

# Learn to Successfully Negotiate to Protect your Clients

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Thank you!**

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## What is negotiation?

- **Negotiation** is a dialogue intended to produce an agreement, to bargain for an individual or to craft outcomes to satisfy various interests. (Wikipedia)
- Negotiation is a science and an art: improving your skills requires understanding of the science and practice of the art.
- There is a difference between selling and negotiating

*All negotiations are complex for various reasons, one of the real estate negotiation characteristic adding difficulty is the fact that it is more a series of negotiation rather than just one.*

## Why do we negotiate?

As real estate licensees, we have an obligation to negotiate when acting as agent of the client:

- Agency laws: obligation of loyalty to our clients
- Code of Ethics: protect and promote the interest of our clients

It is also interesting to note that negotiation is also a skill valued by the consumers (refer to NAR/ NJR research)

## When do we negotiate?

Real estate negotiation opportunities:

- Purchase and Sale agreement
- Lease contract
- Listing agreement
- Buyer's agreement
- Employment agreement

*Note that the parties involved in the negotiation process vary based on the agreement being negotiated, and in many cases the negotiation is done "on behalf" of one of the party*

## Steps of a negotiation

### Define the goal

Before starting the negotiation process, it is important to understand what your client's ideal outcome would be, which usually includes more elements than just a price.

Some of the items to consider when establishing your clients goal:

- Price
- Closing date
- Included/ excluded items
- Contingencies
- What is critical, flexible, bonus
- Motivation
- Concerns
- Home warranty
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### Prepare

Being prepared will give you confidence in approaching the process and will strengthen your position when starting the negotiation.

How will you prepare?

#### Gather information:

*What type?*

- Motivation of the other side
- Requirements from other side
- Financial information
- Contingencies
- Market information
- When does the deal not make sense anymore?
- Protocol (comfortable format)
- Various costs (maintenance, repairs, utilities,...)
- Make sure to look at everything on the property (basement, attics, crawl spaces, outside,...)

*Where?*

- MLS information
- Showings of the property
- Office manager
- Seller disclosures
- Tax records
- Public records
- Interaction with the other party (making appointments, follow-up calls, requests for additional information)

*When?*

- When making the appointment to show the property,
- At the showing
- Giving feedback
- Presenting the offer

*Remember that any encounter is an opportunity to gather information*

**Establish a strategy:**

- Discuss with your client how they want to proceed, considering not only the first offer but also the possible outcomes.
- When doing this, keep in mind the goals that you have defined earlier.
- Review the strength and weaknesses of your client
- Anticipate questions and be ready to address them
- Know what additional information you are trying to gather throughout the process  
Remember that circumstances may change during the process and may require some adjustments

**Negotiate**

- Set the right tone – be professional, prepared, have all the back-up documentation in writing
- Build trust – deliver on your promise, give and take
- Be clear and convincing

**Factors influencing the process****Motivation of the parties**

An un-motivated party has no reason to negotiate!

Identifying this upfront will potentially save you lots of time...

**Human factor***Personality of negotiators:*

The process and the outcome of a negotiation will be impacted by the level of competitiveness of each negotiator and their view of what a negotiation is: do we have a winner and a loser or can we try to find a win-win outcome?

*Cultural backgrounds:*

Different cultures view a contract differently – for some it is a done deal and it will be respected to the end, for others it can be the beginning of the negotiation.

Some cultures may never say no.

“Kiss, Bow and Shake Hands” by Terri Morrison and Wayne Conaway is a great reference to understand cultural differences

*Level of preparedness*

Being ready with options, having anticipated questions will help you in reaching your goal

**Communication***Sharing information:*

Many studies have been done regarding the effectiveness of the different component of the communication (words/voice/visual), and there is a clear advantage to be interacting face to face.

As a result, use your means of communications effectively:

- Face to face meetings will help you gather and convey more information
- Email, text, fax will only give you some of the information
- Silence can be very powerful

### *Receiving information:*

What is being said and what is being heard is not always the same. It is therefore important to make sure that any information is conveyed correctly and understood accurately.

Characteristics of active listening:

- Repeat a statement in different words
- Ask questions rather than making statements
- Summarize the information you have heard

## **Measuring your success**

Closing the loop – making sure you achieved the original goal.

Success can be either:

- subjective – satisfied client, good feeling about the transaction,
- measurable - you had defined some specific goals at the beginning of the negotiation (price, closing date, items included, or any other terms)

A win-win situation is usually the one to strive for as it will often lead to the best results for both sides., but don't confuse win-win with meeting in the middle.

## **Negotiation tips**

- Too many rounds of negotiation lead to animosity between the parties
- Don't accept the first offer too quickly
- Always keep the big picture in mind
- Isolate the problems by asking what if questions
- When giving something, ask for something else in return
- Control the emotions and don't let your ego interfere
- You will usually get a better outcome by making sure both sides are reasonably happy
- To get a negotiation back on track:
  - you may have to re-define the goals
  - redefine your offer by changing the contents
  - ask for help
  - keep in mind that sometimes it will be better for your client to move on (what are his other options?)
- Being adversarial will not usually lead to a happy ending – wars create casualties!
- Ultimatums (or all or nothing deals) are not usually very effective, unless of course you are truly willing to walk away