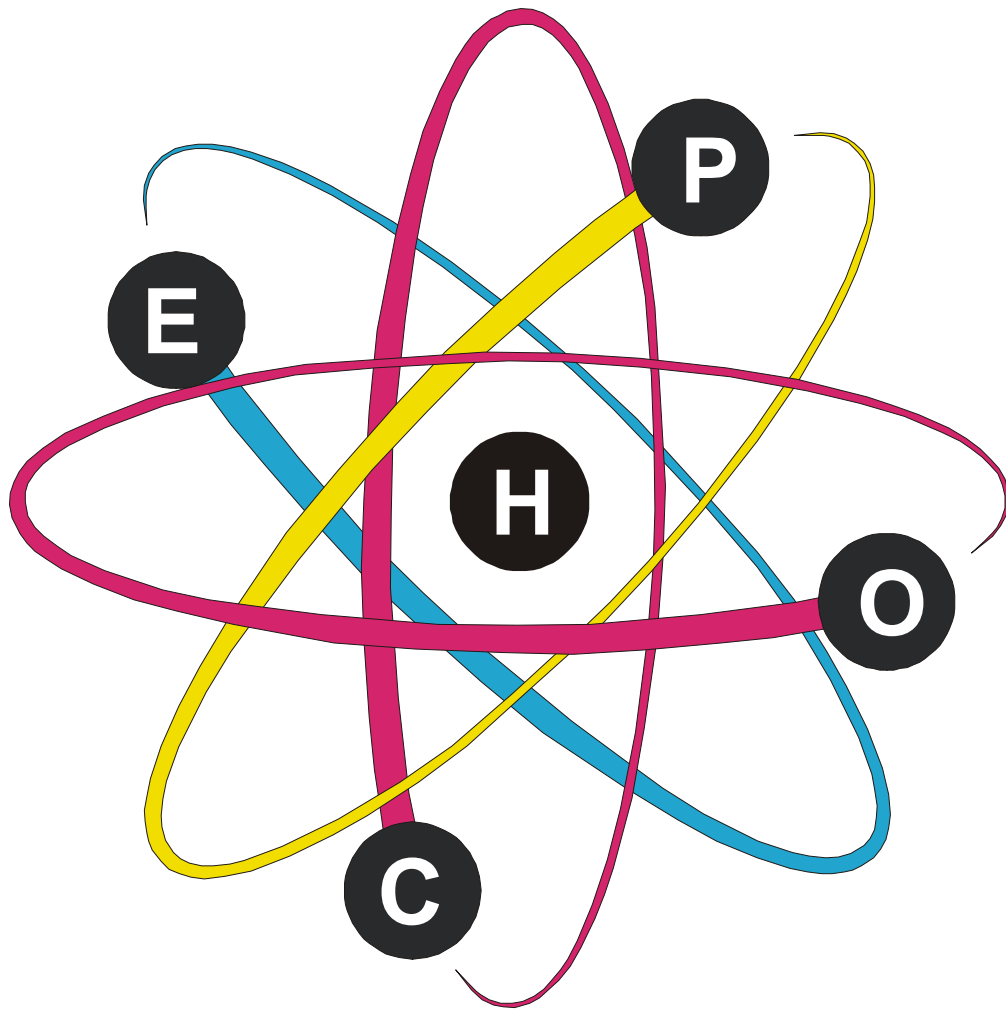


**Ethical Selling and Persuasion—  
The **EPOCH** Approach**



*From Ethical Selling and Persuasion—  
the EPOCH Approach*

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## NEGOTIATION: Tricks of the Trade

This appendix was added because several people who read the first edition of this book requested more information about hardball negotiating tactics. Even though using coercion is not a good way to win friends, influence people, or negotiate a win-win agreement, it is also true that anyone who gets involved in any type of negotiation should be familiar with these techniques. For better or worse, a large number of highly-paid professional negotiators use hardball negotiating tactics to intimidate the other side, win points, and get their own way at someone else's expense.

If you are not familiar with these techniques, you may not realize it when someone is using them to manipulate your behavior. What makes these techniques especially effective is that many of them are very difficult to recognize unless you know exactly what they are and how they work. The good news is that once you do know what they are and how they work, it becomes almost impossible for someone to use them against you.

While most people may not consider themselves negotiators, the word *negotiate* means conferring with others in order to reach an agreement. In other words, anyone who tries to work out an agreement with someone else, whether a salesperson, politician, or parent, is technically a negotiator. For this reason, almost everyone has something to gain by learning to negotiate.

Many of the principles presented in this appendix are not appropriate for handling obstacles or closing a sale. While no one can argue that using coercion will often produce good short-term results, over the long run, using coercion during the selling process will make it difficult to build or maintain a good working relationship with other people or a good reputation.

Not only do most people resent being manipulated, but many will also look for ways to even the score. For a salesperson, this can mean no repeat business or no referrals; for a politician it can mean losing the election; and for a parent it can mean losing respect and dealing with insurrection.

Most people enter into a negotiation because they believe that reaching a negotiated settlement will be in their own best interest. Unless one party is so strong that the other party is willing to accept unconditional surrender, both parties will make demands, offer inducements to sway the other side, make concessions, and then determine at the very end whether the offer that the other side is willing to accept will satisfy their expectations. The best agreements are the ones that are known as *win-win agreements* because both sides have more to gain than they have to lose by accepting the agreement.

The easiest way to remember the four steps that make up a standard negotiation is to use the acronym **DICE**—as in throw the dice.

- D**-Demands: what both parties are asking for.
- I**-Inducements: the leverage that both parties have.
- C**-Concessions: what both parties are willing to give up.
- E**-Expectations: what both parties are willing to settle for.

The best way to get what you want is to help others get what they want.

## **Demands**

The one thing that most opening demands have in common is that neither party expects to get everything that they ask for unless their power over the other party is almost absolute. In most situations, while one party may have more power than the other—or may appear to have more power than the other—the stronger party is seldom strong enough to dictate the terms of the entire agreement.

The principle that starts almost any negotiation is called *overstatement*: you start by asking for more than you expect to get. By starting with high demands, you can always make some small concessions later and still get almost everything that you really want.

Just how high your opening demands should be is controversial. On one hand, people who make outrageous demands may justify their position by pointing out that they have nothing to lose by asking and sometimes the other party will give them exactly what they ask for.

On the other hand, people who make realistic demands may justify their position by pointing out that making outrageous demands can damage your credibility by making it appear that practically everything you say or do will be motivated by greed. In most cases, negotiators who try to be reasonable, sympathetic, and fair will be the most effective.

Making outrageous demands works best against people who will not stand up for what they believe is fair or people who do not understand the strength of their own position or the weakness of the other party's position. No one can negotiate effectively unless they know the value of what they have to offer and the value of what the other party has to offer.

After you understand the strength of your own position, the three things that are needed to achieve the best possible outcomes are preparation, planning, and perseverance. Of these three factors, preparation is often the most important because the side with the most information usually wins.

The key to planning a strategy is knowing the least you are willing to accept.

One of the main reasons you prepare for any negotiation is to find out what the other party's lower limit is before you make an offer or accept any agreement. The *lower limit* is the least amount that one party is willing to accept from the other and still close the deal. Finding out what the other party's lower limit is requires the investigative skills of a good detective.

At the same time you try to find out what the other party's lower limit is, you must also try to conceal your own upper limit. The *upper limit* is the most that one party is willing to pay for what the other party has to offer. Concealing your upper limit requires the bluffing skills of a good poker player and the theatrical skills of a good actor.

To justify their upper or lower limits, the other party may try to use an expert witness or written documentation. Since expert witnesses are not always objective—especially if they are being paid by the other party—and written documentation can be falsified, you should not rely too heavily on anything that the other side presents without independent verification.

Possibly the most difficult type of negotiator to deal with is the one who is friendly, reasonable, and seemingly trustworthy. This type of person will never try to intimidate the other party, never make outrageous demands, or never tell an obvious lie. What this type of person may do is use friendship to manipulate the other party, use logic to wear the other party down, or mislead the other party by hiding a small lie somewhere in between the truth, not telling the whole truth, or giving a false impression.

The main way that negotiators of this type avoid telling the whole truth is called *special pleading*. This means presenting information that favors your own position but concealing information that favors the other side.

## Inducements

The side that tries the hardest to reach an agreement is normally the side that has the most to gain.

Even though the word *negotiate* may seem to imply fairness, some people believe that for one party to win the other party must lose. To help the other party lose, negotiators will often use various forms of inducement or leverage that range from verbal coercion on one hand to physical force on the other. While it may be fair to say that two countries at war are far more likely to use physical force than two companies trying to work out a business agreement, the verbal tactics that business negotiators use are no less coercive than the ones that military leaders use.

The following six techniques are designed to exert psychologic pressure on the other party:

*Annoyance:* Even if someone makes an offer that you are more than willing to accept, use body language, facial expressions, noises, or comments to show that you are not satisfied with the offer. Showing signs of annoyance, frustration or displeasure may cause the other party to make even more concessions. This technique seems to work because many people feel a need to cooperate and make the other side happy.

*Good-Guy-Bad-Guy:* This technique is often used to interrogate criminals. To make it work, one cop threatens to put the bad guy in jail and the other cop tries to become the criminal's best friend. If this technique works, the bad guy tells the friendly cop enough about the crime to get convicted. Negotiators working together can use the same technique.

*Silence:* Silence can be used to increase pressure on the other party and it can also be used as a stall. Silence seems to increase pressure because it leaves the other party in doubt as to what you are thinking. When used as a stall, silence can give you a chance to organize your thoughts and look for a weakness in the other party's position.

*Time:* Negotiate for as long as it takes to get what you want. If the other party is under any pressure to reach an agreement, asking for more time is a good way to weaken the other party's position. It also appears that the more time someone spends trying to work out an agreement, the harder it becomes for that person to walk away from the agreement without trying to save it. For instance, the more time you spend with a salesperson, the easier it often becomes to get concessions.

*Ultimatum:* Threaten to withdraw any previous concession you made or threaten to leave if the other party does not meet your conditions or your deadlines. If the ultimatum is a bluff, the other party may call the bluff.

*Vacillation:* Constantly change your position and views during the course of the negotiation to keep the other party off balance. Keeping careful records is one way to deal with people who vacillate. Try not to deal with this type of person if you have a choice—it can be frustrating.

**Concessions:**

You should try to decide exactly what concessions you are willing to make and what concessions you need from the other side before you start to negotiate. Despite the belief that everything is negotiable, almost every negotiator will have at least one or two issues that are nonnegotiable. The problem is trying to identify what these issues really are.

The one basic principle that most negotiators follow when dealing with concessions is always try to get more concessions than you give. The list below has three other principles that most professional negotiators follow:

*Foot in the door:* The mechanism behind this technique is that you start by asking for a small concession and then slowly and progressively ask for larger concessions. Once the other party grants you a small concession, it often becomes easier for them to grant you a larger concession.

*Straw man:* Ask for a large concession that you know the other party will not grant and wait for them to say *no*. After they say *no*, ask for a lesser concession. In some cases, the opposition will feel obligated to grant the lesser concession as a sign of good faith.

*Red herring:* To use this technique, never let the other side know what you really want by showing more interest in what you do not want than what you do want. In most cases, as soon as the other side finds out what you really want, the price goes up.

The last two principles to follow are (1) never start by offering a large concession and (2) keep something in reserve to use as a final bargaining chip. Having something to bargain with at the end can make the difference between reaching a workable agreement or ending with a stalemate.

**Expectations**

The one thing that is worse than not knowing what the other party wants is not knowing what you want.
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A negotiation normally ends when one party's offer meets the other party's expectations. As long as one party's highest offer is less than the other party's lowest expectations, there will be no final agreement. To reach an agreement at this point, either one party must increase the value of its offer or the other party must lower its expectations.

As the negotiation process comes closer to the end, there are three techniques that are often used to influence the other party. These techniques are called *closers* because they may be enough to lower one party's expectations or increase the value of the other party's offer.

*Projection*: This technique is designed to take the pressure off the people who are present during a negotiation by shifting the blame to someone who is not present. For instance, when accused of not being able to offer more or settle for less, the party being accused may respond by saying, "I would like to do more for you, *but it's out of my hands.*"

*Splitting the difference*: This technique is so widely practiced and accepted that many people do not realize that splitting the difference may not be in their own best interest. If the main issue is price, splitting the difference may not be fair if the price that results from splitting the difference strongly favors one party more than the other.

*Walk-away*: The ultimate power that you have during any negotiation is called *walk-away power*. If the offer being made by the other party does not meet your lowest expectations, walk away or threaten to walk away. If the best possible negotiated agreement is no better than having no agreement at all, there is no reason to accept a negotiated agreement. Using walk-away power will sometimes produce an offer that meets or even exceeds your highest expectations.

Strangely enough, there are two techniques that negotiators often use *after* a deal is closed to strengthen their own positions.

*Nibble*: After the final agreement has been reached, one party will ask the other party for one or two small concessions that were not part of the original agreement. In some cases, the other party will grant these small concessions rather than risk losing the original agreement.

*Reneging*: There are two main reasons why one party may try to back out of the original agreement: (1) their relative bargaining power has recently increased or (2) they may not be satisfied with the original agreement. Backing out will be more difficult if the original agreement was in writing and legal action can be taken to enforce the agreement.

After the deal is closed, the best policy is to tell the other party that they got a better deal than you thought they would get or that you got a worse deal than you expected to get. Even if just the opposite is true, never say anything to make the other party believe that the final agreement was not in their favor. No one likes to believe that they just agreed to a bad deal.

## Dangerous Tactics

Telling people to take it or leave it or that your offer expires in one minute are two high-pressure techniques that are more likely to make people angry than get good results. The only time that these techniques are likely to work is when the other party is extremely desperate to close the deal.

## When Things Go Wrong

Leverage comes from having what someone else wants.

If you are not getting the results from negotiating that you would like to have, review the seven secrets of power negotiating:

- Set limits on what you are willing to pay before you make an offer.
- You cannot bargain effectively if you are not willing to walk away.
- Never take the first offer unless the offer is too good to refuse.
- If the other party tries to apply pressure, take a short break.
- Never look satisfied with anything the other party offers.
- Before you give something up, get something in return.
- Practice using the phrase, “Is that the best you can do?”

Waste not,  
want not.  
Ask not,  
get not.

## Conventional Wisdom

One thing to be careful of is conventional wisdom. For instance, the advice “Never make the first offer” may apply if you happen to be the buyer, but it may not apply if you happen to be the seller. By tradition, the person selling an item is normally required to set the price. Other advice such as “Never look smarter than the seller” may apply if you are trying to see if the seller is telling the truth, but it may not apply if you want the seller to realize that you know what the item should cost. *The real key to being a good negotiator is learning how to apply the right rules or the right advice to the right situations at the right times.*