

N4W

**Negotiating for
what it's worth.**

**By Craig Williamson
with Kevin Balshaw**

www.masternegotiator.com.au

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Contents

Acknowledgments	
Foreword	
Introduction.....	1
1. Negotiate with skill.....	9
Traditional practice	15
The future.....	19
Establishing value?	23
Forget win/win.....	26
2. Don't be compromised.....	29
3. Three pillars of N4W	41
The value in virtual property	46
Grace's story	48
4. Derail the buyer	55
5. The lever of need.....	77
1. Awareness	79
2. Elimination.....	82
3. Neutral mindset.....	85
6. Prove you're not needy.....	89

4. Prove you're not needy92

5. Contingency110

6. Walk away112

7. The pain of missing out 117

8. The N4W practitioner 129

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This book has been a huge challenge—a task I declared would be done and dusted in six weeks but took two and a half years to complete. The support and love of my wife has been the most important factor in making it possible. It is opportune to acknowledge Milly as a superb partner, mother and inspiration.

In 1992 John Spark, of Jetset Albany, ignited my understanding of negotiating for what it is worth. The concept altered my business life forever, and the book in many ways is a tribute to him.

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And this is for two more very important people, my children Lucas and Clara.

Craig Williamson

Foreword

Buying and selling real estate is one of the largest financial transactions most people will make in their lifetime.

And now, there is far more information available than ever before about the competitive real estate market for both buyers and sellers.

When buying or selling real estate, most people use the services of an estate agent or salesperson in their role as a skilled negotiator, to obtain the best possible outcome for both buyer and seller.

This book bridges the gap in training and provides a deep insight into the unique methodology and skills required to become a master negotiator using the N4W method.

I congratulate Craig Williamson and Kevin Balshaw for writing this book and recommend it as essential reading for all estate agents and salespersons wanting to develop their skills in the specialist field of negotiation.

Enzo Raimondo

Chief Executive Officer

The Real Estate Institute of Victoria Ltd

Introduction

The real estate industry is under pressure as never before in an increasingly competitive marketplace in which sellers and buyers are better informed than they have ever been. Vendors are informed and know what to expect; buyers know the market and are highly discerning. The option to bypass the traditional way to market via a real estate agent is readily available, and more and more people are showing the confidence to handle their own property transactions with the support of mortgage brokers and property services providers, and legal back-up. Why? For one, the market is changing, just as the entire world of marketing and sales is changing. But it is also because people are coming to the realisation that real estate salespeople don't universally deliver optimum value.

N4W

Put simply, real estate salespeople in the main are not producing top-line results for their sellers because they lack training. And the training vacuum is most evident in the key area of negotiation. An agent is paid on results. The agent's negotiating ability, more than any other quality, determines the results they can deliver for a vendor. The ability to negotiate a superior outcome from what an average, untrained negotiator may achieve is what sets the successful agent apart.

Sure, everyone in the real estate business negotiates. But most salespeople operate on the basis of having a fallback position. They are prepared to compromise to get a result. The companies they work for generally accept this as a fact of life. The result is an ordinary outcome, not one that is superior. Salespeople who take this approach generally delude themselves into thinking any outcome is a success, irrespective of the price. But, in the process, they, their business and the vendor are all sold short.

Win/win is the mantra of the real estate profession and of most of the people who write books and run courses on sales practice. But the win/win approach is based on a readiness to compromise. Vendors are commonly given a median price estimate within a plus or minus 5 per cent range—that is, a 10 per cent range between the minimum and maximum they can expect. A sale towards the bottom of the range fulfils the salesperson's obligation. In that lies an important distinction I make—that for the majority of agents an average result is good enough, but it falls far short of a commitment to maximize the result.

The ability to negotiate successfully is what it is all about. My concept of negotiating for what it's worth—N4W—consistently delivers superior results. N4W is the cutting edge in real estate sales. It is a deliberately applied understanding, mindset and negotiating process, all based on high-level, finely honed negotiation skills. It delivers consistently excellent results for vendors, which in turn generate repeat business and referrals. It leaves buyers satisfied with the way their interests have been handled, and feeling confident that they have made a purchase of value.

Comprehensive training in negotiation is the missing link in the real estate sales profession. As we will find, negotiation is not on the curriculum for courses in real estate and only a small percentage of agents has ever read a book on the subject. Salespeople pick up scraps of negotiating practice along the way, but rarely do they piece the scraps together into a targeted, effective strategy. The majority rely on the fail-safe limits, which set the broad margins within which they operate, and their results reflect this shortcoming.

My awakening to the practice of N4W and the skills it requires came about in 1993 when I was in the travel business and John Spark invited me to work for three months at his agency, the number one Australian Jetset Travel franchise in Perth. John's example and the experience I gained in that short time transformed my approach to business. John set clear standards and firm benchmarks for the agency's travel sales. His salespeople

N4W

literally sacked clients who did not conform to the standards of the agency and the way it worked. The franchise was built on repeat and referral business—an unending flow of it—through high levels of service and product knowledge and top-line results. As well as being trained to provide an exceptional service, staff were equipped to stand unwaveringly on the principle of value and to avoid being sidetracked into discounting prices. Consequently, the staff enjoyed excellent, friendly relationships with the clients they chose. This was good for morale and good for business. Staff shared the benefits through being well paid and given frequent opportunity to travel. One of the important flow-on advantages was an excellent staff retention rate.

John's business served as the inspiration for my commitment to a sales process in which you stand by what your service or product is worth. I took this back to my own travel agency in Victoria. We applied the pillars of negotiating for what it's worth. In effect, *we stopped negotiating*. It was no coincidence that just a few years later we became Victoria's number one Jetset franchise.

You will hear plenty of talk in the real estate industry and find plenty to read on the bookshelves about negotiating for win/win outcomes and how to avoid the traps that lead to a win/lose situation. But there are very few dynamic thinkers and strategists putting their minds to the most fundamental questions around maximising property sales results and seeking to convert would-be

salespeople or practitioners to a more dynamic method. The general thinking is that negotiation skills are honed with experience. Industry regulators and licensing authorities don't insist on proof of effective negotiation as a pre-requisite. Therefore, it is not to be found in the training courses. The industry itself has no in-house training programs focusing on negotiation and it is not a particular priority of the peak industry organizations.

Books on negotiation are crammed between titles that extol the benefits of building self-confidence and sure-fire ways of making a million by age 25 (mainly by selling books like those to people aged under 25 and to over 25s who have missed the boat). Many of the industry-related titles that are available, however, tend to be aimed at achieving consistent improvement in sales performance at the margin—that is, by negotiating up from the bottom of the estimated price range. Other works in this category deal with the pitfalls awaiting sellers who may find themselves on the wrong end of the negotiating process, and there are many of these. Still others offer little more than the much-revisited notion that confidence is the key to successful negotiation in any circumstance of life. The approaches they set out are brash and have little to do with developing a high level of negotiating skill that can be applied deliberately and with very appreciable effect to every sale and every manoeuvre that requires negotiation. Very few examine negotiation with the objective of defining it as a professional standard that has its foundations in psychology.

N4W

I find it amazing this critical area in real estate sales has been so comprehensively overlooked. That is why I have penned this book. There is clearly a need for it as an information and training resource for the industry and to serve as an instructional guide for owners selling properties.

The book is especially relevant for real estate companies, salespeople and property sellers, but obviously also applies throughout the sales profession and in other business dealings. Primarily, it provides an insight into how to avoid the need to compromise the value you are representing to conclude a transaction.

Readers will also learn how to detect instinctively the motives and tactics of the other party to the negotiation. They will be shown how to reinforce their position with dialogue that will stand them in excellent stead even against the most skilled negotiators.

I have begun by setting out the present training and licensing requirements and the industry's general mode of practice as the basis for a compelling case for a new standard—N4W—to achieve improvement in performance and outcomes. The current standard is based on the traditional, ingrained win/win or win/lose scenarios. However, it will become clear that the first of these approaches makes allowance for compromise and the other is a losing bet. These are not the strategies of successful, but of untrained, negotiators. The majority of companies and salespeople in real estate underestimate the value of investing resources and

effort in training in negotiation. I will demonstrate beyond question that such investment is essential, using helpful case studies in real estate and a number of other situations to support my contention.

Skill is the missing success factor. N4W is built around high-level skills designed to cultivate an approach in which the salesperson avoids any negotiation that discounts value. The reasoning is that salespeople are employed to maximize outcomes. I am arguing that in fact we need to stop negotiating because once the price is open to negotiation, the game shifts to discovering the lowest price. With N4W, the emphasis is squarely on service and value and the motivation of the buyer.

We will examine how N4W works and illustrate how it can easily be applied to your practice. And when you get an idea of the benefits, it will become your path of preference.

Three fundamental principles underpin N4W:

- ★ How to derail expectations that sales are subject to discount or compromise;
- ★ How to establish you are not in a position of need and therefore must make the sale at any cost, yet in the process maintaining the faith of the customer; and
- ★ How to table pain, as I describe it, or how to make it clear to the purchaser what they stand to lose by not proceeding with the agreement.

N4W

All three pillars of N4W are explained in detail, and supported with anecdotal illustrations and practical guidelines to help readers develop and apply the necessary skills.

Finally, I am not suggesting readers should cast off the tested principles of negotiating practice. But I do assert that best practice is one more step ahead.

True to the principles of N4W, let me begin by practising what I preach. Take or leave what I have set out. Feel free to reject any concept or insight you are about to discover. Actually, feel free to say no to the entire concept of negotiating for what it's worth ...