

CHAPTER 2

PRESENTING OFFERS AND NEGOTIATING

Sam got the boat.

People with purpose ... and ability ... almost always reach their goals.

Isn't it time for you to think seriously about the possibility of your earning \$75,000 or more each year?

Are you ready to pay the price for doing something? Or are you content to pay the price for doing nothing? Are you ready to become a tiger?

You can decide to become a flying tiger or a walking tiger, but a tiger you must be. The object of your hunt will be language techniques. Pursue them relentlessly. Ferret them out of books, courses and other salespeople. But remember you will need at least one hundred techniques in total. Or examine this book carefully. You may find everything you need between its covers, because this book contains almost 200 techniques – the result of a seven year, coast-to-coast research program. However, when you come across a technique outside this book that appeals to you, commit that technique to writing. Write and rewrite it. Every word counts. If you can communicate an idea in twenty words instead of thirty ... choose twenty. If you can do it in four words instead of six ... choose four. Eliminate vague words. Use strong, positive, exciting words.

Try to give each technique a name or label such as I have done for the techniques in this book. The titles, like song titles, will help you memorize and recall specific ideas.

Next, memorize. Memorize and master every technique until you can wake up at three in the morning from a dead sleep and give them word for word. Style and power will come after you have developed instant, word perfect recall.

PRESENTING OFFERS AND NEGOTIATING

Finally, apply constantly what you have learned, and in your lifetime you, too, will probably earn an extra million dollars. Why not?

Now, let's take a close look at the techniques John used to present the offer to Mr. and Mrs. Fax.

First, notice the procedure that John used. He called Sam's office for an appointment to present the offer, and he asked Sam to have the sellers come to Sam's office where there were fewer distractions. While there will be many times this cannot be done, there will be many times it can. But it certainly won't happen if you don't ask. Psychologically, there are a number of benefits to conducting business in the office, not the least of which is the elimination of distractions: TV, crying babies, fighting teenagers, barking dogs and unexpected guests are only a few of a thousand possibilities. More importantly, selling a house and making the decisions regarding price and terms is business. Important business. And the home is not a business place. The bottom line is that sellers will usually place more importance on an offer if they come to your office to review it. Finally, if you need additional comparative data to reinforce your reasons for accepting the offer, you will have immediate access to the information.

In terms of procedure, note, too, that John arranged to come to Sam's office a half an hour early in order to review the offer with Sam. Consider the benefits of this approach. If Sam had been an inexperienced salesperson who did not know the market or how to use a comparative market analysis, or if he proved to be an individual whose ego would have been threatened by an offer lower than the asking price, John would have needed that time to sell the offer first to Sam, the listing agent, before selling it to the sellers. I have used the word "sell" purposely because, although we usually say "present" the offer, we are, in fact, selling it.

Additionally, I have talked to a great number of professional salespeople who make a practice of preparing their own comparative market analysis when presenting an offer on someone else's listing. That way, if the listing agent does not have one, the pro has the necessary information. In our story, Sam had all the figures in his head, so John just used them to complete the comparative market analysis.

LIST MORE SELL MORE

Note, too, John's attention to detail. The selling price is an important part of the sale; it's worth the extra few cents to have a very professional-looking comparative market analysis.

Continuing with the procedure, note that John was prepared to take complete control of presenting the offer. In many parts of the country the practice is simply to let the listing agent present the offer. But a lot of pros question that procedure.

One top salesman said, "If I invest twenty or thirty hours with my buyers educating them on the realities of the current market, and assist them in arriving at a decision to look at houses they can afford, and finally find them a house they really like, and then get them over the hurdle of actually making an offer and signing it and writing out a substantial deposit check why should I allow my time investment to go down the tubes because the listing agent is new or untrained, uninformed or unprofessional?" Another top salesman said, "When it's my listing, I present the offer. When it's someone else's listing, I'm prepared to present the offer. And I usually do just that unless the listing agent proves to be well informed, professional and determined to sell the offer."

One of the most important things that most professional salespeople do is to create a flow of events that helps them maintain control of the situation. But control of what or of whom? If professional selling is doing something *for* people, not *to* people, how do we maintain control without controlling people? look at it this way. My job, as a professional salesperson, is to give you enough information to make a good decision. I can create a flow of events that will keep me in control of the information giving, without controlling you as to the decision making. I control information giving. You control decision making. And that way, you will not feel threatened, because you are in complete control of making the decision. Let's see how that worked for John.

John creates a flow of events by using a special four-step procedure. His first step is, "Initial Introduction of the Offer" in which he states, "Well, folks, we have a sale! Your home is sold!" Then he shows them the offer.

PRESENTING OFFERS AND NEGOTIATING

Observe John's choice of words. "We have a sale" is a lot better than "We have an offer." It might be argued that we don't have a sale unless the sellers accept. True. But we do have a sale, if they do accept. And since, as we will see, there is valid data to support the logic of accepting the offer, it is most correct to take the position that we have a sale. Based on 15 years of experience, I would suggest that if an offer were five percent or more below the average of recent sales, as determined by a well-prepared comparative market analysis, you may be better off saying "We have an offer." But if the offer is close to the average of recent sales, I would recommend saying "We have a sale."

Let's continue. John then laid the offer down in front of Mr. and Mrs. Fax, the sellers. Mr. Fax exploded, which is just about the worst thing he could have done. John knew that would happen when he laid the offer down in front of him. John also knew that Fax could have reacted differently. Fax could have accepted immediately, grumbling only that he was hoping to get more. He could have accepted slowly, first making a long speech about the inequities of life, how people nowadays don't appreciate the value of special homes like his, and so forth. He could have asked John, in a somewhat pleading tone of voice, if there wasn't some chance the buyers would increase the offer. In Fax's case, that change of character wasn't too likely, but there are thousands of cases where belligerent, outspoken people completely change character when confronted with an actual offer. Additionally, Fax could have immediately countered at the offer, either close to the offer or closer to his asking price. In any event, it really doesn't make much difference how Fax answered. Except for complete acceptance of the offer, none of the other possible answers would have prevented John from responding with his second step in the procedure, which keeps him in control of the situation. That second step is: "Depressure."

John is typical of many professional salespeople who have a good understanding of human nature. Most people don't like to make decisions. Many people feel pressured by the fact that they have to make one. Most people especially don't like to change a decision. They look upon salespeople who try to modify their thinking as "pressuring" them. John understands this. So the second step in his procedure for presenting offers is to "Depressure" by saying, "I'm not here to pressure you into making a

LIST MORE SELL MORE

bad decision. I would like to give you enough information so you can make a good decision. Is that fair?"

It would be most difficult for anyone to feel that that is not a fair proposition.

Onward! Having softened the seller's angry response with the "Depressure" step, John then moves to his third step, which again maintains his professional control: "Isolate the Objection." "In addition to the price, is there any other reason you would hesitate to accept this offer?"

This is a short, but most powerful technique. First, it sets aside the major objection for the moment which allows John to review all other terms and conditions. Secondly, and this is the most important, the wording does not acknowledge rejection of the offer, only hesitation in acceptance. When a person says "No" to the question, he is actually saying, "No, if it weren't for the price, I wouldn't hesitate in accepting the offer."

The "Isolation" step, incidentally, can be used in any situation where people offer an objection, listing, selling, whatever. (Try it on your kids. "In addition to procrastinating, is there any other reason you would hesitate to clean up your room?")

Having isolated the objection and obtained approval on all other aspects of the offer, John now moves to the fourth step of his procedure: "Help the Sellers Think and Decide."

This fourth step in John's procedure contains four individual techniques, which also provide a flow of events that keeps John in control. First, John used what he calls his "Reasonable Offer" technique. He starts by presenting the comparative market analysis that he and Sam prepared in the half hour before the sellers arrived. After presenting all the data, he concludes with, "Mr. Fax, based on this current market analysis, this appears to be a reasonable offer. Don't you agree?"

There are a number of important points to discuss here. First, although Sam had all the data in his head, it would have been hard to keep Fax's attention while verbally covering eight different, yet comparable, homes.

PRESENTING OFFERS AND NEGOTIATING

Also, there's a strong possibility that Sam would not have thought of all eight under the pressure of the moment.

Additionally, Fax would have been more likely to challenge information verbally given. Comparative market data does have a lot more credibility in writing.

Second, John carefully explained the significance of each set of figures. He did not assume that Fax would truly understand the importance of each group of figures. Similar homes recently sold tell us what people are willing to pay for this kind of home, in this area, at this time. Information about similar homes currently for sale tells us what we are competing against. The buyers considering your home are also inspecting these homes. Expired listings tell us what people are not willing to pay for this kind of home, in this area, at this time. Notice how attention is drawn to current buyers. John showed prices they are paying, those they are considering, and those they are not paying. It is very hard for most people to completely ignore the reality of the situation.

Third, notice how John does not express his personal opinion about these figures. He did not say, "I think this is a reasonable offer." In fact, he does not even say it is a reasonable offer. What he does say is, "Based on this current market analysis, this appears to be a reasonable offer. Don't you agree?"

Experience has proven at this point most people will agree the offer is reasonable and that most people will then either accept the offer or counter at a figure only slightly above the offer. Fax could have accepted or countered, but he didn't. He did not disagree that the offer was reasonable; he chose to ignore the reality of the situation by saying that reasonable wasn't good enough, that he had picked his price and that he wanted his price. That's very much like the fellow who once said, "My mind is made up. Don't confuse me with the facts." Because he was prepared with a system, John simply moved to the second technique in this step, which he calls "Time and Urgency."

LIST MORE SELL MORE

“Mr. Fax, as I remember, your home came on the market about 12 weeks ago, isn’t that right?” Fax agrees. John continues, “It has taken us 12 weeks to find a family who likes your home ... wants your home ... and qualifies to buy your home. If we lose them it could take another 12 weeks to find another family who likes your home, wants your home and qualifies to buy your home.” (Note: the three periods ... indicate a pause to let the thought sink in.)

Consider the impact this has to have on a seller’s mind. On the average, people tend to make plans for closing and moving about 90 to 120 days after signing a listing. Twelve weeks may have used up all or most of their time. Another 12 weeks will usually put them behind schedule. Since they may have to move before the home is sold, any delay can result in a great deal of cost, inconvenience and problems.

Experience has proven that most sellers, when confronted with this logic, will accept the offer or counter-offer at a more reasonable price.

Obviously, this technique is unusable in the very early stages of the listing period. I can’t imagine anyone obtaining a positive effect when saying, “Mr. Seller, it has taken me a day and a half to find a buyer for your home. If we lose him, it could take another day and a half ...” The seller would most likely say, “Big deal. Go to it. Earn your commission.”

As a rule of thumb, it appears that the “Time and Urgency” technique becomes effective at the mid-point between the signing of the listing and the seller’s deadline for moving, and becomes stronger and stronger as the deadline draws nearer and nearer.

In John’s case, the “Time and Urgency” technique caused Fax to make a counter offer, but because of his abrasive nature, John didn’t want Fax to express a price, so he interrupted Fax in mid sentence by asking, “May I make another comment?” Fax gave permission, and John presented one of the most effective and powerful techniques ever devised for presenting offers: “Real Estate Speculator.”

PRESENTING OFFERS AND NEGOTIATING

“Mr. and Mrs. Seller, right now your home is sold. Mr. and Mrs. Buyer have just agreed to buy your home for \$____. If you accept their offer, your home is sold! ... It’s done! ... It’s finished! ... But ... if you do not accept their offer, you are, in effect, buying the house back from the buyers for \$____ and putting it back on the market, hoping to make a profit of \$____ to \$____. May I ask, as real estate speculators, would you do that?”

This is an emotionally charged technique. Most people do not like to make decisions where risk is involved. You are reversing their view of themselves from sellers who want the most for their house, to thoughtful investors who want to make a profit. Consider, step by step, the power and effectiveness of this technique. Ever since they signed the listing agreement, the sellers have had one primary goal: get the home sold. And your first statement is, “Right now your home is sold.” Next, you identify real people. Mr. and Mrs. Edwards, Mr. and Mrs. Jackson, Ralph Timmons, Cathy Andrews are real people. An unnamed buyer just does not compare. Next, you are pointing out that the buyers have made a buying decision. They have signed a purchase agreement and given a deposit. This is a lot more than an idle test to see if the sellers will accept some kind of an offer. “Mr. and Mrs. Smith have agreed to buy your home for \$_____” is much stronger than “Mr. and Mrs. Smith want to know if you will accept an offer of \$_____.” The Smiths have made a firm decision. They have agreed to buy. They have backed up that decision with a signed purchase agreement and a deposit.

The next part says, “If you accept their offer, your home is sold! It’s done! It’s finished!” Again, a power packed point. Once the sellers sign a listing agreement, and especially when they make additional firm commitments, such as an offer on a newer home, they develop a great sense of urgency to get this home sold. To get it over with. To get it finished. Say that part out loud and feel the sense of finality, of completion. “If you accept their offer your home is sold! It’s done! It’s finished!”

Now you take away that feeling of completion when you add: “But ... if you do not accept their offer ... you are, in effect, buying the house back from Mr. and Mrs. Smith ... and putting it back on the market ... hoping to make a profit.” Notice the insecurity of the word “hoping.” And now you compare this offer to the prices of other similar homes that have recently sold.

LIST MORE SELL MORE

Subtract the differences and show a potential profit of \$100, \$500, maybe \$800. Then add the final question, “May I ask, as real estate speculators, would you do that?” Very few sellers will say “Yes.”

Obviously, this is another case where the conditions have to be correct. If the offer was fifteen or twenty percent below current market and you are showing a potential \$30,000 profit on a \$170,000 home, the sellers would be most willing to “buy it back” to make that kind of profit over the next thirty or sixty days.

Finally, John’s system includes a technique called: “Silent Partner.”

When Fax had no other personal reasons to delay his accepting the offer, he fell back on the most common device two people can have for delaying a decision: “We’ll talk it over and let you know.” And once again, John was prepared.

First, he isolated the objection voiced by Mr. Fax: “In addition to thinking it over, is there any other reason *you* would hesitate to accept the offer?” “No.” The isolation question is critically important at this point for three reasons. First, it is vital to find out if the person who says, “We want to think it over,” has any other objections. If he says “No,” you have generally eliminated the possibility of any other objection coming up later. Second, it would be rude to simply ignore that person and begin asking the spouse or other person if he or she would say “Yes.” And third, the other person, Mrs. Fax in this case, would normally be reluctant to answer for herself if she thought her husband still had an objection other than thinking it over. At this point the silent partner sees that the dominant partner has no further objections and will feel freer to express his or her own feelings or thoughts.

Therefore, when John, after isolating Mr. Fax’s objection, turned to Mrs. Fax and asked, “If it was your decision ... if for some reason Mr. Fax was not available ... based on the information I have given you ... would you accept the offer?” she felt comfortable saying “Yes.”

And now that Mrs. Fax expressed that she would, indeed, accept the offer, there was nothing for Mr. Fax to talk about. So when John turned back to

PRESENTING OFFERS AND NEGOTIATING

him and simply asked, “Mr. Fax?” there was little else for him to do but agree. All of the evidence had been presented. The offer was reasonable. The market was not brisk. It had taken 12 weeks to find a family who wanted the home. It could take another 12 weeks to find other buyers. That would put Fax behind schedule and result in extra cost, problems and inconvenience. The offer was signed. There was a substantial deposit. The house was sold if they accepted the offer. Mrs. Fax was ready to accept. She felt it was a reasonable offer.

And if he said “No,” or countered, he was actually buying the house back. And the potential profit, based on recent sales of similar homes was really only \$600 to \$1,000. It would not be too intelligent to pay \$166,000 for a house hoping to make \$600 to \$1,000.

Some years ago, Ben Feldman, considered by many to be the top life insurance salesman in the United States for over thirty years, said, “When selling becomes a procedure, it ceases to be a problem.” John’s procedure proves the validity of that statement. A tough situation is effectively handled by a competent salesperson using a logical procedure.