

Negotiating with Nothing Holds Surprise Benefits

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Standard advice for negotiators is to always come to the bargaining table with an alternative offer. Viable alternatives, even weak ones, are thought to provide negotiators with more power to leverage better deals. But research from an international team of psychological scientists suggests that powerlessness can sometimes be an advantage.

Experienced negotiators often enter talks with an alternative deal called a BATNA—Best Alternative To a Negotiated Agreement—in their back pocket. The BATNA is essentially a backup plan, and parties who possess a strong BATNA are able to wield more power in negotiations.

But researchers Michael Schaerer and Roderick I. Swaab of INSEAD in France and Adam D. Galinsky of Columbia University hypothesized that a weak BATNA may actually sabotage our chances, acting as a cognitive anchor that predisposes us to accept lower offers. Negotiators with no alternative, no power, and no anchor, the researchers speculated, are liberated to make higher offers.

To illustrate the potential power of powerlessness, Schaerer and colleagues point to legendary sports agent Leigh Steinberg, the basis for Tom Cruise's character in the movie *Jerry Maguire*. In 1975,

Steinberg brought on football rookie Steve Bartkowski as his first client and, in an impressively bold move, he asked the Atlanta Falcons to sign Bartkowski for \$750,000 (the equivalent of around \$3.3 million today). This was the largest amount of money any football player had ever been given at that point and Steinberg had no alternative offer when he entered the negotiation.

The Atlanta Falcons were initially outraged by the astronomical request, but they ended up signing Bartkowski for a record \$600,000 (equivalent to around \$2.6 million today).

Schaerer, Swaab, and Galinsky point out that because Steinberg didn't have a weaker alternative up his sleeve—perhaps a contingency deal for a more modest salary of \$100,000—he wasn't anchored to a low number.

In several experiments published in [Psychological Science](#), the researchers found that negotiators with no BATNA were actually more successful than those with weak BATNAs, making higher initial offers that led to more profitable deals.

In one experiment, online volunteers were told to imagine that they were selling a used Rolling Stones CD. They were then told that they could make an initial offer to a buyer interested in the CD.

Volunteers in a condition with no BATNA were told that this was the only interested buyer; if the deal fell through they would get nothing. Volunteers in a weak BATNA condition were told that another buyer was potentially interested in the CD, but only for a lowball offer of \$2. Those in the strong BATNA condition were told that another buyer was willing to pay \$8.

As expected, those with the strong alternative of \$8 reported feeling the most powerful and they made the highest offers. The volunteers with lowball alternatives reported feeling more powerful than those with no alternatives, but they actually ended up with less profitable deals, a finding that was replicated in several additional experiments.

In another experiment, the researchers wanted to see whether they could reduce the negative impact of weak alternatives by minimizing their effect as anchors. Some of the negotiators in the experiment were instructed to focus on their alternative offer, while the others were told to focus on their ideal target price. Negotiators who focused on their ideal price didn't make as much as those with no alternative, but they asked for more money and ended up with higher profits than the group that focused on their weak alternatives.

Together, these findings suggest that the popular advice to enter negotiations with a BATNA may not be so clear-cut after all: “Thus, negotiators who are unable to obtain strong alternatives should be wary of low anchors. In contrast, negotiators without any alternative may not have to worry about their powerlessness and instead should spend their resources on making the right first offer,” says Schaerer.

Reference

Schaerer, M., Swaab, R. I., & Galinsky, A. D. (2014). Anchors Weigh More Than Power Why Absolute Powerlessness Liberates Negotiators to Achieve Better Outcomes. *Psychological Science*. DOI: 10.1177/0956797614558718