

Star of Million Dollar Listing Los Angeles

JOSH FLAGG

THE DEAL

SECRETS *for* MASTERING *the*
ART *of* NEGOTIATION

[51 FOR ME, 49 FOR YOU]



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FOREWORD



It's not every day that your former enemy and competitor for the last decade asks you to write the forward to his book. It's also not often that you become best friends with the person you previously spent years trying to destroy. I did it all—stole his clients, took over his listings, and capitalized on every opportunity I had to make him look bad on television. With that being said, the world of real estate is strange and so is my dear friend Josh Flagg.

When I first met Flagg, I thought he was another spoiled, silver-spoon, Beverly Hills born-and-raised rich kid. Someone who was handed huge business without ever having to work for it. From working against him to now working with him, I've come to the realization that I was wrong and that his success is truly derived from his impressive work ethic, charisma and his industry expertise.

Through watching Flagg's approach in listing appointments, showings and negotiations, I have gotten a glimpse into the way his eccentric mind works and come to understand his massive success. The Beverly Hills born-and-raised spoiled trust fund kid persona is actually just an act. In reality, Flagg is a confident and calculated real estate historian of Beverly Hills.

The best part of being friends with Flagg is seeing the way he runs his business. First, he will become best friends with an eighty-five-year-old woman through negotiations on her home. Right after, he will go to the Polo Lounge at the Beverly Hills Hotel to have a power lunch with a Hollywood music executive. Once he wraps up there, he's off to Spago for dinner with a tech billionaire. And, yes, he still finds enough time to get his hair done in his backyard while drinking white wine. A true businessman.

Josh Flagg may make the business look easy but don't think for a second that he is not trying. There's no question as to how he is a top-producing real estate agent. He will disarm you, charm you, become your best friend, and before you know it, you've accepted his offer. Believe it or not, I've learned a lot from Flagg and so can you. Competition is imperative for success as very few of us can motivate ourselves alone. I'd like to think part of my success is due to Flagg, my competition, which I will always be forever grateful.

JOSH ALTMAN

PREFACE



Welcome to Your Million-Dollar Mindset

Do you want to become a million-dollar dealmaker? If your answer is an emphatic “*Hell, yes!*” then this is the book for you.

(If your answer is “*Not really!*” then why are you even in a bookstore? Shouldn’t you be at a monster truck rally or something?)

For those of you who don’t hate money or success, I’ve been closing multimillion-dollar deals since I was old enough to drive. I’ve sold \$2.5 billion dollars’ worth of luxury property, and I’m among the top three real estate agents in all of Los Angeles and eighteenth in the nation.

What does this mean? It means that if I cared about sports—and I do not—I could get front row seats at the Lakers.

My client list includes all the other folks you’d see on the sidelines at the Staples Center. I’m talking about A-list celebrities like Shonda Rimes, Adam Levine, Katy Perry, and Steve Aoki, and high-profile families like the Gettys, Bloomingdales, and Debartolos. My sales have been recognized by the *Wall Street Journal*, and I’ve appeared on the *Forbes* “30 Under 30” list of the most influential people in their industry.

My prowess also landed me a costarring role on *Million Dollar Listing Los Angeles*, and I built all of this by myself, staring at age sixteen,

without a college degree. (Well, I did come from a rich family, but that doesn't sound as good.)

“Cool résumé, Flagg,” you may say. “But how does this help me get those seats at the game?”

The good news is, you don't need to be a realtor to benefit from the secrets of my success in negotiating multimillion-dollar deals. Whatever you sell, and regardless of what your negotiations may entail, applying my advice will up your game.

Do you want LeBron to sweat on your courtside seat? Because this can be yours with some effort.

That's why I'm going to walk you through what I do, how I do it, and why I do it. Spoiler alert: it's always about the money, but there's more to it as well. Anyone who tells you differently is a damn liar.

Follow me and I'll help uncover the strategies to cultivate your own powerful million-dollar dealmaker mindset. Whether you're looking for advice on negotiating a seven-plus-figure deal, hoping to demonstrate your worth to get that raise, or trying to woo that hot person at the club, I'm here to guide you.

Let's get ready to werk.

PART ONE



Don't Sell Garbage

For every good listing, product, idea, you name it, there are ten crappy projects begging to be sold. We've all heard the mantra beggars can't be choosers; I stand by that 100 percent. So don't be a beggar . . . it's not chic.

Treat every sale like your reputation is on the line and that one lousy project will make it or break it.



Let's Talk About Sets, Baby

I'm successful beyond my wildest dreams because of my million-dollar mindset.

"Sounds great, Flagg," you might say. "But can you skip to the part where you tell us how to make more money?"

Truth is, we can't accomplish anything without the proper mindset. If you want more out of life than SpaghettiOs and time spent on the couch, let's dig into the concept of a mindset.

So . . . what's a mindset and why does it matter?

The best way to describe a mindset is that it's how we think about ourselves. Per Brett Steenbarger in *Forbes*: "Mindsets are an important means through which we process and reprocess the events of our lives. That matters, because our processing ultimately shapes our emotional experience. Limits become challenges, and challenges become sources of opportunity and growth."

Translation: proper mindset = more earning potential.

Our mindsets comprise the beliefs and attitudes that guide us in making sense of the world and our relationship to it. A mindset is dynamic and ever changing, so if you currently have, say, a losing or defeatist mindset, my goal is to help you alter it. Because SpaghettiOs can be okay in a pinch, but have you ever tasted La Scala's spaghetti Bolognese?

Carol Dweck, a researcher at Stanford University, studied the habits of extraordinarily successful people and discovered that we can transform our mindsets through effort, learning, and persistence. You want to trade up? Because this is how you trade up.

Quite simply, when we change our thinking, we change our outcomes.

I adopted a million-dollar mindset early on in my life. For me, the status quo has never been enough. No matter how good I am at something, I feel compelled to push myself past my limits. I won't approach an opportunity with a casual "whatever" attitude because then I'll stagnate or get bored. I refuse to accept a "meh, it's fine" mindset, and neither should you.

Establishing a million-dollar mindset is all about raising your game to the next level. You don't have to be brokering luxury houses to follow this advice because the million-dollar mindset can apply to any sale or negotiation. If what you do involves a mutually accepted result, whether it's a handshake agreement or a hundred-page contract that entails sign-off from the entire legal department at your S&P 500 company, my advice will assist you in closing that deal. (Please note: for now, I'm using the terms "making deals" and "selling" interchangeably. We'll get into the subtle differences later.)

The main rules for establishing a million-dollar mindset are:

- You must be looking for something bigger and better than what you currently have.
- You must be willing to work to make it happen.

Here's an example of how I've used the mindset: Early in my real estate career, I was negotiating a deal where my sellers wanted \$7.5 million for their home, but the buyer was stuck at \$7.45 million. While the \$7.5 million was the fair price, I broke into a cold sweat, panicking that I'd lose the sale over that \$50,000 breach. And when I would I get the opportunity to sell such a high-ticket property again?

I knew the most expedient way to close the deal would be to kick back \$50,000 out of my commission and just be done with it. Honestly, I was

tempted, but the mindset stopped me. I realized that while giving up a piece of the commission I'd worked for and rightfully earned was one solution, that strategy would never take me to the next level as a broker. Additionally, if I got a reputation for giving in at the beginning of my career, I'd forever be known as the kind of guy who caves under pressure. I needed to figure out how to make that pressure work for me, not against me. (You know what pressure can create? That's right, *diamonds*.)

While there are extenuating circumstances when a bit of a compromise can salvage a deal, in this case, and because of my mindset, the commission kickback was the wrong move.

My fear of losing the whole sale prevented me from best serving my seller and fighting for the proper asking price. I had to find a can't-lose way of processing my thoughts where I assured myself of my worth and abilities.

What I needed was to remove my emotions from the equation, specifically my fears.

I took an analytical look at what I'd already achieved at a young age, contrasting my successes to my failures. One column was demonstrably weightier than the other. That's not feeling; it's fact.

I posited that if I continued to work as hard and smart as I'd been, I was sure to produce hundreds of multimillion-dollar listings over the course of my career. If I lost this deal in fighting for it, I'd gain a reputation as *the fight-for guy*, not *the give-in guy*. As that rep grew, listings would come find me. I envisioned a future where I'd have so much business, all I'd have to do was say, "Next."

Instead of assuming my potential sales were a scarcity, I decided they'd be an abundance.

Thus, the million-dollar-dealmaker mindset was put in motion.

At this point, I'd done a few deals, so I drew on my limited experience. I already knew that when working with wealthy clients in the high-end market, people never walk away because of emotions.

This advice transcends the real estate market.

If the buyers want the property (or the car/watch/baby beluga) and they intended to close from the start, they will close. Period. What has

made them wealthy is not paying \$7.5 million for a home they can get for \$7.45 million. Asking for a better deal isn't personal; it's business. If they were willing to lose the deal over \$50,000, then they were never serious in the first place and were looking for a way out. Good riddance, in that case.

Fortified by my new mindset, I went back to the other broker and said, "I know how much your clients want this house, but my seller isn't budging from their final price of \$7.5 million. Are you really going to advise your buyers to walk away, start over, and find another place they describe as their 'dream home' over a \$50,000 disparity? How much is their time worth, especially when your clients have been looking for six months! That makes no sense. They need to take this deal as offered or they will lose this home."

Facts. Not feelings.

I closed the deal at \$7.5 million. And guess what? The other broker kicked in the fifty thousand. (Hey, I don't care where it comes from as long as it isn't me.) The million-dollar mindset worked! Plus, being a tough negotiator in this instance taught me to weed out the real buyers from those who might be throwing out a low price just to see if it could stick.

For me, the million-dollar mindset is a combination of a positive attitude, coupled with successful behaviors and strategies, enhanced with a personal philosophy geared toward winning with integrity. (Outstanding personal style optional, but encouraged.)

A million-dollar-dealmaker mindset is more than a shortcut to creating successful outcomes or just a way to approach your business; it can apply to your whole life.

By cultivating this mindset, I've become wealthier than I ever imagined, and not just rich.

What's the difference?

Chris Rock explained it best in his 2004 comedy special, saying, "Shaq is rich, but the man who signs his checks is wealthy." (Note: Shaq has since cultivated wealth, thanks in part to savvy real estate investing.)

The world has changed since fictional financier Gordon Gekko proclaimed, "Greed is good!" in the seminal film *Wall Street*. Don't misunderstand me: the ability to go, do, and purchase what I want is a sheer delight—I won't lie and say it isn't. Money can't buy happiness, but it sure can lease it long term. Do I get a small thrill when I look around and see that I'm worth more than anyone in the room, especially at my age? Oh, I think you can guess my answer. (Do I sound proud? If so, it's because I've earned that right.)

However, the benefits of having resources extend far beyond an impressive line of credit. Financial security affords me the freedom to make choices and the clout to influence change . . . and it will do the same for you. As the descendant of Holocaust survivors, and with anti-Semitism on the rise in this country, I believe it's imperative to devote a healthy chunk of my earnings to Jewish causes like the Holocaust Museum LA and Cedars-Sinai. Giving back to my community is the most significant thing I'll ever do, and I use my privilege wisely.

Never again, indeed.

Now, let's start cultivating a million-dollar-dealmaker mindset that will create your own potentially world-changing financial resources.

Personally, I started in the industry by shadowing a real estate expert. I wish I could take on every eager learner as an intern, but that's not practical as my car isn't that big.

Instead, what I can do is to bring you along for the figurative ride in this book, offering up a rare inside look at how I operate, sharing the insights and advice that put me on the map by walking you through a typical twenty-four hours in my life. More importantly, I'll elaborate on the psychology behind a successful negotiation, making the advice evergreen for everyone whose bottom line depends on getting to yes. If your business entails people, expectations, or transactions, I'll help you manage them all.

With that, I invite you to join me. Please, spend the day in my shoes. Not literally, of course—you probably can't afford them now.

But follow my advice and you will.



The Ten-Thousand-Hour Rule

The first thing to know about me is that I don't sleep; I'm basically a great white shark in that I must keep moving for my buccal pumpers to—wait, I'm on Bravo, not the Discovery Channel. Regardless, that's why I'm writing this at 3:48 a.m.

My point is, I have far too many things to accomplish in a day to stay in bed for eight full hours. I must keep swimming. I'm lucky that I can operate on an abbreviated resting schedule—many can't (I think they're called "mammals") and that's apparently "normal."

Anyway, I'm not advocating that the key to success is to mainline caffeine and stumble around like a zombie. Dangerous mistakes happen when you're overtired. I suspect the Blockbuster executive who turned down the offer to buy Netflix was sleepwalking through his or her day. I'm sure that person loses a lot more sleep now.

Of course, my never napping was problematic when I was growing up. My poor mother! To get a break, she'd strap me into a car seat in the back of her black-on-tan SL convertible and drive me around Los Angeles to look at the gates in front of mansions. She found that viewing luxury real estate was the only way to placate me.

The second thing to know is that I'm a master dealmaker because I'm literally obsessed with selling homes. I'm not one of those oily guys who'd be content to hawk anything from pork bellies and soybean

futures to software. I never want to be in a boiler room, sweating in a bad suit while cold calling about penny stocks; it's just not chic. That's not to say that you can't be a great salesperson by selling a product you're not passionate about, but you need to be passionate about at least one aspect of the deal. Whether it's the challenge of finding new buyers, the need to one-up the rest of the salespeople in your division, or just winning the approval of your peers and your family, you must be able to pinpoint what drives you to keep selling and lean into that.

For me, I'm wild about what I do because of the real estate. The ardor for my industry drives me. The love of the game keeps me awake at night. (Well, that and my late night calls with Candy Spelling where we watch *Columbo* together.) I'm passionate about every step of the buying and selling process—from seeing the property for the first time, to landing the listing, to showcasing the home's potential, to getting my clients the absolute best deal.

Selling high-end real estate is not only my job but, it can be argued, it is my destiny.

In his book *Outliers*, Malcolm Gladwell describes what he calls the ten-thousand-hour rule. He posits that while success doesn't come without innate talent, a lucky break, or a degree of privilege (oh, hello), the underpinning to achievement lies in having spent ten thousand hours mastering the task at hand. He uses Bill Gates to illustrate this example.

Yes, Gates had the natural aptitude to be a great computer programmer, but what pushed him forward was engaging in ten-thousand hours of *actual* computer programming before he went to college. Gates grew up close to a University of Washington campus, and as a teen, he'd head down the street to spend all night in the computer labs. Because his parents supported his interest, they donated computers to his private school. (I have to say it again—rich parents are *the best*. Let's work on making you one for your kids.) Ergo, by the time he arrived at Harvard, Gates had thousands of hours of access that most didn't have in that era.

Can you imagine how Gates must flex now, all, “Yeah, my Gulfstream G650 is cool, but have you ever eradicated malaria from an entire continent, brah?”

While some researchers presuppose that practicing/learning a skill for ten-thousand hours is an oversimplification to explain success, in my case, it's true. As a little boy, I began constructing a Lego universe, a fabulous mixed-use development, complete with a shopping promenade and helicopter pad. I spent years adding to the structure. Woe be to any housekeeper who tried to vacuum around it. (Right, I could be a pint-sized tyrant, thanks for noticing.) Given my dedication, my parents assumed I'd grow up to be an architect or a Marvel supervillain. (I was the first to master a land lease because I didn't own the property below those Lego buildings—my parents did—but I still built those skyscrapers.)

During this same time, I also had a dollhouse my grandmother Edith bought for me. She didn't say, "Well, this is a little gay," when we saw it in the toy store. Instead, she agreed it was genuinely nice and that someone had clearly put a lot of effort into building it. She didn't care about traditional gender roles; her only concern was craftsmanship. I never actually played with dolls, though. I spent all my time filling it with antiques and furniture, so . . . a little gay.

I was also obsessed with house keys as at that age. To me, keys represented freedom and opportunity, and I wanted both so badly. When friends and neighbors gathered at our family home, my dad warned guests to hide their keys because I'd run off with them. For those who assumed he was kidding, I'd swipe the keyrings out of their pockets and let myself into their houses later—not to steal anything, just to look around. I suspect everyone's glad I didn't grow up to be a cat burglar, even though that does sound chic in the Thomas Crown sense.

I was so infatuated with certain homes that I convinced my mother to knock on neighborhood doors with me, asking strangers if we might peek inside. What's crazy is that people often agreed! Who does that? I want to say I was a master negotiator even then, but the more likely explanation is that a bowl-cut six-year-old in a Le Petit Prince turtleneck is inherently nonthreatening.

Those early tours instilled a deep and abiding love for luxury real estate. Scoring the coup of a private showing of my grandparents' friends

the Blacks's house on Sunset was a dream come true. This palatial residence, its lawn dotted with bronze sculptures, was formerly owned by Howard Hughes. Judy Garland once lived there too. Touring it was a visit through Los Angeles history.

I'm thankful to have grown up with my parents, Michael and Cindy, who encouraged my eccentricities rather than tried to discipline them out of me. (I like to say the difference between "weird" and "eccentric" is a few commas in a bank balance.) Anyway, it would have been easy for them to mistake my enthusiasm for disobedience; but they didn't, and I love them all the more for it.

I attended the Catskills West theater camp at historic Greystone Mansion in Trousdale Estates in Beverly Hills, the Doheny family-built Tudor revival mansion that may be the greatest property on the entire west coast. You might recognize the exterior from being featured in *The Big Lebowski*, *Gilmore Girls*, and *The Witches of Eastwick*.

While I was a decent actor and I liked camp, I was far more intrigued by the majestic residence and its scandalous history. Owner and oil heir Ned Doheny died just months after he and his family moved into the estate in 1929. His body was found in a guestroom in what appeared to be a murder-suicide with his secretary and *dear friend* (cough, cough) Hugh Plunkett. When Doheny's wife heard the first gunshot, she called the family's doctor and not the police. Rumor has it, she was the one to pull the trigger, as she didn't fancy her husband being a little light in the loafers . . . if you know what I mean. Whatever the story, this is exactly the kind of fishy behavior that podcasts—and curious eight-year-olds—love to unpack.

Back then, I began to draw my dream home based on the architectural renderings of Greystone. I even had my father get me a Sotheby's catalog of the late Jacqueline Kennedy Onassis's estate when it came to auction. I pored over every page, picking out which of her pieces I'd want to fill my stately manor. Not sure how I'd planned to scrape together enough allowance to buy Jackie O's silver monogrammed tape measure she'd used to estimate the future White House drapes, but I assumed I'd find a way. (Spoiler alert: I did not find a way, as this item

sold to an interior designer for just shy of \$50,000. I remain salty about it, and I still browse the catalog to this day.)

Occasionally at Catskills West, I'd wander away from the other campers, and the counselors would find me showing off the property to European visitors, breathlessly describing the Indiana limestone and Welsh slate roof. Ask me how happy my mother was when she found out I'd gotten in a car with a pack of German tourists.

So, why didn't those tourists question having a child tour guide, you might ask?

Because I was so well informed. Skills trump age every time.

Suffice it to say, I'd put in my ten-thousand hours long before I started shaving.

FLAGG THIS

What are your passions?

What are you naturally predisposed to selling?

Where have you acquired ten thousand hours of experience?

What product, service, or idea would excite you so much, you'd lose sleep over the anticipation of starting your day?

Make a list of the areas where you're considered an expert and target potential employment in those industries. For example, you grew up playing tennis but lacked the skill to go pro—imagine the credibility you'd bring to the table selling for a racquet manufacturer like Wilson. Or if you've been leading the charge for recycling since childhood—how satisfying would it be to negotiate contracts for a clean energy company?

Remember, buyers respond to enthusiasm, especially when coupled with expertise. Capitalize on this and reap the results.