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Overconfident, Underprepared

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Overconfident, Underprepared: Why You May Not Be Ready To Negotiate

*Increase your bargaining success by
better anticipating your feelings and
motivations*

By
Kristina A. Diekmann
and
Adam D. Galinsky

ACCORDING TO MOST NEGOTIATION experts, thorough preparation is the key to successful bargaining. Identifying your interests, alternatives, walkaway point, and ideal outcome—not to mention your opponent's interests, alternatives, and so on—can help you perform at your best once talks begin. The more you know about yourself and your counterpart, the more control you'll have during the negotiation process.

Yet there's a significant impediment to this preparation process: *egocentrism*, or the tendency to have an overly positive view of our abilities and our future. Two-thirds of our MBA students, for example, typically think their decision-making abilities rank above the class average. And when *U.S. News & World Report* surveyed Americans in 1997 about their odds of going to heaven, most believed they had a better chance at personal salvation than Mother Teresa!

How might unwarranted optimism affect your negotiations? Imagine that in four weeks, you'll be bargaining with someone who you've heard is very competitive. Will you give in to this negotiator's demands or match her fierceness? In our studies with Ann Tenbrunsel of the University of Notre Dame, we found that MBA students planned to go toe-to-toe with a competitive opponent. Yet when the time came to negotiate, these students became concessionary, agreeing to unfavorable outcomes.

From the distance of time, these negotiators predicted they would be lions that roar, but they became whimpering mice in the heat of the moment. We'll explain why most people have trouble predicting their negotiation behavior and identify the negative consequences of overconfident forecasts. By training yourself to behave the way you *want* to behave, you can improve the accuracy of your forecasts as well as your negotiated outcomes.

Why do negotiators inaccurately predict their behavior?

The psychological research is clear: the predictions we make about our future feelings and behavior are poor, for at least two reasons. First, as we've mentioned, people are overly optimistic about their futures, especially when it comes to socially desirable behaviors. Researchers Nicholas Epley of the University of Chicago and David Dunning of Cornell University found that people overestimated the likelihood that they would make future contributions to various charitable causes. Similarly, negotiators tend to

predict they will take the desirable stance of holding their ground against a competitive counterpart.

Second, we fail to consider our motivations in a given situation or its full impact on our thoughts and feelings. In a study by Julie Woodzicka of Washington and Lee University and Marianne LaFrance of Yale University, women forecasted how they would respond to inappropriate, sexually harassing questions such as “Do you have a boyfriend?” from a male interviewer in a job interview. Most predicted they would feel anger and confront the harasser. But when the women were asked these questions in real interviews for a job as a research assistant, they experienced fear, and *none* of them faced the harasser. When forecasting their reactions, these women likely focused only on the offensive questions and failed to consider their fear when faced with such behavior.

Similarly, when predicting that they will stand up to a competitive opponent, negotiators overlook their desire to reach a deal. In our research with Sheli Sillito of the University of Utah and Tenbrunsel, participants predicted how important various motivations would be to them when negotiating with a competitive opponent. Most predicted that “standing one’s ground” and “not being bullied” would be crucial motivators. Those who actually negotiated with a competitive opponent, however, identified “avoiding impasse” and “making sure the interaction goes smoothly” as more important motivations. (To learn more about when and why negotiators cave in to competitive opponents, see Kristina A. Diekmann and Tenbrunsel’s article, “Break Through the Tough Talk,” in the July 2006 issue.)

Yaacov Trope of New York University argues all human judgments follow this reliable pattern. From the distance of time, when ideal

possibilities dance through our heads, we focus on *desirability concerns*, such as responding aggressively and not giving in. But when an event is upon us, we become overwhelmed by *feasibility concerns*, such as whether we can reach any deal at all.

DID YOU BELIEVE ANITA HILL?

In 1991, during Supreme Court nominee Clarence Thomas’s confirmation hearings before the Senate Judiciary Committee, Anita Hill, then a law professor at the University of Oklahoma, testified that she had been repeatedly sexually harassed by Thomas during his tenure at the Department of Education and then while working as a special assistant to Thomas at the Equal Employment Opportunity Commission. Hill claimed that Thomas had harassed her on numerous occasions but acknowledged she had not confronted her boss or taken action against the harassment.

Hill’s testimony generated considerable public suspicion and condemnation. A number of opinion polls conducted during the hearings found that most respondents did not believe Hill; they simply could not imagine that someone would tolerate such sustained harassment.

Our research suggests Americans may have asked themselves the following question when evaluating Hill’s credibility: “How would I have behaved in that situation?” Forecasting errors may have led them to conclude erroneously that they would have taken immediate and decisive action to end such harassment.

In negotiation, our inaccurate self-predictions cause us to judge others too harshly. You can temper this unfair criticism by thinking about important motivations that you would experience in the same situation—such as the desire to get or keep a job or to avoid the tension of confrontation.

How forecasting errors affect negotiation

When we're preparing to negotiate, accurate predictions of our feelings and behaviors could help us evaluate potential outcomes. Yet few of us take the important step of assessing how the negotiation context will influence us. Instead, we plan for a situation that won't materialize and are generally unprepared. If you're overconfident that you'll get a good deal, for instance, you may fail to gather necessary information or consider your alternatives in advance.

Inaccurate self-predictions also can lead to disappointment. When you surprise yourself by backing down against a competitive opponent, you may suffer a loss of self-esteem that reduces your confidence and even causes you to avoid negotiating in the future.

Finally, inaccurate self-predictions can make us less empathetic. (See the sidebar, "Did You Believe Anita Hill?") In one of our studies, participants disparaged a negotiator whom they observed giving in to an opponent rumored to be competitive. When we falsely assume we'd negotiate better in the same situation, our forecasting errors result in callous censure and unjust reproach. In condemning others, we may deny ourselves the opportunity to learn from their mistakes—and to prepare sufficiently for the same negotiation circumstances.

Better predict your negotiation behavior

Although forecasting errors are extremely

common, you can minimize their impact on your negotiations by following these three guidelines.

1. Consider the opposite.

Most negotiators recognize the value of determining their alternatives, limits, interests, and priorities and those of their opponent ahead of time. You would be wise to recognize that your predictions about your own future judgments, feelings, and behaviors are probably wrong.

One effective strategy for debiasing your judgment is to "consider the opposite" of what you think is true, as Charles Lord of Texas Christian University advises. Don't assume you'll maintain your poise when a negotiation gets tough. Instead, consider your strengths *and* your weaknesses, and create an effective action plan.

Furthermore, think about all the motivations you're likely to experience in the negotiation.

In our research with Sillito and Tenbrunsel, self-predictions became more accurate when we asked people to consider their key motivations in an upcoming negotiation. When they thought

about how the fear of impasse could affect their behavior, for example, they acknowledged that they might not choose to battle a competitive negotiator. Thinking about motivations helps you better evaluate potential outcomes and identify effective strategies.

Be sure to create contingencies based on your opponent's potential moves. Peter Gollwitzer of New York University has shown that when people construct *strategic intentions*—such as, If she refuses to concede on price, I'll bring up the issue of delivery timing—they more effectively and efficiently meet their goals. Next, consider the

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motivation behind the threat, which may identify the threat issuer as one of these types:

2. *Remove your opponent's personality from the equation.*

When preparing to negotiate, you might think it's best to seek out as much information as you can about your counterpart. It's true that you should consider the other side's sources of power and walkaway alternatives, but you shouldn't give much weight to your assessments of his personality or to stereotypes.

Why not? First, Michael Morris of Columbia Business School and his colleagues have shown that one's *best alternative to a negotiated agreement*, or BATNA, is a stronger predictor of behavior than is one's personality. Having a strong BATNA leads negotiators to engage in assertive behavior (such as making extreme requests and offering fewer concessions) and to procure better outcomes; by contrast, personality dimensions such as agreeableness have less impact on bargaining behavior.

Second, our expectations of others are often dead wrong. Laura Kray of the University of California at Berkeley has shown that women are typically just as effective negotiators as men, although people often fall victim to common stereotypes and expect women to be less effective.

To avoid overweighting personality or stereotypes, consider the opposite during your negotiation planning. "How should I behave if he isn't cooperative?" you might ask yourself, or "How would I behave if he were a woman?" Your answers can lead you to strategies that will apply to a variety of people and situations, such as identifying ways to discover your opponent's BATNA. If you ask the right questions, your tactics will be driven by the other side's actual

behavior rather than by your faulty assumptions.

One caveat: If you have reliable information that your opponent uses a specific negotiation tactic, prepare to deal with it—but also consider the possibility that she may do the opposite when negotiating with you!

3. *Align your behavior with your forecasts.*

In general, our egocentric self-predictions cause us to overestimate our power at the bargaining table. But research by Gerben Van Kleef of the University of Amsterdam suggests that the powerful are more immune to competitive opponents than those who wield less power; the behavior of the powerful tends to resemble their forecasts. Thus, one way to improve your forecasts is to increase your bargaining power.

This could mean generating better walkaway alternatives or highlighting your status and expertise during talks. You also might think about a time when you had power in a negotiation. Our research with Joe Magee of New York University and Deborah Gruenfeld of Stanford University shows that this simple mind exercise can make negotiators behave as if they have power.

On a related note, consider your *target price*, or ideal outcome. From the distance of time, this isn't difficult. But when faced with a seemingly tough opponent, negotiators focus too much on (and sometimes inappropriately lower) their *reservation price*—the specific point at which they'd prefer to walk away rather than reach a deal—and abandon their target price, to their detriment. In our research, we've found that simply reminding negotiators just before talks begin to focus on their target price helps them generate better outcomes and avoid being unduly influenced by an opponent's shenanigans.

Kristin A. Diekmann is an associate professor and David Eccles Fellow at the University of Utah's David Eccles School of Business. Her research focuses on negotiation, fairness, social perception, and impression management. **Adam D. Galinsky** is an associate professor at Northwestern University's Kellogg School of Management. His research centers on negotiation, decision making, and power. They can be reached at negotiation@law.harvard.edu.

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