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## **Upfront**

### **How to Sweeten a Bitter Pill Get what you want by saving the worst for later**

By J. Magee

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Stanford Social Innovation Review  
518 Memorial Way, Stanford, CA 94305-5015  
Ph: 650-725-5399. Fax: 650-723-0516  
Email: [info@ssireview.com](mailto:info@ssireview.com), [www.ssireview.com](http://www.ssireview.com)

## NEGOTIATION

## How to Sweeten a Bitter Pill

*Get what you want by saving the worst for later*

An environmental group haggling over an emissions policy. A legislator proposing a budget for a new social program. A heated debate with your spouse over who takes out the garbage. Negotiations in which someone will have to bear a cost are contentious, much more contentious – and therefore likely to lead to impasses – than negotiating over benefits (such as a year-end bonus, for instance). Individuals irrationally resist costs much more vigorously than they pursue equivalent benefits. This psychological fact poses a serious problem for anyone calling for social change with a price tag attached.

Negotiators, however, have a natural tool at their disposal to deal with this problem. The tool is time, and it pays to have patience. Individuals tend to have a strong bias against pains. However, individuals also discount the future aggressively; they worry less about it and underestimate how much they will care in the future about decisions they make now. Negotiating today about costs for tomorrow can reduce the contentiousness of negotiations over burdens, overcoming stalemates and allowing a deal to go through.

This was the finding of a series of negotiation experiments by Gerardo Okhuysen of the David Eccles School of Business at the University of Utah, Adam Galinsky of Northwestern University's Kellogg School of Management, and Tamara Uptgrove of the University of Texas, published in the July edition of *Orga-*



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*nizational Behavior and Human Decision Processes* (vol. 91, no. 2).

In one experiment, pairs of business students role-played a negotiation between managers of waste management companies that had been asked to provide a new reclamation and construction service to the city. In one scenario, the negotiators were led to believe that their companies were jointly bidding to win a

profitable new contract from the city. In another scenario, the negotiators were told that they needed to reach a joint agreement to share the costs of cleaning up waste that had accumulated from a previous project. In both cases, half of the negotiators were given a long time horizon (their agreements would take effect in one year), and the other half were told their agreements would be implemented immediately.

The researchers found that negotiators with a longer time horizon had more rational outcomes than negotiators whose agreements would go into effect immediately. The disproportionate aversion to costs relative to benefits also disappeared in the one-year negotiation. When negotiators did not have to think about immediate effects, they treated costs the same as benefits, and their outcomes were equally efficient.

The moral of the story is save the worst for later. Environmental groups, for example, may be more successful in seeking increases in the fuel efficiency of vehicles if they target a long horizon, say 15 years, than if they push for immediate increases. With a long horizon, opponents may be more likely to underestimate the burden that such a step imposes, and may be less likely to aggressively oppose the change. In the political sphere, "There can also be an additional advantage of a long time horizon," Okhuysen and Galinsky said. "Costs tomorrow may occur under someone else's watch, further decreasing the psychological weight of imposing a burden."

–J. Magee