

Student Manual



Course: Effective
Negotiating for
Real Estate
Professionals



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Introduction

Welcome

Welcome to the Women’s Council of REALTORS® Effective Negotiating for Real Estate Professionals course.

Instructor and Student Introductions

Agenda

- Energizing Activity
- Communication Styles and Skill Development
- Negotiation Styles and Principles
- Conducting an Effective Negotiation
- Dealing with Deadlock
- Dealing with Difficult Negotiators
- Managing Multi-Party Negotiations
- Cultural Influences on Negotiations
- Conclusion

Energizing Activity: Negotiation Perceptions versus Reality

Notes:

Learning Objectives

At the conclusion of this course, students will be able to:

- Recall the importance of possessing superior communication skills.
- Identify and apply the styles and principles of negotiation.
- Conduct an effective negotiation.
- State tactics on dealing with deadlock.
- Apply skills for dealing with difficult negotiators.
- Manage multiparty negotiations.
- Name cultural influences on negotiations.

Communication Styles and Skill Development

DiSC

DiSC is a behavior assessment tool based on a theory by psychologist William Henry Marston. This theory is that people's outward behavior can be assessed and categorized into one of four styles: Dominance, Influence, Steadiness, and Conscientiousness. People within a specific group have similar behaviors based on how they view the environment in which they live, and how they then interact with that environment.

Understanding DiSC helps provide insight into how others behave, how they communicate, and how they are likely to react to different circumstances.

DiSC Words

Dominance	Influence	Steadiness	Conscientiousness
Daring	Enthusiastic	Satisfied	Diplomatic
Determined	Convincing	Good-Natured	Cautious
Outspoken	Friendly	Conventional	Accurate
Decisive	Talkative	Moderate	Controlled
Adventurous	Outgoing	Gentle	Insightful
Dominant	Persuasive	Modest	Conscientious
Impatient	Expressive	Agreeable	Observant
Insistent	Inspiring	Kind	Tactful
Strong-Willed	Cheerful	Obliging	Reserved
Independent	Joyful	Considerate	Private
Firm	Playful	Obedient	Introspective
Stubborn	Charming	Loyal	Logical
Persistent	Animated	Even-Tempered	Well-Disciplined
Argumentative	Optimistic	Sympathetic	Precise
Direct	Extroverted	Easy-Going	Systematic
Assertive	Impulsive	Helpful	Introverted

Adapting to Others

How can you adapt your behavior to the needs of people with other dimensions of behavior? As a group, brainstorm three ways for each dimension.

Review the additional information in the Appendix that may provide guidance.

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Challenging People

1. **Someone I work with:** _____

(Name and Dimension of Behavior)

What can I do to adapt my behavior to this person?

2. **Someone I work with:** _____

(Name and Dimension of Behavior)

What can I do to adapt my behavior to this person?

3. **Someone I work with:** _____

(Name and Dimension of Behavior)

What can I do to adapt my behavior to this person?

Communication Skill Development

Communication is the act of transferring information from one place to another. It is a two-way process. Improving communication involves both how we send and receive messages.

Here are some techniques to use to improve communication¹:

Empathize: Try to see things from the point of view of others.

Encourage: Make others feel welcome, wanted, valued, and appreciated in your communication. If you let others know they are valued, they are much more likely to be open to new ideas.

Learn to listen: Listening is not the same as hearing. Listen for the words being spoken, how they are being spoken, and the nonverbal message sent with them.

Be aware of others' emotions: Be sympathetic to other people's misfortunes and congratulate their successes.

Treat people equally: Treating people as your equals and also equal to each other will build trust and respect from others.

Attempt to resolve conflict early: Learn to troubleshoot and resolve problems and conflicts as they arise.

Use humor: Most people like to laugh and are drawn to people who make them laugh. It is okay to be funny or clever as long as it is appropriate to the situation.

Maintain a positive attitude and smile: Do your best to be positive and friendly with other people. If you smile often and stay cheerful, people are more likely to respond positively to you.

Build rapport: Building rapport enables greater and easier communication.

What is rapport? Rapport is making a connection with someone or a group of people. Sometimes, rapport happens instantaneously, and sometimes it can be built by finding common ground or developing a bond.

¹ Source: http://www.skisyoneed.co.uk/IPS/Improving_Communication.html

Building Rapport Discussion

How do you build rapport with new clients? How has building rapport affected your relationships with your clients?

Notes:

Negotiation Practice # 1

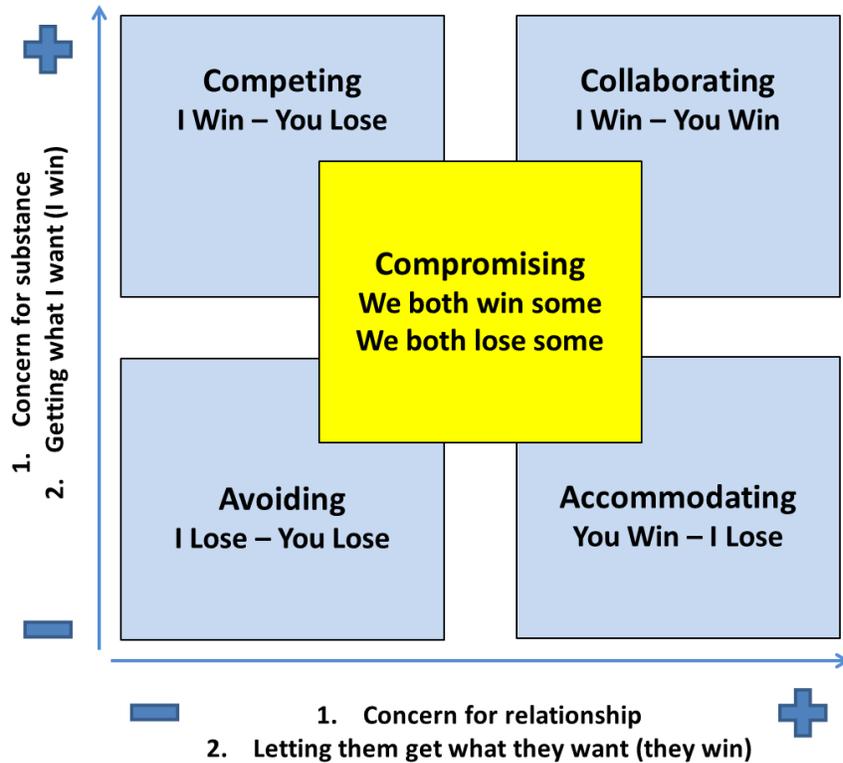
It is now time to practice some components of the negotiating process. Your instructor will assign you into groups of three and provide a scenario for the activity.

Trio Role-Play Instructions:

- Each group of three will role-play a scenario.
- Each person will play a different role. You may play the part of the buyer's agent, the seller's agent, or the observer.
- Conduct the role-play. Be sure to follow the guidelines for each role you play.
- Discuss what went well and what needs improvement. Offer constructive feedback and suggestions.
- Have the agent makes adjustments based on feedback, and then role-play again.

Principles and Phases of Negotiation

Negotiation Styles



Source: <http://www.negotiations.com/articles/negotiation-conflict-profiles>

Five Negotiation Styles

- **Compete:** I win, you lose.
 - Pursues own needs to win
 - Use when you need to act or get results quickly
 - Be prepared for it to lead to deadlock
 - Do not cave in if you are on the opposite side
- **Accommodate:** I lose, you win.
 - Places value on the relationship by giving opponents what they want
 - Use when you or your company are in the wrong
 - Can be seen as a sign of weakness
 - Weigh the value of the gift before reciprocating

Effective Negotiating for Real Estate Professionals

- **Avoid:** I lose, you lose.
 - Passive-aggressive
 - Use when the issue is trivial to both parties
 - Causes the other party to think you are not interested
 - Set clear expectations of timing early in the negotiation
- **Collaborate:** I win, you win.
 - Recognize the importance of meeting needs on both sides
 - Use if you need to understand the motivations of others
 - Requires more time and commitment to be with the person who has the authority to collaborate
 - Do not give too much time unless there is value to you
- **Compromise:** We both win some, and we both lose some.
 - Settle for less than what you need
 - Use when you are pushed for time and you are dealing with someone you trust
 - Assume you are willing to make more concessions
 - Explore alternatives before giving in

Notes:

Fisher and Ury Model: Principles of Negotiations

In their book, Getting to Yes, Negotiating Without Giving In, Roger Fisher and William Ury presented four main principles of Negotiation:

1. Separate people from the problem.
2. Focus on interests, not positions.
3. Invent options for mutual gain.
4. Insist on using objective criteria.

In addition to these four main principles, they list one other necessary skill that compliments the negotiation process: Ask the right questions.

1. Separate the People from the Problem

- Negotiators are people first.
 - People have emotions, deeply held values, and different backgrounds.
 - Be sensitive to the people around you.
- Put yourself in their shoes.
 - Seeing the other side is very important to your success.
 - Influencing the other side takes empathy.
- Address the other side's concerns.
 - Do not diminish the importance of a concern.
 - Know what the other party wants to hear.

Notes:

Focus on Interests, Not Positions

- Reconcile interests.
- Identify interests.
 - Interests define the problem.
 - Know the needs, desires, concerns, and fears of both sides.
 - Interests are often unexpressed, intangible, and purposely hidden.
- Make a list of interests.
 - Place them in order of importance.
 - Acknowledge them.

Invent Options for Mutual Gain

- Obstacles to inventing options include:
 - Premature judgment.
 - Searching for a single answer.
 - The assumption of a “fixed” pie.
 - Thinking that “solving their problem is their problem.”
- Solutions to obstacles include:
 - Separate inventing options from the act of deciding.
 - Broaden the options on the table rather than looking for a single answer.
 - Search for mutual gains in an agreement.
 - Invent ways of making the other side’s decisions easier.

Notes:

Insist on Using Objective Criteria

- Negotiate with objective criteria and realize the benefits of using objective criteria.

Notes:

Ask the right questions.

Another key principle is asking the right question. Using the Socratic approach to help develop the questions may help. The Socratic approach to questioning is named after its creator, Socrates. It is based on the practice of disciplined, thoughtful dialog. The technique often involves different types of questions to obtain different answers. Review the chart below for types of questions and examples.

Socratic Question Type	Example
Clarification	<ul style="list-style-type: none"> • What do you mean by ... ? • Could you put that another way? • What do you think is the main issue? • Could you give me an example? • Could you explain that further?
Initial Question or Issue	<ul style="list-style-type: none"> • Why is this important? • Is this question easy or difficult to answer? • Why do you think that way? • What assumptions can we make based on this question? • Does this question lead to other important issues and questions?
Assumption	<ul style="list-style-type: none"> • Why would someone make this assumption? • What is _____ assuming here? • What could we assume instead? • You seem to be assuming _____. Do I understand that correctly? Or, how do you justify this as your position?
Reason and Evidence	<ul style="list-style-type: none"> • What would be an example? • Why do you think this is true? • What other information do we need? • Could you explain your reason for us? • By what reasoning did you come to that conclusion? • What led you to that belief?
Origin or Source	<ul style="list-style-type: none"> • Is this your idea, or did you hear it from someone else? • Have you always felt this way? • Where did you get the idea? • What caused you to feel this way?
Implication and Consequence	<ul style="list-style-type: none"> • What effect would that have? • What is an alternative? • What are you implying by that?
Viewpoint	<ul style="list-style-type: none"> • How would other groups of people respond to this question? Why? • How are _____ and _____'s ideas alike? Different?
Source: intel.com/education/Common/my/.../DEP_Question_socratic.doc	

How to Negotiate

- Identify and prepare to address issues.
- Identify additional information as needed.
- State your position.
- Discover their interests.
- Explore options.
- Bargain concessions and trades.
- Package the agreement.
- Evaluate for future reference.

Prepare and Identify

- List and prioritize issues.
- Determine a tentative opening offer for each issue.
- Analyze fixed versus flexible items.
- Assess a tentative bottom line on each issue.
- List the issues you think the other side will want to negotiate.
- List priorities the other side will give to each issue.
- Assess the counter you think they will give for each issue.
- Assess their probable bottom line for each issue.
- Identify who will present the offer.
- Prepare back-up plans and strategies.

Discovery

- Listen carefully and take notes.
- Do not interrupt, but ask clarifying questions.
- Test commitment to items.
- Challenge the other party to justify his or her position.
- Watch for and send signals that there is a willingness to adjust positions.

Explore Options

- Use “signal language” to offer important clues to gain advantages:
 - We would find it extremely hard to ...
 - We are not flexible on the price, but ...
 - That is not workable, but ...
 - That is not possible, because ...
 - There may be room for flexibility ...

Bargain

- Bargaining is the process of exchange where some things are gained and some things are given up:
 - Create a tentative and exploratory conversation.
 - Use “if/then; what if, or Wondering” statements to trade items, terms, and conditions.
 - Ask, “If we are willing to do ..., then what could we expect in return?”
 - Ask, “Can they do better than that?”

Notes:

Package the Agreement

- Partner with the other agent to benefit your client's ultimate goals:
 - Package the agreement.
 - Exceed all expectations.
 - Under-promise and over-deliver.
 - Build a firm rapport with the agent just in case there are issues later.

Evaluate

- What was the outcome?
- What was accomplished?
- How was it implemented?
- Could any of the negotiated terms be improved?
- What is the effect of the relationship to the parties?

Notes:

Dealing with Deadlock

Deadlock or stalemate is usually an emotional response or an unyielding position or personality.

Symptoms of Deadlock

- The parties perceive a no-win situation.
- There are demanding positions from both sides.
- There is a “take-it-or-leave-it” attitude on both sides.
- It may indicate unmotivated parties.

Notes:

Difficult Negotiators

The Most Difficult Behaviors You Have Dealt With

Think about the most difficult negotiators with whom you have dealt in your career. List some difficult behaviors you have witnessed. How did you or others respond to the behavior?

Notes:

How to Deal With Difficult Negotiators

Hugh MacDonald in his article, *Dealing With Difficult Negotiators*, offers these tips:

1. Be calm.
2. Be prepared.
3. Be focused.
4. Be blunt.

Managing Multi-Party Negotiations

Issues with Multi-Party Negotiations

- More information to integrate
- Alliances may be formed between two or more parties
- Differing strategies or decision rules

Notes:

Multiparty Negotiation Considerations

- Nonagreement consequences
- Decision-making process
- First agreement objective

Notes:

Negotiation Practice # 3

It is now time to practice some components of the negotiating process. Your instructor will assign you into groups of three and provide a scenario for the activity.

Trio Role-Play Instructions:

- Each group of three will role-play a scenario.
- Each person will play a different role. You may play the part of the seller, the seller’s agent, or the observer. Please choose a role you have not yet played in the previous negotiations.
- Conduct the role-play. Be sure to follow the guidelines for each role you play.
- Discuss what the agent did well and what needs improvement. Offer constructive feedback and suggestions.
- Have the agent make adjustments based on feedback, and then role-play again.

Notes:

Cultural Influences on Negotiations

According to <http://dictionary.reference.com/browse/culture>, culture is the behavior and belief characteristics of a particular social, ethnic, or age group. Groups may have opposing views about what is right and wrong, disagreement on what is fair and equitable, and an understanding of each other's message and form of communication. They may even have opposing views on the procedures that will be used to conduct negotiations.

Negotiation is further complicated when the parties find themselves negotiating across dissimilar cultures. Culture is a powerful factor in shaping how people think, communicate, and behave. It, therefore, affects how they negotiate. (Horst, p. 1)

Geert Hofstede Cultural Dimensions

Geert Hofstede is a well-known Dutch researcher on cultural dimensions of societies and organizations. Hofstede's study demonstrated that there are national cultural groupings, which affect the behavior of societies and organizations. These behaviors are passed from one generation to the next. He identified and validated five independent dimensions of national cultural differences, some of which are:

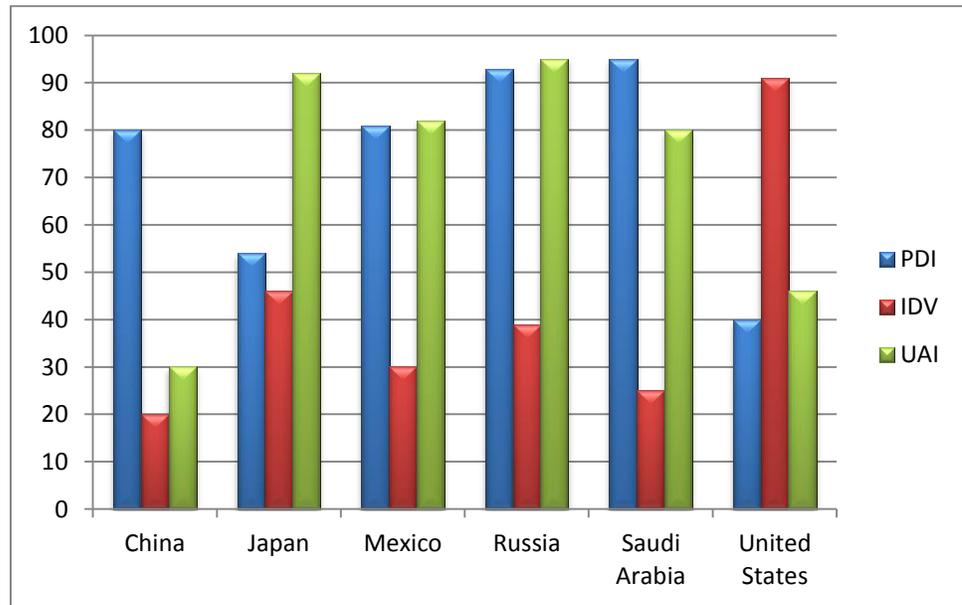
- Power distance index (PDI):
 - How much a culture does or does not value hierarchical relationships and respect for authority
- Individualism versus collectivism (IDV):
 - Individualism implies loose ties, and everyone is expected to look after one's self or immediate family, but no one else
- Uncertainty avoidance (UAI):
 - Deals with a culture's tolerance for uncertainty and ambiguity

Cultural Dimension Activity

In your groups, think of a word or phrase that describes each of Geert Hofstede's Cultural Dimensions.

Cultural Dimensions Worldwide

If you negotiate with someone from a different country or culture, you should be aware of these differences, and adjust your style appropriately to the situation.



PDI: Power Distance

IDV: Individualism versus Collectivism

UAI: Uncertainty Avoidance

Source: www.geert-hofstede.com

Negotiation Practice # 4

We will now practice another negotiation. Please keep in mind the cultural information we discussed as you go through this situation. Your instructor will assign you into groups of three and provide a scenario for the activity.

Trio Role-Play Instructions:

- Each group of three will role-play a scenario.
- Each person will play a different role. You may play the part of the seller, the seller’s agent, or the observer.
- Conduct the role-play. Be sure to follow the guidelines for each role you play.
- Discuss what the agent did well and what needs improvement. Offer constructive feedback and suggestions.
- Have the agent make adjustments based on feedback, and then role-play again.

Notes:

Conclusion

Congratulations! You have completed Effective Negotiating for Real Estate Professionals.

You should now be able to:

- Recall the importance of possessing superior communication skills.
- Recall and apply the styles and principles of negotiation.
- Conduct an effective negotiation.
- State tactics on dealing with deadlock.
- Apply skills for dealing with difficult negotiators.
- Manage multi-party negotiations.
- Name cultural influences on negotiations.
- Identify the pros and cons of the various negotiation environments.

Appendix

Behavioral Styles

Dominance (D)

People who score high in the intensity of the "D" styles factor are very active in dealing with problems and challenges, while low "D" scores are people who want to do more research before committing to a decision. High "D" people are described as demanding, forceful, egocentric, strong-willed, driving, determined, ambitious, aggressive, and pioneering. Low D scores describe those who are conservative, low-keyed, cooperative, calculating, undemanding, cautious, mild, agreeable, modest, and peaceful.

Influence (i)

People with high "i" scores influence others through talking and activity and tend to be emotional. They are described as convincing, magnetic, political, enthusiastic, persuasive, warm, demonstrative, trusting, and optimistic. Those with low "i" scores are influenced more by data and facts, and not with feelings. They are described as reflective, factual, calculating, skeptical, logical, suspicious, matter-of-fact, pessimistic, and critical.

Steadiness (S)

People with high "S" styles scores want a steady pace, security, and do not like sudden change. High "S" score individuals are calm, relaxed, patient, possessive, predictable, deliberate, stable, consistent, and tend to be unemotional and poker-faced. Low "S" intensity scores are those who like change and variety. People with low "S" scores are described as restless, demonstrative, impatient, eager, or even impulsive.

Conscientiousness (C)

People with high "C" styles adhere to rules, regulations, and structure. They like to do quality work and do it right the first time. High "C" scoring people are careful, cautious, exacting, neat, systematic, diplomatic, accurate, and tactful. Those with low "C" scores challenge the rules, want independence, and are described as self-willed, stubborn, opinionated, unsystematic, arbitrary, and unconcerned with details.

Styles Strategies

Conscientiousness	Dominance
<p>A high “C” may want personal autonomy, opportunity for careful planning, exact job descriptions, and precise expectations:</p> <ul style="list-style-type: none"> • Take time to prepare your case in advance. • Provide straight pros and cons of ideas. • Support ideas with accurate data. • Provide reassurance that no surprises will occur. • Provide exact job descriptions with precise explanations of how they fit into the big picture. • Review recommendations with them in a systematic manner. • Be specific, if agreeing. If disagreeing, disagree with the facts rather than the person. • Be prepared to provide explanations in a patient, diplomatic manner. 	<p>A high “D” may want authority, challenges, prestige, freedom, varied activities, growth assignments, a “bottom-line” approach, and opportunity for advancement.</p> <ul style="list-style-type: none"> • Provide direct answers: be brief and to the point. • Ask “what” questions, not “how.” • Stick to business and the results that they desire. • Outline possibilities for the person to get results, solve problems, and be in charge. • Stress logical benefits of featured ideas and approaches. • When in agreement, agree with facts and ideas rather than the person.
Steadiness	Influence
<p>A high “S” may want security of the situation, time to adjust to change, appreciation, and identification with the group, limited territory, and areas of specialization.</p> <ul style="list-style-type: none"> • Provide sincere interest in the associate as a person; provide a sincere, personal, and agreeable environment. • Focus on answers to “how” questions to provide clarification. • Be patient in drawing out his or her goals. • Present ideas or departures from current practices in a nonthreatening manner; allow time to adjust. • Clearly define goals, roles, or procedures and the associate’s place in the overall plan. • Provide personal assurances. • Emphasize how the person’s actions will minimize risk involved and enhance current practices. 	<p>A high “i” may want social recognition, popularity, people to talk to, freedom from control and detail, favorable working conditions, recognition of abilities, a chance to motivate people, and inclusion by others.</p> <ul style="list-style-type: none"> • Provide a favorable, friendly environment. • Provide a chance for him or her to verbalize about ideas, people, and intuition. • Offer ideas for transferring talk into action. • Provide testimonials. • Provide time for stimulating sociable activities. • Provide details in writing, but do not dwell on these. • Provide a participative relationship.

Styles Limitations

Conscientiousness	Dominance
<p>Under pressure, people with high conscientiousness characteristics may:</p> <ul style="list-style-type: none">• Seek feedback and direction from coaches.• Be hesitant to act without precedent.• Be bound by key procedures and methods.• Get bogged down in the decision-making process.• Resist delegating tasks.• Require a full explanation before changes are made.• Yield their positions to avoid controversy.• Avoid involvement when threatened.• Focus exclusively on their own task accomplishments.	<p>Under pressure, people with high dominance characteristics may:</p> <ul style="list-style-type: none">• Overstep prerogatives.• Act restlessly.• Stimulate anxiety in others.• Overrule people.• Be blunt and sarcastic with others.• Sulk when not in the limelight.• Be critical and fault-finding.• Be inattentive to details and logic.• Be dissatisfied with routine work.• Resist participation as part of a team.

Steadiness	Influence
<p>Under pressure, people with high steadiness characteristics may:</p> <ul style="list-style-type: none">• Insist on maintaining the status quo.• Take a long time to adjust.• Have trouble meeting multiple deadlines.• Need help getting started on new, unstructured assignments.• Have difficulty with innovation.• Be contented with things as they are.• Continue to do things the way they were always done.• Hold onto past experiences and feelings.• Wait for orders before acting.	<p>Under pressure, people with high influence characteristics may:</p> <ul style="list-style-type: none">• Be more concerned with popularity than tangible results.• Oversell.• Act impulsively—heart over mind.• Reach inconsistent conclusions.• Make decisions solely on gut feelings.• Be unrealistic in appraising people; trust people discriminately.• Be inattentive to detail.• Have difficulty planning and estimating time expenditure.• Perform superficial analysis.