

Lesson 5—Cutting Costs and Buying Bargains

Introduction: Financial success hinges upon money management. Stewardship requires that one get as much “bang for the buck” as possible. Therefore, financial success and good stewardship demand the strategic distribution of funds—what grandma called “spending money wisely.”

Key Principle: Buy everything at a bargain price. Everything’s on sale!

- I. Let’s Make a Deal (Proverbs 31:10-16—emphasis on verse 16)
 - A. Learn to negotiate price for big ticket items.
 1. Negotiation is not rude—it is good stewardship. Price negotiation is the normal practice throughout the world—except America. (We do, however, negotiate for cars and houses.)
 2. Ladies often ask, “When will this go on sale.” That’s one step away from negotiation, so why not give it a try?
 3. Your goal is not to “rip off the store.” Your goal is to create a win-win situation for both you and the store. When you pay full price, only the store wins.
 4. Ethical negotiation is always *honest* negotiation. Integrity is always of paramount concern for the Christian.
 5. Big ticket items include real estate, appliances, furniture, cars and recreation equipment, etc.
 - B. Understand the process of negotiation.
 1. It is best to talk directly with someone who has the authority to negotiate. If a sales clerk becomes uncomfortable or refuses negotiation, ask politely to see the manager.
 2. Begin negotiation by asking if the store can “do better” on the price of the item you desire to buy. If the answer is no, it would be best to shop elsewhere—at least to compare prices.
 3. Have a target price in mind with a maximum ceiling. If the response is below the maximum ceiling, see if you can get it even lower by saying something like, “That’s good, but I think you could do a little better.” At this point, make a reasonable offer, slightly below their first offer.
 4. Tastefully indicate that you intend to pay with cash—cash has an emotional appeal and eliminates store’s credit card surcharge.

5. If the price does not drop below the initial offer, but the initial offer is below your maximum price ceiling, you may acquiesce and purchase the item.
6. If the store refuses negotiation, indicate that you are going to shop the competitor before making a final decision.

C. Tips for Successful Negotiation

1. Understand that sales people are trained in selling. Your negotiating with them is not an affront—it is a challenge to their selling skills.
2. Always have fun with negotiation. Do not become rude, angry, hurt, etc. Keep it light-hearted. It's not life and death!
3. For small ticket items such as clothing or household accessories, it is best to negotiate at discount stores such as Marshall's or for items that are already on clearance. Remember, items on sale at 25% off today are frequently 50% off tomorrow. Ask for the deep discount earlier—you might get it. Always negotiate for the floor sample, and point out its defects/wear.
4. On certain items, don't take "no" for an answer. Items for which you should always negotiate include furniture (25% off full retail price is a good target), appliances, major electronics, and mattress sets. If negotiation is refused, shop the competitor.

II. Let's Get a Deal

A. Finding the Best Price in Town

1. Do not be in a hurry to buy. Impatience is very expensive!
2. Carefully research every purchase over \$100.00 (and many under \$100.00). What are your options? Who carries the item or similar items? Who is having a sale?
3. Buy on purpose, not on impulse. It's not a good deal if you don't need it!
4. Shop discount stores first. You ALWAYS get mugged at the mall! (Nordstrom's recently offered a men's razor handle—blades not included—for \$200.00!)
5. Shop thrift stores—ultimately everything is "used." Don't be squeamish—several people probably tried on your "new" blouse before you bought it. Remember, "There's a lot of old-time religion in a little soap and water." (Bob Jones, Sr.)
6. Know retail prices and buy "used" whenever possible.
7. Remember, high price does NOT mean high quality.

B. Specific Examples in the Indianapolis Area

1. Value City—excellent for clothing and furniture
2. Marshall's, T.J. Maxx—clothing, giftware, household items
3. C & M Appliance—excellent prices on used appliances (30 day 100% warranty; one year 50/50 parts & labor)
4. The Unique Thrift Store on 38th Street; Auctions; Yard Sales

The Art of the Deal—Bargaining for Best Price

1. **DON'T FEEL GUILTY**—Most retail stores mark up their merchandise by at least 50%. Getting a better price will not put the store in bankruptcy.
2. **DON'T BE SHY**—If you don't ask, you won't get. If the sales person seems uncomfortable, offer to speak to the manager. Ignore initial resistance, and politely press for a better price. The worst they can do is finally say “no.”
3. **TALK AS LONG AS YOU POSSIBLY CAN**—If you drag out the sales process, the salesperson will become eager to get you out the door. Ask questions about the item, the store's discount policy, etc. If the salesperson continues to resist, stall as long as you can. If you fail the first day, you may consider returning the next day. Seek out the same sales person, and try again. (Always be pleasant, friendly, happy, and good natured. Remember, you're a Christian first. If the sales person gets angry, he shouldn't be in sales.)
4. **SHOW THEM THE MONEY**—Cash is often the key to breaking down barriers for a good deal. Cash is emotional; cash is final; cash avoids third-party credit surcharges for the merchant; cash is limited—you can only spend what you have.
5. **CHOOSE THE RIGHT TIME AND PLACE**—If a retail store is very busy, the manager or sales people may just brush you off. Make sure you're speaking to someone with the authority to lower the price. (Electronic store sales people often have negotiating authority; however their negotiation frequently cuts into their commission.) Smaller stores managed by the proprietor are often more flexible.
6. **BE CREATIVE**—Try for a volume discount. “I'll buy both lamps if you discount the price.” Ask for extras—“I'll buy the printer if you throw in two packages of paper and an extra ink cartridge.”
7. **BE QUIET**—When you make an offer and are countered, respond, “That's not good enough,” and be silent. Silence elicits confessions and sometimes results in the sales person lowering the offer without you saying a word.
8. **USE ANY EXCUSE TO ASK FOR A DISCOUNT**—Point out “defects” in floor samples. Say something like, “This is the only one you have, no one wants it, it's already on clearance, and I'll give you \$50.00 cash for it here and now.” Build a case for why you should get a discount on this particular occasion.
9. **NEVER APPEAR OVERLY INTERESTED IN THE MERCHANDISE**—Maintain a dispassionate attitude. The sales person wants you to take it, but don't show eagerness. Be patient, dispassionate, and display “walk-away power.”
10. **MAINTAIN INTEGRITY WHILE PLAYING THE GAME.**