

Chicago Creative Investors Association

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Negotiating Is an Everyday Thing

Following is an article by our December 19, 2004 Speaker -- Barney Zick

Let me give you an example of the difference between keeping your negotiating lessons in your everyday memory rather than assuming this is a subject that could be filed away forever. After I had closed the sale of a property to a stationery office product store owner, I had a wraparound mortgage (actually in California it is called an all-inclusive trust deed). I had contacted a note broker who was going to cash me out of the note. On Friday afternoon he said that he had a doctor who was going to buy the note and he would confirm the transaction over golf this weekend and we should be able to start the paperwork for closing on Monday.

I was in the process of building a 48-unit apartment complex and was out of money. I wanted to get that note cashed out as fast as possible. I hopped on a plane on Sunday morning and when the note broker came to his office Monday morning I was sitting there on my suitcase. That's when he told me the great news. The doctor had changed his mind. I felt like someone had kicked me in the stomach. I really needed that cash to cover the payroll for the last of the apartment complex. And I needed it now.

The offer I was getting gave me about \$.75 on the dollar for the equity in the wraparound. I had talked to one other person who offered me \$.50 on the dollar but that seemed like throwing out the baby with the bath water. I said a little prayer that went something like this. " Sir, I can't believe you let me get this far only to give up the majority of my profit because someone has changed his mind; what can I do with the note?"

I got an answer back. Really. I don't get answers very often when I look up in the skies and ask The Chief Real Estate Investment Consultant of the Universe for help, but this time he really whispered in my ear, "Don't be a dummy; call the guy who's making payments on the note. Remember, he's the one who didn't like being in debt." I ran to a pay phone on the side of the highway there in Santa Barbara. I plunked in my coins and called Los Angeles and asked the owner of the stationery store if he would like to get out of debt in a hurry.

He asked me what I had in mind. I told him that I was thinking about selling the note that he owed me to somebody else and thought I would give him the courtesy of letting him have the note instead. He replied, "It just happens that a man paid off a trust deed owed to me last night. I got a lot of cash in my checking account and would be interested in doing something smart with it. It seems the smart thing to do is pay down my debt. However, I wouldn't be willing to prepay the note unless you give me some kind of discount. What are you offering?"

My negotiating lessons (yes, I always considered my negotiating skill my Number One skill) came to the forefront. In this panic situation I didn't blurt out that I was willing to accept \$.75 on the dollar and might even accept \$.50 on the dollar if I had to. I instead said with as calm a voice as I could muster, "Well, how much would you have to have to make it attractive?"

His reply made that same sort of special sound as having four sets of cherries come chucking together in a line on a slot machine in Las Vegas, "I have to have \$3,000 or \$4,000 off or I wouldn't think it was a good deal." Now folks, we were

talking about a third-of-a-million-dollar note. He would be very pleased if he got three or four thousand dollars off!

I remembered a second negotiating lesson. Besides getting the other person to ask to make the first offer, never accept their first offer. If you give in, it seems like you are weak and might give in more. If you give in, it makes them have less satisfaction with the transaction than if you argued some. I told him that I could go \$3,000 but \$4,000 was a little steep. He said that he figured I would say that; that is the reason he asked for four. We both laughed. I asked him, "Where are you?" He replied, "I am in the back room checking inventory." I said, "Stay right there, I'll be down to L.A. in two-and-a-half hours."

When I arrived in LA I found that he only had \$60,000 and the equity in the wraparound was more like \$125,000. Not being willing to compromise or give in, but still wanting to get the cash, because this was plenty enough cash to cover the completion of the apartments, I took his personal check and had him sign a promissory note for the difference due in thirty days. He paid in thirty days and I was cashed out of the note in two steps without ever "compromising."

Like I said, when a deal is meant to happen sometimes you just can't stop it from happening. However, if you keep your cool about you and remember to use your negotiating skills at each and every step of all your business transactions, it is amazing how often the end results are effective.

Who is "Barney" Zick?

He is considered a legend among real estate investors. He started investing while in college, giving him 30 years of investing experience, over 32 national "gurus" who are former students, and hundreds of thousands of successful students that have improved their life by following his strategies.

Some of his credentials include: A CCIM (Certified Commercial/Investment Realtor), selected as a member of the Exchangers Hall of Fame, member of the National Council of Exchanges and an Equity Marketing Specialist (EMS), Expo Instructor of the Year and 1992 National Investor Conference Educator of the Year. "Barney" Zick has written and published 3,800 pages on investment real estate, published 19 home study courses and a dozen courses for TV gurus and has bought and sold over \$20,000,000 in properties--\$2.8 million in the last two years. He has had over 100 hours of CE credit courses approved in 36 states, is written up in "Money" by the editors of Money Magazine, on the Advisory Board of "Who's Who in Creative Real Estate" and Master List instructor for the Department of California Dept. of RE.

He has lifetime credentials as College instructor in RE, four years on the National NAR Educational Committee, former Chairman of the Advisory Board of the Financial Freedom Report, has for five years been teaching Canadian's how to invest in real estate and has been teaching in Australia for four years.

Barney was a speaker at six NAR conventions, National RE/Max, Century 21, Realty World USA & Canada Conventions, is a member of the Academy of Real Estate, and has been awarded the ACE, CE, CPC, CPS, CBC and more! Combine three key elements; education, a positive attitude and experience with equal parts of humor and empathy, and you create a blend that has made "Barney" Zick one of the most sought after Real Estate educators in America.

Barney Zick excels at identifying the sales, marketing and negotiating messages that help companies stand out from the crowd. As a competitive advantage expert, he helps clients develop strategies and tactics that convert leads, reduce price objections, and win negotiations.

The best-selling author of The Negotiating Paradox and Power Marketing for Consultants, Barney has written more than 3,800 pages about investment real estate, created 19 home study courses, and publishes two monthly e-newsletters that are read by thousands of subscribers nationwide.

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