



# The Don Hutson Report

Global Expert on Sales & Negotiations

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## Do You Want To Compromise?

Part 6 of an 8-part series on "Negotiations"

**My partner and co-author of *The One Minute Negotiator*** book, Dr. George Lucas, and I burned through dozens of legal pads brainstorming ideas and training concepts while writing the book! In fine-tuning the content, we talked a great deal about various techniques, tactics and strategies, including the *Compromise* tactic.

**We agreed** that it is an often misunderstood aspect of negotiations. If I am selling a car and you drive it, then ask me how much I want and I say \$8,500 and you agree, that sounds like perfection -- does it not? This is not really a negotiation or a compromise, but rather, an up-front agreement, and while it sounds good at the time, often neither party is particularly happy.

**On the way home**, you would likely begin to think that you paid too much and might have been able to buy the car for less. On the other side of the equation, when I go to the bank to deposit your check, I might start thinking that I could have asked more than \$8,500 for the car, thus leaving money on the table. Would a compromise have been a better solution? Sometimes it will get the deal done, but often the same emotions are evoked.

**An upfront agreement** *sounds* like total bliss, but it is only through the process of negotiation that we can reach an agreement both sides feel is in their best interest. Almost all people over-emphasize price in negotiations, just as in the car example. A savvy negotiator will tell you if they let you set the price and you let them set the terms and deliverables, they will beat you every time.

**A case in point** was when George and his wife bought their home. The seller had once again reduced the price. He was convinced that the seller was at or near his base price, and felt he could live with the price as is, but only if he received something of value in return. He worked with his real estate agent to make an offer that was very close to the

seller's asking price, but with a fairly long list of inclusions. George included a number of repairs, an extensive home warranty policy, and also requested three light fixtures the seller planned to take with him. The seller agreed to his terms.

**This is an example of what can happen** when you focus exclusively on price versus taking time to understand the overall aspects of a deal. Since a lot of people think that compromise is the quickest path to getting a deal done (and it might be), sometimes the compromise tactic is deployed too soon. Compromise is the most used and abused tactic in negotiations. Remember, compromise is *not* a strategy -- it is a tactic.

**We define compromise as a mathematical calculation** to split the difference between the positions taken by the sides in a negotiation. In the car sale example, if I was asking \$8,500 and the buyer offered \$7,500, then compromise would have us add the two numbers together and then divide by two, and be at \$8,000. Is that really the right price? Not necessarily. How can the average of two likely wrong numbers put on the table, added together and divided by two make everyone happy? In reality, it makes no one happy. If the buyer really thought the car was only worth \$7,500 and paid \$500 more than that, he would not be happy. Likewise, I would not be content with \$500 below what I was convinced was a fair price.

**Compromise can play a prominent role in negotiations, but it works best with these four provisos:**

- (1) When used very late in the negotiation process;
- (2) When there is a relatively small gap between the two positions;
- (3) When it can be tied to an immediate agreement, and
- (4) Consider the value of your time and money - it may be worth giving up \$250 to get the deal done and move on.

**There is something to be said for simply gaining closure.** You don't want to kill 10,000 brain cells on a hundred-dollar deal!

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