

In this document, Jay shares with you his approach to negotiating based on 20 plus years of experience. Knowing what you want to get from the resultant agreement and just as important, knowing what the other person wants, by putting yourself in "Their" shoes, will lead to a partnership that works for both parties and give you a great advantage over your competitors. Jay also provides several proven business building tips.

This report will explain:

- *how you can become a better negotiator*
- *key questions to put you in "Their" shoes*
- *how to use celebrity endorsements to grow your business*
- *using incentives to motivate vendors and suppliers*
- *turn customer complaints into sales*
- *importance of reserving quiet time to think of "breakthroughs"*
- *a three step method to increase sales and build your business*

A Liberating and Powerful New Way to Negotiate

I'd like to give you a liberating and powerful new way to deal with one of those "necessary evils" of independent businesses: negotiating. Now, plenty of my friends and business associates would say that I'm the last person to give advice on negotiating. I've been burned, abused, disappointed and dissatisfied more times than I care to remember as a result of unsuccessful or careless negotiating.

But I've learned a few critical, maybe even life-changing lessons from my 20 plus years of consulting and joint venturing. And I've developed these lessons into three principles for successful negotiating that can help you get more out of your negotiations than you ever thought possible.

How to Negotiate Your Way To More Profitable Deals

Almost everything in business can be thought of in terms of negotiation. You negotiate with the people you buy from and the people you sell to. You negotiate with your suppliers to give you better prices, better terms, or better preferences on behalf of your clients or customers; you negotiate when you want vendors to subsidize your growth, or your success, or your ability to add customers. You negotiate when you want suppliers to give you concessions, or come up with breakthroughs for you, or give you preferences like advanced access to designs, inventors or exclusivity. It doesn't matter! You are always negotiating something in or for your business.

I want to be very clear that when I use the word "negotiation," I'm not just talking about titanic corporate contracts that take months and even years to get documented, signed and delivered in triplicate

I'm fundamentally talking about how to set up and create successful deals that are the lifeblood of any business-and what I've found to be the most potent and effective positioning to use when negotiating. So let me share with you my three principles of business breakthrough negotiating.

It saddens me profoundly, but I believe that many people today have a "looking out for # 1" philosophy when it comes to any type of negotiation. And by definition, when someone starts out with that philosophy, at the moment the checkered flag is dropped to begin the race, they start out as adversaries. And more likely than not, at the end of the race, they end up feeling like they've "given in," the other party ends up feeling like they've "given in," and both sides leave feeling like they crossed the finish line but lost the race.

My philosophy is just the opposite. My approach to negotiation is to add value while I'm negotiating! In other words, I want to identify and create more income, more revenue, more satisfaction and more fulfillment for the guy on the other side of the table than he would do on his own.

In an abstract sort of way, I try to help them in their business even while I'm in the middle of negotiating with them. Because frankly, if I'm negotiating with someone, in one sense or another, I'm anticipating going into business with them. Their success and my success are-for some length of time-inextricably intertwined and interdependent. So why wouldn't I want them to come out better off than they were before. Just like I do?

Which leads to my first and highest principle in negotiation and the foundational element in every negotiation I do. And that is: Approach your negotiation strategy only after you have looked at things from their point of view.

And just how can you do that? By taking the time to find out how they see life. What are they struggling with? What do

they want-not necessarily from this deal, but what do they need to accomplish and what are their goals?

And remember-you'll get even greater benefit out of thinking about things from the other point of view when the other side recognizes that you see their point of view, maybe even better than they do!

Let them know you've thought about what they can get from the deal, and double check to make sure your conclusions about what they want are on target. I urge you to go into each and every negotiation being extremely sensitive, respectful, empathic and focused on how the other side sees things and how both sides can get a greater outcome or a lower degree of risk.

Are you doing this just to be a nice guy? Will you get suckered? Not on your life! Because what you're trying to do is set up a situation where they would be almost foolish not to say, "I'll try it at some level."

Here's an example:

Recently, a young financial planner came to me with a situation where he, along with a few associates, had a slowly growing but basically healthy business. His business was heading in the right direction but he was worried about negotiating a new lease on the office space at a local strip mall. The financial planner didn't want to move his business because the current location fit his market to a "T," and he didn't want to inconvenience his current (and very valuable) clients.. He was quite discouraged that there was no way he could cut an affordable deal.

So, here's what I did. I asked him to tell me what he thought the strip mall manager wanted. The financial planner knew the mall manager wanted higher rent and maybe even some tougher use conditions. But I challenged him to explore the situation from the manager's perspective. What would he "the planner" want if he were managing the strip mall space?

He quickly responded that he would probably want good tenants that paid on time and didn't hassle him, and a better return on the space since he probably had escalating costs as well.

So I suggested a disarmingly simple yet profound way to create a win-win situation for both of them. I suggested he be perfectly honest and candid with the manager and go to him and say, "Look, we're committing all of our efforts in this local area. We are very happy here, and we want to stay here. My associates and I are working painstakingly to build up and grow our practice. Right now we're making a living, but we're not nearly as successful as we want to be."

"However, we are absolutely confident, given our customer's positive response to our service, that our business will be very successful in the next 18-24 months. We'd like you to work with us during that period, and if you are willing, we'll reward you for your efforts. Here's what we propose:"

"We'd like you to hold the current base rent as it is. If our volume goes up, at the end of 180 days, or whatever time frame seems best, we will pay you more rent than you're asking for now. Also at that time, if we're at a higher revenue stream and are more profitable, we'll sign a longer term lease.

If we can't do what we say we will, you'll have the option of replacing us, but we'll take on the risk and responsibility of finding you a new tenant who will pay at the higher level. We'll also give you updates at 12 months and 18 months and let you know how our business volume is growing. In any case, you won't have to hassle with moving tenants in and out and customizing the space for the new tenants-so you'll have less headaches and end up with more money in the long run by taking a low risk with us now."

The key to this approach was in looking at what the other side really wanted. Although I've found this negotiation process to be counter-intuitive to most people, I think when you implement this way of thinking about negotiation, you'll find that the negotiation process becomes much more enjoyable and produces a much higher yield both monetarily and emotionally!

Know What You Want Before You Sit Down

My second principle is almost a mirror reflection of the first. Besides looking at the situation from the other person's perspective, it's imperative you know in advance what you want!

It seems as if this should go without saying, but I'm constantly amazed at how many people and companies come in contact with rush into negotiations without a clear idea of what they want.

When I stopped to analyze this in myself, I realized that before I begin to negotiate over anything, I say to myself, in a millisecond or a nanosecond, "Jay what is it you want to get out of this? Why do you want to get that out of it? What's the implication of getting it all? What's the implication of getting part of it?" It's now become almost intuitive. Then when I go in to negotiate. I'm already prepared. I know what I really want. I know why I really want it. I know if I can't have exactly what I want, then I know what are the top two, three or four things that would make me just as happy and actually in the long run make everybody happy.

Remember: If you don't know what you want then you are absolutely at the mercy of the other person. Most people usually don't have a clue as to what they really want. They say, "I want to grow my business." But specifically, what does that mean?

For example, if someone says they want to make a million dollars, exactly what does that mean? Do you want a million dollars in a lump sum, or a million dollars over the next 10 years? Does it mean a million dollars in profits or a million dollars in gross revenue?

And what we want doesn't always have a dollar sign, attached to it. In fact, I believe many times it's not about money at all because oftentimes the intangibles take precedence over the tangibles.

Honor the Intangibles

Which brings us to my third principle: It's not always about money. In fact, it's often about something much deeper, a sense of security, a feeling of stature in the community, a richer family life, more time. I operate under the assumption that the highest road of expectation and desire that I want for myself is the same for the other person. I come from the assumption they don't want any less out of life than I do. They don't want less for their efforts; they don't want less from an integrity' standpoint; they don't want less for their families.

So I come to the table with a unique vantage point: I revere the intangibles. When you do this, you open up many more doors of possibility. You speak to the human side of negotiation, not just the financial side. You help the person on the other side open up his or her mind to new possibilities, too, and new ways of structuring a deal.

Here's a simple but profound example:

I have four young sons under the age of 7. My time with my sons is precious to me especially given the demands of my schedule, which frequently extends late into the late evening, so I try and leave weekends open for my family. I recently had someone offer me what I consider a large sum of money to do some very specific work. He was surprised when I turned him down.

The work he wanted me to do required me to give up the next four weekends with my family, and I wasn't willing to do that, even for the large sum of money. If he had looked at things from my point of view and considered what I valued most, he might have been able to come up with a creative way to get me to do the work without having to sacrifice my time with my family!

My point, I hope, is obvious. In the art of negotiation, you need to do three things for a successful win-win outcome.

1. You need to figure out, and verify how the other side sees things.
2. You need to know exactly what you want to get and what you will and won't settle for.
3. You must revere the intangibles, and find a way to build them into your offer.

When you embrace these three principles, you will be amazed and delighted by the deals you are able to close and the partnerships you are able to enjoy.

Questions to Put You in "Their" Shoes

Here are seven questions to ask yourself that can help you see things from the other side's point of view. Sit down with a piece of paper, or a trusted colleague, and give some thought to the following:

1. What is the most profitable part of their business now, and how could you help that part grow?
2. What is the riskiest part of their business? Could you help lower that risk for them?
3. What is the most frustrating part of their business and how could you help alleviate that?
4. What are their long-term business goals? Could you help them get there faster, easier, cheaper, safer?

5. What originally brought them to you vs. one of your competitors?

6. If they don't come over to you will they be able to easily find another partner? What would the trade-offs be?

7. What is the biggest risk or down side to doing business with you vs. someone else, and how can you eliminate that risk?

Using Celebrity Endorsements

One of the most frequently posed questions to me runs as follows:

If I were to use just one concept, how would I leverage the maximum from my assets with little or no downside risk? I always answer: "endorsements!" It seems that the majority of the business world remains blind to the unique selling power of endorsements. Allow me to let you in on the secret.

A client of mine happens to be a broker of one of the oldest sports-celebrity businesses in the world. I suggested that their office conduct exhaustive research designed to assess the impact of adding a celebrity fundraiser. To quantify the results, they showed that sales would grow from 20 percent to 30.

Let me give you an example of how celebrity endorsements can boost your sales:

I have a client who is in the leather furniture business, with 50 locations. He's sold 200,000 leather sofas and chairs. Among those 200,000 people are about 300 celebrities who, without any inducements, selected my client's furniture for their own.

I got my client to approach these celebrities and to ask them if they would sit on their own furniture in their own homes or offices for a photo session. Only after they already owned the furniture were they asked to endorse my client. They were only too happy to.

This is what I want you to do:

Write down the names of people who command respect and influence among those in your core market. The individuals don't have to be celebrities per se, but they must be immediately recognizable to your audience.

- Approach these individuals, directly or through their intermediaries, and ask them to endorse your product or service. If they want to be paid, offer them a fee, or a share of gross or net sales.
- When making a deal with any personality to endorse you, always make the deal contingent upon a test. In other words, if a celebrity wants a flat fee, agree to it only after you first pay the celebrity a fraction of that fee for the rights to pretest its effectiveness.
- Once agreement is reached, ask them if they are willing to make a powerful statement that possibly could make to help your business, something more than the furniture is nice and comfortable.

Capitalize on using a celebrity through heightened public presence and broader audience appeal. Persuade him or her to use their own credibility and they will reward you by giving you more than you expected.

Better Deals With Vendors Will Boost Business

As we've already discussed, the secret of successful negotiations is making a deal beneficial to you, but equally important, is making the deal beneficial for the person on the other side of the bargaining table. One of the most vital areas where this comes into play is in negotiations with vendors.

Let's look at this from the vendor's point of view. For starters, chances are you're just another client to them, someone who will give them money so they can meet their overhead and maintain their lifestyles. You're just one of many clients, and in their minds, at least, you will probably leave them for another vendor someday or give them more headaches than you're worth.

And like most people, they secretly believe they're worth more than they charge. In the back of their minds, they think they should be earning a lot more money for the service they give you-especially if what they do makes you a lot of money.

So what should you do? I suggest a radical shift in mind-set. Forget about paying your vendors their regular charges and instead offer them a chance to make really big money by being compensated on a variable basis. Pay them in direct proportion to the results they achieve for you. The better you do, the better they do. And when I say pay, I mean pay! Big, generous payments. The kind that will make their mouths water and get them to bust their tails to give you the extraordinary results you desire..

Pay for Superior Results

If you use this concept properly, you end up paying more money for your vendors' services than you would on the traditional fee structure. In fact, your accountants will think you're crazy for paying people such generous variables when you could get the "same thing" for a paltry fee.

Why in the world would you want to do that? Well, first of all, the fact is you can't operate your business without them because you don't know as much about their field. You don't know all their valuable contacts and sources of information. For you to match their expertise would take years.

There's a much more important reason for you to pay your vendors this way: You want to get the best possible effort and results from the vendors you deal with, and the best way to do that is to reward them lavishly, based on the results they produce for you. Instead of a way to cut costs, this is a way to invest for superior results. While the vendor is being paid lavishly, you are experiencing success in greater degrees than you could have otherwise.

This lavish compensation will not come out of your own pocket in the usual sense. It will come out of the money you earn from the superior results the vendor produces for you. After all, everything will be tied to performance and profits, an area you don't mind sharing because it will be above and beyond what you could achieve without the vendor's help.

What do you care if you pay 35 percent of your net to vendors who normally get 10 percent, if the extra incentive induces them to help expand your business by 200 percent? Without the super-performance of your vendors, you might spend a fortune and years of effort trying to reach the same goal.

The Fundamentals Of Variable Incentives

The basic idea behind incentives is simple: If the work you do for me is successful, I'll reward you far beyond your normal compensation.

I call this an "ethical gauntlet." You make this offer to your vendors in an honorable and generous manner. It's a bit of a challenge, but it really doesn't involve a lot of undue risk for either party. If your product is viable in the market and you can prove this to your vendors and the vendors are confident of their ability to be successful with your product, then there is no real risk.

The only risk you take is on the vendors' ability, and the only risk they take is foregoing their normal fee and gambling that their expertise will allow them to get rich from the results they know they can produce.

You can minimize their risk by including some sort of guaranteed minimum payment. You can minimize your risk by dealing only with vendors you know to be true experts and worthy of your trust. I recommend approaching the vendors you're already doing business with. You trust them, and they trust you.

Negotiating With a Landlord

Let's say the person who owns your office building has 30,000 square feet of unused space. You would like to have a large chunk of it in order to immediately expand your sales campaign and have the room to handle the increased activity.

Go to him and say, "Look, I'd like to rent the space for the next six months for free. If you'll let me do that, at the end of that time, I'll not only begin paying for the space, but I'll give you 10 cents more per square foot than you're asking. And I'll sign a two-year lease to make it worth your while."

What's the risk for the landlord? He might think he could rent the space sooner, but by giving you the six-month free rent period, he'll see a better profit at the end of the year when you start paying him 10 cents more per square foot. The risk, really, is that you won't grow as you planned and that could happen. There are no sure things in this world. However, as long as you focus on growing your business, the odds are that you will grow as fast as you anticipate.

Even better, show the landlord how the extra \$10,000 or so you'll save during those six months will give you an even greater shot at succeeding because you'll be able to afford to do even more advertising, giving you an enormously better chance of succeeding.

Cut Deals in All Areas

I get my clients to go to every one of their current vendors, even people trying to become their vendors, and persuade them to help pay the costs of business-building activities.

I've gotten real estate agents to go to the mortgage companies, escrow firms and title insurance firms and try to get each one to pitch in substantially to pay the costs to my client for conducting more mailings, sending out salespeople, hiring telemarketers, taking booths at shopping centers and running ads.

I convinced a hotel to pay all the promotional expenses for an association client of mine who was having a convention. I've had vendors fund or partially fund ads that my clients ran. They've also paid for exhibit booths and even the salaries and travel expenses of salespeople, all to motivate my clients to try trade-show marketing.

I know an envelope company that massively grew their business when they realized that more companies would buy their envelopes if they had a successful sales letter to mail out in them. So this envelope manufacturer hired a top copywriter to create sales letters for their envelope customers to test at no charge. The letters worked. The customers mailed tons and tons of them. Most importantly, they used the company's envelopes in appreciation for their contribution to their success.

Department stores and food stores also do interactive things with vendors, and have done them for a long time. You may not be aware of it, but many retailers charge vendors advertising allowances, display fees and actual rent for the space their products occupy in the store.

When you reward and respect your vendors and suppliers, and make them integral parts of your complete selling system, you automatically give yourself tremendous leverage over all your competitors who are unthinkingly self-consumed.

Make Vendor Lists

Start thinking of all the vendors you deal with and how you could put together a deal that would entice them to work for you on a variable incentive rate.

Please do this for me now: Sit down with your pencil and pad and make a list of all your vendors who get significant rewards from their relationships with you. Make a second list of all of your vendor's competitors who would love to be supplying you. Finally, make a third list of other companies that stand to make a sale of their products or services after someone buys something from you.

Then, go to every one of the people and companies on all three lists and ask them to fund all, most, part or even more than the cost of ads, sales letters and new field or telephone salespeople and display space in your facility. You'll be surprised by how many say yes. Especially if you don't just ask them but also show them what's in it for them by helping you.

Turning Customer Complaints Into Sales

In business there is one certainty: Problems will occur. Products and services will not always perform as they should. People will be disappointed. Employees will make value judgments that won't always pay off. And above all, the one business truth that you can depend on, customers will have complaints.

Which leads us to one of the biggest business misconceptions, "Customer complaints and problems are detrimental to your business." Wrong! In fact, I believe that customer problems and complaints are your greatest opportunities to build more sales and create customers for life.

How do you turn problems into profit? From this moment on, I want you to approach every complaint as a second chance to prove your dedication to good business and to your customers.

Profiting From Your Mistakes

Say you are the owner of a service station. You're in a highly competitive industry because customers tend to go to more than one station to get their gas tank filled, their oil changed, or their cars serviced.

Say that a professional comes in to have their car tuned up, but because of a rush of cars in your station that day, you are unable to get to it in time. As a result, the customer is forced to cancel an important appointment and rearrange their schedule. Needless to say, they are more than a little bit annoyed and vow never to bring their car to you again. How can you turn this situation to your advantage?

Put yourself in your customer's shoes. If your car was not ready when promised, what conciliatory services would you expect to be provided?

Remember that you are responsible for your customers, for their convenience, their satisfaction and, most importantly, their overall happiness. And when you have failed to meet your customer's expectations, rather than accepting defeat and letting the customer slip away from you, use your initial failure as a jumping off point for a profitable relationship. By committing yourself to my simple five-step plan of how to turn complaints into sales, you will transcend the role of a profiteer and become a trusted friend in the eyes of your customers.

My Simple Five-Step Plan

1. The first of these steps may seem painfully obvious, but I think you might be surprised at how many business owners fail to recognize its importance: Your number one priority, both before and after a mistake has been made, is to solve your customers' problems.
2. Not only that, the second step of my plan involves solving these problems at a level that exceeds expectations. In the case of the service station, this may mean providing your dissatisfied customer with free transportation until their car is repaired.
3. And don't forget step three: Even if the problem is not a direct result of some mistake that you yourself have made, it is your responsibility to provide compensation.
4. Which brings us to step four: Reward your customers for their inconvenience. This may mean offering their repairs at a reduced (or even free) rates, or giving them a free fill-up at your station. Whatever you do, you need to earn their trust back, and free gifts and services are a wonderful way to achieve this.
5. The most important step is the fifth, because it is here that you secure future profit: Give your customers a reason to transact business with you again. Give them coupons, gift certificates, vouchers. Anything to get them into your store and buying from you again.

As with all promotions of this kind, there is always the chance that you could end up spending more than you make on the initial transaction, or even on the follow-up. But your goal is to turn that person into a customer for life, which gives you plenty of opportunities to make a profit and make your customers happy.

Whenever a customer complaint or problem arises, remember that it is a human being asking you to recognize that their life, their business, their satisfaction is as important as anyone else's. They want you to recognize this, verbalize it, compensate them. And if you do all of this with compassion and understanding, you will not only earn their lifelong support, but also the support of all those whom they refer to you!

Do Some Breakthrough Thinking

I hope you were able to find enough quiet time over the summer to do some concentrated "breakthrough" thinking. My mind works best when I'm strolling along the beach near our family place in Southern California. Pick a spot that's uniquely suited to you, whether it's on a beach, in the woods or in a park near your office! Set aside at least 15 minutes every day to think about the challenges in your business.

If you create that little corner of daily quiet time, I promise you that breakthrough solutions and ideas will come bubbling up from your subconscious mind. It has worked for me, and I am confident that it will work for you.

Another 3-Step Method

Speaking of ideas, some of the most provocative I have ever heard were presented by Tom Phillips, the founder of Phillips Publishing Inc.-the company that publishes my newsletter-when he spoke at one of my seminars. As you know, I believe there are only three ways to grow a business: Get more customers, increase the size of your average sale or increase the frequency of purchases by your customers. Well, Tom Phillips has a three-step formula of his own, one that has helped

him take a \$1,000 investment and, in 23 years, turn it into a \$225 million international publishing company! I want to share Tom's three points:

1. Dedicate yourself to constantly growing your existing products or services. Never let a product line die, unless you cannot possibly make it viable through every mode of innovation, re-engineering and rebirthing imaginable.
2. Introduce new products every year. When Tom does that, his successor products often wind up being bigger and more profitable than those they originally supplemented!
3. Acquire new businesses every year. In the past year alone, Tom acquired several newsletters to join his already sizable array of investment publications.

What unifies these final thoughts on thinking is the need to avoid the common trap, often pointed out by Dr. Marc Rogers, of never paying attention to the important because you are so caught up in the urgent.