SEVEN STEPS ACTIVITY

Read the scenario and answer the questions.

Sylvia has been a successful young executive for six years. She has moved steadily up the corporate ladder and now receives a decent salary plus a bonus based on her team's performance. She has had a boyfriend, Peter, for more than a year. They plan to marry in two years if all goes well for them. He is finishing law school. Sylvia is ready to buy a townhouse.

Being a thorough researcher, she has studied ads and has even visited several new townhouse projects. Both Peter's and Sylvia's parents have offered to help financially, but Sylvia insists that she has the financial resources to handle the purchase herself. Sylvia has done her homework and has decided which unit she wants to purchase, visited the complex she likes, seen the model townhouses, and met several members of the sales staff.

She has determined she'd like to work with George. She has learned that George has a daughter almost the same age as she is. Sylvia will observe George's attitude and approach to the sale closely. She will watch for clues on how best to talk with him. She will assess both his willingness and authority to bargain as well as his desire to make the sale.

(Answer question 1 now.)

As George takes Sylvia to a townhouse unit just being finished, Sylvia comments, "I hope the unit you are showing me is similar to the model unit I viewed and that the price will be fair." She adds, "I picked this townhouse development because I felt the developers would be able to make a profit while giving buyers a good deal at the same time. Both are important to me."

(Answer question 2 now.)

George responds to Sylvia's comments by asking exactly what she is looking for in a townhouse regarding size, location, and amenities. He asks her if she has a preset price range she can afford and is willing to spend. Sylvia outlines the specifications she hopes will be met and George acknowledges that he is certain they can be satisfied in a unit he is selling. George adds that she is looking for extras, such as a garage, which are expensive and will take her above her expressed price range. Sylvia replies, "I don't see why they should."

(Answer question 3 now.)

Sylvia picks the model she wants and asks the price. George responds, "$149,000." Sylvia is surprised and disappointed because she thought the asking price was advertised as $125,000. She expresses this to George. The unit Sylvia has picked, notes George, has a number of features, including a garage, which were not part of the advertised unit. Sylvia acknowledges this, but is still upset and wonders if George is putting something over on her.

(Answer question 4 now.)

SEVEN STEPS ACTIVITY (CONT'D)

Sylvia tells George she needs time to think about his last statement. She says, "I just can't pay that much. I think I'll have to try to find a unit elsewhere. George offers a unit with fewer features, but Sylvia stands firm. After a pause, George asks Sylvia if she could handle $139,000. Sylvia replies, "$139,000?" George then adds, "That includes the garage." Sylvia answers, "I can't exceed $130,000."

(Answer question 5 now.)

George asks Sylvia if she has to have a garage. Sylvia responds that she wants her car protected from the weather. George informs her that carports are available to provide some protection for vehicles at far less cost than enclosed garages. Sylvia then asks George for the lowest recent selling price on a unit comparable to the one she wanted, but with a carport. George goes to the office and returns with records of the three most recent townhouse sales for units such as the one Sylvia desires.

(Answer question 6 now.)

George shows Sylvia the information on the other sales and responds to Sylvia's offer of $130,000 by saying, "I just can't sell that unit for $130,000, but if you will accept a carport instead of a garage, I will let you have it for $135,000." Sylvia replies, "If that includes closing costs, you have a deal."

(Answer question 7 now.)

Sylvia thanks George for the way he handled the negotiation. George tells Sylvia that he sincerely appreciated working with her and that if she ever needs anything for her new home, she could call on him. She knows that she now has a good contact at the townhouse complex if she should have a problem.

SEVEN STEPS ACTIVITY QUESTIONS

1. If you were in this situation, what are some of the things you would like to know about George?

_____

_____

2. If you were George, what might you say to state your own objectives for the transaction?

_____

_____

3. If you were Sylvia, how might you feel at this point? Would that change your approach to negotiation, and if so, how?

_____

_____

4. If you were George, what might you think you will need to pay more attention to at this point? What could you say to Sylvia to show that you are aware of what this conflict means to her?

_____

_____

5. What other statements might George make to Sylvia to try to iron out the differences, given that Sylvia feels so strongly at this point?

_____

_____

6. What do you think Sylvia and George have each decided at this point?

_____

_____

7. Are there other alternatives you would be satisfied with if you were Sylvia? If so, what are they?

_____

_____

NEGOTIATION PREPARATION CHECKLIST

Negotiation Preparation Checklist

With whom am I negotiating?

_____

When?_____Where?_____

Any ground work or homework needed ahead of time?

_____

_____

Now place your wants, needs, and issues in order of importance to you, starting with the most important need and continuing through the least important want at the bottom of your list. By doing this exercise, you will automatically think of alternatives which, in turn, should be ranked.

My Issues	What?	Need?	Alternative?

Other Party's Issues	What?	Need?	Alternative?