

Do lots of self-talk, which is talking to yourself, in order to practice what you will say in any given situation and how you will respond to a question or to a statement made by others.

Practice talking to yourself or practice with your partner, i.e. role-playing. Role-playing will allow you to determine, beforehand, what you will say, when confronted in a circumstance.

After practicing for a period of time, you will be surprised at how easy it is to figure out the situations in which you will find yourself and how smoothly you can manipulate the conversation. You can often manage the dialogue or the negotiation so that the outcome is virtually assured, like, asking for a discount.

You do this by steering the conversation into the areas that you wish, via the clever use of questioning, and / or the manner in which you make statements and how you give responses.

You must look at these conversations as if they were negotiations. It is war, but negotiation is not a war *game*. Someone will be the winner and it should be you. It *must* be you, if you are to survive or profit.

Think of it as chess. To win consistently, you must think three or more moves in advance. If you make a certain move, what are the likely moves that the opponent will make in response? Next, what are your best plays to answer each of your opponents' potential moves? The further in advance you can plan, then the

more control you will have over the outcome. *Because you cannot be surprised, you are ready for any eventuality, with a good reply.*

Being prepared with specific or approximate verbiage allows you to become very quick at determining what you want to accomplish with the particular conversation and how you plan to achieve a successful talk. You become very fluid and easy to talk to. Your negotiations are no longer confrontational; they become pleasantries, or chit-chat, for either party. It is as if you were the Commanding General, for both sides of the war and the outcome is preordained. Now, *that* is how to negotiate.

In order to control the conversation properly, you must have a map of where you want it to go or a set way of doing things.

My favorite sales devices or sales techniques are:

- 1 Clarifying Questions:** Asking questions with a purpose in mind.
- 2 Feel, Felt, Found:** "I understand how you feel, I felt the same way myself, until I found...(then, give new information)"
- 3 The Push-A-Way:** Say that they should not do the transaction or some part of it.

- 4 **The Ben Franklin:** A logical dissection of the arguments, both pro and con, often using a debit and credit column.
 - 5 **The Hypothetical:** A "what if" question, idea or proposal.
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1 Questioning

I like to ask the prospect a lot of questions. There are two good reasons for this. First, I gain valuable information and insight into the prospects way of thinking, his likes, dislikes and the all-important "hot button"; his real motivation. Second, the prospect immediately thinks well of me because I am letting him talk, usually about himself or his views. When I am listening to what he has to say, it verifies that I agree with him, that he is a worthy person, someone of stature, who is capable and worth listening too.

Important; remember that, no matter your words, your facial expressions and your body language give you away. If your words do not confirm the facial expression and body language that you had at the precise moment that you reacted to their statement, then your words will ring hollow, they will not be accepted as factual. You will have created doubt and everything that you have said or will say is questioned. Therefore, be very careful to express what you want expressed, in all the ways that you communicate. Practice your poker face, practice your smile, practice your posture and your poses.

Try to express interest by looking intently into the prospects eyes while they are speaking. Always shake your head up and down, to indicate "yes", even if you disagree with what you just heard. This can also mean that you are listening and hearing what they are saying and that you understand what they just said. The speaker is satisfied because communication has occurred, which is a good thing. Mostly, this gets you in the habit of being attentive and the speaker thinks that you are considerate, always a plus.

My favorite first question is, "What are you trying to accomplish?" These six words are very clear, concise and the prospect knows exactly what is expected in an answer. Instead of a long story, often the prospect will blurt out his desire in a short statement, "I want to buy a house." or "I would love to know how to invest."

I ask general questions about the subject, like, "Why do feel that way?" or "How did you come to that opinion?" or even "What do you know about the subject?" These questions engender only a small level of a detailed answer, something that the prospect likes giving because it validates him.

I ask detailed questions about the subject, like, "How often would you do it?" or "When is the best time to stop?" or "What is your specific experience in this area?" These questions are designed to illicit good information as well as to determine the prospects knowledge in a given area. Again, the prospect feels

good having been asked and I gain valuable insight into the prospect.

Often I will try to illicit detailed information by asking a question as a follow-up to their last statement. For instance, "They are going to sell the house unless I can pay the taxes." Depending on how confident I feel about our relationship, I could ask directly, "Can you pay the taxes?"

Or, if still trying to get on their good side, "Have you tried asking your friends or relatives for help?" Of course they have! When in trouble, who else do you go to first except friends and relatives, especially if trying to save your house? Therefore, this is just a device, to ingratiate myself, brainstorming with ideas that I know have already been tried. If I really want to highlight the fact that the situation is bad, I can ask, "What will happen when you lose the house in a few days? Where will you go? What will you do? How will the kids feel?" "Where will they go to school?" "What will you tell your friends and relatives?" "How will you ever get into another home?" Ouch! That last question/statement really hits a raw nerve. But it is very effective precisely because it forces the seller to view his situation realistically.

2 Feel, Felt, Found

3 The Push-A-Way

If they are trying to play hardball with me, I never, ever, let them get the upper hand. "Mrs. Smith, I can appreciate that you want more money. (Feel) In your position, I would want more money also.

(Felt) However, (Found) you have not mentioned any other investors trying to help you like I am. (Then, the Push-A-Way) I will be getting a house in the next few days. I hope it is yours, but if not, there are 47 more properties that are still available on the tax auction list." (That was your trial close, wait silently for a response.)

If they ask a question, then answer it, but if they say anything else except, "Yes" then you could say, "I have given you the amount that I believe I can offer. (Feel) I feel that is it a fair offer. (Felt) But, (Found) we only have a very short time." (That is a closing line. But you can bury the hatchet with this Push-A-Way close) If that is not satisfactory, then maybe your best bet is to hope that Uncle Harvey will change his mind and he actually will lend you the money to save your house?" Then wait silently for a response.

When I am ready to negotiate on price, I ask leading questions and, unless I am renting out the premises or have a set fee, I try very hard *not* to give out the first number. Remember, he who speaks first, loses.

When buying, my fairly standard query is, "How much do you need?" This is a very studied question. It eliminates, "How much would you like?" or "How much do you want?" or "How much were you hoping for?", etc. It goes straight to the heart of the matter and asks for "need." This reduces or eliminates altogether the range of choices that the seller has as an answer. Remember, this is chess. Play the seller into a corner - but in a nice way.

When selling, I often open with, "What would you like to do?" or if trying to be even more considerate, "What do you feel comfortable doing?" or another version, "If you are ready to consider a purchase, what would make you feel good?" Very often the amount they will offer is more than what you expected. But, no matter how high the offer, always look like it is not enough, and come back with another amount that is a little higher, such as another ten percent.

If their offer is much too low, I do not even counter. I say, "Thank you for the offer, but it is not even close to what I can accept. I do appreciate your stopping by. Good luck in your effort to find another home with owner financing." This is the ultimate Push-A-Way. It takes all their power away. Typically, they will say, in a panicky voice, "Well, what can you accept?" Now you have shown who has the power and can get down to the real negotiation.

You still do not want to give the first number. Therefore, you could say, "What can you afford?" You will then get a number closer to their bottom line. If they filled out an application with income data, then even before speaking to them, quickly calculate 30% of their income. That is the approximate amount that a mortgage company will use to determine how much they can afford to pay for a home on a monthly basis.

When selling and I have rehabbed and gotten an appraisal or I know what the appraisal amount will be, then I already

know the upper end of what can be justified. I say, "The home has just appraised for \$78,000. (or the home will appraise for...) With the financing help that I can offer, that brings the actual price down to \$72,000. Because I can pay for the down payment and the closing costs, you walk into an equity of \$6,000. and, even better, you get into a home without any out-of-pocket cost to you." This is powerful! I get no comebacks or reductions. All I get are nods of approval and the buyers looking at each other with slight grins, indicating satisfaction.

4 The Ben Franklin

This sales devise is very effective because it *looks* like you are only using logic, rather than being exploitative. This technique, using the "steak" or the logical approach, is really "sizzle" or emotion, in a "steak" disguise. The classic way to present the Ben Franklin is to label one column on a piece of paper as "Pluses" and the other column as "Minuses".

First, put the pluses. List those items that help the prospects situation. Your thinking should be to list items in a way that will evoke emotion. *You always want an emotional response*, as this is the much more powerful rational that we use to make decisions.

The situation is that they are going to lose the house to tax auction or via foreclosure but they still want too much money for their equity. What do you do? Perhaps you show the prospects the benefits to them of selling, but with a leaseback provision?

Pluses

- 1 Nobody will know about your situation.
 - 2 The kids stay in their school.
 - 3 The kids get to keep their friends.
 - 4 You stay in your current jobs.
 - 5 You do not have the hassle and cost of packing and moving.
 - 6 You do not have the humiliation of everyone pitying you - even though the situation was caused by an illness. (You have taken the blame for the situation off of their shoulders.)
 - 7 This allows you time to get yourself straightened out.
 - 8 You can buy-back the property at a later date, when you are in a better financial position.
 - 9 You stop the harassing phone calls.
 - 10 You eliminate the stress.
 - 11 You can move on with your life.
- etc.

Minuses

Ask them the minuses to the situation you suggest. Do not offer any answers, unless they had come up previously.

You do not need to use paper. You can simply say these items. People get the message.

This is an Assumptive Close. After you do the list, you ask, "Is there any reason left to not go forward?" Since you have taken away any objections, the sellers are left with the stark reality of the situation. You have hit them over the head with a baseball bat, but in a nice way. Typically,

they will just shrug their shoulders and give in to your ideas.

5 The Hypothetical

We start by saying a variation on the theme, "What do you think about this idea..." or "I know that this is not what you wanted but what if we...?". Then you conclude with a suggestion that gets you what you need to do the transaction, i.e. a low price, good terms, etc.

You are acknowledging that you are going in a different direction but you are offering a suggestion in a way that the prospect can accept without losing face. This is important! You are posing the idea as a hypothetical, a "what if"; almost as if the suggestion is fanciful, yet it was stated in a thought-provoking manner. Your body language is expectant and the prospect understands that you are serious, but in a nice way.

You can also have a "brainstorm"; an idea that just came to you out of the blue. This idea could be something that will be helpful but often it is not doable because of its cost or the time needed to implement. For instance, "What if you fixed up the outside so the property was more marketable?" Let the prospect tell you "no" and why it cannot be done. You will get credit in their mind for having tried to help them, but the reality is that they are still in the same position. You however, have given good input and that gives you standing to give a low-ball offer. Your offer might not be accepted but you will not be thought poorly of, because of your previous effort. The seller might now

come back with an offer that you can accept or at least be open to a creative offer, mostly because you have developed credibility. He likes you because you have tried to help, and we all are more likely to do business with those we like.

Important Attitudes In Negotiations

Be humble.

Remember; sublimate yourself. Even though you are in the strong position, always try to be humble and empathetic. The seller knows his situation is tenuous. You are a potential savior. There is no need to lord it over someone who is in a bad circumstance. You absolutely will get more consideration with honey than with vinegar. After all, what kind of person kicks a man when he is down? Do you want to turn into that kind of person? Is that the example you wish to set for your children? Control your passions.

Control Your Greed

People expect you to make a profit; they just do not want you to make *too* much profit. Be happy with a healthy profit so the situation can go forward. When you were last taken advantage of you felt slighted and wanted to get even, didn't you? I have no specific profit guidelines. I rely on my inner sense of fair play and often ask myself, "Would my mother be proud if I did this?"

Remember, there are hundreds of potential transactions in your area, every

day. You do not need to make enough to retire from each transaction. If you work consistently, then you will consistently come across motivated situations. Make a good amount on each transaction, but be fair. Fair is good. Fair, is how you would like your children, your mother, your friends, your mentor, your competitors and your sellers to view your actions. Leave something on the table, so that sellers, who are experiencing a very bad time in their lives, can leave with their dignity. Make sure that they are provided for. You will have done a good thing and God will notice – whatever you do.

Just Say "No!"

Never be afraid to walk away from a deal. There are many, many potential transactions but you have limited funds. Just say, "I appreciate what you want, but, I'm sorry, that is against company policy." This is especially important if you are using investor's funds, for which you are responsible.

Yes – No - Maybe

There are only three answers that you will ever get. No matter the answer, it will be some version of "Yes", "No", or "Maybe". "Yes I can or I will". "No, I can't or I won't.", or "Maybe I can or Maybe I will, if you can overcome this objection." That is all that there is. There are no other answers. By understanding this fact, you should feel very empowered. The overwhelming number of potential answers that the opponent has at his disposal to thwart your desires has been reduced to only three. All you need do is

think of and practice what to say when they say some version of "Yes", "No" or "Maybe".

Once I realized this concept, my confidence rose significantly in thinking that I could overcome almost any situation. All I needed was to be prepared to answer basic questions or statements. *Even I could do that!* It was an epiphany!

To help me better understand the power of this idea, I created the "If – Then" Role-Playing Exercise, which I present below. This is serious business. Do practice. It will become apparent, quickly, that you can take a sales situation and control it.

Take any situation that you may encounter at work, with the kids or in your real estate investing endeavors. Create the initial question or statement and then create three potential replies based upon the answer being, "Yes", "No", or some objection, that is, "Maybe". Then continue by answering each of the replies with three potential statements that will, in turn, illicit three responses. Continue this exercise until you come to a conclusion. Try different answers and see the type of

responses that you get. Give answers that are aggressive or compliant or empathetic or silly or stupid. Check your own emotions to see how you would feel if these things were being said to you and how you would respond. Then you have a good idea how someone else will feel and respond. *This is all preparation for the coming encounters!!*

Just Say "Yes, I Can!"
- Your Most Important Attitude -

Through lots of Self-Talk you *will* be able to inculcate into yourself the notion that you are in control, that *you* are the king maker, that you *have* the ability to figure a way to solve the situation. If they will follow you, then you *will* be able find a way to handle the issues. Because, somehow, from somewhere deep inside, there *will* come a reservoir of strength, resolve, and creativeness, which *will* create - *The Plan*, seemingly from nowhere, but just in the nick of time; and with your wonderful ability of expression, those involved will agree with *The Plan* - and you - will have saved the day – *again!*

IF- THEN ROLE-PLAYING EXERCISE

If you say this, then they may say that, that or that, and you may reply with this, that or another question or statement to each of their replies, etc.

Follow the levels: L1Q1 to L2R1 to L3A1 to L4R1 to L5A1 to L6R1 to L7A1

Your Opening Question/Statement: Level 1 Question 1 or Statement 1

L1Q1 or S1 _____

Others Potential Replies / Questions: Level 2 Reply 1, 2 or 3

L2R1 _____

L2R2 _____

L2R3 _____

Your Potential Answers / Questions: Level 3 Answer 1, 2 or 3

L3A1A _____

or

L3A1B _____

L3A2A _____

or

L3A2B _____

L3A3A _____

or

L3A3B _____

Others Potential Responses / Questions: Level 4 Response 1, 2 or 3

L4R1 _____

L4R2 _____

L4R3 _____

Your Potential Rebuttals / Questions: Level 5 Answer 1, 2 or 3

L5A1 _____

L5A2 _____

L5A3 _____

EXAMPLE

In a few days a woman's house will be auctioned off at a tax deed sale. Your goal is to ethically make a profit from this situation. Her goal is...?

You Can you tell me what the situation is?

Her They are going to sell my house unless I can pay the taxes.

L1Q1	You	Can you pay the taxes?
L2R1	Her	Yes!
L2R2	Her	No!
L2R3	Her	Maybe!
L3A1A	You	That's great. I hope It works out for you. Good-bye!
L3A1B	You	That's great. I hope It works out for you. Would you like my phone number, in case you are looking for some alternatives at the last moment? (Offer business card)
L3A2A	You	Well, what are you looking to accomplish?
L3A2B	You	I see, what are you going to do?
L3A3A	You	So you have some options available to you. That's great! No one should lose their home if they can save it. What are you thinking of doing?
L3A3B	You	The tax auction is around the corner. You need to act soon. (They typically will say what their plans are.)
L4R1A	Her	Good-bye!
L4R1B	Her	Sure. Thanks a lot. You never know, do you? By the way, how can you help? What do you do?
L4R2A	Her	I want to stay in the house.
L4R2B	Her	I don't know. I've got to move and I have kids.
L4R3A	Her	My Uncle Paul said he might loan me the money to pay the taxes. I have some friends that might help.
L4R3B	Her	I know. It's scary.
L5A1A	You	Good-bye.
L5A1B	You	I am a real estate investor. I specialize in tax defaulted houses (or in pre-foreclosure, etc.). Maybe I can help?
L5A2A	You	You say that you want to stay in the house. How will you

		accomplish that if you cannot pay the taxes?
L5A2B	You	Do you have anywhere to move? It costs money to move! Do you have any prospects somewhere else?
L5A3A	You	I hope your Uncle Paul does loan you the money, but what will you do if he or your friends cannot help you?
L5A3B	You	I am a real estate investor. I specialize in tax defaulted houses (or in pre-foreclosure, etc.). Maybe I can help?
L6R1B	Her	Wow! What can you do? Can you loan me the money to pay the taxes? (That is what they always ask.)
L6R2A	Her	I don't know. What do you do? Can you help?
L6R2B	Her	I can move in with my sister. I don't have anywhere else to go. I don't even have moving money. Can you help me?
L6R3A	Her	I don't know. What do you do? Can you help?
L6R3B	Her	That would be great. Can you loan me the money to pay the taxes (or the bank)?
		All your answers lead to you setting her up to ask you if you can help her. Because she asks, you have established control and can now delve into her personal situation.
L7A1B	You	I need to ask some personal questions. Is that OK?
And all the other replies .		Do you want to stay in the home? How much income is coming into the household? Is the income steady? If you were to get an apartment, what rental could you afford to pay? How handy are you, can you fix things? Etc.
The info leads to your offer.	You	OK- If I took on the responsibility of the house, and paid the taxes, would you be willing to transfer the house over to me? That would be the only way I could do it. You could stay in the home, paying rent, and we could even arrange for you to buy the house back.
		Or, I could pay you a small sum for the deed. You'll have a Capital Loss that is deducted from your taxes each year.
		Or, she says the she wants \$----. That's fine. If we enter into an agreement (an option), I would get it for you.

Role Playing Flowchart

This is a typical managed conversation. The typical answers are some version of Yes, No, or Maybe.
In a few days a woman's house is going to be auctioned off at a tax deed sale.

You - Q. Can you tell me what the situation is?

Them - A. They are going to sell my house unless I can pay the taxes.







