that you're only 25¢ apart instead of 50¢.

- o Determine their quality standards by offering a stripped down version. "We may be able to get down below \$1.50 if you don't care about copper contacts. Would that work for you?" In this way you probably get them to acknowledge that price isn't their only concern. They do care about quality.

o Establish the most they can afford by offering a higher quality version. "We can add an exciting new feature to the switch, but it would put the cost in the \$2.50 range." If the buyer shows some interest in the feature, you know that they could pay more. If he or she says, "I don't care if it's diamond plated. We can't go over \$1.75," you know that fitting the product to a price bracket is a critical issue.

o Remove yourself as a possible vendor. This disarms the buyer and may cause him to reveal some information that he wouldn't if they thought you were still in the game. You say, "Joe, we love doing business with you, but this item is just not for us. Let's get together on something else later." Having disarmed Joe in this way, a little later, you can say, "I'm sorry we couldn't work with on the switches, but just between you and me what do you realistically think you can buy them for?" He may well say, "I realize that \$1.50 is a lowball figure, but I think I'll get somebody to come down to around \$1.80."

As you can see from all we've talked about here, there's a lot to be said about the subject of price. Power Negotiators know not to exacerbate the price problem by assuming that price is uppermost in the other person's mind. Also it is ludicrous to say that what you sell is a commodity, and you have to sell for less than your competitor's price for you to get the sale.

To get a better deal learn how to use the vise gambit

The Vise is a very effective negotiating Gambit and what it will do for you will amaze you. The Vise Gambit is the simple little expression: "You'll have to do better than that." Here's how Power Negotiators use it: Let's say that you own a small steel company that sells steel products in bulk. You are calling on a fabricating plant where the buyer has listened to your proposal and your pricing structure. You ignored his insistence that he's happy with his present supplier and did a good job of building desire for your product. Finally, the other person says to you, "I'm really happy with our present vendor, but I guess it wouldn't do any harm to have a backup supplier to keep them on their toes. I'll take one carload if you can get the price down to \$1.22 per pound." You respond with the Vise Gambit by calmly saying, "I'm sorry you'll have to do better than that." An experienced negotiator will automatically respond with the Counter Gambit, which is, "Exactly how much better than that do I have to do?" trying to pin you down to a specific. However, it will amaze you how often inexperienced negotiators will concede a big chunk of their negotiating range simply because you did that.

What's the next thing that you should do, once you've said, "You'll have to do better than that"? You guessed it. **Shut Up!** Don't say another word. The other side may just make a concession to you. Salespeople call this the silent close, and they all learn it during the first week that they are in the business. You make your proposal and then shut up. The other person may just say Yes, so it's foolish to say a word until you find out if he or she will or won't.

I once watched two salespeople do the silent close on each other. There were three of us sitting at a circular conference table. The salesperson on my right wanted to buy a piece of real estate from the salesperson on my left. He made his proposal and then shut up, just as they taught him in sales training school. The more experienced salesperson on my left must have thought, "Son of a gun. I can't believe this. He's going to try the silent close on *moi*? I'll teach him a thing or two. I won't talk either."

So then, I was sitting between two strong willed people who were both silently daring the other to be the next one to talk. I didn't know how this was ever going to get resolved. There was dead silence in the room, except for the grandfather clock ticking away in the background. I looked at each of them and obviously, they both knew what was going on. Neither one was willing to give in

to the other. I didn't know how this was ever going to get resolved. It seemed as though half an hour went by, although it was probably more like five minutes, because silence seems like such a long time. Finally, the more experienced salesperson broke the impasse by scrawling the word "DECIZION?" on a pad of paper and sliding it across to the other. He had deliberately misspelling the word decision. The younger salesperson looked at it and without thinking said, "You misspelled decision." And once he started talking, he couldn't stop. (Do you know a salesperson like that? Once they start talking, they can't stop?) He went on to say, "If you're not willing to accept what I offered you, I might be willing to come up another \$2,000; but not a penny more." He re-negotiated his own proposal before he found out if the other person would accept it or not. So to use the Vise technique, Power Negotiators simply response to the other side's proposal or counter-proposal with, "I'm sorry, you'll have to do better than that." And then shut up.

During the Vietnam War, Secretary of State Henry Kissinger asked an undersecretary of state to prepare a report on the political situation in South East Asia. The undersecretary worked hard on the paper and was proud of what he had done. It was extremely comprehensive and bound in leather with gold engraving. However, Kissinger quickly returned it to him with the notation, "You'll have to do better than this. H.K." The undersecretary went to work and dug out more information, added more charts, and sent it back to Kissinger. This time he knew that he'd given birth to a true work of bureaucratic art. Again it came back with the notation, "You'll have to do better than this. H.K." Now it became a major challenge for him. He put his staff to work on the report around the clock, determined that it would be the best position paper that Kissinger had ever seen. When finally he had put the finishing touches on it, he was reluctant merely to send it to Kissinger, so he made an appointment and took it in himself. As he presented it he said, "Mr. Kissinger, you've sent this back to me twice. My entire staff has dedicated the last two weeks to this report. Please don't send it back again. It's not going to get any better than this. This is the best I can do." Kissinger calmly placed it on his desk and said, "In that case I will read it."

A client called me up after a Secrets of Power Negotiating seminar that I had conducted for their managers and told me, "Roger, I thought you might like to know that we just made \$14,000 using one of the Gambits that you taught us. We are having new equipment put into our Miami office. Our standard procedure has been to get bids from three qualified vendors and then take the lowest bid. So I was sitting here going over the bids and was just about to okay the one I'd decided to

accept. Then I remembered what you taught me about the Vise technique. So I thought, 'What have I got to lose?' and scrawled across it, 'You'll have to do better than this,' and mailed it back to them. Their counter-proposal came back \$14,000 less than the proposal that I was prepared to accept."

You may be thinking, "Roger, you didn't tell me whether that was a \$50,000 proposal, in which case it would have been a huge concession, or a multi-million dollar proposal, in which case it wouldn't have been that big a deal." Don't fall into the trap of negotiating percentages when you should be negotiating dollars. The point was that he made \$14,000 in the two minutes that it took him to scrawl that counter-proposal across the bid. This meant that while he was doing it, he was generating \$420,000 per hour of bottom line profits. That's pretty good money, isn't it?

This is another trap into which attorneys fall. When I work with attorneys, it's clear that if they're negotiating a \$50,000 lawsuit, they might send a letter back and forth over \$5,000. If it's a million-dollar lawsuit, they'll kick \$50,000 around as though it doesn't mean a thing, because they're mentally negotiating percentages, not dollars.

If you make a \$2,000 concession to a buyer, it doesn't matter if it got you a \$10,000 sale or a million-dollar sale. It's still \$2,000 that you gave away. So it doesn't make any sense for you to come back to your sales manager and say, "I had to make a \$2,000 concession, but it's a \$100,000 sale." What you should have been thinking was, "\$2,000 is sitting in the middle of the negotiating table. How long should I be willing to spend negotiating further to see how much of it I could get?"

Have a feel for what your time's worth. Don't spend half an hour negotiating a \$10 item (unless you're doing it just for the practice). Even if you got the other side to concede all of the \$10, you'd be making money only at the rate of \$20 an hour for the half-hour you invested in the negotiation. To put this in perspective for you, if you make \$100,000 a year, you're making about \$50 an hour. So, you should be thinking to yourself, "Is what I'm doing right now, generating more than \$50 per hour?" If so, it's part of the solution. If you're aimlessly chatting with someone at the water cooler, or talking about last night's television movie, or anything else that is not generating \$50 an hour, it's part of the problem.

Here's the point. When you're negotiating with someone-when you have a deal in front of you that

you could live with-but you're wondering if you could hang in a little bit longer and do a little bit better, you're not making \$50 an hour. No, sir. No, ma'am. You're making \$50 a minute and probably \$50 a second.

And if that's not enough, remember that a negotiated dollar is a bottom line dollar. It's not a gross-income dollar. So, the \$2,000 that you may have conceded in seconds because you thought it was the only way you could have made the sale, is worth many times that in gross sales dollars. I've trained executives at discount retailers and health maintenance organizations (HMOs) where the profit margin is only 2 percent. They do a billion dollars worth of business a year, but they bring in only 2 percent in bottom line profits. So at their company, a \$2,000 concession at the negotiating table has the same impact on the bottom line as getting a \$100,000 sale.

You're probably in an industry that does better than that. I have trained people at some companies where the bottom line is an incredible 25 percent of the gross sales; but that's the exception. In this country, the average profit margin is about 5 percent of gross sales. So probably, that \$2,000 concession you made is the equivalent of making a \$40,000 sale. So, let me ask you something. How long would you be willing to work to get a \$40,000 sale? An hour? Two hours? All day? I've had many sales managers tell me, "For a \$40,000 sale, I expect my sales people to work as long as it takes." However fast-paced your business, you're probably willing to spend several hours to make a \$40,000 sale. So, why are you so willing to make a \$2,000 concession at the negotiating table? It has the same impact on the bottom line as a \$40,000 sale if you're in a business that generates the typical 5 percent bottom line profit.

A negotiated dollar is a bottom line dollar. *You'll never make money faster than you will when you're negotiating!*

So Power Negotiators always respond to a proposal with, "You'll have to do better than that." And when the other person uses it on them, they automatically respond with the Counter Gambit, "Exactly how much better than that do I have to do?"

Key points to remember:

- o Respond to a proposal or counter-proposal with the Vise technique: "You'll have to do better than that."
- o If it's used on you, respond with the Counter Gambit, "Exactly how much better than that do I have to do?" This will pin the other person down to a specific.
- o Concentrate on the dollar amount that's being negotiated. Don't be distracted by the gross amount

of the sale and start thinking percentages.

o A negotiated dollar is a bottom line dollar. Be aware of what your time is worth on an hourly basis.

o You'll never make money faster than you will when you're Power Negotiating.

How to stop people from grinding on you in negotiations

Let me tell you how to conclude negotiations very effectively. You don't have to use it when the other person is negotiating in good faith with you. You use it only when you feel that the other side is simply grinding away to get the last penny off your price. Or when you know that the other person wants to do business with you, but she's thinking, "How much would I be making per hour, if I spent a little more time negotiating with this person?"

Let's say that a group of friends got together and bought a cabin in the mountains to use for a vacation home. The friends got together on the investment and they're sharing the use of it. One partner drops out of the syndication and your neighbor comes to you and tells you about the cabin in the mountains. Your initial reaction to this is, "This sounds fantastic. I'd love to do something like that." However, you're smart enough to play the Reluctant Buyer Gambit so you say, "I appreciate your telling me about that, but I just don't think we'd be interested right now. I'm so busy I don't think we'd have the time to get up there. But look, just to be fair to you, what is the very lowest price that you would sell a share in the home for?"

He's been studying negotiating too, however, and he's learned that you should never be the first one to name the price. So he says, "We have a committee that decides on the price and I don't know what that price would be. I can take them a proposal, but I don't know what the reaction would be."

When you press him a little more, he finally says, "I'm pretty sure that they're going to be asking \$10,000."

This is a lot less than you expected. You were willing to go to \$15,000. So your initial reaction is to jump at it right away, but you're smart enough to remember to flinch. You exclaim, "\$10,000. Oh no, I could never go along with anything like that. That's way too much. Tell you what, \$8,000 might interest me. If they're interested at \$8,000, let me know and we'll talk about it. "

The next day he comes back and has decided to bring you into line by using the Withdrawing the Offer Gambit. He says, "Am I embarrassed about this. I know that we were talking \$10,000 yesterday, but the committee decided last night that they wouldn't sell a share for less than \$12,000."

This is psychologically devastating to you for two reasons:

1. Because you feel that you created the problem-you say, "Boy, I wish I'd never run into that Roger Dawson and his Power Negotiating because if I hadn't I would have nailed him down at \$10,000 yesterday."
2. You've made the mistake telling your family all about it They're all excited about the home up in the mountains, and you've passed that critical point in the negotiations when you're prepared to walk away.

You say, "Joe what are you talking about? You said \$10,000 yesterday, \$12,000 today, is it going to be \$14,000 tomorrow? What's going on here?"

He says, "I do feel bad, but that's what the committee decided."

You say, "Joe, come on."

So he says, "Well I do feel bad about this. Tell you what, let me go back to them one more time, let me see what I can do for you with them. If I can get it for you for the \$10,000, are you interested?"

And you say, "Of course I'm interested. I want it." And he has sold you at full price and you may not have realized what he's done to you until it's too late.

Let me give you another example because it's a very powerful negotiating Gambit. Let's say that you sell widgets, and you quote the buyer a price of \$1.80; the buyer offers you \$1.60. You negotiate back and forth, and finally it looks as though he will agree to \$1.72. What's going through the buyer's mind is, "I got him down from \$1.80 to \$1.72. I bet I can squeeze another penny out of him. I bet I can get this salesperson to \$1.71."

So he says, "Look, business is really tough right now, I just can't do business with you on widgets unless you can bring the order in at \$1.71."

He may be only baiting you, just trying it to see if he can get you down. Don't panic and feel you have to make the concession to stay in the game. The way to stop this grinding away process is to say, "I'm not sure if we can do that or not, but tell you what, if I can possibly get it for you I will. Let me go back, we'll re-figure it and see if we can do it. I'll get back to you tomorrow."

The next day you come back and pretend to withdraw the concession that you made the day before. You say, "I'm really embarrassed about this, but we've been up all night re-figuring the price of widgets. Somebody, somewhere down the line, has made a mistake. We had an increase in

the cost of raw materials that the estimator didn't figure in. I know we were talking \$1.72 yesterday, but we can't even sell it to you for that - \$1.73 is the lowest price that we could possibly offer you on widgets."

What's the buyer's reaction? He's going to get angry and say, "Hey, wait a minute buddy. We were talking \$1.72 yesterday, and \$1.72 is what I want." And immediately the buyer forgets \$1.71. The Withdrawing an Offer Gambit works well to stop the buyer grinding away on you.

Haven't we all had an appliance or car salesperson, when we were trying to force the price a little lower, say, "Let me go to my sales manager, and I'll see what I can do for you with him." Then he comes back and he says, "Am I embarrassed about this. You know that advertised special we were talking about? I thought that ad was still in effect, but it went off last Saturday. I can't even sell it to you at the price we were talking about."

Immediately you forget future concessions and want to jump at the price you'd been talking about.

You can also employ this Gambit by withdrawing a feature of the offer, rather than raising the price. Here are some examples:

- o The appliance salesperson says to you, "I know we were talking about waiving the installation charge, but my sales manager is now telling me that at this price we just can't."
 - o The air-conditioner salesperson says to you, "I understand that we were talking about including the cost of building permits, but at a price this low, my estimators are telling me we'd be crazy to do that."
 - o You're a sub-contractor, and you say to your general contractor, "I know you requested 60-day terms, but at this price, we'd need payment in 30 days."
 - o You market computers, and you tell your customer, "Yes, I told you that we would waive the charge for training your people, but my people are saying that at this price, we'd have to charge."
- Don't do it with something big because that could really antagonize the other person.

The Withdrawing an Offer Gambit is a gamble, but it will force a decision and usually make or break the deal. Whenever the other person uses this on you, don't be afraid to counter by insisting that the other side resolve its internal problem first, so that you can then resume the real negotiation.

Key points to remember:

- o Withdrawing an Offer is a gamble, so use it only on someone who is grinding away on you.
- o You can do it by backing off your last price concession or by withdrawing an offer to include freight, installation, training, or extended terms.
- o To avoid direct confrontation, make the Bad Guy a vague higher authority. Continue to position yourself as on the other person's side.

Why it's a mistake to offer to split the difference

In this country, we have a tremendous sense of fair play. Our sense of fair play dictates to us that if both sides give equally, then that's fair. If Fred puts his home up for sale at \$200,000, Susan makes an offer at \$190,000, and both Fred and Susan are eager to compromise, both of them tend to be thinking, "If we settled at \$195,000 that would be fair, because we both gave equally." Maybe it's fair and maybe it isn't. It depends on the opening negotiating positions that Fred and Susan took. If the house is really worth \$190,000 and Fred was holding to his over-inflated price only to take advantage of Susan having fallen in love with his house, then it's not fair. If the house is worth \$200,000 and Susan is willing to pay that, but is taking advantage of Fred's financial problems, then it isn't fair. So, don't fall into the trap of thinking that splitting the difference is the fair thing to do when you can't resolve a difference in price with the other side.

With that misconception out of the way, let me point out that Power Negotiators know that Splitting the Difference does not mean splitting it down the middle. Just split the difference twice and the split becomes 75 percent/25 percent. Furthermore, you may be able to get the other side to split the difference three or more times. I once negotiated with a bank that had a blanket encumbrance over several properties that I owned. I had sold one property out from under the blanket, and our contract entitled them to a \$32,000 pay-down of the loan. I offered them \$28,000. I got them to offer to split the difference at \$30,000. Over a period of weeks until this four-unit building closed, I was able to get them to offer to split the difference again at \$29,000; and at \$28,500 and finally they agreed to \$28,250.

Here's how that this Gambit works:

The first thing to remember is that you should never offer to split the difference yourself, but always encourage the other person to offer to split the difference.

Let's say that you're a building contractor. You have been working on getting a remodeling job that you bid at \$86,000 and for which they offered \$75,000. You've been negotiating for a while, during which time you've been able to get the owners of the property up to \$80,000, and you've come down to \$84,000 with your proposal. Where do you go from there? You have a strong feeling that if you offered to split the difference they would agree to do so, which would mean agreeing at \$82,000.

Instead of offering to split the difference, here's what you should do. You should say, "Well, I guess this is just not going to fly. It seems like such a shame though. We've spent so much time on this proposal, and we've come so close to a price with which we could both live. It seems like a shame that it's all going to collapse, when we're only \$4,000 apart."

If you keep stressing the time that you've spent on it and the small amount of money that you're apart on the price, eventually the other people will say, "Look, why don't we split the difference." You say, "Let's see, splitting the difference, what would that mean? I'm at \$84,000 and you're at \$80,000. What you're telling me is you'd come up to \$82,000? Is that what I hear you saying?" "Well, yes," they say. "If you'll come down to \$82,000, then we'll settle for that." In doing this you have immediately shifted the negotiating range from \$80,000 to \$84,000. The negotiating range is now \$82,000 - \$84,000, and you have yet to concede a dime.

So you say, "\$82,000 sounds a lot better than \$80,000. Tell you what, let me talk to my partners," (or whatever other higher authority you've set up) "and see how they feel about it. I'll tell them you came up to \$82,000, and we'll see if we can't put it together now. I'll get back to you tomorrow." The next day you get back to them and you say, "Wow, are my partners tough to deal with right now. I felt sure that I could get them to go along with \$82,000, but we spent two hours last night going over the figures again, and they insist that we'll lose money if we go a penny below \$84,000. But good golly. We're only \$2,000 apart on this job now. Surely, we're not going to let it all fall apart when we're only \$2,000 apart?"

If you keep that up long enough, eventually they'll offer to split the difference again.

If you are able to get them to split the difference again, this Gambit has made you an extra \$1,000 of bottom line profit. However, even if you can't get them to split the difference again and you end up at the same \$82,000 that you would have done if you had offered to split the difference, something very significant happened here. What was the significant thing that happened? Right. They think they won because you got them to propose splitting the difference at \$82,000. Then you got your partners to reluctantly agree to a proposal the other side had made. If you had suggested splitting the difference, then you would have been putting a proposal on the table and forcing them to agree to a proposal that you had made.

That may seem like a very subtle thing to you, but it's very significant in terms of who felt they won and who felt they lost. Remember, the essence of Power Negotiating is to always leave the other side thinking that he or she won.

So the rule is never offer to Split the Difference, but always encourage the other person to offer to Split the Difference.

Key points to remember:

1. Don't fall into the trap of thinking that splitting the difference is the fair thing to do.
2. Splitting the difference doesn't mean down the middle because you can do it more than once.
3. Never offer to split the difference yourself; instead encourage the other person to offer to split the difference.
4. By getting them to offer to split the difference, you put them in a position of suggesting the compromise. Then you can reluctantly agree to their proposal, making them feel that they won.

Nibble for more at the end

Power Negotiators know that by using the Nibbling Gambit, you can get a little bit more even after you have agreed on everything. You can also get the other person to do things that she had refused to do earlier.

Car salespeople understand this, don't they? They know that when they get you on the lot, a kind of psychological resistance has built up to the purchase. They know to first get you to the point where you're thinking, "Yes, I'm going to buy a car. Yes, I'm going to buy it here." Even if it means closing you on any make and model of car, even a stripped down model that carries little profit for them. Then they can get you into the closing room and start adding all the other little extras that really build the profit into the car.

So, the principle of Nibbling tells you that you can accomplish some things more easily with a Nibble later in the negotiations.

Children are brilliant Nibblers, aren't they? If you have teenage children living at home, you know that they don't have to take any courses on negotiating. But you have to just stand a chance of surviving the whole process of bringing them up because they're naturally brilliant negotiators. Not because they learn it in school but because when they're little everything they get, they get with negotiating skills. When my daughter, Julia, graduated from high school, she wanted to get a great high school graduation gift from me. She had three things on her hidden agenda. Number one, she wanted a five-week trip to Europe. Number two; she wanted \$1,200 in spending money. And number three; she wanted a new set of luggage.

She was smart enough not to ask for everything up front. She was a good enough negotiator to first close me on the trip, then come back a few weeks later and show me in writing that the recommended spending money was \$1,200, and got me to commit to that. Then right at the last minute she came to me and she said, "Dad, you wouldn't want me going to Europe with that ratty old set of luggage would you? All the kids will be there with new luggage." And she got that too. Had she asked for everything up front, I would have negotiated out the luggage and negotiated down the spending money.

What's happening here is that a person's mind always works to reinforce decisions that it has just

made. Power Negotiators know how this works and use it to get the other side to agree to something that he or she wouldn't have agreed to earlier in the negotiation.

Why is Nibbling such an effective technique? To find out why this works so well, a couple of psychologists did a study at a racetrack in Canada. They studied the attitude of people immediately before they placed the bet and again immediately after they placed the bet. They found out that before the people placed the bet, they were uptight, unsure, and anxious about what they were about to do. Compare this to almost anyone with whom you negotiate: They may not know you, they may not know your company, and they certainly don't know what's going to come out of this relationship. Chances are they're uptight, unsure, and anxious.

At the race track, the researchers found out that once people had made the decision to go ahead and place the bet that suddenly they felt very good about what they had just done and even had a tendency to want to double the bet before the race started. In essence, their minds did a flip-flop once they had made the decision. Before they decided, they were fighting it; once they'd made the decision, they supported it.

If you're a gambler, you've had that sensation, haven't you? Watch them at the roulette tables in Atlantic City or Vegas. The gamblers place their bets. The croupier spins the ball. At the very last moment, people are pushing out additional bets. The mind always works to reinforce decisions that it has made earlier.

So one rule for Power Negotiators is that you don't necessarily ask for everything up front. You wait for a moment of agreement in the negotiations, then go back, and Nibble for a little extra. You might think of the Power Negotiating process as pushing a ball uphill, a large rubber ball that's much bigger than you. You're straining to force it up to the top of the hill. The top of the hill is the moment of first agreement in the negotiations. Once you reach that point, then the ball moves easily down the other side of the hill. This is because people feel good after they have made the initial agreement. They feel a sense of relief that the tension and stress is over. Their minds are working to reinforce the decision that they've just made, and they're more receptive to any additional suggestions you may have.

Always go back at the end to make a second effort on something that you couldn't get them to agree to earlier.

Look out for people Nibbling on you

There's a point in the negotiation when you are very vulnerable, and that point is when you *think* the negotiations are all over.

I bet you've been the victim of a Nibble at one time or another. You've been selling a car or a truck to someone. You're finally feeling good because you've found the buyer. The pressure and the tension of the negotiations have drained away. He's sitting in your office writing out the check. But just as he's about to sign his name he looks up and says, "That does include a full tank of gas, doesn't it?"

You're at your most vulnerable point in the negotiations, for these two reasons:

1. You've just made a sale, and you're feeling good. When you feel good, you tend to give things away that you otherwise wouldn't.
2. You're thinking, "Oh, no. I thought we had resolved everything. I don't want to take a chance on going back to the beginning and re-negotiating the whole thing. If I do that, I might lose the entire sale. Perhaps I'm better off just giving in on this little point."

So, you're at your most vulnerable just after the other person has made the decision to go ahead. Look out for people Nibbling on you. Making a huge sale has excited you so much that you can't wait to call your sales manager and tell her what you've done. The buyer tells you that he needs to call purchasing and get a purchase order number for you. While he's on the telephone, he puts his hand over the mouthpiece and says, "By the way, you can give us 60 days on this, can't you? All of your competitors will." Look out for people Nibbling on you. Because you've just made a big sale, and you're afraid to reopen the negotiations for fear of losing it, you'll have to fight to avoid the tendency to make the concession.

Countering the Nibble when the other person does it to you.

The Counter Gambit to the Nibble is to gently make the other person feel-cheap. You have to be very careful about the way you do this because obviously you're at a sensitive point in the negotiation. You smile sweetly and say: "Oh, come on, you negotiated a fantastic price with me. Don't make us wait for our money, too. Fair enough?" So, that's the Counter Gambit to the Nibble when it's used against you. Be sure that you do it with a big grin on your face, so that they don't take it too seriously.

So, consider these points when you go into negotiations:

- o Are there some elements that you are better off to bring up as a Nibble, after you have reached initial agreement?
- o Do you have a plan to make a second effort on anything to which you can't get them to agree the first time around?
- o Are you prepared for the possibility of them Nibbling on you at the last moment?

So, Power Negotiators always take into account the possibility of being able to Nibble. Timing is very critical-catching the other parties when the tension is off and they're feeling good because they think the negotiations are all over.

On the other hand, looking out for the other side Nibbling on you at the last moment, when you're feeling good. At that point, you're the most vulnerable and liable to make a concession that half an hour later you'll be thinking-why on Earth did I do that? I didn't have to do that. We'd agreed on everything already.

Key points to remember:

- o With a well-timed Nibble, you can get things at the end of a negotiation that you couldn't have gotten the other side to agree to earlier.
- o It works because the other person's mind reverses itself after it has made a decision. He may have been fighting the thought of buying from you at the start of the negotiation. After he has made a decision to buy from you, however, you can Nibble for a bigger order, upgraded product, or additional services.
- o Being willing to make that additional effort is what separates great salespeople from merely good salespeople.
- o Stop the other person from Nibbling on you by showing her in writing the cost of any additional features, services, or extended terms, and by not revealing that you have the authority to make any concessions.
- o When the other person Nibbles on you, respond by making him feel cheap, in a good-natured way.
- o Avoid post-negotiation Nibbling by addressing and tying up all the details and using Gambits that cause them to feel that they won.

What to watch for when the talking is over and it's time to get the deal in writing

Most people think of negotiating as the verbal give and take that takes people from their different wants and needs to a point of agreement. That, of course, is the heart of negotiating but just as important is the transition to the written contract that formalizes the verbal agreement. Here are the things that Power Negotiators look for as they move toward the written contract:

Don't Let the Other Side Write the Contract

In a typical negotiation, you verbally negotiate the details, then put it into writing later for both parties to review and approve. I've yet to run across a situation where we covered every detail in the verbal negotiation. There are always points that we overlooked when we were verbally negotiating that we must detail in writing. Then we have to get the other side to approve or negotiate the points when we sit down to sign the written agreement-that's when the side that writes the contract has a tremendous advantage over the side that doesn't. Chances are that the person writing the agreement will think of at least half-dozen things that did not come up during the verbal negotiations. That person can then write the clarification of that point to his or her advantage, leaving the other side to negotiate a change in the agreement when asked to sign it. Don't let the other side write the contract because it puts you at a disadvantage.

This applies to brief counter proposals just as much as it does to agreements that are hundreds of pages long. For example, a real estate agent may be presenting an offer to the sellers of an apartment building. The seller agrees to the general terms of the offer, but wants the price to be \$5,000 higher. At that point either the listing agent who represents the seller or the selling agent who represents the buyer could pull a counter-proposal form out of his or her briefcase and write out a brief counter-offer for the seller to sign. Then the selling agent will present to the buyer for approval. It doesn't have to be complicated: "Offer accepted except that price is to be \$598,000," will suffice.

If the listing agent writes the counter-offer, however, he or she might think of some things that would benefit her seller. She might write, "Offer accepted except that price to be \$598,000. Additional \$5,000 to be deposited in escrow upon acceptance. Counter-offer to be accepted upon presentation and within 24 hours."

If the selling agent were to write the counter-offer, he might write, "Offer accepted except that

price is to be \$598,000. Additional \$5,000 to be added to the note that the seller is carrying back." These additions are probably not big enough to be challenged by either a seller or a buyer who is eager to complete the transaction; however, they substantially benefit the side who wrote the brief counter-offer. If the person who writes a one-paragraph counter-offer can affect it so much, think how much that person could affect a multi-page contract.

Remember that this may not just be a matter of taking advantage of the other side. Both sides may genuinely think that they had reached agreement on a point whereas their interpretations may be substantially different when they write it out. A classic example of this is the Camp David accord, signed by President Carter, President Anwar Sadat of Egypt, and Prime Minister Menachem Begin of Israel. After 13 frustrating days of negotiating at Camp David where they all felt until the last moment that their efforts were futile, they reached what they thought was a breakthrough to agreement. Excitedly they flew helicopters to Washington and with massive publicity signed the accord. In the East Room, the normally unemotional Menachem Begin turned to his wife and said, "Mama, we'll go down in the history books tonight." That may be so, but the truth is that many years later, hardly any of the elements of the agreement had gone into effect. Their enthusiasm led each of them to think that they had reached agreement when they really hadn't.

If you are to be the one writing the contract, it's a good idea to keep notes throughout the negotiation and put a check mark in the margin against any point that will be part of the final agreement. This does two things:

1. It reminds you to include all the points that you wanted.
2. When you write the contract, you may be reluctant to include a point in the agreement unless you can specifically recall the other side agreeing to it. Your notes will give you the confidence to include it even if you don't remember it clearly.

If you have been team negotiating, be sure to have all the other members of your team review the contract before you present it to the other side. You may have overlooked a point that you should have included or you may have misinterpreted a point. It's common for the lead negotiator to let her enthusiasm overwhelm her to a point that she feels that the other side agreed to something when it was less than clear to more independent observers.

I'm not a big believer in having attorneys conduct a negotiation for you because so few of them are good negotiators. They tend to be confrontational negotiators because they're used to threatening the other side into submission, and they are seldom open to creative solutions because their first obligation is to keep you out of trouble, not make you money. Remember that in law school, they

are not taught how to make deals, only how to break deals. In our litigious society there isn't much point in making an agreement that won't hold up in court, however, so it's a good idea to have the agreement approved by your attorney before you have it signed. In a complicated agreement what you prepare and have the other side sign may be no more than a letter of intent. Have the attorneys work on it later to make it a legal document. It's better that you devote your energy to reaching agreement.

If you have prepared an agreement that you think the other side may be reluctant to sign, you may be smart to include the expression "Subject to your attorney's approval," to encourage them to sign it.

Once the verbal negotiations are over, get a memorandum of agreement signed as quickly as possible. The longer you give them before they see it in writing, the greater the chances that they'll forget what they agreed to and question what you've prepared.

Also, make sure they understand the agreement. Don't be tempted to have them sign something when you know they're not clear on the implications. If they don't understand and something goes wrong, they will always blame you. They will never accept responsibility.

I find it helpful to write out the agreement I want before I go into the negotiations. I don't show it to the other side, but I find it helpful to compare it to the agreement that we eventually reach, so that I can see how well I did. Sometimes it's easy to get excited because the other side is making concessions that you didn't expect to get. Then your enthusiasm carries you forward and you agree to what you feel is a fantastic deal. It may be a good deal, but unless you have clearly established your criteria up front, it may not be the deal that you hoped to get.

Power Negotiators know that you should always try to be the one that writes the contract. When the verbal negotiations are over, it's time for someone to put everything in writing, and the person who gets to put it in writing has definite power in the negotiations. There are bound to be little details that you didn't think of when you were verbally negotiating that need to be specified in the written contract.

If you're the one who gets to write the contract, you can write those to your favor. Then it's up to the other person to negotiate them out when it comes to signing the contract. So, try to be the one who writes the contract.

I'll say to the other people, "Look, we need to put this down in writing. But let's not go to a lot of expense on this. I have an attorney on retainer, it won't cost either one of us anything for me to

have my attorney do it." Even if I had to pay the attorney to do it, I still think I'd be better off to be the one who is writing the contract.

Read the Contract Every Time

In this age of computer-generated contracts, it's a sad fact that you have to reread a contract every time it comes across your desk.

In the old days, when contracts were typewritten, both sides would go through it and write in any changes, and then each negotiator would initial the change. You could glance through the contract and quickly review any change that you had made or to which you had agreed. Nowadays with computer generated contracts we're more likely to go back to the computer, make the change, and print out a new contract.

Here's the danger. You may have refused to sign a clause in a contract. The other side agrees to change it and says they'll send you a corrected contract for your signature. When it comes across your desk, you're busy, so you quickly review it to see that they made the change you wanted and then turn to the back page and sign it. Unfortunately, because you didn't take the time to reread the entire contract, you didn't realize that they had also changed something else. Perhaps it was something blatant such as changing "F.O.B. factory" to "F.O.B. job site." Or it may be such a minor change in wording that you don't discover it until years later when something goes wrong, and you need the contract to enforce some action. By then, you may not even remember what you agreed to, and you can only assume that because you signed it you must have agreed to it.

Yes, I agree with you-you have a wonderful case for a lawsuit that the other side defrauded you-but why expose yourself to that kind of trouble? In this age of computer-generated contracts, you should read the contract all the way through, every time it comes across your desk for signature.

People Believe What They See In Writing

The printed word has great power over people. Most people believe what they see in writing, even if they won't believe it when they just hear about it.

The Candid Camera people did a stunt to prove that a number of years ago -- you may remember seeing it on television. They posted a sign on a road next to a golf course in Delaware that said, "Delaware Closed." Allen Fount stood by the sign in a rented trooper's uniform. He wasn't allowed to speak to the people as they came up, only point up at the sign.

What happened amazed me. People were coming to a screeching halt and saying things like, "How

long is it going to be closed for? My wife and kids are inside."

People believe what they see in writing. That's why I'm such a big believer in presentation binders. When you sit down with someone, you open the presentation binder, and it says, "My company is the greatest widget manufacturer in the world." Then you turn another page and it says, "Our workers are the greatest craftsmen in the business." You turn another page and start showing them reference letters from all your previous jobs.

They find it believable even when they know you just came from the print shop with it.

This is how hotels are able to get people to check out of the rooms on time. Holiday Inns used to have a terrible time getting people to check out of their rooms at 12 noon, until they learned the art of the printed word and posted those little signs on the back of the door. Now 97 percent of the guests check out of their rooms on time, without any question at all, because the written word is so believable.

Recognize this when you're negotiating with people. In our litigious society, it's essential to eventually get your agreement into writing. As regrettable as it may seem, it doesn't make much sense to verbally negotiate an agreement unless the other side is willing to attest to it in writing somewhere down the line. Power negotiators know that it's important to wean the other side onto seeing in writing what they are agreeing to verbally.

So every chance you get put things in writing. Take the time during the verbal negotiations to say, "Let me be sure that I understand what you're proposing." Then stop to write down your understanding of the point that you were discussing. Show it to the other side, but you don't have to have them sign it at this point. All you're doing is getting them used to seeing it in writing. This subliminally confirms what, up to that point, has only been a verbal understanding. If you do this at intervals during the discussion, you'll have much less trouble getting them to sign the final written contract.

It's important to realize that, at every point of the negotiation, the other side is more persuaded by what they see in writing. For example, if you have salespeople selling for you and you have to put a price change into effect, be sure that they have it in writing. Because there's a world of difference between them sitting with a potential customer and saying, "We're having a price increase at the start of next month, so you should make a commitment now," and them saying, "Look at this letter I just got from my boss. It indicates that we're having a price increase on July 1st." Always show it to people in writing whenever you can. If you're negotiating by telephone, back up what you're saying by also faxing them the information.

If you sell big-ticket items and don't have a method of creating computer-generated proposals, I'd suggest that you stop everything and go get a computer system right now. It'll pay for itself on the first job. Many years ago I was in Australia on a lecture tour and a fire broke out on the second floor of my home in California. When I returned I had three contractors bid on repairing the damage. Two of them scrawled out bids by hand. They both bid around \$24,000. The third contractor prepared a very comprehensive bid by computer. Every little detail was spelled out in detail. But his bid was \$49,000-more than twice as much. I accepted the higher bid because the Power of the Printed Word was so great that I just didn't trust the hand-written bids.

What's the bottom line? Because people don't question what they see in writing, you should always present written backup evidence to support your proposal. If the negotiation includes expectations that the other side will meet certain requirements, it also helps to confirm those requirements in writing.

The transition from a verbal negotiation to a written contract can be a delicate one, but Power Negotiators know how to set it up so that it doesn't become a traumatic experience.