# KellerCenter Research Report

BAYLOR UNIVERSITY

# Keller Center Research Report

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# You Don't Always Get What You Want, and You Don't Always Want What You Get

*Ryan R. Mullins, PhD, Daniel G. Bachrach, PhD, Adam A. Rapp, PhD, Dhruv Grewal, PhD, and Lauren Skinner Beitelspacher, PhD*

The old adage tells us that the customer is always right, but does the customer always feel in control? Customers and clients desire to have a level of control over the sales relationship and sales process. However, many times the client's desired level of control differs from the client's perceived level of control which can create conflict. Our research was conducted to better understand what salesperson factors may lessen customers' desire for control and the impact that a customer's perceived and desired control plays on the sales relationship and process.



The importance of perceived control has been widely recognized, but we considered the relatively neglected consequences of desired control within a sales relationship in a threefold manner, by: (1) investigating how the fit between desired and perceived control can predict both customer satisfaction and sales outcomes; (2) evaluating how a customer's perceived control can have a substantive impact on the sales relationship and performance; and (3) providing insight into the social capital drivers of desired control. We believe that the interaction between a customer's perception of and desire for control drives measurable outcomes (including customer satisfaction and sales performance).

Success for both customers and salespeople depends upon how closely the customers' desire for control coincides with how much control the customer perceives they have in their relationships with salespeople. Therefore, salespeople can more effectively meet the needs and goals of their clients by understanding and managing their clients' perception of and desire for control throughout the sales process.

## Exploring Control-Desire for Control Congruence: Research and Results

Control is the demonstration of competence, superiority, and mastery within the sales relationship (White 1959). For this study a customer's desire for control is defined as the extent which customers seek and pursue demonstrated competence, superiority, and mastery in their sales relationships.

To better understand how the customer's desire for control influences a transactional relationship we examined drivers of customer desire for control based on social capital theory. Social capital is the goodwill available to individuals and groups as a consequence of the nature and content of their social relationships (Adler & Kwon, 2002). Incorporating control drivers that build social capital provided several benefits for analyzing control in the sales relationship. First, individuals with stronger social capital tend to have access to more timely, relevant, and accurate information which increases transparency in interpersonal settings and decision making. Second, social capital tends to be associated with greater personal influence due to the scope of networks and experiences that allow people to use social connections and information more effectively. Finally, social capital tends to decrease uncertainty and unpredictability associated with others' attitudes, behaviors, and intentions by reinforcing social norms and adherence to social standards to increase social compliance, thereby diminishing the need for social monitoring.

For our study, we operationalized specific forms of social capital as control drivers in the sales relationship. The specific control drivers we used were salesperson integration, salesperson expertise, and goal congruence between the salesperson and the customer. Salesperson integration occurs when salespeople spend enough time with their clients that they become engrained into the structure and operation of the client's business or life. Integration creates a relationship forged when salespeople spend time with their clients, become socially familiar with their clients, and learn the cadence of their clients' daily operations. Additionally, we assessed the control driver of salesperson expertise, because expertise drives trust and social confidence in interpersonal relationships (McAllister, 1995). We hypothesized that salespeople with greater expertise are likely to generate more social confidence among their customers, due to stronger relational social capital, which in turn results in customers desiring less control over the sales process. Finally, we assessed the impact that goal congruence between the salesperson and customer has on social capital in the relationship and in turn on the customer's desire for control in the sales transaction. We hypothesized that when the control driver of goal congruence is higher, the sales relationship has a higher level of social capital which then leads to less desire for control of the sales transaction by the customer.

We conducted our study in the context of dyadic supplier-retailer relationships in the athletic merchandise industry. In this study, the suppliers are the salespeople and the retail store managers are the customers in the sales transaction. The retailers buy products from the suppliers and then sell the suppliers' products in the retail venue which they own and operate. The B2B sales relationship was chosen because of the power that the retailers retained through the ability to discontinue the relationships with suppliers and their salespeople. Any loss of control, or perceived loss of control, by the retailers could be rectified by formal termination of the relationship. The well-defined control parameters allowed us to analyze the impacts of the control drivers (integration, expertise, and goal congruence) on the sales transaction between the salespeople and the customers.

As expected, salesperson expertise did have a measurable effect that was negatively associated with the customers' desire for control. The greater the salesperson's expertise in the relationship, the less control that the customer desires over sales transaction.

While goal congruence has an effect on the customer's desire for control, the effect was opposite of our prediction. The greater the goal congruence between the salesperson and the customer, the greater the customer's desire for control in the sales transaction. The positive relationship might be caused by a customer having diminished perceptions of dependence on salespeople, which provides customers with the opportunity to control decisions for both parties. Customers may perceive goal congruence between themselves and salespeople as an opportunity to exploit decision autonomy and control the sales transaction. The positive relationship between goal congruence and desire for control might also be caused by the importance and meaningfulness of goal attainment for shared goals. Whatever the cause, our findings reinforce the importance of salespeople working directly with their customers when goals are congruent.

Interestingly, salesperson integration had no direct effect on the customers' desire for control. In other words, the amount of time that salespeople spend at their customers' place of operation does not have an impact on the amount of control that the retailers desire for the sales transaction. While sales integration did not display a direct impact on the customer's desire for control in the sales relationships, increased integration does create greater social transparency. Consequentially, increased social transparency can bring to light any goal incongruence that may exist between the salesperson and the customer which in turn does impact the customers.



Customer expectations and perceptions are very important when it comes to the overall customer satisfaction with the sales relationship. The results of our research confirmed that customer satisfaction decreases as the levels of the customer's desired and perceived control become more misaligned. The farther apart the customer's perceived level of control is from the customer's desired level of control, the less satisfaction the customer will have with the sales relationship.

Through our research we were able to increase our understanding of the antecedents and consequences of customers' desired and perceived control over sales relationships. Salespeople can become more effective by monitoring and adapting their selling approaches in accordance with their customers' desired and perceived control over the sales relationship. Failing to recognize when

the customers' desired level of control is not coinciding with their current perceived level of control can negatively influence the customers' satisfaction with the relationship and ultimately impact sales performance.

## Real Estate Perspective

While our study was conducted in the B2B sales context of a supplier and retailer, real estate agents can improve upon client satisfaction and overall sales performance by applying these lessons to real estate sales transactions. In real estate sales, clients retain a form of explicit power over the sales relationship because if they are dissatisfied with the services the agent is providing, clients can end the relationship with the agent. Because of the power dynamic in the relationship, the congruence between the real estate clients' perceived and desired control over the relationship with their real estate agent can impact the client's satisfaction with the real estate agent and the overall sales performance.

The interpersonal relationship between a real estate agent and her client is extremely important in providing a successful experience for the client. Real estate agents should recognize that despite the fact that the agent and her client share a high level of goal congruence, the client may desire a greater level of control over the sales relationship.

Clients rely on their real estate agents because the agents are their professional experts. The level of real estate agent expertise will also impact the client's desire for control over the real estate relationship. It is important for real estate agents to become integrated into the decision-making processes of their clients in order to build social capital. Increased social capital allows the clients to recognize the agent's expertise and the agents to recognize any goal incongruence or divergence between the desired and perceived levels of control their clients may have.

Buying and selling a home is a dynamic process with different events creating different expectations or perceptions for real estate agents and their clients. This dynamic relationship results in the clients' levels of desired and perceived control changing over time. Real estate agents can more readily understand and manage the patterns and changes in their clients' desired and perceived levels of control, and consequentially their clients' satisfaction with the client/agent relationship, by building social capital through a quality relationship with the client.

Increased client satisfaction requires the real estate agent to abdicate some control over the relationship to the client. However, maximizing sales performance requires the real estate agent to retain a level of control over the relationship. It is therefore essential for real estate agents to be aware of any patterns in their clients' perceived and desired levels control over the sales relationship. Understanding and managing the client's expectations and desires allows real estate agents to provide their clients with the greatest level of satisfaction and the best real estate results.

## Recommended Reading

Mullins, Ryan R., D.G. Bachrach, A.A. Rapp, D. Grewal & L.S. Beitelspacher (2014), "You Don't Always Get What You Want, and You Don't Always Want What You Get: An Examination of Control-Desire for Control Congruence in Transactional Relationships," *Journal of Applied Psychology*, 100(4), 1073-1088.

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## About the Authors

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Before coming to Clemson, Ryan worked as an engineer for Boeing as marketing liaison between engineering performance testing and the sales/marketing teams. Ryan pursued his PhD at the University of Houston where he focused his work on sales and sales management research. At Clemson, Dr. Mullins is working on research projects related to sales force management and effectiveness, team selling, customer relationship management, and sales leadership. Ryan's work has appeared in the *Journal of Marketing, Journal of the Academy of Marketing Science, Journal of Applied Psychology,* and the *Journal of Personal Selling and Sales Management*. Integrating his work into the classroom, Dr. Mullins teaches Introduction to Professional Selling, Advanced Selling, and Sales Management at the undergraduate level, and also teaches Sales Leadership at the MBA level.

Ryan has won several awards for his research work. His dissertation work was awarded the AMA Sales SIG Best Dissertation Proposal (2012) and Best Dissertation (2013). He has also previously won the sales track best paper award at SMA 2012 and SMA 2014, as well as the AMA Services Track best paper award in 2014. More recently, Ryan and his co-authors were awarded the AMA Sales SIG Excellence in Research award (2015) to recognize the sales-focused journal article with the most significant contribution to the sales discipline over the previous year.

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Adam has won teaching awards at the University of Houston, University of Connecticut, the overall business school teaching award at Kent State and Clemson Universities, and most recently the Board of Trustees Award for Teaching and Research at Clemson University. Adam's has published three books and over forty peer-reviewed articles, which examine factors influencing the performance of front-line service and sales personnel. He has presented at hundreds of conferences and events around the globe. Adam most recently won the Neil Rackham award for sales knowledge dissemination (2014) and the most impactful journal article in the Journal of Personal Selling and Sales Management (2014).

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Dr. Grewal was awarded the 2010 Lifetime Achievement Award in Retailing (AMA Retailing SIG), 2005 Lifetime Achievement in Behavioral Pricing Award (Fordham University, November 2005) and the AMS Cutco/Vector Distinguished Educator Award in May 2010. He is a "Distinguished Fellow" of the Academy of Marketing Science. He has also coauthored *Marketing Research* (publisher: Houghton Mifflin Co., 1e 2004, 2e 2007), *Marketing* (publisher McGraw-Hill 1e 2008, 2e 2010-Awarded Revision of the Year, McGraw-Hill Corporate Achievement Award for Marketing, 2e with Connect *Marketing* in the category of Content and Analytical Excellence, 3e 2012) and M Series: Marketing (publisher McGraw-Hill 1e 2009). He was co-editor of *Journal of Retailing* (2001-2007). He is currently researching innovative retailers and working on a book.

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Dr. Beitelspacher's research interests include: buyer-supplier relationships, retail management, and the retail supply chain. Her work has been published in numerous scholarly journals including: J*ournal of Applied Psychology, Journal of Retailing, Journal of the Academy of Marketing Science, Journal of Business Research*, and *Industrial Marketing Management*. She has also presented her work at numerous conferences and won several best paper in track awards at the Society for Marketing Advances and Academy of Marketing Science. Her research concentrates specifically on the relationships with retailers and manufacturers. Whenever possible, her research focuses in the athletic, outdoor, and sporting goods industry. Lauren has contributed to several marketing and retailing textbooks and her teaching interests include: principles of marketing, retail management, business-to-business marketing, and personal selling.

# Give Me a *Better* Break: Choosing Workday Break Activities to Maximize Resource Recovery

*Emily M. Hunter, PhD and Cindy Wu, PhD*

The average worker would agree that breaks, although not necessary, are helpful in making a workday more manageable and possibly enjoyable. Research has shown the benefits of evenings, weekends, and vacations on employee health and performance, but surprisingly little research has investigated breaks during the actual workday itself. In this study, our goal was to understand how breaks can benefit employees and organizations through improved health and well-being and to provide advice for breaks during the workday by determining when, where, and how break activities are most beneficial. Defining a break as a stretch of time in the day when employees turn their attention away from work, we examined the impacts of breaks on physical as well as emotional health, job satisfaction, and the extent to which employees go above and beyond contractual obligations.

## Characteristics of Workday Break Activities That Enhance Resource Recovery: Research and Results

In order to accomplish this study, we tapped workers from a mid-sized, private university in the southern United States. The average age of participants was 46 years old with average length of 7 years on the job. Additionally, a majority of the participants spent a good portion of their day behind computers, which can have an effect on eyestrain, headaches, lower back pain, and muscular effects. Participants were instructed to complete a short online survey after every break they took for a week as well as complete a final survey at the end of the week that measured job satisfaction, emotional health and the extent to which they go above and beyond contractual obligations. The study controlled for quality of sleep the night before as well as perceived resources (i.e., energy, concentration and motivation) immediately before the break.

Drawing on previous studies that showed relaxing breaks related to less fatigue, we studied multiple aspects of the workday break to determine efficacy in increasing recovery. Analyzing different aspects of a workday break, we found that the characteristics of a break that replenish resources (i.e., energy, concentration and motivation) most are doing a break activity that is

enjoyed by the employee and taken earlier in the day. Additionally, we found that breaks across the work week decreased burnout, increased job satisfaction, and increased the extent to which an employee goes above and beyond contractual obligations.

Our first prescriptive finding is that breaks are more effective when spent on a preferred activity. When employees engage in an activity that they prefer, resources are recovered more effectively because the employees choose the activities that they desire to do and thus such engagement does not require additional mental energy. Also, preferred activities on break are more enjoyable and relaxing, allowing precious resources like energy and concentration to replenish.

Our second finding determined the time of day enabling the highest recovery of resources. For employees who spend most of their day working on computers, previous research has shown that resources decline as the day progresses. As resources are expended throughout the day, an employee will experience increasing difficulty meeting demands of work if there is not sufficient time for rest. We found that breaks taken earlier in the day recovered more resources than breaks taken later in the day. Therefore, in order to maximize output for an entire day, an employee should front-load their day with breaks to keep resources higher as the day progresses. Additionally, due to decreased effectiveness of afternoon breaks, it is critical to engage in *preferred activities* to maximize resource recovery.

Interestingly, we found that break activities requiring higher efforts (e.g., exercising or going for a walk) did not significantly recover resources after the break. Previous research revealed the opposite effect, suggesting that being actively engaged with an activity helps the mind turn from work to relaxation thus decreasing the need for recovery. However, our research suggests that exercising can have a positive resource-replenishing effect *only if* exercising is a preferred activity. In such cases, resources are replenished more effectively following exercise for such workers than if such employees participate in a non-preferred work break activity.

## Implications for Real Estate Sales Professionals

Although this study was done in the context of a university setting, we believe the resource recovery process for university workers and real estate professionals is quite similar. In both types of roles, the employees interact with people (students vs. clients) and spend a fair amount of time on computers. University workers and real estate professionals have jobs that "never completely finish" at the end of the day. Therefore, the need to take breaks is amplified in these types of roles.

1. **Schedule breaks in your day.** Since a real estate professional's day can look very different from day to day, it is easy to tell yourself that you will take a break when the opportunity arises. However, a real estate agent's day can fill up very quickly and before

you realize it, the workday is winding down and you have not stopped. For those long days with clients, schedule an actual break in the day to allow your clients space to talk about the homes and give you a true break to refresh your resources. Scheduling breaks in the midst of your day will help you recover spent resources – giving you the energy, motivation and concentration that your client needs when working with you.

2.  **Make your break activities something you enjoy.** Oftentimes we have heard that the best activity to do during a break is exercising. Although exercise is important to a person's health, exercising is not always the best method to recover resources spent throughout the day. Resources are best recovered when participating in an activity that *you most prefer.* If you prefer being outside, go for a short walk after you leave your client. If you prefer reading the news, open your favorite news app to read in the car while waiting for your clients. If you do not know the activities that refresh you, experiment with a new activity once a week and take note of how you felt afterwards and what activity refreshed you most.

3.  **For longer days spent behind the computer, schedule breaks earlier in the day.** Real estate professionals need to spend time on the computer. However, those days behind the computer can be some of the more tiring days since computer work can be quite repetitive. In order to maximize resource recovery, schedule breaks earlier in the day to front-load recovery in order to keep resources high throughout the day. So take that mid-morning coffee-break; don't wait until lunch to get away.

4.  **Take more short breaks throughout the day, rather than fewer long breaks.** When an employee takes more breaks throughout the day, his/her resources after the breaks were found to be higher after more frequent, but shorter breaks. Therefore, in order to increase resource recovery, an employee should schedule more frequent, shorter breaks throughout the day. Although this may seem impractical, scheduling a five-minute break on the hour will help keep your resources high versus trying to recoup all spent resources after three hours of no breaks. During this time, take a quick walk around the office or close your eyes for two minutes while listening to some soothing music. These

shorter but more frequent breaks will help keep resources at a maximum throughout the day.

## Conclusion

In order to perform their best for their clients, real estate professionals must keep their vitality and excitement for their job at a maximum. In order to do that, breaks during the workday play a vital role. Although it is a challenge to have the discipline to take breaks throughout the day, real estate professionals can dramatically increase their energy, motivation and concentration by pausing their workday to allow their body and mind to recover.

## Recommended Reading

Hunter, Emily M. & Cindy Wu (2015), "Give Me a Better Break: Choosing Workday Break Activities to Maximize Resource Recovery," *Journal of Applied Psychology,* 101(2), 302-311.

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Emily M. Hunter is an Associate Professor of Management in the Hankamer School of Business at Baylor University. She earned her Ph.D. in Industrial-Organizational Psychology at the University of Houston in 2009. Emily teaches negotiation and conflict resolution to undergraduates and organizational behavior to MBA students. She also conducts research on work-family conflict, employee deviance and servant leadership which has been published in the *Journal of Management* and the *Journal of Applied Psychology* among others.

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# Can A Book be Judged Accurately Only by its Cover?

*Zachary R. Hall, PhD, Michael Ahearne, PhD, and Harish Sujan, PhD*

Sales professionals make judgments of their customers' preferences and tastes throughout the selling process – at times without being conscious they are doing so. These judgments enable effective selling. Selling requires salespeople to, constantly, place themselves in the shoes of their customers.

Salespeople make two types of judgments: those based more on intuition and those based more on deliberation. Drawing from Dane and Pratt's (2007) work on decision making, *intuition* is defined as judgments that derive from rapid, non-conscious, and holistic associations and *deliberation* as judgments that derive from slower, conscious, and analytical associations.

## Our Study

Our study examined the relationship between intuitive and deliberative judgments together – a relationship not previously studied in sales outcomes. There were two sets of research objectives. The first centered on understanding the impact of salespeople's judgments of their customers. We were interested in knowing whether or not salespeople can make accurate, snap judgements about their customers using only non-verbal cues, and whether or not these intuitive judgments improve selling effectiveness and/or selling time? We also evaluated whether or not these intuitive judgments are more or less important than judgments based on more traditional sales processes such as questioning and listening?



The second set of objective focused on how to enhance the accuracy of both salespeople's intuitive and deliberative judgments. Our questions focused on deliberative characteristics of sales – customer orientation and listening – and intuitive characteristics – domain-specific experience, salesperson-customer similarity, and social intelligence in the form of empathy.

To answer these questions, we recruited the assistance of a mid-size U.S.-based retailer specializing in one product line whose value ranged from $100 to $4,000. Data collection consisted of pre-study qualitative interviews, a field study, and a salesperson post-study survey that allowed us to measure salespeople's intuitive and deliberative judgments of their customers in multiple ways.

Our research suggests how real estate agents can improve both their effectiveness and their efficiency through accurate judgments of their customers.

## The Combination of Deliberative and Intuitive Accuracy Leads to Increased Sales Effectiveness

Without question, past research suggests, accurate intuitive and deliberative judgments are important. While the individual effect of intuitive and deliberative judgment had been examined, the interactive influence of these judgments, in a sales context, had not been examined.

We find in our research that salespeople have the innate ability to make accurate judgments of their customers' needs. While prior research had shown that accurate deliberative judgments improve sales performance, our findings suggest that this is only when they are preceded by accurate intuitive judgments. When salespeople make accurate intuitive judgments and revise these judgments upon deliberation the benefit of intuitive accuracy is lost.

Overthinking is no doubt the enemy of intuitive accuracy and can facilitate or derail progress in that area. To achieve optimal performance benefits, a salesperson must be accurate in both intuitive and deliberative judgments. Salespeople who start with a high intuitive accuracy but, after deliberation, "correct" their earlier judgments have lower selling effectiveness, longer selling times, and, as a result, lower selling efficiency.

Numerous antecedents of perceptual accuracy were identified through the study. Domain-specific experience, similarity with the customer, and empathy were found to favor intuitive accuracy. For deliberative accuracy, a customer orientation and listening skills favor the skillset.

Our research has numerous implications for management. When accurate intuitive and deliberative judgments are made, performance, judged by the amount sold per hour, improves by more than 130%.

By knowing your salespeople's ability to make accurate judgments, managers can equip their employees to do their best. By identifying specific strengths and weaknesses of individual sales people, tailored training can be provided to improve intuitive and deliberative accuracy thus promoting an increased ability to judge customers holistically.

Finally, through accurate judgments and analysis of customers, appropriate initial selling strategies can be developed to match the needs of each individual customer. This behavior increases the customer's likelihood to purchase, increases the amount the customer spends, and decreases the selling time. Improved sales performance can be encouraged through *tailored* selling strategies from the onset of a sales interaction and the wisdom to continue to trust these judgments upon reflection.

**Implications for Real Estate Sales Professionals**

What does this mean for real estate professionals? Based on this research, we offer four recommendations that real estate professionals can implement to improve their selling effectiveness.

1. **Place the client's needs at the heart of the sales process**. The first thing real estate professionals (agents and their managers) should do is make sure that the sales process revolves around understanding your clients' needs. Too often, we find that compensation structures (e.g., commissions) and other factors blind sales agents from the importance of finding the right product for the right customer. In our research, we find that sales agents who can accurately assess what their clients' needs both through non-verbal cue reading and through questioning techniques and listening are more successful.

2. **Embrace the power of your intuition**. In our experience, many sales managers restrain their agents from using their "gut feelings" in support of tried-and-tested sales processes. While structured, customer-oriented sales process are important, sales agents' first impressions, whether on the phone or in person, affect how they treat the customer, how much time they invest in the customer, which home(s) they show the customer, etc. Our findings show that more often than not, their first impressions are accurate *and* when they are, their selling effectiveness and efficiency improve significantly. Further, we find that overthinking and questioning their intuition (termed wasted intuition), compromises performance. Sales leadership should promote sales agents to use and trust their intuition.

3. **Rethink "Top-Down" selling**. A traditional selling technique is to show the most expensive, most elaborate home to a client. In doing so, an agent hopes that the client has psychologically increased their budget and expanded their needs in a home. Our findings suggest that this approach can compromise your success as an agent. We find that top-down selling, if outside



the client's budget and needs, creates distrust. In contrast, when sales agents show their clients homes that better match their needs, clients feel that the sales agent "knows" them and has their best interest in mind. In the real estate profession, which is heavily dependent on trust and word-of-mouth, this should be even more important.

4. **Improve your social intelligence skills**. In order to make accurate intuitive and deliberative judgments about your clients requires social intelligence. Of these, reading your clients' nonverbal cues (e.g., hand gestures, body language, facial expressions, and appearance) is critical to understanding your customer's needs, feelings, and thoughts. Social intelligence can be improved through empathy and perspective taking training. Further, sales agents can improve their social intelligence in the real estate profession by actively documenting their impressions of customers. Through this exercise, sales agents can learn from their judgment errors, which will enable them to develop knowledge of the relationship between nonverbal cues and corresponding customer types. We feel that this is critical for new sales agents and even suggest that they review their impressions (success and failures) with another agent or manager.

## Conclusion

Forming accurate judgments regarding a client's preferences is of utmost importance if a real estate agent is to be successful. Learning such skills does not need to be difficult, but it should also not be assumed that all agents are skilled in each characteristic from the outset. By acknowledging a deficit and dedicating time to growing in less-developed areas, a real estate professional can dramatically increase their potential and develop a skillset that will benefit them daily in their work.

## Recommended Reading

Hall, Zachary R., Michael Ahearne, & Harish. Sujan (2015), "The Importance of Starting Right: The Influence of Accurate Intuition on Performance in Salesperson-Customer Interactions," *Journal of Marketing*, Vol 79 (May 2015), 91-109.

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# Procedural Frames in Negotiations: The Impact of Offering "My Resources" Vs. Requesting "Your Resources"

*Roman Trötschel, PhD, David D. Loschelder, PhD, Benjamin P. Höhne, PhD, and Johann M. Majer, PhD Candidate*

If I were to propose a trade to you, the two statements "My X for your Y" and "Your Y for my X" may appear to be completely equal. However, in a real world negotiation, those two proposals are perceived differently. The two statements refer to an exchange in which each party gives and receives. The substance of the negotiation may be the same, but the procedural frame with which each proposal was made alters how those two proposals are perceived and influences each parties' expectations and behaviors that follow. In order to better understand the impacts of procedural frames, we set out to observe and analyze how different procedural frames impact negotiators' perceptions, behaviors, and ultimately the outcomes of their negotiations.

Negotiations revolve around the transfer of resources. Each party in a negotiation has a resource that they are looking to exchange for the other party's resource in order to complete the transaction. Procedural frames are "different ways of describing actions (as opposed to outcomes) in structurally equivalent allocation procedures" (Larrick and Blount 1997). The procedural frames of a proposal inevitably influence how the two parties view the exchange because the procedural frame cues the reference resource. Even if two proposals describe the same exchange of resources, the recipients and senders will perceive the proposals differently depending upon how the proposals are framed ("my X for your Y" vs. "your Y for my X"). Understanding procedural frames is especially important because frames impact the negotiating parties' concession aversion, their willingness to concede to the other party's proposal in the negotiation process (Kahneman 1992).

People perceive relative losses and gains differently depending upon the initial framing. When party A frames a proposal as *offering* party A's resource for party B's resource, the salient reference resource becomes party A's resource. Because party A's resource has become the reference resource, party A's willingness to concede to party B's proposals is lower than party B's willingness to concede to party A's proposals. By framing the proposal as an offer, party A has minimized party B's concession aversion. Procedural framing also results in frame shifts,

which induces antagonistic effects of the negotiating parties. When a proposal is framed to focus on the sender of the proposal's resource, the sender will evaluate the transaction as a loss of his own resource and the recipient as a gain of that resource. However, when a proposal accentuates the recipient's resource, the sender of the proposal perceives a gain and the recipient of the proposal perceives an anticipated loss of his own resource. In negotiations, the greater focus that a proposal places on a party's resource, the more concession averse the current owner of that resource becomes in the negotiation.

## Exploring Procedural Frames: Research and Results

Procedural frames occur naturally in negotiations, through the offering, requesting resources, or automatic framing that occurs when the parties are placed in antagonistic positions of gainers and losers. In order to better understand these occurrences, we conducted several experiments to establish the role that procedural frames play in the negotiation process. Through our experiments, we were able to establish that procedural frames impact negotiators' resistance to concede and ultimately the quality of individual outcomes of negotiations. Procedural frames occur in different forms, but the salient reference resource emerged as a crucial determinant of perceptions and behaviors during a negotiation.

We began by analyzing the senders of proposals and found that senders of proposals experience stronger concession aversion to subsequent negotiations when the reference resource of the negotiation is their own resource. Put another way, when a party sends a proposal that offers their own resource, instead of requesting their counterpart's resource, the sender focuses on their own resource and is less likely to concede to the other party's counterproposals. As a result, sellers who frame their proposals as offers suggest higher prices than sellers who frame proposals as requests. Conversely, buyers who frame their proposals as offers tend to suggest lower prices than buyers who frame their proposals as requests.

Senders of proposals are not the only parties who are impacted by procedural frames. Our analysis showed that procedural frames also impact the perceptions of recipients. Parties who receive proposals framed as requests are less willing to concede than parties who receive proposals of identical value that are framed as offers. In other words, recipients of proposals experience greater resistance to concede when the proposal requests the recipient's resource, as opposed to a proposal that offers the sender's resource. This impact occurs irrespective of whether the recipient of the proposal is a buyer or a seller.

Just as negotiations can include different roles and resource exchange structures, they can also include disparate negotiation experience and different levels of interaction. Our research led us to explore how negotiation experience alters the impact of procedural frames and whether procedural frames have different influences when the negotiation is conducted face-to-face versus remotely. As predicted, our research confirmed that despite the experience level of the

parties in a negotiation, procedural frames still affect the parties' concession aversion, which in turn influences the ultimate outcomes of negotiations. Procedural frames play such a basic and fundamental role in negotiations that they impact negotiations no matter the experience level of the parties or the proximity or interaction by which the negotiations are conducted.

Many times during negotiations, parties make concessions based on price dimensions and exchange concessions based upon resources. Therefore, we explored the impact of procedural framing when the seller's resource, a commodity or property, and the buyer's resource, money, were manipulated as fixed or flexible resources. Our research showed that fixed commodities lead parties to focus on the buyer's money as the reference resource. However, fixing the buyer's resource, money, highlights the seller's commodity as the salient reference resource of the transaction. Therefore, sellers achieve higher individual profits in commodity negotiations, when the reference resource is the seller's resource, than in price negotiations, where the reference resource is the buyer's money. Conversely, buyers gain more in price negotiations than in commodity negotiations. From our findings, we conclude that seller and buyer perceptions of proposals and willingness to concede in the negotiation process are impacted by whether the reference resource is flexible or fixed.

One of the most prominently displayed procedural frames that impacts negotiations occurs when the transaction is framed as either *offering* one's own resource or *requesting* their counterpart's resource. Regardless of whether the party making a proposal is a buyer or a seller, parties that propose offers make smaller concessions than parties that make requests. Offers influence the outcomes of negotiations because they establish a different reference resource than requests. When money is the salient reference resource, offering buyers make smaller concessions than requesting sellers. Accordingly, when commodities or other property are the salient reference resource, offering sellers make smaller concessions than requesting buyers. Perceptions of the proposals change based on the reference resource of the proposal and whether their own resource is being offered or requested.

Procedural frames impact how negotiators perceive proposals and ultimately impact the outcomes of negotiations. Therefore, it is beneficial for individuals who negotiate to understand how their own perceptions are influenced by procedural framing and how they can get the most out of the negotiation by managing their counterpart's perceptions of proposals. Consciously and

purposefully shaping procedural frames can allow negotiators to get the best results out of their negotiations.

## Real Estate Perspective

Real estate agents will benefit from understanding the influence that procedural framing has on real estate negotiations and outcomes. As our research supports, the negotiation's reference resource becomes an important influence on your counterpart's willingness to accept your proposals and prevents real estate buyers and sellers from expressing strong feelings of concession aversion. Therefore, real estate agents should be aware of the salient reference resource and the implications that arise from the procedural frames of the proposals that they send and receive. Understanding the influence of procedural frames allows a real estate agent to reframe proposals thereby obtaining a more objective perspective of the proposal.

A real estate agent can reduce her counterpart and counterpart's client's concession aversion by framing her proposal as an offer instead of a request. For buying agents, that will mean "we offer $X for your house" as opposed to "we would like to buy your house for $X." Framing the proposal as an offer places the focus on the buyer's resource, the money. Alternatively, seller agents' should place the focus on the home that they are trying to sell, and not the buyer's money. A seller agent can accomplish this by the proposal frame "we offer this home for $X." While making the reference resource the home and not the money may seem awkward at first, given the predominant role that money plays in real estate transactions, real estate agents should make a conscious effort to frame all proposals as offers rather than requests. Furthermore, real estate agents are advised to emphasize positive attributes of the respective homes in order to highlight the homes as reference resource of the transaction. In sum, offer-frames in combination with positive attributes should help to channel the focus on the own resource.

Properly managing procedural frames is not only beneficial for dealing with counterpart agents. The insights gleaned from our procedural-framing studies can also be used by real estate agents to minimize their own clients' concession aversion. Many times, real estate agents act as the intermediary for proposals between their clients and the opposing party. Therefore, the real estate agent has additional control over the procedural frames in which their clients first receive proposals and counterproposals. Real estate agents can minimize their clients' concession aversion and the impact of negative procedural frames by reframing proposals received from the other side before presenting the proposal to their clients. Additionally, real estate agents can take the proposals that they have formed with their clients and reframe them before sending the proposal back to the other side of the negotiation.

Procedural frames impact negotiators' resistance to concede and the quality of the individual outcomes of negotiations, including real estate negotiations. If real estate agents are able to recognize and understand the influences of procedural framing, then they can utilize that

understanding to reframe proposals to their clients and counterparts in order to achieve better results from the negotiation.

## Recommended Reading

Trötschel, Roman, David D. Loschelder, Benjamin P. Höhne, & Johann M. Majer (2015), "Procedural Frames in Negotiations: How Offering My Resources Versus Requesting Yours Impacts Perception, Behavior, and Outcomes," *Journal of Personality and Social Psychology*, 108 (March), 417-435.

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## About the Authors

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Roman Trötschel (PhD – University of Konstanz, Germany) is a Full Professor at the Leuphana University Luenburg, Germany. His research on psychological processes in negotiations deals with cognitive mindsets, motivational mechanisms and self-regulation in the process of conflict resolution. Another line of his research deals with group processes in negotiations (e.g., intergroup negotiations between representatives). In his recent work he has started to investigate the effect of resources and their characteristics on psychological processes in negotiations, such as the influence of monetary versus non-monetary resources (e.g., commodities, real estates) or material versus non-material resources (e.g., information, access to the market). Dr. Trötschel has also worked as consultant in union-management negotiations and has been trained as a mediator. Based on his recent work on the role of resources and psychological processes in negotiations a new training program has been developed (together with Dr. Benjamin Höhne and Valentin Ade) called the *Resource-Oriented Negotiation Approach (RONA)*. This new approach to negotiation provides parties with numerous strategic and psychological tools to achieve beneficial negotiation outcomes based on a systematic investigation of all available resources.

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David D. Loschelder (PhD - University of Trier) works as a Professor of Social Psychology at Saarland University, Germany, and completed research visits at Columbia Business School in

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Benjamin P. Höhne (PhD – Leuphana University) works and lives as a negotiation trainer and coach in Berlin, Germany and conducts research negotiations on shared resources as well as the influence of different communication media in social interaction. Together with Dr. Roman Trötschel and Valentin Ade he developed a new approach to teaching and training negotiations called the *Resource-Oriented Negotiation Approach (RONA).* This new approach to negotiation provides parties with numerous strategic and psychological tools to achieve beneficial negotiation outcomes based on a systematic investigation of all available resources. Recently, Dr. Benjamin Höhne joined the Institute for Distance Learning at Beuth University to develop and test new methods of blended learning environments for employees in smart factories on the verge of the Industry 4.0. In this consortium project with partners from different industrial sectors (Bayer Pharma, MAN, Hella) funded by the German Federal Ministry of Education and Research, he seeks to integrate his experience from psychological negotiation and communication research into this rapidly developing field of work.

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Johann Majer is a PhD Candidate at the department of Social and Organizational Psychology at Leuphana University, Germany. One line of his research deals with cultural differences in ethically questionable negotiation tactics. Another more recent project specifically focuses on procedural frames in the initial moment at the bargaining table and how they impact the classic first-mover advantage in order to derive implications for using procedural framing in the opening move.

# The Salesperson's Toolkit for Selling Success

*Charles Fifield, MBA*

A salesperson's or agent's toolkit is a set of tools designed to be used together for the purpose of earning a win-win value-adding purchase decision. During an interactive professional sales exchange, several tools are needed to shape and achieve this desired outcome. Using a recommended storytelling process allows the agent to skillfully guide the buyer through a pre-determined set of activities. These activities produce a powerful story about how your client will benefit from your jointly determined recommendations. The main character in the story is either directly or indirectly your client, and the story resembles the making of a short movie skillfully employing both words and non-verbal communication techniques.

The recommended story to be shared with the client has seven key sequential components:

1. Opening

2. Relevant theme

3. Developed cast of characters

4. Stimulus that leads a qualified buyer toward a resolution or transformation

5. Climax or necessary tension, discomfort or emotional pain

6. Opportunities for mutual gain and value-adding validation

7. Closing/crossroad as buyer initiates or confirms his/her decision/purchase

Each component calls for specific tools to successfully guide your buyer through this transforming experience. The story must be artfully produced to achieve the end in mind, i.e., the buyer is willing to begin the process of making a decision (worst case), or the buyer asks for necessary paperwork to implement the mutually developed solution as a result of the stimulus (best case).

Regardless of an agent's experience level, your selling "tools" must be regularly sharpened as part of a commitment to continuous improvement to enhance your long-term productivity.

## Component #1: The Opening

As the seller, you should always commence the engagement in an energetic and confident manner, and the opening has two key tools to effect this – the introduction or first impression and rapport building. You are opening the story with your buyer so you must create an initial level of energy for launching the story.

In Carol Kinsey Goman's article, "Seven Seconds to Make a First Impression," the author notes how first impressions are crucial in business interactions. Furthermore, she emphasizes how first impressions are more heavily influenced by nonverbal cues than verbal cues – over four times the impact! She offers seven nonverbal ways to make a positive first impression:

1. *Adjust your attitude.* You must make a conscious choice about the attitude you wish to represent to the listener.

2. *Straighten your posture.* You convey your authority and position through your nonverbal behaviors. To project confidence and convey your competence, you should stand tall, pull your shoulders back, and hold your head in alignment with your spine.

3. *Smile.* A smile is an open and warm invitation to the story about to begin.

4. *Make positive eye contact.* Looking, but not starring, at the buyer's eyes communicates positive energy as well as indicates your interest and openness to her ideas. Eye contact is an important ingredient to your likeability.

5. *Raise your eyebrows.* As you open your eyes a little wider than normal, you signal to the buyer that you recognize and acknowledge her presence.

6. *Offer to shake hands.* Your handshake establishes rapport, and breaks the social distance barrier often present in an initial encounter with a buyer.

7. *Lean in slightly.* When you lean forward slightly, you signal your interest in the other person.

Verbally, you create the first impression by clearly stating the following elements:

1. A warm greeting (e.g., in a western business context, *hello*)

2. Stating the buyer's name

3. Stating your name and the organization that you represent

4. Expressing appreciation for the opportunity to visit with the buyer

The correlation between the first impression and the ultimate buy or no-buy decision is significant, and you only get one chance to make a first impression.

The opening of your story includes rapport building, which is all about connecting with the buyer. Mike Schultz and John Doerr in "7 Ways to Build Rapport in Sales and Connect with People," note that good rapport requires the agent to:

1. Be genuine

2. Be warm and friendly

3. Show interest

4. Don't seem too needy (to be liked)

5. Give genuine (and sincere) compliments

6. Calibrate the rapport to *just right*

7. Read the culture that you are entering and adjust or adapt your approach to the other person and company (Schultz and Doerr, 2016).



These authors also emphasize the need to offer questions for successful rapport building in a sales exchange. To most positively impact your rapport value, you can use an open-ended question demonstrating thoughtfulness about the listener. Using an open-ended question enables agents or salespeople an opportunity to collect themselves and organize their thoughts as buyers are responding to the question. The question offered may also serve as a bridge into your story's theme or attention getter. For example, a question about a business owner's past success may be a door opener to today's discussion about your future success together.

## Summary

The opening is a critical component to your story involving your client. The right opening is more about what you look like and your actions than what you actually say. The sales call actually begins before you even open the door to the prospective client. That is, much of the

outcome of your sales call is determined by your attitude, how well you mentally and emotionally prepared for the engagement with the client.

The introduction is your opportunity to gain a positive first impression, and a significant element of your presentation is the fact that your non-verbal behaviors speak so loudly that your client oftentimes don't need to hear your words.

Rapport building is all about likeability and beginning to build a relationship by focusing on the other person's interests. When in doubt, a sincere compliment is a failsafe rapport builder. Your body language signals your willingness to nurture and serve the buyer and should be "stage center" during this opening phase of your story with the client.

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# INSIDER: Creating Maximum Value in the Real Estate Selling Process

*Jack Kohles, MBA Candidate*
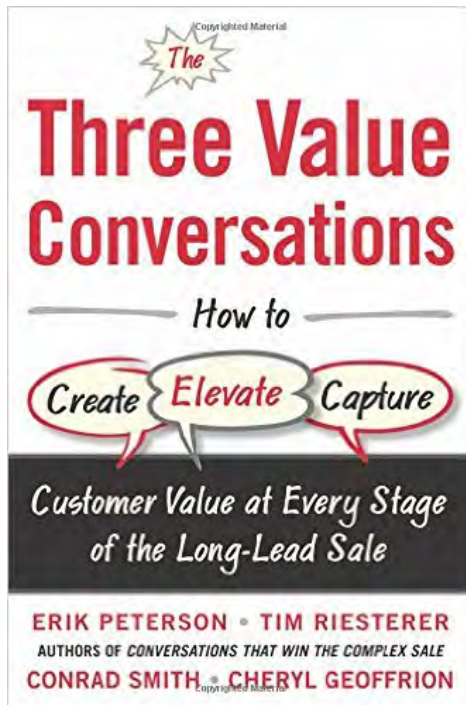


While many Americans are unfamiliar with the name Martin Grodzins, Grodzins coined the term "tipping point" in 1957. In his article titled "Metropolitan Segregation" for *Scientific American,* he discussed the phenomenon known as "white flight": the exodus of the white population to the suburbs. His research question was, "at what point, did white people leave?" What he found was, to inspire an exodus, there had to be a larger number: a tipping point. However, the term "tipping point" was not famous until Malcolm Gladwell wrote the wildly popular book, *The Tipping Point: How Little Things Can Make a Big Difference*.

So why did Gladwell succeed with this idea but Grodzins never received any notoriety? Gladwell was a master storyteller. While Grodzins had done much of the same work as Gladwell, Gladwell was able to sell a compelling story of how a tipping point can relate to life. Similarly, real estate professionals need to understand how they too are storytellers: selling a story of buying a home or commercial property.

Therefore, to be a master storyteller, a real estate professional must master the customer conversation. In their book, *The Three Value Conversations,* authors Peterson, Riesterer, Smith, & Geoffrion focus on how to master the customer conversation. Although there are many parts to being a masterful storyteller, let me offer four points to help you master the story-telling sales process.

## THINK POINT #1: Create the Buying Vision

If I asked you, would you have invested $10,000 of your own money in Apple when their stock was at the lowest point of seven dollars in 2002? What would be your answer? Most people would say, "Of course, no question." However, most people did not purchase Apple stock at that time. Why? Because of the phenomenon known as declared preference versus revealed preference. This phenomenon means people say they are interested when little is "on the line," but do the complete opposite when their money and/or reputation are at stake. Therefore, people think they are further along in the buying process than they really are. When it comes time to make the choice, to put money down or walk away, many walk away. The same holds in real estate. People think they are ready to buy when they see something they like, but in reality, many

buyers are still trying to decide whether they are willing to make a change. They need a buying vision.

So what can a real estate professional do to help create a buying vision? Despite what prospective buyers are telling you, you need to have the patience to step back in the process and make sure they have a true buying vision--- that they can no longer stick with the status quo of their current situation. What most real estate professionals do not realize is their biggest enemy is *not* your competitor. The biggest enemy is the status quo; people staying exactly as they are and not making a change. Obviously, if someone is searching for a new real estate opportunity, there is some desire to change. In many cases, people are trying to decide if making a change is worth the effort.

Think about AOL. People you know, perhaps some readers of this article, still use AOL. AOL's service is something now available free. Yet, people continue to pay for the service. Then why do people stay? It is more work to leave than it is to stay and continue with the status quo. They would have to let their friends know about a new email, change their contacts, etc. and therefore it is easier to just stay. That is inertia and it is powerful.

The same can be true in real estate. Even if a buyer is somewhat dissatisfied with the status quo, it is safe, it is known. People are more likely to stay with the safety of their current real estate than automatically step out and purchase something new. Therefore, to begin creating the buying vision, the real estate professional must discover the status quo. To help discover the status quo, the authors suggest a few questions that will begin the process:

1. What parts of your current home/office are working for your current realities?
2. Since finding your current home/office what things have shown to be challenges or missed opportunities?
3. How are you addressing your current challenges?

When these questions are answered, a real estate professional can begin shaping how to address the status quo, remembering people are motivated to stay rather than change. In fact, according to Daniel Kahneman, people are twice as motivated to make a change when the situation is framed as avoiding a loss rather than achieving a gain. This is powerful since the decision-making part of the brain sees value only through contrast. Therefore, we have to show the status quo as unsafe in order to motivate change.

The status quo was a great idea when first implemented. However, something has changed and that change is important. Increasing interest rates coupled with a need to increase house size due to a growing family can motivate a family to move now. Rezoning of a new apartment development nearby will lower home values in the area by an estimated 15%. A new commercial development will increase car traffic 25% making roads unsafe for children. These changes give the real estate professional the "story" to show that the status quo is unsafe. The greater the contrast between your customer's perception of how unsafe the world is and what a new safe

path looks like, the greater the perception of value you create. Therefore, just as master storytellers paint a picture of trouble on the horizon in the stories, your job is to paint a picture of potential disaster if a buyer stays with the status quo.

**THINK POINT #2: Unconsidered Needs Drive Unexpected Opportunities**

As the picture of potential disaster comes into focus, the problem now becomes one of finding a solution. In some of the greatest stories, the best solution is not always clear to the main character or the readers. The main character has to make a decision that does not seem like the best option. Similarly, for real estate purchasers, the best option is not always clear, especially if buyers have not considered all options. Therefore, as a master storyteller, a real estate professional must learn to guide the conversation with the buyers to discover the best option for them.

As stated earlier, a buyers' need for status quo urges them to stay right where they are, but there is a felt need to make a change, thus making it a challenging process. So, just as a master storyteller guides the reader, a real estate professional can assist the buyers in making sense of the real story unfolding. In order to help buyers make sense of the unfolding story, a real estate professional must listen for buyers' unconsidered needs. These unconsidered needs are parts of the buyers' status quo that they have not considered. Thus, a real estate professionals' job may be less dependent on their problem-*solving* skills and more on their problem-*finding* skills. To help a real estate professional become a solid problem-*finder*, the authors suggest considering these three needs:

1. Undervalued needs: These are needs buyers do not fully appreciate or think large enough to warrant change. A real estate professional's job is to prove that these are big enough to warrant change. If a client has a hobby, but she has no room in her current home for engaging in this hobby, the real estate professional can explain how adding an additional room for hobbies has proven to provide increased happiness among 75% of former clients. Proving how undervalued needs are larger than a client believes them to be immediately makes the status quo unsafe.

2. Unmet needs: Buyers may not be aware of some of their own needs because they have hidden them with workarounds. When sitting down with clients for the first time, ask them to explain their daily tasks. Even better, traveling to a buyers' current home or office and seeing their routines will help reveal unmet needs. While observing your clients in their current offices or homes, look for opportunities that are unacceptable or unsustainable in their daily routines. For example, driving children to day care is a part of the daily routine for working parents. Showing them homes 10 minutes closer to the best daycare options will give them an hour back in their week unveiling an unexpected opportunity.

3. Unknown needs: These are needs buyers have not taken into consideration. Although an interest rate hike is an incentive to stay, a need to upgrade to a bigger house plus an

interest rate hike can be motivation to move quickly. Just a half-percent hike in the interest rate adds $10,000 to a $100,000 loan over thirty years. Showing these increased costs to buyers can help them see the need to move now rather than wait. Conversely, a proposed new building development that will disrupt a now tranquil neighborhood may force buyers to consider new options.

Your job as a real estate professional is to help buyers see what will keep them up at night now, but also help them see what will keep them up at night a year from now. In order to surface these needs, here are three questions to consider asking your client:

1. What is one thing you wish your current home had but does not?
2. Is there a recent example where your home has not met your expectations?
3. If you no longer loved a feature of your home due to a change in preference or an external event outside of your control, would you be motivated to move?

These questions will help surface unconsidered needs that will drive unexpected opportunities. Therefore, as a master storyteller makes clear the unfolding story, a real estate professional must use these unexpected opportunities to make clear the unfolding real story of the buying process.

## THINK POINT #3: A Fear of Heights: Selling to Those with the Power to Make Decisions

Similar to residential real estate, a commercial real estate professional must also be a master storyteller. However, there is a very real struggle in commercial real estate to speak to those with the power to make decisions. Commercial real estate professionals desire to talk with decision-makers (i.e., executives), but unfortunately find themselves delegated to mid-level managers. Those executive-level decision-makers are the ones who create demand, control budgets, and make most of the buying decisions. However, fear can paralyze and hinder commercial real estate professionals from connecting with those in power. To connect with players at this level, a commercial real estate professional must overcome this fear and learn how to construct a story that speaks to those in power.

To sell at the executive-level, the real estate professional needs to think differently about these conversations. According to the authors, we are delegated to the people that we sound most like. Managers are interested in features or functions of a new opportunity. On the other hand, top-level (or C-level) executives speak a completely different language. Their highest priority is not

the layout of the building or features of the property. Instead, C-level executives speak a different language about a business opportunity and thus commercial real estate professionals need to speak this language.

To speak with C-level executives, a commercial real estate professional must be familiar with C-level executives' interests. The number one priority of executives in the C-suite is creating owner or shareholder value. These C-level executives do not want to hear about the features or specs of a new building, they want to know how the new property is going to make or save money for their companies. But, in order to speak about the bottom line, a real estate professional needs to do some homework about the company. Is the company looking to relocate? Is the company opening a new store? Is the company starting an initiative that will force them to begin looking for new real estate? These questions will help a real estate professional begin to see opportunities to create a different conversation with C-level executives, a conversation that focuses more on strategy than buildings. A real estate professional working with the C-suite has to explain how the real estate opportunity will affect revenue, expenses or cash flow. Look for the company's financial reports or seek out press releases that quote senior management. If such information is unavailable (perhaps this is a private company), look for a similar publicly owned company's information that could serve as benchmarks for insights. Use these resources and insights to sell the story of how the new commercial property will affect the company's top and/or bottom line.

## THINK POINT #4: Pivotal Agreements During the Selling Process

Just as the residential real estate professional unfolds the buying story for residential buyers, the commercial real estate professional must unfold the buying story for C-level executives. In order to do this, a real estate professional must win critical moments throughout the selling process or what the authors call pivotal agreements. These pivotal agreements are moments in the selling process that will either move the selling process forward or end the process immediately. So, identifying these pivotal agreements and determining how to navigate them will help during the selling process. To identify these pivotal agreements, the authors suggest a few examples applicable to the commercial real estate industry.

1. Access to Power: This agreement is getting executive buy-in. As stated earlier, accessing people in power can be a daunting process. If the top-level executive is not easily accessible, pitch the same idea to the executive's assistant or business manager. From there, ask for a 10-minute meeting with one of the firm's appropriate top-level executive. In this meeting, come prepared to explain clearly and concisely *exactly* (using concrete numbers) how the property would affect the top and/or bottom line. If the executives want to hear more, ask for a longer meeting, in which you can fully explain how the property will impact the company's goals.

2. Access to information: This agreement is for information needed to mold a plan of action tailored to the company or person. If the executives have clearly seen the efficacy of the proposal, requesting the company's information is pretty straight-forward. For example,

ask to see sales or efficiency metrics for the last three years so you can use concrete numbers for determining the return on investment for a new property. Giving concrete numbers and showing how they affect a company's top and/or bottom line will go a long way toward finishing the sale.

3. Deal structure: Occasionally, clients may ask for special treatment or special discounts during the selling process without wanting to put anything on the line. However, agreeing to stipulations or special treatments before a contractual agreement is in place can derail your progress with your clients or even end the negotiation process. Be sure to talk specifics with your clients about your pricing and how your pricing is contingent upon the clients' acceptance of the deal.

4. Expansion opportunities: Once there is a deal in place, checking in periodically to see how the new property is working for them can create new opportunities to expand. One approach is to conduct quarterly or annual business reviews of new properties and analyze how the new property is working. In these reviews, ask how the new property has satisfied the company's needs and where the property fell short. Periodic reviews and asking how you can continue to meet the company's needs will keep the relationship open for further business in the future.

Pivotal agreements can be excellent tools to help you lean into and embrace the natural tension associated with negotiated conversations underlying the sales process.

The selling process has become more complex as real estate professionals navigate myriad conversations with clients. These conversations must be navigated with care and precision if a real estate professional desires to capture maximum value during the real estate selling process. Putting the authors' recommendations into practice, real estate professionals will become master storytellers who help their clients through the buying process.

## Recommended Reading

Peterson, Erik, Cheryl Geoffrion, Tim Riesterer, and Conrad Smith (2015). *The Three Value Conversations: How to Create, Elevate, Capture Customer Value at Every Stage of the Long-Lead Sale,* New York: McGraw Hill Education.

## About the Author

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# INSIDER: The Science of Why
*Andrew Miner*

It is said that people hate to spend money, but that they love to buy. And we do love to buy! Our purchases range from small perishable goods like chocolate all the way to investing in long-term, life-altering decisions such as owning a house.

But why? Why do we buy what we buy?

David Forbes explores why consumers make purchases—small and big alike— in his book, *The Science of Why.* In his MindSight Matrix, Forbes addresses nine unique reasons driving consumers' final decisions to make changes and ultimately buy something.

The MindSight Matrix is a three-by-three grid that describes how consumers are motivated to makes changes in their lives. The columns showcase what area the individual desires for the change to take place: internally (the self), materialistically (objects) or externally (social world). The rows define what type of change the consumer seeks: change from the past, change for the present and change for the future.  Let's explore how various motivations are defined and how they impact the real estate purchase process.
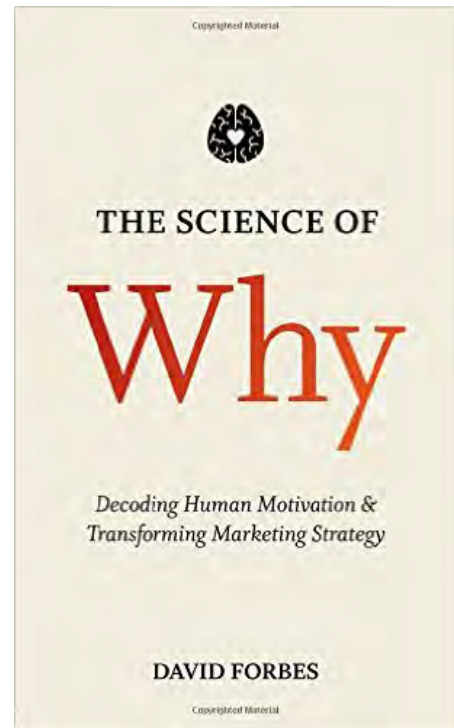
| | INTRAPSYCHIC (The Self) | INSTRUMENTAL (The Object World) | INTERPERSONAL (The Social World) |
|---|---|---|---|
| **EXPECTATIONS for the Future** | Security (Self-confident -> Insecure) | Empowerment (Free -> Trapped) | Belonging (Accepted -> Isolated) |
| **EXPERIENCES in the Moment** | Identity (Interesting -> Ordinary) | Engagement (Involved -> Indifferent) | Nurturance (Sharing -> Selfish) |
| **OUTCOMES from Past Behavior** | Mastery (Talented ->Incompetent) | Achievement (Productive -> Defeated) | Esteem (Proud -> Ashamed) |

Source: Forbes, *The Science of Why*

## THINK POINT #1: Help Your Client Feel Safe and Secure

Intrapsychic motivation focuses on the self; consumers want to have a feeling of accomplishment that helps shape their identity. In his pyramid of needs, Abraham Maslow argues that there are levels of needs that an individual fulfills in order to become self-actualized. As a realtor, your focus should be on displaying how your client can reach that state of mastery through buying a home that is safe, secure and provides identity through community connections.

## THINK POINT #2: Engage and Empower Your Client

Instrumental motivation revolves around the consumer's wants – not needs – in the materialistic world. Residential realtors are home marketers and must showcase the unique features of a house after establishing the home's security and connection to the community for the client. It is imperative that the real estate agent personalize the buying experience to the prospective home buyers envision themselves in those homes.

## THINK POINT #3: Provide Your Client with Community

Interpersonal motivation ensures that your client finds the perfect community that will give the home buyer a sense of belonging, will nurture him and eventually lead to increased status for your client. The investment your client is making is not only material, but also personal. Just as additions can be made to a house, your client should expect to grow both individually and within the buying unit or family.

## Putting the MindSight Matrix into Practice

So how does a company strategize using this matrix to successfully market to their targeted group of consumers? How does one deploy a campaign for a customer whose purchase will be far from transactional?

Real estate agents should emphasize key benefits of security, community and esteem for their clients, because home buyers are looking to make a long-term purchase that will keep them safe for years to come. Home buyers are motivated to join a loving community that will allow them to live and raise a family safely while expanding their personal networks and status.

A home is a major status symbol, representing an individual's social status and wealth in society. The esteem that individuals gain from others in their community boosts their own self-confidence. Whereas the homeowner yearns to be a valuable addition in a nurturing community, he or she also yearns for the respect and status from others.

## Security: Foundation for Life

Show your clients that your care for them and act as their trusted advisor. The security that they seek in a new home begins with the trust that they instill in their agent. You must be someone that they can trust in order for them to find and accept a community that they can trust.

Human beings can be insecure and worry about the unknown. As a realtor, knowing these concerns and objections ahead of time and creating a plan of attack for overcoming them can make a real difference in the sales process. Professional realtors have much greater experience in the home buying and selling processes and may "forget" the fears the home buyer is experiencing. Helping your client feel secure during the home buying process can build loyalty for the agent and yield security for the home buyer.

## Community: Focus on the Person, Not Materialism

Your client's self-identity can "morph" into the community identity over time, therefore it is imperative for your client to engage within the community of the home being considered. If a home buyer senses she can trust her fellow neighbors, she is more apt to move forward with a home purchase. Trusting the new neighbors can lead to individual and group achievements via networking and shared learning activities. The key for the real estate professional is to project how the community is a strong group where your client's individual identity can grow though group engagement in a nurturing environment.

## Esteem: Self-Actualizing Your Client

Forbes builds on Maslow's theory and argues that esteem is the toughest motivation to satisfy for your client. In real estate, esteem can have two meanings. The first form of esteem is that of a status symbol and capturing envy of others. The second form is more altruistic where the person receives respect from others.



With any type of selling, a terrific real estate agent must be consultative, probing deep into the true reasons behind the client's needs. Trust must be established prior to a potential homebuyer accepting that a house or community will be safe and secure to live in for years into the future as they take care of a family.

It is imperative to stress the benefits of

living in the specific community that will allow new homeowners to develop their identity by engaging with others. This, in turn, allows for the new community members to gain the respect from their peers. For such a long-term investment for your clients, they must understand the value of their personal growth that will happen when they join the community.

To be an effective agent, know your clients' personalities and what they would be looking for in a new home. Find out what will make them secure in their community, and sell them on the investment of increasing their position within the community.

## Recommended Reading

Forbes, David (2015), *The Science of Why,* New York, New York: Palgrave MacMillan.

## Reference

Maslow, Abraham H. (1943), "A Theory of Human Motivation," *Psychological Review*, 50, 370-396.

## About the Author

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# Keller Center Research Report

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