

Negotiations: The Importance of Staying Focused on the Deal

Far too often during the negotiating process, the negotiators lose sight of the deal and try to “win” at any cost, often resulting in a complete breakdown of the deal. A successful negotiation occurs when all parties are satisfied with the outcome - nothing more, nothing less.

Before negotiating a deal, it is critically important to know:

1. What you want
2. What you are likely to get
3. What the other side likely expects

In essence, you need to consider what will work for everyone involved.

With out analyzing these factors, it is impossible to successfully negotiate.

Once a contract has been signed, there is almost always a measure of doubt about the deal on both sides, otherwise know as buyer’s or seller’s “remorse.” If the deal is closed within the parameters defined before the contract is signed, both parties will move past this stage quickly and ultimately be satisfied.

When negotiations sour or abruptly end, generally there is a small difference in what the parties are asking, yet no one will concede. In these cases, the parties involved have lost sight of the ultimate objective and want to “win” at any cost.

Take, for example, a recent deal worth \$1.5 million. After some negotiations, there was only a \$10,000 difference between what the buyer and seller were asking. Neither party would concede. It was up to the buyer to concede if they wanted the property. A back up contract was accepted immediately upon the end of the inspection period and the buyer lost the property, because of focusing on “winning” rather than negotiating.

The buyer tried to sue and learned early in the game that it would be a waste of time because the contract was written properly – a subject for another article.

The next time you are about to enter into contract negotiations remember this: Define your parameters early in the game and stay focused on them. If you follow this method you will always negotiate successfully.

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