****GAMBITS

Gambits in chess are short sequences of moves designed to gain advantage. In chess, they always offer some kind of concession, such as the sacrifice of a pawn. Chess is such a well-researched game that most gambits are well known. The opponent probably sees through the gambit, but often there is a way to accept the concession and have a playable game. Other times, the best course, in chess, is to decline the concession, because the mere act of offering it carries some risk.

In negotiation, the situation is similar, but the opponent might not see through the gambit you offer. That's okay. It's not your job to over-educate them, and they'd probably be insulted if you tried.

Remember that, just as it is In chess, a gambit is only a small piece of the game. A typical negotiation process may involve scores or hundreds of gambits. These are the main ones to consider. Most of the rest are mere offshoots of these:

1. **Always request more than you expect to get**.

If you don't ask, the answer is "no."

Good Negotiators always make ridiculous first requests, and they try mightily not to be the first to offer (see below.)

With that said, you have a strong initial advantage over the bank’s Negotiator. You know your negotiating range and you know the bank’s negotiating range. Thus you know the Buy-Sale Range, and the bank doesn’t. So being first to offer is a concession you can make more safely than would be possible in other endeavors. Nevertheless, get the bank to offer first. Here is why:

Let's say that a home is up for a short sale. By definition, it is a distressed property. Distressed does not mean the windows are broken and there are bats in the attic. All short sale homes are distressed financially. Automatically, they are only worth from 56% to 85% of comparable homes up and down the street, which are not financially distressed.

If all the homes on a block are the same and are worth $500,000, but one is distressed, the bank will say that they want $510,000 for it. They hope they'll get it.

An inept Negotiator we have known would simply say, *"The bank wants $510k and they say they will get it on the open market, so what do you want me to do?"* Our answer was simply, *"Tell them that's ridiculous and they’ll Net $315,214 on the open market, even if they could sell for $510k after six months of paying interest, taxes, insurance, vandalism, realtor fees, closing costs, attorneys, etc. It's a distressed property and they will get $315,000 in foreclosure, so we'll offer them no more than $345,000 for it."*

We knew our highest possible price; say it was $415,000. Of course we weren’t going to offer that much. We had established a Buy-Sell Range of $345,000 to $415,000k at that point. That's a nice wide range for negotiation.

The top of the Buy-Sell Range is the most we will pay = $415,000

The bottom of the Buy-Sell Range is the least the bank will accept, and we know that number. That’s because we can offer them a profit of 345k - $315k = $30,000 to sell to us.

Occasionally, the bank will be so frightened of a scary property that they will accept our initial offer. If we offered $414k, they would accept it. If we offered $412k, they would accept that and we'd be $2,000 richer. If we offered $345k, they would accept that. They might even accept $325,000. So why toss some $90,000 into the trash? Why, indeed, if it means paying $90,000 to some of the very people who caused the nation's financial mess in the first place?

1. **Never agree to their first offer**.

The first offer is always wishful thinking. Even in the department store, it's wishful thinking. It is a myth that we always have to pay the offered price on a take-it-or-leave-it basis; even in the grocery store, it’s that way. We have a dear friend who routinely buys groceries for less than retail, rarely uses coupons, and only sometimes gets discontinued or less than fresh items. That's for another book.

GSA's premise is that if the bank accepts our first offer, we offered too much. In other words, we WANT a counter offer. Similarly, if the bank makes an offer, we MUST always counter-offer. The first offer is not really an offer. It is only a wish that lets the game of negotiation begin and sets one of the parameters.

If you accept the first offer, they will be inclined to offer more the next time.

It gets worse. They will realize that you were willing to pay more or accept less, and as the terms are negotiated, they will invariably use other gambits (such as the Nibble) to extract several other thousand dollars from your wallet. If they are unsuccessful, they will think of you as hard-nosed, difficult, even unethical, and may find ways to kill the deal. The next time around, and there probably will be a next time around, they will have taken notes and will remember.

What about making an offer that gets accepted the first time? You offered too much. Next time, you need to offer less. Now if that's so for you, it's also so for your opposite at the bank. If you accept their first offer, they will do the same. They offered to sell too low, and next time, they know to offer more.

This gets a little more complicated when we add the dimension of other investors like GSA. There are some, mostly one-person shops and Realtors seeking greater commissions, who will accept the bank's first offer, thus training the bank to go higher and higher with initial offers. It's an unfortunate circumstance for all investors, but the counter is simple. Learn the fine and true tactics and strategies of negotiation, and teach them to peers in the business.

1. **Flinch at all proposals**.

When you are face to face, the flinch is mostly a facial expression of moderate pain. Don’t overdo it like this guy did, but you get the idea. When you are in a phone conversation, you can say *"Ouch,"* to the same effect, as if you had stubbed your toe.

One famous Negotiator always responded to first offers by saying, “That’s ridiculous.” Of course, it always is ridiculous, by definition. First offers are nothing more than wishful thinking. His first offer is mere wishful thinking too. The point is that you need to let the other person know that you identify his offer as wishful thinking, without explicitly saying so. The Flinch is more powerful than always saying, *“That’s ridiculous.”*

Cory Boatright, a short sale friend of mine in Oklahoma says, *“Well, I’d like a pony for Christmas, too.”* Not bad, Cory. Very good indeed.

At the time of the proposal, each side has a private negotiation range. The reason to make a proposal is to figure out something about the other side's negotiation range, because they will not tell you otherwise. If they have a range of $300,000 to $400,000 and you offer $300,000, you can expect them either to flinch or not to flinch. If you offered $200,000, they would flinch. However, if they don't flinch at $300,000, you can reasonably presume that $300,000 is acceptable to them, and immediately, you have gained their entire negotiation range of $100,000.

Put the shoe on the other foot, so to speak. If your range is that same $300k - $400k = $100k, and they offer $350k, you should flinch. You could shout *"Sold,"* but instead, you must flinch. Your negotiation job is not over. It is merely beginning. Flinching tells the other side, via body language, that your range tops out Below $350k. It has the effect of resetting their top number to $350k or less, where it used to be higher. You just Made a lot of money.

If you don't flinch, however, it has the effect of resetting your Bottom number to $350k or more, and you just Lost a lot of money.

How much? Well, about $50,000 in each case. That amount will buy a used Rolls Royce.

The "flinch" is that powerful.

Use it every time. It can take the form of a disappointed look, a pained look, an exclamation *"That's ridiculous,"* a sharp intake of breath, an outbreak of coughing followed by an apology for coughing, an exasperated exclamation of the person's name (Cathy!), a question, *"Excuse me?"* or many others. Just think of something ridiculous and notice your natural reaction. Use that. When the other side makes an offer, automatically think *"That's absurd."* and let the other side see your reaction to the patent absurdity.

Lest you think the above is unethical in any way, remember four things, please. (1) The other side will never make an offer that is not to their benefit. (2) An offer is not an agreement; it is only a probe. (3) The purpose of negotiation is to find common ground, working toward an agreement. (4) The other side is trying to lighten your pocketbook, to take as much of your or our money as they can.

1. **Avoid confrontations**.

C:\Users\david\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.IE5\MRZ0TD98\MC900070887[1].wmfMost lawyers can’t do this, easily. By nature, smart, confrontational people enter law school, and law school teaches confrontation -- how to deal with it and how to perpetrate it. Lawyers make poor Negotiators for this reason.

Note though, that Lawyers do practice the art of congratulating their opponents on the courthouse steps or at the bar afterward. See “Congratulate your opponent” for why that is important.

Since negotiation seems so confrontational, why would I ask you to avoid confrontations? It’s because enemies rarely agree. Make a friend if you can, or at least gain respect of each other. Then you can agree more readily.

When you are in a confrontation, ego gets involved. Then, the person has to "save face" by winning, and they will negotiate harder. The harder they negotiate, the more they make your task tougher.

Defuse confrontations before they even become warm. Smile or joke when you feel the heat. Divert or postpone. Back down and apologize, only to return to the topic later when there is less stress.

A good policy is to change course and discuss another topic. The most famous, and most successful tactic for doing that is the "Feel, Felt, Found" tactic, I believe coined by Glenn Bland.

You use those three words in that order.

*"I know how you feel"* or *"I see how you feel"* or *“I hear that,”* or "*I see you feel strongly about that."*

Follow this by,

*"I'm sure others have felt that way"* or *"I've felt that way"* as appropriate.

Follow this by,

*"But, you know, I found..."* or *"Research by my attorneys have found...*" or something appropriate.

(By the way, ‘You know’ is called a legitimizer. It lends credence to what you say because it implies that they are agreeing with you.)

You can then segway into something like, *"Maybe I need to get some more information on that," or "I'd like to research that a bit,"* or *"Maybe we can table that topic until next time (tomorrow, next week) and come back to it when I know more,"* or *"I'd like to take that to my board,"* or something similar.

Do make a note to return to that topic. If you just let it lie, it will fester and become a boil later, when you don't want it to return. Your opposite person felt strongly about it, or there would have been no heat. You must remove ego. You must come back better prepared. You must give them a chance to cool down and consult their experts on the topic.

1. **Only agree reluctantly**.

Agree, of course, at the appropriate time, but never agree wholeheartedly. Always agree reluctantly.

The reason is that an enthusiastic agreement conveys that you would have given up more ground than you gave. The other side will probably try to get that ground too. If you are reluctant, then they may decide that they would only be risking the deal if they asked for more. After all, you are reluctant to deal, and you might be thinking of backing out anyhow.

This timeless principle applies equally to selling and to buying.

Recently, I told a Realtor in 100% honesty that her client, at $340,000 was not the highest offer, but that we had verbal offers quite a b it higher. Her client had not submitted a formal offer, and I wanted an offer. We still would accept her client's offer at $340,000 if presented, but if the other offer came in higher, we would probably accept it instead. If we accepted her $340k offer, we would only use the higher one as a backup and would commit to her client. I never lie during negotiation. Banks and Realtors do lie, because other companies like ours lie as well, but GSA doesn't. We'll see how it works for that Realtor’s client.

1. **Use a Vise**.

C:\Users\david\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.IE5\XFPGMR7N\MC900056353[1].wmfA vise squeezes things. It applies pressure. In negotiation, banks use the vise all the time, in the form of looming foreclosure dates. Time is an excellent vise. We have to contend with approval expiration dates, move-in and move-out dates, contract expirations, and the like.

You can squeeze back. There is no reason not to do that. In integrity, don't invent vises, but it's fine to use the ones you have.

* **Time Pressure**: *"My Property Review Panel instructed me that they will run out of patience in ten days. It's possible for me to get you an extension, John, but there's no guarantee in this business.”* Note that banks are Not used to that kind of treatment. They are used to closing files. Be sure you are willing to let that closure happen, or you will be negotiating from a weak position, and the other side will sense it.

The person under the greatest time pressure is probably going to concede the most.

You can remove yourself from time pressure. Get an extension from the bank or from GSA. Close the file and reopen it. **Do not recommend to the seller that they file bankruptcy**, because that is illegal: practicing law without a license. However, filing a bankruptcy will delay matters from 14-30 days in most jurisdictions. It has important legal and financial consequences, and you don’t want to advise in those areas, ever. However, any U.S. citizen has the inalienable right to go to the court house, pay a small fee, and file for bankruptcy – without services of an attorney. Do not recommend bankruptcy.

* **Money**: *“I’m sure you realize my people don’t have unlimited funds, and that they’re considering several properties. I really want to act fast to secure this property, because you and I have put a lot of work on it, but they’re asking me to spend more time on Tiburcio which, frankly, will be a better deal for them.”*
* **Values**: *“John, You’re in Dallas/Ft. Worth.”* (Earlier, you should have asked, conversationally, or noted his phone number prefix.) *“I don’t know what property values are doing there as well as you do. Here in San Diego, they’re dropping. I think your bosses at Bank of America will be pleased if you to get rid of this home before values drop any more around here.”*

You can use their own vise to squeeze them, especially for extensions. *"My buyers can close for all cash in one business day. All they have to do is wire their cash to escrow, but it's after 2pm today, and that's their bank's wire cutoff time. But we're looking at a trustee sale in a week, and while we can get everything together in time, the question is, can you. Probably not, so how extending the trustee sale date. How much time do you know you will need, without having to go back for another extensions? Sixty days? Wow. I think I can get them to delay that long for you. I hope property values don't drop any further."*

You can also squeeze proactively, especially for extensions. See the paragraph just above. Or, you can send them an offer that has a 30 day expiration, and at day 20 remind them of its expiration. They are not used to that, so don't just use it as a matter of course. Use it in order to get something from the bank, such as an extension where you can get your people to commit if the bank will commit, to getting everything done by a certain date. This might be a good tactic to use when GSA has an end-buyer in place.

1. **Never claim to have decision authority**.

This is a surprising and interesting topic, because as a GSA Loss Mitigation Specialist, you have a huge amount of decision authority. We want you to have all of the authority you need. However, don't claim it during negotiation. Just don't admit that you have it. Claiming that you have the authority to decide, weakens your position.

Think of it the other way. When you talk to a bank's Negotiator, or to a car salesman, or to any experienced Negotiator, they always claim that they have to get some kind of final approval. Whether or not that is the truth, is not important. The tactic lets them get you to agree, and allows them a way to say, *"Oh, I'm so sorry, but the investor won't approve any price that low."* In other words, you have agreed, you thought they agreed, and they reneged on the deal to squeeze more money out of you.

So what can you do? Walk? That's not negotiation; it's not capitulation either; it's failure. Failing is only a matter of falling and NOT getting up. Failure is only a matter of not trying any more.

You can threaten to walk. That's negotiation. It's more powerful to say your buyer is threatening to walk because the bank negotiated in bad faith. That's negotiation.

So, what can you do? You can become a reluctant buyer. Better still, you can appeal to your own higher authority.

You can't just invent higher authority, although that's what other companies would have you do. The bank Negotiator’s higher authority might be his peer in the next cubical.

Instead, GSA has reserved the right to offer, walk away, sell, set terms, etc., to the Board of Directors, which are Ted, Judy, David and Carol. These people, along with Regional Manager(s) and Loss Mitigator(s) comprise the Property Review Panel. The directors have final authority, and the others have strong advocacy and advisory roles.

Frankly, GSA would prefer for Negotiators to have full authority to negotiate and accept deals, but it is more powerful for Loss Mitigators not to have that authority. Not having such authority lets you say such things as,

*"Well, that's okay my friend. I have to submit it to our investors too. Don’t sweat it. I’ll pinch-hit for you."*

*"You know I'd love to go that high, but I just got the word that at that price, the investors will lose money, and we don't want that. How much better can you do?"* (See the Vise and the Higher Authority.)

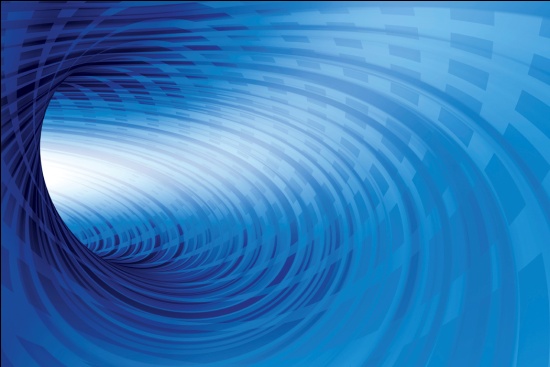
"*Beats me. I'm just a loss mit specialist around here. I'll have to ask the Review Panel."*

*"You and I both know our investors are pretty close by. How much better can yours do?"*

*"Between you and me, how far apart are the investors on this? Mine are only offering $340,000 but I can try to get them to come up if you want? So how much are you needing?”* **(Flinch)** *“Ouch. Well, I can try, but no promises. Now if you were to come down to $340k or thereabouts , I'll have a chance. I want to keep my job, after all."*

*"My friend, your desk probably looks like mine. I have lots of other deals to work on and you do too. My investors told me that I need to spend more time on productive files. What kind of last minute pricing can you offer to keep this alive?"*

1. **Remember the Declining Value of Favors and Concessions.**

The principle here is that when you do a favor or make a concession, always and immediately ask for something in return. You'll get more immediately than you will in a few hours, and as time passes, you'll get less and less. In fact, after a few weeks, your opposite will have forgotten all about your generosity, which will then be a freebie.

The other side of the table may say, *"Let's visit that another time."* Don't do it. You can remind them of the whole principle if necessary, that people forget how valuable a thing is, after the fact. They do acknowledge, don't they, that it's an important point? Then on the principle of reciprocity, it's only fair for them to give you something you want in return. Otherwise, it's almost like them stealing, or getting something for nothing at the store, and that's not good.

Now don’t accuse them of attempted theft. Instead, appeal to their sense of honor and fair-play. If you don’t think they have much of a sense of fair-play, convey your own sense of fair-play onto them.

Speak words about honor and fair-play, followed by a reiteration of what you gave, but in the form of an offer now, as if you're thinking of retracting it, and saying what you'd like in return.

*"John, I offered you another $4,000 for this property, and reluctantly I might add, so I'm paying you $4,000 a nice sum of money. My car isn't worth that much. I want $4,000 in value in return. Well, tell you what. I'll pay you that $4,000 but you must reciprocate by ... Otherwise, I'm going to have a very difficult morning when I go before the Review Panel tomorrow. Give me some ammunition. Please."*

The little word “Please” is more powerful than most people think. My dear wife wanted me to do some cleaning and I wanted to write another chapter of this book. She stopped me short with that simple word.

1. **Make them offer to split the difference.**

C:\Users\david\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.IE5\CK8NF031\MC900078809[1].wmfThe underlying principle on this topic is the same is making the other guy give the first offer. When someone offers to split the difference, they reset their version of the Buy-Sell Range. It does like this.

Say the Buy-Sell Range is now, $400,000 to $420,000. That is, they want to sell at $420,000 and you want to buy at $400,000. If they offer to split the difference, they just came down to $410,000. They conceded, gave you, $10,000. On the other hand, if you offer to split the difference, you just gave them $10,000, subsidizing the bank by another $10,000.

Now, there does come a time when you will want to meet someone half way, but get them to make that offer. Then the negotiation range has changed. In example above, it would be $400,000 to $410,000 instead of $410,000 to $420,000. That's a big difference.

Once someone has offered to split the difference, the other one does not have to agree. You can appeal to your higher authority, who can come back with any number of responses, such as:

*"Let's accept $410k."* (your target anyhow)

*"Offer the middle between $400k and $410k which is $405k."* (you made $5,000)

Tell them *“It's not good enough and they have to do better, because prices have fallen, a new Megan's Law offender moved in next door, a house got trashed across the street (whatever is true of course.) and here is a new appraisal."*

1. **Try the Puppy Dog approach.**

The last time you were at a pet store, or saw someone selling kittens outside the grocery store, you saw this one in action. You get to hold the small, cuddly, cute, friendly animal and let it climb on you and lick your face. All it wants is for you to love it. How can you even put it down, much less not take it home?

There are no cuddly animals involved with short sales, but there are plenty of ways to pull at the heart strings like that kitten does. You and GSA are trying to save a family. Moreover, you and GSA are on a quest to help save the nation, financially. The bank claims that it is trying to keep a family safe, and that they are trying hard to help the nation dig out of its financial woes too. So let the Negotiator take that idea home.

Get to talking about the Negotiator and family. Tell about yours. It won’t take long. Make notes. You might have an opening to tell the Negotiator about the child with a life-threatening disease that will be okay in about three months, that is, if you can help the seller move to a good place instead of having to live in their 1970 station wagon under a bridge at night. Okay, that’s probably an exaggeration, but there are some real hero stories out there, and even more stories of terror and horror.

1. **Handling Impasses, stalemates and deadlocks.**

C:\Users\david\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.IE5\XFPGMR7N\MC900070833[1].wmfThe Impasse, the Stalemate and the Deadlock are similar but of increasing difficulty. Here are some things to get past them, but the overriding factors are persistence and perseverance. Nearly any deadlock can be broken, usually to the great relief of both sides.

Sometimes there are several issues blocking progress, but one is primary. See if you can set that aside and work on the others, because success with them will let both sides see momentum and feel better about settling the big one.

There may be personality clashes. You might even have forced one into the picture so that person can be removed from our team, all as a part of a strategy. We then replace that person with another who can be more amiable to the process, getting around a stalemate or even a deadlock.

Deadlocks can be resolved, at times, through a change of scene or venue. The golf course, a meeting at Starbucks, personal meetings when only phone meetings have been used before, eliminating one of the team members, such as a Realtor who doesn't want GSA talking to a seller or the other Realtor, all of these creative tactics can change the venue and jump start progress all over again.

1. **Always Request a Trade-Off.**

C:\Users\david\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.IE5\MRZ0TD98\MC900090551[1].wmfAbove in the Value of Concessions area, I mentioned getting a trade-off for each concession, immediately. The power of this item merits its own topic. When you give a concession, simply ask for something in return. It's look when you buy a pair of shoes, you give money and ask for the shoes in return. Even when you give a tip, it's in response to good service, and you're conceding some money (make it 20% please) to the server, who needs it more than you do. It's common tit-for-tat.

So when you concede something, make a big deal of your concession (voice tone is important here) and ask for something back. You might concede money for time or time for money. When negotiating with a 2nd lien holder who wants more money, you can offer them money legally, if the 1st lien holder approves, but only if they will agree to settle the seller's debt fully, not just release it. Or, you might say you can try to get the seller to sign a promissory note of 10% in return for full settlement of all debts. You might offer a higher price for an extension. Think of what you want and have a list there for when you have to concede something. Get something in return.

Think of it this way. If you concede some time to the bank because they need to get an extension, ask for a few thousand off the price because your buyer needs some assurances that they will get this house on time after the extension. If the bank gives $2,000, well in a period of a minute, you just made $2,000. Not bad, just for asking. If you don't ask, don't expect the bank to offer you that $2,000. It's negotiation time, **not Christmas time.**

1. **Good guy / Bad guy.**

Oh, is this ever an old saw! It's classic, because it's so powerful. If you don't recognize how it works, view at least three TV detective shows, and you'll see it in operation about four times.

You as the Loss Mitigator can be the good guy, and you can cast me, or the board, or the RM or the buyer, or anyone, as the bad guy. We'll be happy to play the role; just clue us in.

Or, reverse rolls. Be the bad guy and ask me or someone else to be the good guy. We can do that too. Whatever works, works.

As the friendly, but okay firm, LM, you can joke and play around with your bank counterpart, talking about kids, roses or cats, to build rapport. Then you can even jointly complain a bit about your bosses, and possibly come to an agreement that your bosses will accept.

1. **Nibbling Away**

C:\Users\david\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.IE5\8YXGA8TI\MC900124097[1].wmfBuyers are famous for doing this. GSA has several defenses against end-buyers who want to get more and more in the way of concessions.

* 1. GSA sells as-is. It’s in the end buyer (BC) contract. GSA also buys as-is, but since GSA only nibbles away at the bank in defense, that doesn’t matter much.
  2. GSA offers low, “Or Best Offer” to the end buyers, and thus attracts several backup buyers. The selected buyer knows about the end buyers, as allowed by the SBSA which GSA always uses with end-buyers. The SBSA in paragraph 39 says that the attached offer may be shown to all other bidders, at seller option. Thus, the end buyer knows that if they try to nibble away at GSA’s profit, by demanding last-minute concessions, GSA can merely cancel and call the next buyer. Even return of the earnest money is made optional, but GSA returns it in that case, not wanting to cause ill will.

1. **Taper Off Your Concessions**

When you know you will have to make several concessions, make the largest ones first and the smallest ones last. Otherwise, you are sending a signal to the other side that you still have loads more to concede. On the other hand, if you start off with the big concessions and get down to the smallest, you are sending the opposite signal – that you’re done and they’d better close.

80% of all concessions are made during the last 20% of negotiations. While one might think that you should leave the details until later, that is invariably a mistake.

1. **Withdrawing the offer -- Walking out**

Preserve your right and ability to walk away from the deal. Everyone knows about this one, but the banks seem particularly prone to withdrawing their offers, especially by letting deals expire. They will reinstate readily, which tells you that they never did really withdraw. It was only a tactical move to scare you. It works too, but only if you let it. Don’t let it.

When you find yourself frightened, you are vulnerable. Banks want to deal too, so expect them to reinstate the file. If they won’t, they are the bad guys.

Recently, GSA was unable to prevent a trustee sale because the seller had gotten so many extensions and had pulled so many tricks on the bank that they decided he was just stringing them along to get free rent. After all, each month the bank has a home, they pay thousands in interest, insurance, taxes and the like. So the bank gave up on the seller and sold the home. They had to take it back as Real Estate Owned, because the debt greatly exceeded the home’s value.

The very next day, our agent approached the bank and tendered our offer to purchase it as Real Estate Owned (REO) and the bank was thrilled. If we can purchase it, we’ll make about the same profit. The seller had already shot himself in the foot and couldn’t stall foreclosure any longer. The bank lost their costs of foreclosure, paying the lawyers, court, etc. GSA, however, will have about the same profit, and a nice family will get about the same bargain. That buyer is already ready and all we need today is for the bank to finish their paperwork. So when the bank withdraws an offer, it’s not the end of the world for us.

1. **Position for easy acceptance**

Your counterpart may have a copy of this book, or Roger Dawson’s. This idea is right out of his book.

If not, they may be an expert at negotiation, and may have a lion-sized ego problem. In this case, you can get right down to the wire and find the deal falling apart when they decide they have to win at any cost, and they try to eat you. When that happens, it’s seldom the price or terms of the agreement. It’s usually the other person’s ego.

If you are getting the best of such a person, even when they know that the deal is good and satisfactory to them, the ego may prevent them from closing. You have to make it easy for the other person to feel good about finishing the negotiation.

The best way to work around the ego is to make a small concession at the very last minute. It can be a tiny concession, because as Dawson’s research has discovered, it’s not the size but the timing that’s important. Toss the lion a steak at the crucial moment.

In short sale terms, you might offer to:

Close early, or close late, depending on what is best for the other person. It might not matter to you, but make it matter.

Pay for that final appraisal, instead of giving up another $15k like one of our current buyers is requesting, but since you’re fronting them for the appraisal, they should not ask you to budge a dime on price.

The whole thing is to make the other side feel really good about that last minute concession they got.

And you MUST congratulate the other person about the fantastic job they did negotiating for their clients. Do not give in to the slightest, shall I say stupid, temptation to gloat in the slightest, not now, nor ever.