

TAKES



NEWS YOU CAN USE FROM MGIC

AUGUST 2003



Handling price objections like a duck to water

By Art Sobczak

While waiting out a four-hour flight delay, I nestled into one of the few empty seats available at an airport snack bar, which happened to be right by the cash register. I couldn't help but take notice of one conversation in particular between the clerk and a customer.

Ducking the issue

A customer plopped a large bottle of water on the counter.

"That will be four dollars and eighty-nine cents," the clerk said.

"Four eighty-nine! Holy-moly, that's more than liquor! That's crazy!" the astonished customer replied.

The clerk empathized, "Yeah it is pretty outrageous. You can get a smaller one for \$2.50."

The guy said, "Well that's more like it."

And — just like that — the sale was cut by almost 50 percent.

A ducky response

My delay was so long a new work crew came in. I witnessed a similar transaction with the new counter guy — with one twist. Another customer walked up with the same large-sized bottle of water:

"That will be four dollars and eighty-

nine cents," the clerk said.

"Four eighty-nine! That's robbery!" huffed the customer.

This clerk stared at the customer, emotionless. He leaned forward slightly, paused, and then calmly said, "Well, it's the cheapest you're going to find in the airport."

The customer handed over a crisp five dollar bill. End of story. Full-price sale.

The first counterperson committed the same mistake that many businesses and sales reps also are guilty of: caving in to a simple price statement. The first thirsty customer was still going to buy the water — until the clerk talked him out of it.

Notice the customer did not say, "I won't ever buy water here because your prices are too high." He simply grumbled about the price — just like you or I might air out a few choice words about a traffic jam. We still must drive in it; we just aren't happy about it at that very moment. Then we get over it.

The point here is that there is a difference between:

- a price statement,
- price resistance, and
- a real price objection.

Here's the way I look at each of these, and how they should be handled.

Continued Inside...

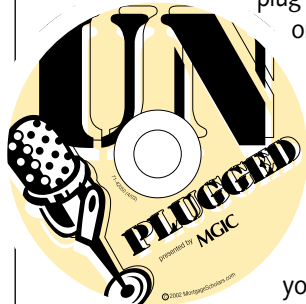
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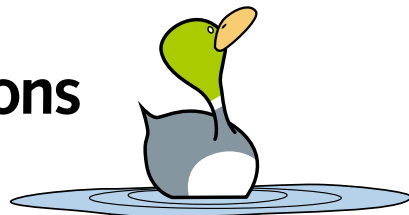
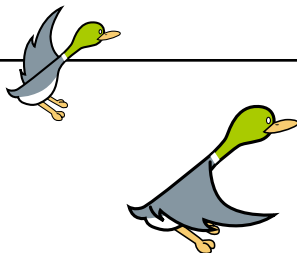
MortgageScholars.com is constantly updating and introducing new, in-depth interviews – not 15-minute highlight quickies that offer only fluff. Most interviews last around 45 minutes. They are not edited for

content like most interviews that have been chopped into a string of artificial-sounding sound bites. In addition to

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Handling price objections like a duck to water

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Price statement: Take it like water off a duck's back

This occurs when someone is already mostly sold. They're just airing out a feeling. They don't necessarily expect a response, although they'll gladly take one if it's offered, and that's a real bonus for them. And that's normally fatal for sales reps, because it opens you up to negotiations when they're not necessary. Just like the guy at the airport counter.

To illustrate how absurd it is to react to a simple price comment, let's turn this around: If, after giving your price, a prospect said, "Wow, that's a great price. I expected it to be more," you probably wouldn't say, "Think so? Well, let me see what I can do. I think I'll raise it by 29 percent then, okay?"

So what should you do when faced with a price comment?

- 1. Nothing.** Pause. See if they continue. (Actually this is a good tactic anytime you hear a price statement, even if you think it's resistance or a real objection.)
- 2. Have a statement of your own in the can and ready to go.**

Let's face it, if you've been on the phone for more than three

days, you've already heard most of the price statements you'll ever hear. And you should prepare your response.

Now, I'm not talking about "price objection rebuttals." We'll address those later on. I'm simply talking about something innocuous in reply to the price comment.

For example:

Price Statement: "Wow, your delivery charges are higher than ABC Company."

Sales Pro: "Yes, we have an extensive tracking and quality control process."

Price Statement: "Five-hundred dollars for the yearly maintenance contract?!"

Sales Pro: "Yes, that covers any service or support calls you'll have all year long."

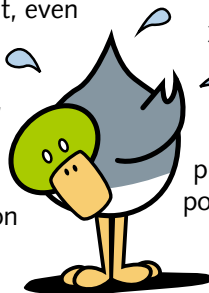
Price Statement: "Man, you guys must be making a killing on those. It can't cost that much to make those."

Sales Pro: "Everyone has been hit hard by materials increases this year."

3. Move on with the conversation.

Don't dwell on the price comment. Let it die right there.

Again, let me reiterate, biting on a price statement takes money out of your pocket and your company's profits!!



TOP TEN

APPLICATION DENIED:

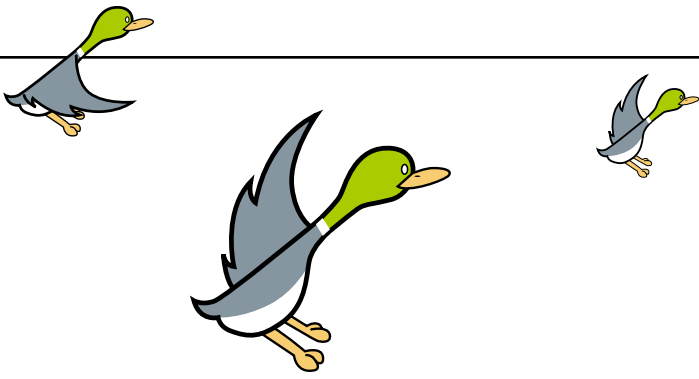
Top 10 reasons for rejection

by Jeanine Doyle

This little list could prove to be a valuable checklist for potential borrowers. If they can get through this list without saying, "Hmmm, that sounds like me," they're probably good candidates for a mortgage approval.

1. Insufficient, unstable or unverifiable income to meet qualifying ratios.
2. Poor credit history or unacceptable explanations for payment.
3. Recent late payments, especially on mortgages in the last 12 months.
4. Too much consumer debt.
5. Significant increase in housing payment while showing high consumer debt, also known as "payment shock."
6. No history of the ability to save or don't have enough savings at the time of application for down payment and loan closing fees.
7. Inability to document money used for down payment.
8. Property does not appraise for sale price or estimated value.
9. Income calculated is not the correct income that can be used for qualifying the borrower.
10. New debt or liens show up on credit report after application that affects qualifying ratios.

Jeanine Doyle, author of *Managing the Mortgage Maze: A Professional's Guide*, has been an industry-leading producer for the past 20 years. You can contact her or order her book through her website, www.mortgagemaze.com.



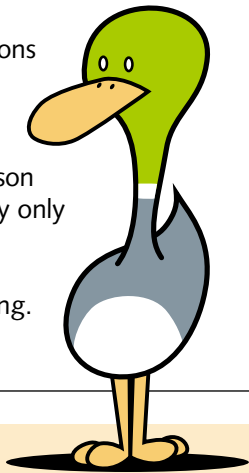
Price resistance & real price objections: Have your ducks in a row

Price resistance occurs early in a call or sales process. The customer is not really sold or even interested yet. The resistance could be a blow-off. The customer doesn't see any value yet.

A real price objection occurs later in the sales process, and could be stated for a variety of reasons — a budget issue, a gap between perceived value and the price; another company is priced less. However, the customer is willing to discuss the reason with you. A real price objection is more of an obstacle that can be addressed than a flat-out blow off.

We could spend entire issues of this newsletter and chapters in books devoted to dealing with each, but the first step in the process is the same for both: get the customer talking.

Keep in mind that you'll never change someone's mind by talking *at* them. You must first get them to soften and doubt their existing belief first. Canned answers to resistance and objections are inane and insane, and don't work because they don't deal with the real reason behind the issue. They only serve to shake up the beehive by telling someone they're wrong.



Instead, be prepared to counter the customer with questions to get them talking, which smokes out the real reason behind the issue.

Sitting duck or lucky duck?

Remember, there's no need to give away money. If you're prepared to deal with whatever form of price comment you hear — a stray statement, resistance or an actual objection — the rest is duck soup!



Art Sobczak, President of Business By Phone Inc., works with thousands of sales reps each year with real world, how-to ideas and techniques to help them prospect, sell and service more effectively without morale-killing rejection. His clients include IBM, AT&T, Ameritech, Hewlett Packard, Norfolk Southern, Baxter Healthcare, and other companies and associations in virtually all industries.

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Mom was right about minding your manners

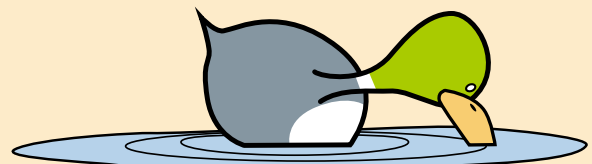
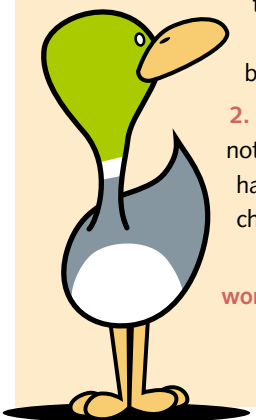
Master the etiquette of business and you could find you're a rising star within the company. It can make or break an important meeting, influence a first impression or sway a potential client in the right direction – your direction. Try the following do's and don'ts:

1. **When introducing the CEO** to a new employee, call the CEO "Mr." or "Ms." and get rid of the powerful title. The new employee should know beforehand that he or she is going to meet the CEO. Simply say, "Mr. Smith, I'd like you to meet Janice Jackson, who has just been hired..."
2. **When shaking hands**, make sure yours is firm, not flimsy, and make eye contact. Often a wimpy handshake can be misconstrued as a negative character trait.
3. **Don't open the door for women at the workplace.** That's acceptable in social situations,

but not at the office. Remember, men and women are peers in the workplace.

4. **Tone down your business correspondence.** No smiley faces or emoticons in your e-mails. Don't send unsolicited faxes. When talking on a cell phone with traffic or other noises in the background, apologize once, then move on. But do apologize.
5. **During a conference call, introduce everyone** by name so all participants know who is in attendance. And communicate very clearly, since nobody is going to see your body language. Don't put anyone on speaker-phone until you have asked permission to do so.

-adapted from the Etiquette International Website, www.etiquetteintl.com





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Blue Moon Retro Burgers

National Hamburger Month and National Barbeque Month are behind us, but this heavenly hamburger is reason enough to keep the celebration sizzling. So, strike up the barbie and slap these patties on the grill.

Ingredients:

- 1/4 lb. blue cheese
- 3 lbs. lean ground beef
- 1/2 c. minced fresh chives
- 1/4 tsp. hot pepper sauce
- 1 tsp. Worcestershire sauce
- 1 tsp. coarsely ground black pepper
- 1 1/2 tsp. salt
- 1 tsp. dry mustard
- 12 hamburger buns



Directions:

Crumble the blue cheese into a large mixing bowl, and then thoroughly combine with ground beef, chives, hot pepper sauce, Worcestershire sauce, black pepper, salt, and mustard. Cover and refrigerate for 2 hours.

Preheat an outdoor grill for high heat, and lightly oil grate.

Form meat into about 12 patties. Cook on preheated grill until browned on both sides and to your desired doneness. Serve on hamburger buns.

Enjoy!

BRAIN! BUSTERS!

WORD FIND

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| Bees | Field | Hyacinth | Radish |
| Bloom | Fishing | Lark | Ranch |
| Blossom | Flies | Lettuce | Robin |
| Boat | Flowers | Lilac | Roofing |
| Buds | Garden | Onion | Shower |
| Bush | Geese | Painting | Spring |
| Chicken | Golf | Pansy | Sprout |
| Clean up | Grass | Phlox | Tulip |
| | Greens | Plants | Violet |

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Did we stump you? You'll find the answers at www.mgic.com/takefive.html; click 2003 Brain Busters.

