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

Give Me a Better Break: Choosing Workday Break Activities to Maximize Resource Recovery
Emily M. Hunter, PhD and Cindy Wu, PhD

Can a Book be Judged Accurately Only by its Cover?
Zachary R. Hall, PhD, Michael Ahearne, PhD, and Harish Sujan, PhD

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

The Salesperson’s Toolkit for Selling Success
Charles Fifield, MBA

INSIDER: Creating Maximum Value in the Real Estate Selling Process
Jack Kohles, MBA Candidate

INSIDER: The Science of Why
Andrew Miner, Business Account Executive
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**


**About the Author**

**Jack Kohles, MBA Candidate**  
**Baylor University**

Jack is a graduate student from Billings, Montana. He earned his bachelor’s degree in Civil Engineering from Montana State University. Before beginning graduate school at Baylor, Jack worked for Campus Crusade for Christ as a senior staff member at Washington State University. Jack is currently seeking his MBA with a concentration in Healthcare Administration and plans to work in the healthcare field.