

# Psychological Roadblocks: Overcoming Biases to Achieve Great Negotiations

Negotiation is a skill that can be learned, honed and developed to higher levels over time.

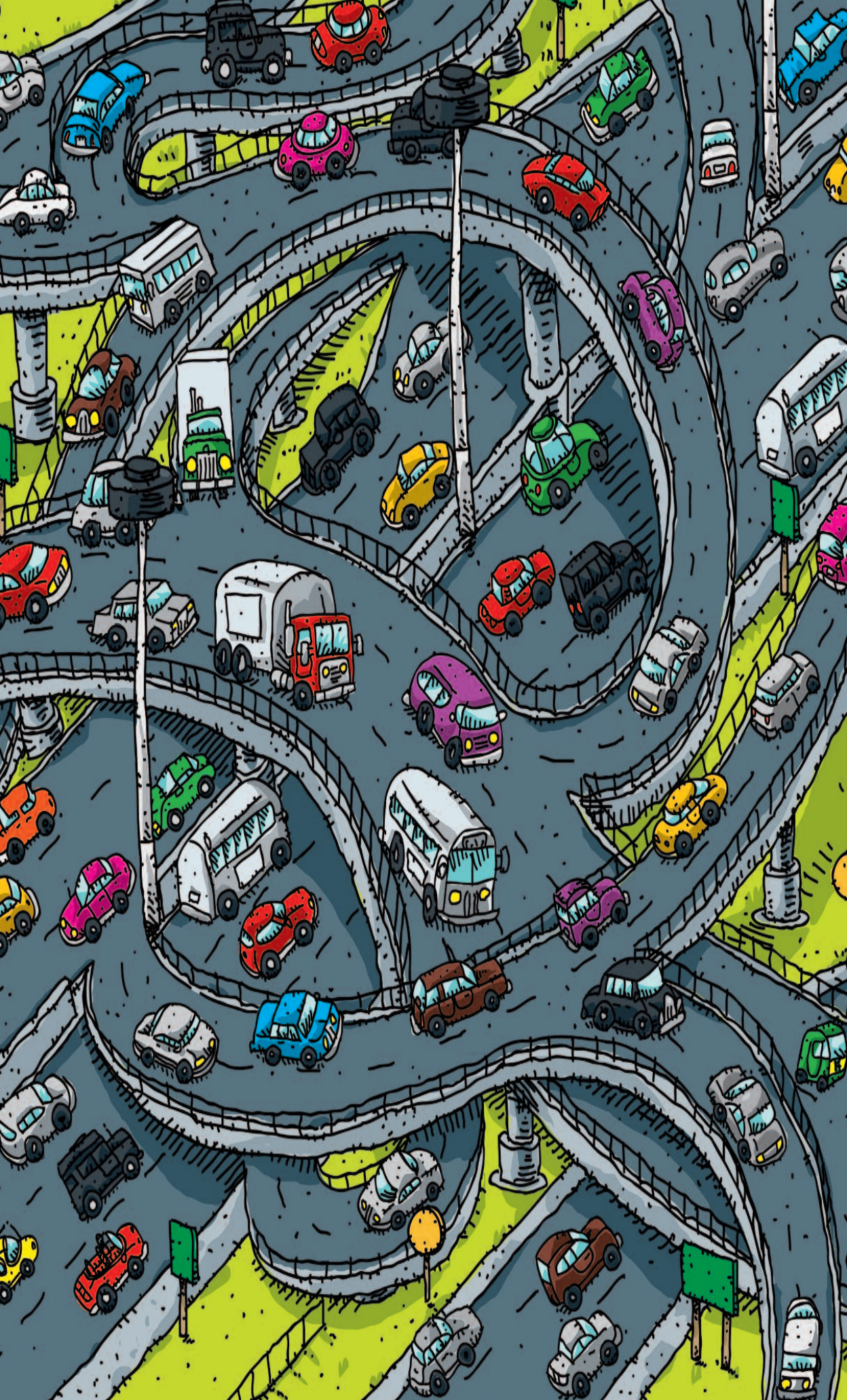
*By Steven J. Isaacs and Karen L. Newcombe*

**W**hen we hear the word negotiation, we tend to think first of contract discussions. However, negotiations of all kinds are an integral part of design work, occurring in nearly every interaction. Your conversations with clients, subconsultants, team members, staff, government representatives, news reporters and community groups all contain elements of negotiation. Negotiating abilities can be learned and the skills developed to a high level, but even the most advanced negotiator must be vigilant against the built-in roadblocks that his or her own mind unconsciously puts in the way.

---

Because human thought processes happen in a largely automatic way and at many different levels, people are generally no more aware of how their thinking is structured than they are conscious of their red blood cells picking up oxygen from their lungs: It just happens. Without realizing it, one or more of these psychological obstacles can affect the outcome of a negotiation. By becoming







aware of these eight psychological roadblocks and how they manifest in your thinking or behavior, you can be on guard for their appearance during your preparation for negotiations and counteract their negative effects.

- **Reactive devaluation:** Bias against a source.
- **Attribution:** Bias against a point of view.
- **Loss aversion:** Humans feel a loss more than they feel a gain.
- **Optimistic overconfidence:** Confusing opinion with facts.
- **Certainty:** Accepting as a certainty a figure due to a mistaken understanding of probability or odds.
- **Convictions of naïve realism:** My point of view must be the only one.
- **Dissonance:** Unwillingness to acknowledge one's own faulty thinking.
- **Confirmation bias:** Only seeing that which confirms what one already thinks or believes.

## REACTIVE DEVALUATION

Reactive devaluation occurs when an offer seems less valuable than it actually is because it comes from someone we perceive as an adversary. It is a bias against the source of the offer. This is a common bias that is seen in the news daily, particularly

in U.S. politics: The other party's offers, suggestions, ideas or proposals are immediately deemed worthless, simply because they came from that particular source. Whatever useful content is in the proposal is entirely disregarded, based solely on the source.

We have seen for dozens of years that when the Israeli government makes an offer to the Palestinian representatives, or vice versa, it is always suspect simply because of who it comes from. It must be of lesser value because those people are our adversaries. The offer may actually be beneficial to both groups, but the message does not get through because of bias towards the source.

---

**Reactive devaluation occurs when an offer seems less valuable than it actually is because it comes from someone we perceive as an adversary.**

---

Reactive devaluation is also present in the A/E world, including situations where one party has an overwhelming reaction to the source. For example, these two biases will likely sound familiar:

- Architects on contractors: "What do you expect? All a contractor cares about is money."
- Contractors on architects: "All they care about is design. There is no concern for the budget or how difficult it will be to actually build that crazy design."

When you have the conviction that the other representative is an adversary

or has such different values, beliefs and behaviors that it justifies disregarding an offer out of hand, you lose the capacity and opportunity to gain valuable information for your negotiation. By disregarding the other party's approach, you will not be able to determine the interests and are thereby reducing the field of possible solutions that will benefit you.

Your counterpart in a negotiation is not your enemy; you are in this together to find a creative solution that serves both of your interests.

### ATTRIBUTION

Attribution is similar to reactive devaluation. This bias is directed against others because we attribute their actions or beliefs to personality flaws rather than, or without even knowing, their situations or circumstances. For instance, a professor may assume a student who turns an assignment in late is too lazy or disorganized to do the work — personality flaws. The student's actual reason for being late is his situation: He is working two jobs to pay his tuition and was required to take on a double shift.

Another example of attribution bias is when a person is promoted and believes it is because of his or her abilities. However, if that person is passed over, he or she may decide it is because "the boss does not like me," attributing emotions to someone else that may be entirely fictional.

This bias can interfere tremendously with any negotiation by attributing the other party's offer or actions to personality flaws and not to his or her situation, which you may know nothing about. This is especially a problem if you had a previous experience with this person that you feel indicated a character flaw or deficient thinking. When you enter a negotiation with this individual, you already know what to expect: This person has a problem that will interfere with the negotiation, and he or she could not possibly have anything relevant to contribute. You stop listening — and you miss opportunities. A few examples:

- "My client is an idiot, and there is no way to deal with his manager."
- "She is always late to our meetings — she really disrespects us and this is how she shows it."
- "He cares nothing about design. I might as well be talking to myself."
- "Money is the only thing that matters to her. There is no way to overcome this lack of caring."

All of these biases are obstacles to active listening and to achieving a successful negotiation.



Be wary of your own beliefs about the other party's motives — especially if you are certain they are driven by negative traits: lazy, stupid, mean, unenlightened, greedy. Take the time to find out everything you can about the situation and what pressures are on that person. Is she always late to the meetings out of disrespect, or is it because she has to take her autistic child to a special day care facility?

### LOSS AVERSION

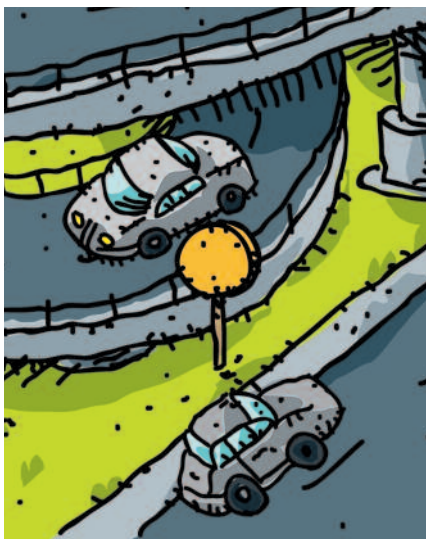
Humans have a very strong bias against loss. We weigh a \$100 loss more heavily than we enjoy a \$100 gain, and this bias causes us to make poor financial decisions and choices such as refusing to sell poorly performing investments, nearly every day. If you find \$100 on the street, it is fun. If someone backs into your taillight and causes \$100 worth of damage, it ruins your day.

For example, at a national conference, ceramic cups with the logo of the convention were given to all the attendees on the left side of the room. The participants on the right side of the room did not receive anything. All attendees were given a questionnaire asking the estimated value of the cups. The average amount estimated by those on the left side, those that were given the cups, was \$7.00. The average estimated by the right side attendees, those that did not get the cups, was \$3.00. Clearly, this bias against loss is a prevalent aspect of our psyche. If you have something, your tendency is to put a much higher value on it than someone else does.

If you ask people to offer examples of loss aversion, most will describe their garages. Many of us have garages containing an enormous number of items that have little or no value, but we keep them because we have a perceived value to us: "That rusty heap of a lawn mower that doesn't work cost me \$300.00! I can't throw it away!"

This roadblock can have a significant impact on negotiations.

Our negotiations have a number of complex aspects, including scope of work, terms and conditions, schedule and fees. Many clients try to solve these aspects independently by negotiating each as if they are not interrelated. Suppose our negotiation begins with a discussion about the




---

**If you find \$100 on the street, it is fun.**  
**If someone backs into your taillight and causes \$100 worth of damage, it ruins your day.**

---

scope of work, and we are fortunate enough to resolve exactly the scope we both believe is appropriate for the project. We continue to negotiate the other aspects and find we cannot reach resolution on any of them. We become reticent to revisit the scope we have already resolved, even though looking at it again may offer us options for moving forward in other areas, because we are afraid of losing or ruining what we already accomplished. This is an example of loss aversion. We are reluctant to return to the scope because we already achieved the values we were hoping to achieve in that part of the negotiation.

To overcome loss aversion, you must remain open to understanding that different people value the same item differently. Something you put a high value on may not seem useful or valuable to another party. To find creative solutions, look for something that your counterpart finds highly valuable and work out a trade, or look back at the agreements you have already reached, and see what can be used to move you both forward.

---

**To overcome loss aversion,  
you must remain open  
to understanding that  
different people value  
the same item differently.**

---

#### **OPTIMISTIC OVERCONFIDENCE**

This bias results from our inclination to overestimate our ability to predict and positively control future outcomes that are actually not within our control. People are always more confident of a “known” point of view than the facts warrant, because they confuse their opinions with facts. They will even collect more data that increases their confidence in a point of view; yet simply piling up data does not increase the accuracy of the prognosis.

- “We’ll have a budget for you by tomorrow morning.” (Without checking staff schedules.)
- “We can turn any shop drawing around in less than a week.” (Any? Ever blown a time commitment?)
- “There is not a conflict that our CAD system can’t spot and solve.” (How much would you like to bet on this claim?)
- “Sara is an expert on green building. There is nothing you can throw at her that she can’t handle.” (She may be bullet-smart, but everyone has a weakness or two in his or her knowledge base.)

Have you ever been in a situation where you had a hunch about something and wanted to believe it but knew you did not have enough data? You searched for information to confirm your hypothesis and continued to retrieve statistics, including some that were even irrelevant, but you convinced yourself of their relevancy. Steven Colbert of the comedy show “The Colbert Report” has invented a term for this phenomenon: truthiness.

The effect of this bias can be seen in a negotiation. It is apparent with those

who take a position and will not shift from that position no matter what new information becomes apparent during the negotiations.

We see this often in negotiations involving individuals who have decided that they know the “facts” and others who just have an opinion. When you were a child, there were certain facts: gravity, the square of the two sides of a right triangle equals the square of the third side, etc. However, many individuals now believe they have total possession of the facts, when what they actually have are opinions and positions. This has become a prevalent attitude and gets in the way of many negotiations. Listen to how many statements begin with one of the following phrases: “The fact is... The truth is...”

In order to achieve successful results during negotiations, you must overcome this roadblock. You must remain open to hearing about the other party’s interests and not take a position or believe you are the only one who knows the real “facts.” Attentive listening will help you understand your counterpart’s interests, which is the prerequisite to achieving a creative solution.

## CERTAINTY

Certainty bias is when you weigh two equal alternatives unequally, in favor of the one that is most certain to happen and against the alternative that is only probable. This is known as the bird-in-the-hand syndrome.

---

**Attentive listening will help you understand your counterpart’s interests, which is the prerequisite to achieving a creative solution.**

---

Suppose you have done a statistical study of the negotiation process for several years, and the results show that when you can go to someone’s boss, you have a 50/50 chance of coming away either with nothing or with a higher fee. What is hard for people to understand is the potential value of taking that chance of talking to the boss.

For example, at a negotiation you are offered \$10,000 for a certain portion of the scope. The other party then offers you the opportunity to speak to his boss, who will offer you nothing or \$40,000. Which do you take — the sure \$10,000 or the chance of either \$0 or \$40,000? Most architects and engineers (and nearly every other person) will take the certainty of \$10,000. This is a trick.

The value of the certainty is clearly \$10,000. But how do you calculate the value of talking to the boss? There is a 50/50 chance that you will get \$40,000 — so the expected value of that exchange is going to be 50% of \$40,000, or \$20,000. The value of taking the chance is double the value of accepting the \$10,000. Humans are poor at calculating and understanding these kinds of odds, a trait that is easily exploited.

Many of us in the industry are affected by certainty bias. Firms may jump at



the first offer, especially if they believe there is a chance they could end up with nothing. What can you do to counteract this effect? There are three easy steps:

- Prepare for the negotiation in advance.
- Quantify as much as possible.
- Step back and assess the value of the offer.

### CONVICTIONS OF NAÏVE REALISM.

This bias results from having a naïve conviction about our own ability to see reality clearly. A typical statement illustrating this bias is, “Any rational human would see it my way.” This is often followed by the statement, “I see objectively. Therefore, other rational persons will agree with me. If they do not, it must be because:

- They have not been exposed to right information.
- They must be looking through a cloudy filter.
- They are simply unable (lazy, irrational or unwilling) to perceive reality clearly.”

For example, a structural engineer will submit a proposal, and the architect responds by asking for a reduction in fee. The engineer then repeats the original offer and explains very rationally that he or she will need this fee in order to make the building stand up. This counter is often stated very slowly, as to a child, since the engineer has concluded that the architect simply does not understand the complexities of structural engineering, and it will be difficult, if not impossible, to explain why he or she needs this exact fee.

When you encounter this bias, try engaging in active listening, as the other party believes you do not understand or hear him or her. What is he or she really trying to say? Asking good questions can be a way to draw out what the other person believes. Remain open to new ideas — you can find creative solutions in any negotiation.

### DISSONANCE

The term dissonance applies to several psychological biases, but one of the most common is the bias that results from an unwillingness to acknowledge our own personal deficiencies, usually in thinking. One example is found in “Aesop’s Fables,” where the fox decides that the luscious-looking grapes were not desirable after all, because they were probably sour.

Another example is often called Excel Syndrome — where someone is so certain that the data shown is correct that he or she cannot accept the fact that the overall premise is flawed, or that there is actually an error. “I certainly could not have made a mistake! How could it be wrong? It’s in the spreadsheet.”





In a negotiation, dissonance might occur after there has been a long-standing impasse and suddenly an opportunity which is similar to one that was previously dismissed to settle occurs. It is hard for many to accept the new opportunity because dissonance bias leads one to think that, “I wasn’t smart enough to take it the first time, so I’ll look foolish if I take it now,” or “It wasn’t good enough before, why should it be good enough now?” Much like the fox, the negotiator may be suspicious that the “grapes” could be sour since he bypassed them once already.

To deal with dissonance, first accept that we can all make mistakes — none of us is infallible, including those sitting around the negotiation table. Active listening can also help you counteract dissonance.

### CONFIRMATION BIAS

Confirmation bias refers to the type of selective thinking where people tend to notice and to look for evidence that confirms their beliefs, and to ignore, not look for or undervalue information that contradicts their beliefs. For example, if you believe that during a full moon there are more accidents, you will take more notice of admissions to the emergency room where you work during a full moon, but you will not pay much attention to what phase the moon is during admissions on other nights. A tendency to do this over time unjustifiably strengthens your belief in the relationship between the full moon and accidents.

---

**The human tendency to give more attention to data that fits with our beliefs can cause us to miss important details or concerns the client is seeking to bring to the table.**

---

#### Active Listening

An architect was selected for a health care project for a U.S. government agency located overseas. The negotiation was for a complete fixed fee for all costs associated with the project, including what would normally be reimbursable expenses. A young project manager spent weeks preparing a large spreadsheet containing estimates for all labor and consultants to perform the scope, along with calculations for every possible expense, including travel, reproduction, long distance calls, etc. The final spreadsheet was sent to the client prior to the session.

The principal and project manager for the architectural firm flew overseas for the negotiations. At the negotiation, the client began by stating he had reviewed the proposal and found an error. The young project manager interrupted him, jumped up and went into lunar orbit, explaining how he had checked every cell in the spreadsheet and there could not possibly be a mistake. When he finally slowed down to take a breath, the principal asked the client to finish his sentence. The client stated, “The error is in your favor — correcting it will increase your fee.”

This tendency can be harmful during a negotiation if we discount data presented by the other party based on our belief that its data is wrong. The human tendency to give more attention to data that fits with our beliefs can cause us to miss important details or concerns the client is seeking to bring to the table.

Once again, preparing in advance for the negotiation, active listening and a willingness to look beyond one's own beliefs to learn the interests of the other party will help you overcome this bias.

## CONCLUSION

Negotiation is a skill that can be learned, honed and developed to higher levels over time. One part of being a successful negotiator is recognizing the many biases that we are subject to as human beings and developing practical methods to ensure they do not interfere with finding a creative solution to a negotiation. ■

---

**Steven J. Isaacs** is a division manager for Architecture and Engineering Consulting Services at FMI Corporation. He may be reached at 925.934.7200 or via email at isaacs@fminet.com. **Karen L. Newcombe** provides research on trends, opinions and the future of the industry as well as writing and editing. She has worked in the A/E/C industry for 25 years and currently assists on various FMI projects. Email Karen at newk@writebank.com.

## **CONTACT THE *FMI* QUARTERLY**

### **CUSTOMER SERVICE:**

**[quarterly\\_info@fminet.com](mailto:quarterly_info@fminet.com)**

### **SUBSCRIPTIONS:**

**1.800.877.1364**

### **ARTICLE REPRINT PERMISSION:**

**919.785.9236**

### **VISIT FMI ONLINE:**

**[www.fminet.com](http://www.fminet.com)**