

COLDWELL BANKER PREMIER
REALTY

BLUNIVERSITY

A *PREMIER* TRAINING & EDUCATION SERIES

NEGOTIATION SKILLS
AND ETHICAL
REQUIREMENTS



COLDWELL BANKER
PREMIER REALTY

OBJECTIVES

As a result of this course, you will be able to:

- Implement typical negotiations skills needed for negotiating successfully
- Meet all ethical requirements whether by law or by the REALTOR Code of Ethics when dealing with all parties to a transaction
- Recognize and counter negotiation tactics being utilized
- Recognize personality styles and be able to adjust to each
- Effectively negotiate whether in person, virtually, by phone, through e-mail, and through text
- Utilize different non-verbal and non-visual skills to negotiate
- Identify what information to share and what to keep to yourself
- Secure the best possible outcome for your client and protect their interests

QUESTION: Who all do we need to negotiate with on a daily basis outside of Real Estate? In what ways?

QUESTION: Who do we negotiate within a Real Estate Transaction? In what ways?

RESOURCES

- Getting to Yes - by Roger Fisher and William Ury
- Never Split the Difference – by Chris Voss
- Versatile Selling - by Wilson Learning
- RENE Designation (Real Estate Negotiation Expert)

What is Negotiation?

The authors of Getting to Yes define it as:

...back-and-forth communication designed to reach an agreement when you and the other side have some interests that are shared and others that are opposed.

A negotiation is a perception and not a reality and has nothing to do with whether someone wins or loses. Any deal can be a good deal in a successful negotiation.

It is important to understand what we are really negotiating for. It is not about the negotiator winning or losing, it is about the client's perception of value and their important issues.

REALTOR Code of Ethics - Article 1

When representing a buyer, seller, landlord, tenant, or other client as an agent, REALTORS® pledge themselves to protect and promote the interests of their client. This obligation to the client is primary, but it does not relieve REALTORS® of their obligation to treat all parties honestly. When serving a buyer, seller, landlord, tenant or other party in a non-agency capacity, REALTORS® remain obligated to treat all parties honestly. (Amended 1/01)

It is important to remember that the interests of the client come first, and agents are obligated to negotiate to the advantage of the client. The negotiation is ultimately about their satisfaction whether you believe it to be in their best interests.

Your responsibility is to get the job done no matter whose job it is. It may be necessary, when dealing with an agent that has not been trained, to extend yourself beyond your own job to get it done.

What Makes for a Skilled Negotiator

- Patience, persistence, and creativity
- Calm, balanced, and organized
- Keen listening skills
- Shows empathy
- Sensitive to nonverbal cues
- Doesn't take things personally
- Innovative and creative problem solver
- Flexible
- Integrity, honesty, and trustworthiness
- Understands that knowledge is power
- Professionally secure
- Sets their ego aside – not vested in the outcome
- Knows their legal and ethical responsibilities
- Is prepared, understands priorities
- Secures as much information as possible about the parties and situation

Your success in a negotiation depends on knowing what to say, when to say it, and when to be silent.

Negotiation with YOUR client

A licensee has the duty of absolute fidelity to the client's interests. Absolute fidelity means a licensee must put the client's interests ahead of the licensee's interests.

REALTOR Code of Ethics - Article 1

Standard of Practice 1-3

REALTORS®, in attempting to secure a listing, shall not deliberately mislead the owner as to market value.

Standard of Practice 1-4

REALTORS®, when seeking to become a buyer/tenant representative, shall not mislead buyers or tenants as to savings or other benefits that might be realized through use of the REALTOR®'s services. (Amended 1/93)

Four sales to every home

- Listing Agent
- Buyer's Agent
- Buyer
- Appraiser

Personality Styles

- Analytical
- Driver
- Expressive
- Amiable

In order to negotiate effectively, it is important to understand first what our own style is.

Which of the following most describes you?

| | | | |
|------------|---------------|--------------|-------------|
| Precise | Skeptical | Decisive | Confident |
| Suspicious | Perfectionist | Frank | Domineering |
| Analytical | Unforgiving | Direct | Demanding |
| Introvert | Reliable | Impatient | Quick |
| Serious | Deep | Practical | Adventurous |
| Low Key | Worrier | Entertaining | Optimistic |
| Adaptable | Patient | Spontaneous | Animated |
| Supportive | Loyal | Cheerful | Interrupts |
| Shy | Listener | Loud | Gregarious |
| Consistent | Stable | Enthusiastic | Creative |

Working with the Analytical

- Approach them in an indirect, non-threatening way
- Show your reasoning
- Give them all of it in writing
- Provide explanation and rationale
- Allow them to think, inquire and check before they make decisions
- When delegating, let them check on other's progress and performance

- Compliment them on their thoroughness and correctness – when appropriate
- Let them assess and be involved in the process
- Tell them when a task needs to be done – and why

Working with the Driver

- Display reasoning
- Provide concise data
- Agree on goal and boundaries – then support them or get out of their way
- Allow them to ‘do their thing’ within limits
- Vary routine
- Look for opportunities to modify their work load
- Compliment them – post accomplishments for others to see
- Let them take the lead – but give parameters
- If necessary, argue with conviction on points of disagreement, backed up with facts, don’t argue on ‘personality’ basis

Working with the Expressive

- Show them that you admire and like them
- Behave optimistically and provide an upbeat setting
- Support their feelings when possible
- Avoid involved details – focus on the ‘big picture’
- Vary their routine
- Complement them personally and often – post accomplishments for others to see
- Keep up a fast, lively pace
- Support their ideas and don’t poke holes in their dreams; show them your positive side

Working with the Amiable

- Show how your idea minimizes risk
- Show reasoning

- Provide data and proof
- Demonstrate your interest in them
- Provide instructions and walk them through
- Compliment them for their steady follow-through
- Give them personal assurances
- Act non-aggressively, focus on common interest
- Provide a relaxing, friendly atmosphere
- Provide them with a cooperative group
- Acknowledge their easy-going manner and helpful efforts, when appropriate

Fight vs. Flight

Versatility

The ability to adapt to a variety of people, in a variety of situations, in a variety of ways. You are born with one Personality Style and that is generally never going to change. You're also born with a certain degree of versatility but that can change dramatically as you choose to change your knowledge and understanding of people and situations.

The challenge that each of us faces is being comfortable with who we are and taking the time to identify the style of the person we're talking to and then adapting ourselves to them so we communicate at a higher level. It's our ability to adapt quickly that will cause our business to grow to a higher level. The quicker you can adapt to the side, the stronger the communication and the results improve.

There are specific things we can do to develop versatility

1. Learn to ask questions instead of having to speak
2. Listen carefully to what the people are saying
3. Quit having to be right
4. Remove your ego
5. Get out of your box

6. Put yourself in situations that make you uncomfortable

What's the goal?

- Most of your time should be spent on identifying what the client believes is important.
- Evaluating their needs, wants and wishes is a key element of formulating a successful plan.
- Each segment of the process will be evaluated in detail.
- All phases are important to achieving successful results.

Motivation vs Reason

- 2 Minute Exercise

Did you find out the answer to these questions:

Where do they need to be?

When do they need to be there?

Negotiation with the other side

Factors when preparing for a negotiation

1. Is the market with you or against you?
2. Does your client love it or like it?
3. Are there competing offers?
4. Does the other negotiator have a competing offer?

5. Do you know the other agent? If your history favorable or not?
6. Are the parties motivated to buy / sell?

REALTOR Code of Ethics – Article 1

Standard of Practice 1-9

The obligation of REALTORS® to preserve confidential information (as defined by state law) provided by their clients in the course of any agency relationship or non-agency relationship recognized by law continues after termination of agency relationships or any non-agency relationships recognized by law. REALTORS® shall not knowingly, during or following the termination of professional relationships with their clients:

- 1) reveal confidential information of clients; or*
- 2) use confidential information of clients to the disadvantage of clients; or*
- 3) use confidential information of clients for the REALTOR®'s advantage or the advantage of third parties unless:*
 - a) clients consent after full disclosure; or*
 - b) REALTORS® are required by court order; or*
 - c) it is the intention of a client to commit a crime and the information is necessary to prevent the crime; or*
 - d) it is necessary to defend a REALTOR® or the REALTOR®'s employees or associates against an accusation of wrongful conduct.*

REALTOR Code of Ethics – Article 16

REALTORS® shall not engage in any practice or take any action inconsistent with exclusive representation or exclusive brokerage relationship agreements that other REALTORS® have with clients. (Amended 1/04)

Standard of Practice 16-13

All dealings concerning property exclusively listed, or with buyer/tenants who are subject to an exclusive agreement shall be carried on with the client's representative or broker, and not with the client, except with the consent of the client's representative or broker or except where such dealings are initiated by the client.

*Authorization to Negotiate

Negotiation Tactics and Counters

| Tactic | What it is | How to counter |
|-----------------------|--|--|
| Silence | Personifies a statement/point; the first to speak loses | Patience & don't speak |
| The Flinch | Knee jerk reaction signifying horror, disgust, chagrin | Don't react & just restate your position |
| Framing | Creates an illusion of what to expect. There is a reverse Frame as well. | Focus solely upon the value that separates the parties (re-frame) |
| Trade-Offs & Nibbling | Creative way to trade items of seemingly no importance for items of value after the deal has already been negotiated | Ask for something in return |
| Considered Response | Adds value to the item being requested if other party believes you need time to think | Patience for a response |
| Say 'NO' Once More | 'No' may just mean 'not right now'; persistence in resubmitting the same offer | Be polite and let them know that it is always worth another try |
| Walk Away/Walk Back | Attempts to create an urgency to negotiate deeper or lose the deal | Let them walk away; leave the door open for their return or re-open negotiations with a new piece of info. |

| | | |
|---------------------------|--|--|
| Limited Authority | Benefit of not being decision maker; allows ability to blame on decision maker | Reinforce that no decisions are yours and you must secure direction from client |
| Unbundling | Negotiating one minor item at a time rather than displaying all items requested | Insist you hear the entire request including all parts |
| Bottom Line / Final Offer | Presumes that you will provide your bottom line so as not to waste time | Never respond to request. Instead, have them make their top dollar proposal |
| Crunch | Never reveals that there is competition and then asks if you can do better than that | Anticipate the statement, restate your position and punctuate with 'silence' |
| Cookies / Throw-Aways | Loading an offer strategically | Know the value of what is being traded and secure more of what your client wants |
| Dumping | Reasons for why the offer was not what you asked | Know the difference between important items versus red herrings |
| Time Invested | Presumes the longer people are invested in the process, the more they will want it to work | Hours in a Seller's Market = days or weeks in a Buyer's Market, so use time wisely |
| Hypotheticals | Allows for creative alternatives | Can play along but don't give away your clients position |

Negotiation – Where and How

What are the advantages and disadvantages of each?

- In person
- Virtual
- Phone
- Email
- Text

REALTOR Code of Ethics – Article 9

REALTORS®, for the protection of all parties, shall assure whenever possible that all agreements related to real estate transactions including, but not limited to, listing and representation agreements, purchase contracts, and leases are in writing in clear and understandable language expressing the specific terms, conditions, obligations and commitments of the parties. A copy of each agreement shall be furnished to each party to such agreements upon their signing or initialing. (Amended 1/04)

Sounds and Non-Verbal Communication

| | |
|-----------------|--|
| Ways of Talking | Are there pauses for emphasis? Are certain words stressed more than others that are uncharacteristic? |
| Posture | Is the person slouching or standing straight? Posture can signal confidence or defeat. |
| Appearance | Manner of dress speaks volumes. Whether the person is dressed formally or casually is not the point (unless the attire is completely inappropriate for the event which can signal maverick or rebel) – but are they untidy which can signal disorganized or are they completely appointed which can mean they are fastidious in every way. |
| Head Movements | Is the head movement in concert with the words that are spoken or are they opposite? |
| Hand Movements | These can signal whether or not someone is comfortable or closed. For example, the wringing of the hands can signal agitation and/or stress. |
| Eye Movements | Is there eye contact at all or is the person avoiding contact because of what the eyes reveal? Blinking, winking, staring, etc. all |

convey different things about the state of mind of the individual.

Facial Expressions

Few individuals can maintain the 'poker face' and hide what the face can generally reveal.

Body Contact

Touching can be either subtle or overt, but body closeness is another consideration. When someone stands closer, some may feel very uncomfortable, perceiving the other to be invading their personal space or comfort zone.

Sounds

Can have a huge impact in revealing how someone feels or what someone really means.