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An Angry Negotiator is Too Often Happy to Strike a Poor Deal by Max Factor III

Understanding the Effects of Anger in the Negotiation Process

The car salesman has just returned and counsels you: "I am so sorry. My sales manager says no lower than \$24,550, out the door, taxes, license and all. Period."

Your research has told you that the car is usually sold for between \$23,500 and \$24,000, out the door. This stuff with the sales manager's approval being needed is, you believe, hogwash. You are furious!

Thus, you take control and announce your ultimatum in measured tones: "Tell your sales manager that I am paying \$24,000." You write a check for \$24,000, which is \$500 higher than your last offer — "Take it or leave it." As you walk out the door, you add with a smile, "You have 10 minutes to think about it." Naturally, you get the car at \$24,000. As you and your son drive to Starbucks for triple lattes, you're happy with the results.

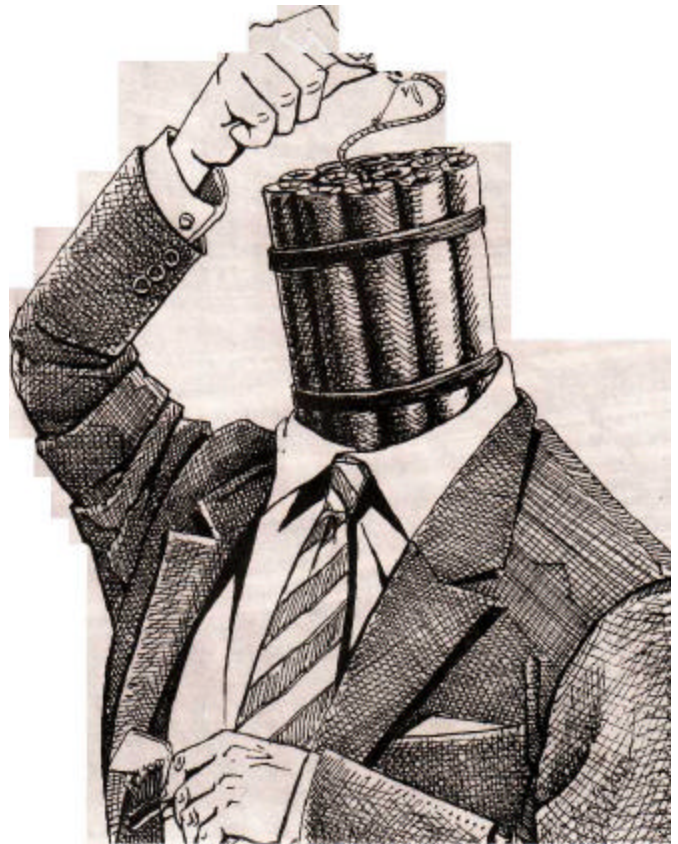
You probably could have bought the car less, for \$23,500 or \$23,750, but your anger caused you to seize control and ignore the continuation of the negotiation process. You didn't want to waste an additional few minutes with these devilish sales folks. You are blissfully unaware of the observation of Queen Elizabeth I: "Anger makes dull men witty - but it keeps them poor."

Academic researchers have conducted dozens of empirical studies and concluded that Elizabeth is still correct. The angry negotiator, when cast in the role of the buyer, pays more money than necessary and yet feels happy about the result. Moreover, the angry negotiator will *sell* more cheaply and be happy about that result, too.

Jennifer Lerner is a Professor at Carnegie Mellon University and a leader in the field of psychological "decision science". She has researched the effect of specific emotions, such as anger and fear, or sadness and disgust, on an individual's ability to estimate risk and to make sound choices.

Surprisingly, Lerner and her co-authors observe that in situations of uncertain outcome, when one of two negotiators is experiencing anger and the other is not, the angry negotiator experiences overly optimistic assessments of his own abilities and takes more risky choices than justified.

These top researchers conclude that the negotiator experiencing anger has a tendency to view the



negotiation with what I describe as certain "perceptual blinders." These are: a greater sense of individual control over an outcome than is justified; a greater sense of certainty that their assessment of uncertain facts and risks is correct than is justifiable; an aggressive eagerness to act; a relative disability in terms of appreciating the quality of the arguments and the relative importance of the interests of the opposing negotiator; and a higher error rate in perceiving one's own interests.

While self-aware negotiators who are angry do better than those who are not self-aware, the empirical studies clearly demonstrate two important empirical conclusions: First, angry negotiators usually do significantly worse than their neutral counterparts. Simply put, in an angry negotiator — neutral negotiator empirical model (when compared to a neutral — neutral dyad), the neutral negotiator acquires significantly greater financial benefits than the angry negotiator, no matter whether the angry negotiator is buying or selling. This behavior owes to the overvaluation of one's own abilities to control and predict risk accurately and the concurrent under-

valuation of the opposing negotiator's strengths and interests.

Second, despite doing more poorly than the neutral negotiator, angry negotiators consistently report greater satisfaction with the outcome and the process than the neutral negotiator. In the empirical studies, satisfaction tends to be greater in the time closest to the outcome. These studies of satisfaction may not be a good indicator of how the angry negotiator views the result a month later, when the results are considered without the taint of anger.

Harold Young, the Clinical Director of the Maple Counseling Center in Beverly Hills, is not surprised at the greater short-term satisfaction that angry negotiators express with less than optimal outcomes. "Angry negotiators, who make a deal," to use his words, "are often *manic*." They are pleased to have taken control and pleased to have brought about a certain result. But angry negotiators are less cognitively focused on whether that result is the best deal that could have been negotiated.

With this knowledge in hand, the car salesman has an intuitive knowledge of how to make his customer simultaneously happier and poorer than he need be. As a full time mediator, I have observed many highly effective "hardball negotiators" who create anger in opposing counsel as a tactic to enhance their own results. An attorney may find it difficult to control an angry client who is tempted into the faulty judgments arising from an over-optimistic assessment of his side's strengths or an underassessment of the potential risks.

To protect one's client, simply call for a "negotiator's time-out". Let the opposing counsel know that you and your client will be taking an NTO break from the negotiations to decide under what circumstances you will be willing to proceed. There is no need for you to give the other side a reason; in fact, I recommend that you don't. Instead, just provide the other side the courtesy of knowing how long your NTO will be.

From observing conflict, I find that the greatest danger posed by an angry client is that his emotion will

escalate into walking away from a potentially productive discussion or, alternatively, de-escalate into a simmering anger from which a poor outcome is obtained.

During the NTO, explore with your client whether he is able to reacquaint himself with the rational and disciplined goals originally set for the negotiation. Often, it helps a client to talk to a supportive and wise friend, partner or business associate, and return only when a rational perspective is restored.

Frequently, the anger may be mediated by setting conditions for a continuation of the negotiation that insulate the angry client from poor decision-making, such as placing the client in a separate caucus room. Another approach is to have a close business associate, spouse or partner stand in with legal counsel in order to help the angry client disengage from his anger, or at least have the benefit of a trusted person's advice to counteract sub-optimal decision making.

Most of the time it is possible to disengage a client from intense emotions within an hour or two. An NTO break which includes a walk around the block or a cup of coffee and a conversation with a trusted advisor usually suffices. However, when feelings of anger persist and the usual methods of client control are not working well, a longer break is appropriate to protect the client's interests.

That's okay. Just return at the appointed time and advise the opposing counsel that, in order for productive negotiations to continue, you require an additional day, a week, or a month, as the case may be. Be accessible, friendly and firm in your resolve. Usually, you can obtain a "stand still" agreement to minimize additional costs and avoid provocative acts in the interim period.

There is a Chinese proverb: "So long as a man is angry, he cannot be in the right." So, when you recognize the escalation of the feelings of anger in your client or yourself: Go the NTO Route. Don't permit your client (or yourself) to negotiate in anger.