IOWA MASTER BUILDERS

presents

“SECRETS of POWER NEGOTIATING”

WITH

ROGER DAWSON

FOUNDER, THE POWER NEGOTIATING INSTITUTE
1045 EAST ROAD, LA HABRA HEIGHTS, CA 90631. USA.
800 932-9766 • Fax 562-697-1397 • RogDawson@aol.com • http://rdawson.com

FOUNDER, THE POWER NEGOTIATING INSTITUTE
“Roger Dawson’s Secrets of Power Negotiating”

Negotiating is not a specialized art for crisis situations. We are all negotiating, all the time. We do it in our personal lives, in our social lives, and especially in our business lives. In today’s competitive business climate, your ability to negotiate well could be the key to your success. Nothing affects the bottom line of your company, or your personal income, more than good negotiating skills. You can’t make money faster than you can when you’re negotiating well!

Roger Dawson is one of the country’s top experts in the art of negotiating. Success Magazine calls him “America’s premier business negotiator.”

Publications
His cassette program “Secrets of Power Negotiating” has passed the twenty-eight million dollar sales mark, and is the largest selling program in the history of business cassette publishing. Nightingale-Conant in Chicago has also published five other audio programs and three video programs.

Roger has had eight books published by major publishers. Six are still in print:

- **Secrets of Power Negotiating Revised Edition**
  - Career Press 1999
- **Secrets of Power Persuasion**
  - Prentice-Hall 1991
- **The Confident Decision Maker**
  - William Morrow 1992
- **13 Secrets of Power Performance**
  - Prentice-Hall 1993
- **Secrets of Power Negotiating for Salespeople**
  - Career Press 1999
- **Secrets of Power Persuasion for Salespeople**
  - Career Press 2002
- **The Weekend Millionaire Series of Four Books**

His books have been translated into Spanish, French, Portuguese, Turkish, Finnish, Hungarian, Polish, Russian, Japanese, and Mandarin. Four have been main selections of major book clubs.

Biography
Roger was born in England and came to this country in 1962. His business background includes being president of one of California’s largest real estate companies, with 28 offices, five hundred and forty sales associates, and a volume of over $400 million dollars per year.

As a full time speaker since 1982, he has trained managers and salespeople at the top companies and business associations throughout the United States, Canada, Europe, and Australia. He was inducted into the Speaker Hall of Fame in 1991.

Seminar Objective
You will leave this seminar with the knowledge and skills that you need to become a better negotiator. If you take careful notes, this workbook will become a valuable resource for you in the years ahead.

Welcome to the world of Power Negotiators!
MODULE ONE
BEGINNING NEGOTIATING GAMBITS

“Gambit is a chess term meaning any maneuver for advantage. We gain power in the negotiating process by learning the rules of the game, how and when to apply them, and how to recognize and defend against them when they are used against us.”

NEVER JUMP AT THE FIRST OFFER
If you say yes to the first offer, first they’ll think they could

have _______ ___________, then they’ll think __________________ must be ___________.

ASK FOR MORE THAN YOU EXPECT TO GET
Don’t ask only what you think you might get! Asking for more than you expect to get, creates a ____________ where the other person feels that they _______.

BRACKETING
Your initial proposal should be an equal distance on the other side of your objective as their initial proposal.
They’re asking $20,000. You want to buy it for $18,000. You should offer $________.

FLINCHING
A large share of the what people ______ comes for what they ______ , not what they ________.

AVOID CONFRONTATIONAL NEGOTIATION
Arguing always intensifies peoples desire to prove themselves 
__________. It creates a ___________________________ negotiation.

RELUCTANT BUYER/RELUCTANT SELLER
“I really appreciate all the time you’ve taken. Just to be fair to you, what is the ______________ price you would take?”

THE VISE
“I’m sorry, you’ll have to ___ ____________ than that.”
Counter Gambit: “Exactly how much ______________ than that do I have to do?”
TEST FOR MODULE ONE—BEGINNING NEGOTIATING GAMBITS

1) Spending a lot of time with someone who is trying
to sell you something is part of:
   a) Reluctant Buyer  b) Bracketing  c) Flinching  d) The Vise

2) Feel, Felt, Found is an aspect of:
   a) Flinching  b) Never Jump at the First Offer  c) Reluctant Buyer  
   d) Avoiding Confrontation

3) People Believe more what they hear than what they see.  True / False

4) “How much better than that do I have to do?” is the Counter Gambit to:
   a) Bracketing  b) Flinching  c) The Vise  d) Never Argue

5) If you Jump at the First Offer people will always: (circle two)
   a) Think they could have done better.
   b) Resort to Higher Authority.
   c) Respond with a Flinch.
   d) Feel that something is wrong.

6) Children are naturally brilliant negotiators because:
   a) They always ask for more than they expect to get.
   b) They study negotiating in school.
   c) They negotiated for everything they have.
   d) All of the above.
MODULE TWO

PERSONAL POWER

“How intimidated are you by the other side, whether it is your boss, a key employee, a customer or your spouse! In negotiating parlance—who blinks first. By understanding and overcoming this problem, we learn to build self confidence and control”

THE EIGHT FACTORS THAT CAUSE YOU TO BLINK FIRST

LEGITIMATE POWER

REWARD POWER

COERCIVE POWER

REVERENT POWER

CHARISMATIC POWER

EXPERTISE POWER

SITUATION POWER

INFORMATION POWER

POWER IS SUBJECTIVE!
## TEST FOR MODULE TWO—PERSONAL POWER

Rate yourself on a scale of one to ten as you think other people see you in each of these areas. One is very low, ten is very high.

<table>
<thead>
<tr>
<th>Category</th>
<th>Score</th>
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<tbody>
<tr>
<td>Legitimate</td>
<td></td>
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<tr>
<td>Charismatic</td>
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<td>Reward</td>
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<td>Expertise</td>
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<td>Coercive</td>
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<td>Situation</td>
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<td>Reverent</td>
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<tr>
<td>Information</td>
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</tbody>
</table>

**Total Score**  

**Results:**

- **70 - 80**  
  You may be too _________ for some people.

- **60 - 69**  
  Good. You have _________ but still have _________.

- **Below 59**  
  Look for things that could _________ your score in the _________ categories.

**List your two lowest scores, and indicate what you could do to improve them:**

<table>
<thead>
<tr>
<th>Score</th>
<th>Action Plan</th>
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## MODULE THREE  
**MIDDLE NEGOTIATING GAMBITS**

“*You’ve played the game well with some brilliant opening moves. Now, as the process continues, we keep it moving towards our win-win solution with the middle moves of the game.*”

### HIGHER AUTHORITY

Never let the other side know you can ________ a ________________.

Counter Gambits:  
   a) ______________________________  
   b) ______________________________  
   c) ______________________________

### SPLITTING THE DIFFERENCE

Never __________ to split the difference, __________ the other side to do so.

### THE PRINCIPLE OF DECLINING VALUES

The value of ________________ always appears to go down ________________ after those services have been performed.

### THE HOT POTATO

Whenever the other side tries to give you their problem, you must ________ for ________________ right away.

### HOW TO HANDLE AN IMPASSE

“Let’s just _____ that _________ for a moment, and take a ________ at some of the other issues involved.”

### HOW TO HANDLE A DEADLOCK

The __________ party must be perceived as ____________ by both sides.

### TRADING OFF

Gives you these three possible benefits:
TEST ON MODULE THREE—MIDDLE NEGOTIATING GAMBITs

1) Testing for validity is the counter Gambit to:
   a) Hot Potato   b) Impasse   c) Nibbling   d) Higher Authority

2) Appealing to their ego is a Counter Gambit to:
   a) Hot Potato   b) Impasse   c) Nibbling   d) Higher Authority

3) Bringing in a Third Party to help in negotiations is a response to:
   a) Impasse   b) Declining Values   c) Deadlock   d) Splitting the Difference

4) Setting aside a major issue enables you to:
   a) Gain time   b) Break a deadlock   c) Gain momentum   d) All of these.

5) Elevating the value of a concession is part of:
   a) Trading Off   b) Splitting the Difference   c) Higher Authority   d) Declining Values

6) When under pressure from the other side to make a decision, offer to:
   a) Split the Difference   b) Trade Off   c) Make a Decision on the spot   d) Refer to Higher Authority
MODULE FOUR  THE THREE STAGES OF EVERY NEGOTIATION

“Whether you’re dealing with the demands of a child, an angry spouse, a complaining customer or a reluctant client, learn the three stages. Always going through them will make you a more polished negotiator.”

STAGE ONE—ESTABLISH CRITERIA (INITIAL POSITIONS)

Don’t make any ______________________ to the other side, until you’ve got them to tell you what it is they _______ ____ ____.

STAGE TWO—SEEK INFORMATION

There may be another problem that they didn’t tell you about up front. Very often, what they told you they were angry about is not the real problem.

STAGE THREE—REACH FOR COMPROMISE

“What can I give them that won’t take away from my position?”

When you give people what they want, they’ll give you what you want.
1) When faced with an angry person, you should first try to find out what they want you to do. T / F

2) Asking a terrorist what they want is a bad idea because it communicates that you’re weak. T / F

3) State your position first so they know you’re to be taken seriously. T / F

4) The second stage of any negotiation is to gather information T / F

5) In a crisis negotiation, the side with the most negotiators will win. T / F

6) Don’t reveal your opening position until you’ve found out all you can about the other side. T / F
MODULE FIVE  ENDING NEGOTIATING GAMBITs

“And now the end is near...but sometimes the negotiation is lost on the one yard line. These are the Gambits that one uses to wrap up a successful negotiation.”

GOOD GUY, BAD GUY

It’s a real temptation to think the ________ ________ is on your side, when he’s not.

Three possible Counter Gambits:  

a) ______________________________

b) ______________________________

c) ______________________________

NIBBLING

The mind always works to ________________ decisions that it has just made.

Counter Gambit: Gently make them feel ________.

ARE YOU PREPARED TO WALK AWAY?

It’s the number one ________________ point in any negotiation.

In a serious situation, protect yourself with ________ _____/______ ______.

FORCING A DECISION

Negotiations can ________________ because of the way we make concessions.

Note the pattern of concessions that you make: ________________________________

POSITIONING FOR EASY ACCEPTANCE

We make them feel ________ about giving into us with a _________ concession made just at the ________ ____________.
TEST FOR MODULE FIVE—ENDING NEGOTIATING GAMBITS

1) When negotiating with the General Cedras in Haiti, Colin Powell was the Bad Guy, and Jimmy Carter the Good Guy.  T / F

2) If you walk away from the negotiations, it shows you’re weak.  T / F

3) Never congratulate the other person, it makes it harder to negotiate in the future.  T / F

4) If they’re using Good Guy, Bad Guy, don’t let them know you realize it.  T / F

5) Your first concession should be a small one, so you can test the waters.  T / F

6) If you plan to walk away from a large transaction, protect yourself with Good Guy, Bad Guy.  T / F
“It’s essential to understand your particular personality style, and that it may not match the style of the people with whom you negotiate.”

**THE ANALYTICAL**  
**THE AMIABLE**

**THE PRAGMATIC**  
**THE EXTROVERT**

**Comments:** Your personality style can be extreme, in which case you will be way out in the corner of the chart, or more moderate in which case you will be closer to the center. You can be two styles that are side by side, but not two that are in opposite corners. You will find that you will be predominately either emotional or assertive.

For example: you are predominately emotional, you may be assertive in your business life (an extrovert) and less assertive in your personal life (an amiable)—or vice-versa.

If you are predominately assertive, you may be unemotional in your business life (a pragmatic) and more emotional in your person life (an extrovert)—or vice-versa.
“Personality styles give us our negotiating style also. When you can identify and understand the other person’s personality style, you will be able to anticipate and deal with their negotiating style.”
“There are some underlying rules that apply to every negotiation and affect the outcome. Make these principles second nature to you.”

**FIRST FIND OUT WHAT THE OTHER PERSON WANTS TO DO**  
You are at a serious disadvantage if they can get you to commit before they have to.

**READ ALL OF THE CONTRACT EVERY TIME**  
In this age of computer generated contracts, you may not realize that something else has been changed.

**BE THE ONE WHO WRITES THE CONTRACT**  
A major benefit goes to the side that creates the contract, because they can write small things to their advantage, forcing you to negotiate changes when it’s time to sign.

**DUMB IS SMART**  
Be careful that you’re not coming across a sharp, slick, sophisticated negotiator.

**NEVER CHANGE YOUR OFFER**  
Except in response to a specific counter offer, preferably in writing.

**WATCH CAREFULLY FOR CHANGES IN BODY LANGUAGE**  
It’s not how they’re sitting that matters, it’s how they change the way they’re sitting.

**LOOK OUT FOR FUNNY MONEY**  
By all means, break it down to the ridiculous when you’re selling, but be careful that you’re not falling for it when you’re buying.

**THE POWER OF THE WRITTEN WORD**  
People believe what they see in writing that they won’t believe when they just hear it. Even referring to the written word over the telephone gives you credibility.

**KEEP YOUR EYE ON THE BALL**  
Former Secretary of State Warren Christopher says, “It’s okay to get upset with people in a negotiation, as long as you’re in control and you’re doing it as a specific negotiating technique. It’s when you get upset and lose control that you always lose in a negotiation.”

**FOR ADDITIONAL STUDY, AND TO KEEP YOUR SKILLS FRESH, WE SUGGEST THE SIX CASSETTE, STUDIO RECORDED ALBUM “SECRETS OF POWER NEGOTIATING”, PUBLISHED BY NIGHTINGALE-CONANT COMPANY, CHICAGO. PRICED AT $65, PLUS TAX AND SHIPPING, THE TAPES ARE AVAILABLE BY CALLING THE POWER NEGOTIATING INSTITUTE AT (800) 9DAWSON.**

**ROGER’S BOOKS ARE ALSO AVAILABLE IN BOOKSTORES, AND ARE BEING CARRIED NATIONWIDE BY BARNES AND NOBLE AND WALDENBOOKS.**
GAMBITs QUIZ

based on “Secrets of Power Negotiating” by Roger Dawson.

The following quiz is based on the gambits of Power Negotiating. At the end, you’ll find the answers, along with the explanation for the answer.

Let’s examine some situations that you might come across and see if you can choose the correct gambit! If neither “A” or “B” is the right way to go, list the appropriate gambit under “C.” Answers are on the last page.

1) You sell office equipment and your company expects you to sell extended service warranties. You think that you can close a big sale but the buyer is refusing to buy the extended service warranty. Should you:

A) Give in because it’s not that big a deal?

B) Tell him that you believe so strongly that he needs the extra protection that you won’t sell the equipment to him without it. Walk out, and hope he’ll call you back?

Or C) __________________________________________ ?

2) You sell machinery and are feeling good because you’ve just made a large sale to a manufacturer. You thought everything was agreed to, but just as he is on the telephone, calling for a purchase order, he puts his hand over the mouthpiece and says, “You will give us 60 days to pay on this won’t you? Your competitor will. You should:

A) Believe that he’s going to back down on this issue, and tell him that your company has never given more than 30 days?

B) Give in to him, because it’s lunchtime and you don’t want to have to spend another hour renegotiating with him?

Or C) __________________________________________ ?

3) You’re negotiating to acquire another company in your area. Your assistant has prepared a list of thirty possible demands to place in your initial proposal. You categorize 15 of them as essential to get, 10 as desirable, and 5 as so demanding that, if you were they, you wouldn’t give them any consideration at all. You should:

A) Make all thirty demands, and tell them to take it or leave it. This will let them know you’re not going to be a pushover in the negotiations?

B) Delete the 5 demands that you wouldn’t accept, because there’s no point in antagonizing them up front?

Or C) __________________________________________ ?

4) Your secretary is asking you to okay a requisition for a small item she needs for her office. She’s called the local office supply store and they’ve quoted $49.95. You’ve seen them advertised at $39.88 at the discount store across town. You should:

A) Tell her you’re not about to play fast and loose with the company till, and get her to drive over to the discount store on the way home?

B) Have her watch while you call the local store and negotiate the price down. Even if it takes half an hour, it’ll be a valuable lesson for her?
5) You’re shopping for a car and have found the ideal vehicle. The dealer is asking $18,000 and you balk. He says “what will you give me for it?” And you jokingly say “$14,000.” To your amazement, he says, “Sold!” You should:

A) Assume there’s something wrong, back off, and tell him you were just joking?

B) Jump at it before he realizes his mistake?

Or C) ________________________________________________?

6) You’re talking with a company that might place a huge order with you. However, they tell you although they’re convinced you have the finest service in the area, your price is far too high, and they can get a much better value elsewhere. You should:

A) Consider this business will definitely strengthen the competition if it goes to them. Cut the price to cost and kick in your annual bonus if you have to?

B) Tell them you’ve been in business for 14 years and have never had to cut prices. If they can’t perceive value versus cost that’s their problem, not yours?

Or C) ________________________________________________?

7) You’ve put out a proposal for new computer equipment. Several companies have made proposals at close to the price your board of directors has authorized you to spend, but the company you favor because of their reputation and their service backup, has come in at $85,000 — 15% below the others, and well below your maximum. Your initial response should be:

A) Jump at it! Why waste time negotiating?

B) Tell them the other bids were $15,000 higher, and ask them to explain why?

Or C) ________________________________________________?

8) You’ve made a proposal to a potentially big customer at 15% over what you hope to get. They tell you they like the proposal, but you’ll have to do better on the price. You should:

A) Tell them you’ll probably get fired if you don’t bring in an order soon, offer to kick in your annual bonus, and tell them if they’ll sign today you’ll come down 15%?

B) Come down 10%, but tell them that’s your rock bottom price?

Or C) ________________________________________________?

9) You’ve made an offer to purchase a new facility and asked the seller to carry back $100,000 of financing, at 8% interest rate. Their negotiator calls you up and says that his committee is balking at 8% and asks you to go to 10%. You should:

A) Offer to split the difference at 9%?

B) It sounds as though they’re really interested, so take a chance and hold out for 8%?
10) You’re selling some surplus computer equipment. Before you started the negotiations you got the other negotiator to commit that he could make a decision, but after reviewing your proposal of $17,500, he tells you he’ll have to take it to his board of directors. He explains they’ve only authorized him to go to $15,000. Anything above that needs their approval. You should:

A) Accept the $15,000 while you have the chance, because a bird in the hand is always worth two in the bush?

B) Tell him that the chairman of his board is a member of your golf club, and you’ll just take it up directly with him?

Or C)____________________? (Name the gambit being used, and list below the three counter gambits to this.)

Step one  _____________________________________________________

Step two  _____________________________________________________

Step three _______  ________________________________________________

11) You’re getting ready to ship a large order to a major customer who is ordering from you for the first time. They paid a fair price and it looks as though they will become a big customer. Now they’ve called you to explain they have a crisis and need you to ship air freight and ask you to absorb the extra cost, which will be over $3000. In the past, you’ve occasionally done this for other large accounts. You should:

A) Tell them you’d be happy to, rather than risk rocking the boat with a new customer?

B) If they’re in a crisis, they don’t have many options do they? Hold firm, and tell them they must pay the extra freight?

Or C)______________________________________________________________ ?

12) You’re negotiating the purchase of a small additional warehouse. The property appraised for $740,000, which seems fair. Your offer to buy includes the seller carrying back $150,000 of financing, along with 23 other conditions of purchase. Your offer is for $640,000. Because of the complexity of the offer, you assume they’ll have to study it for several days, but the seller glances at it and tosses it back to you, saying “We want cash for our equity. If you want us to carry back paper, forget it!” You should:

A) Immediately come up $20,000, to see if that gets them interested?

B) Tell them your company can handle all cash, but they’ll have to come down to $600,000?

Or C)______________________________________________________________ ?

13) Two weeks later, the sellers of the warehouse look as though they’ll accept $680,000, and have agreed to carry back $50,000. But it’s essential to you they carry back at least $100,000. Now it’s hopelessly deadlocked, and it looks as though it’s all going to fall apart. You should:

A) Forget the whole idea?

B) Tell them your board of directors has instructed you to walk away, and see if this threat brings them into line?

Or C)________________________________________________________________, ?
14) You can get a big order from a company that has been buying from your competition for the last 14 years. But you have to deliver a large private label order in 30 days, which you know is virtually impossible for you, and anyone else in the industry. You should:

A) You can solve a great deal of problems with a little inaccuracy. Tell them you can deliver and trust your ability to stall them when you’re late with the shipment?

B) Take the order and hope you can persuade your production vice president to divert shipments from other customers in order to fill this one. You have nothing to lose, and everything to gain?

Or C)______________________________________________________________?

15) You’re a company president and you’ve been negotiating with two brothers who have been threatening to sue you over an unfortunate incident between two of your salespeople and their sister, who’s a nun. One of them got angry in the middle of negotiations and seems to be favor of completely withdrawing. The other one seems much more reasonable, and appears eager to patch up the problem. You should:

A) Get the reasonable one aside and see if he’ll help you to work things out?

B) Call security and have the clowns thrown out?

Or C)______________________? (Name the gambit they’re using, and list below the three counter gambits you could use.)

Counter gambit one ______________________________________________________

Counter gambit two ______________________________________________________

Counter gambit three _____________________________________________________

16) You’ve almost completed a brilliant negotiation to acquire an ailing competitor. They initially demanded $10 million in cash, but aware of their desperate situation, you held your ground and they are close to accepting $3 million in stock. But you can’t quite bring them to the signing stage. You should:

A) Drop your offer to $2.5 million. They’re wounded, and you’re the only chance they have to salvage anything?

B) Go for a written option to close at $3 million in stock at the end of ninety days. This will give them a chance to convince themselves there are no better solutions out there.

Or C)______________________________________________________________?
ANSWERS TO THE GAMBITS QUIZ:

1) You should Nibble for the extended service warranty after you have obtained his commitment to buy the equipment. After people have made a decision, they want to do things to reinforce their decision. Always make a second effort on things to which they wouldn’t agree earlier.

2) He’s Nibbling on you. Use the Counter Gambit, which is to gently make him feel cheap: “Oh come on, we worked out a super package for you here, don’t make us wait for your money too, fair enough?”

3) Make all thirty demands, but imply some flexibility. You should always ask for more than you expect to get.

4) Maintain perspective, and consider the time involved compared to the potential return. If you’re a $100,000 per year person, you can’t afford to spend much more than five minutes on a $10 negotiation. Tell her to do the best job she can negotiating with your current supplier, and move on to things that are more important.

5) Protect yourself with Higher Authority. “That sounds fine, but let me run it by my partners first, OK?”

6) Use Feel, Felt, Found to avoid a confrontational negotiation, and then reinforce the other things that are important other than price, such as service and delivery.

7) Never say yes to the first offer. Go through the process of negotiating anyway, in order to make them feel they won.

8) They’re using the Vise. Respond with the Counter Gambit—“Exactly how much better than that do I have to do?”

9) Never make a concession unless it’s in response to a specific counter proposal. Isolate the objection, and go to Higher Authority and Good Guy, Bad Guy: “If that’s the only thing that’s bothering you, let’s write up a counter proposal. I’ll take it to them and see what I can do for you with them.”

10) He’s using Resort to Higher Authority. The three Counter Gambits are: a) Appeal to his ego. b) Get his commitment he’ll recommend it to the Higher Authority. c) Go to a “qualified subject to” close.

11) They’re trying to give you their problem—the Hot Potato. Test for validity right away. Perhaps they can manage with a partial shipment being air freighted.

12) This is a classic Impasse. Don’t confuse it with a Deadlock. Set this issue aside, and come back to it later, after you’ve established momentum by finding agreement on little issues.

13) The only way to resolve a true Deadlock, is to bring in a third party who’s perceived as neutral by both parties.

14) They’re trying to give you a Hot Potato. Test for validity, perhaps they can live with a partial shipment within 30 days. Be sure to Gather Information — why are they changing suppliers — do they have a credit problem?

15) They’re using Good Guy, Bad Guy. The three possible Counter Gambits to this are: a) Let them know you understand what they’re doing. b) Go over their heads. c) Identify the Good Guy as a Bad Guy also.

16) Position for Easy Acceptance with a small concession. Perhaps you can let them keep the company car, or pay them as a consultant for a short time.