



Anchoring – Or the question of who should go first

Adapted extract from ‘We Have a Deal: How to Negotiate with Intelligence, Flexibility and Power’ by Natalie Reynolds

Whenever I or my team run a negotiation workshop, regardless of where it is in the world, or the industry in which we are running it, we will always ask delegates the same question: ‘Who should make the first move?’ Interestingly, this is often one of the most controversial issues in the workshop; it causes more questioning and pushback than anything else we teach on our sessions.

So, who should go first? In eight out of ten cases, the answer we get back from people in the room is ‘the other side’. This response is pretty standard, regardless of experience, seniority, geography, industry or culture. I have also watched hundreds of negotiation role plays and case studies and seen many examples in which people desperately try to avoid making their offer first. They will often say something like this:

‘You go first.’

‘No! I asked you; you tell me.’ ‘I’ll tell you once you’ve told me.’ ‘Well, I’d rather not say.’

‘No, give me your number first.’

These are all classic examples of the kind of avoidance tactics we see once it gets to the stage when someone has to make the first move. There has certainly been mis-guided ‘wisdom’ spread around that you should always try to get the other side to go first. In fact, a great many ‘sales skills’ workshops advocate this method.

However, making the first offer in negotiation is one of the best understood and most compelling tactics to help you end up with a deal that is preferable to you. The volume and quality of research on this point is huge, and I would challenge you to find any robust evidence or research that points to the contrary.

The very simple reason why going first in a negotiation can be so powerful is because of something called **anchoring**. Anchoring is the cognitive bias that sees even the smartest of people being too heavily influenced by the information that is put first on the table. This might be in relation to the price of a product or service, the terms of a contract or a salary increase. By making the first move in a negotiation, you are essentially anchoring the other party to your starting point because right there and then, it is the focus of everyone’s attention. This can then lead the other party to shift their expectations about what they can get from the deal and can lead to you walking away with a more favorable outcome.

The research findings on making the first move in a negotiation and the power of anchoring are numerous. Headline findings include:

- If you go first, you are far more likely to walk away with the preferential result.
- Anchoring still impacts your counterparty even when they are an expert and should know better.
- It happens even when we are warned that it might impact our response.

Put simply, the evidence and research are clear, if you can you should make the first move, as that way you have more of a chance to grab and maintain the advantage. Yet we continuously look to the other party to get the ball rolling and go first. Why does this cause us such problems? Why are we so unwilling to put our offer on the table and make the first move? More often than not, it comes down to uncertainty, lack of confidence and insufficient preparation. Here are a couple of common reasons I hear for not wanting to make the first move, and tips to help you move past them.

But I want to know what they are willing to give me.

Negotiation is not about waiting to hear what they are prepared to give and then responding. It is about developing and presenting proposals and packages in such a way that you get them to agree to what you want. By waiting for them to set the boundaries as to what the agreement is going to look like, you are walking into the trap of agreeing to a deal that is designed from their perspective

–it’s going to work in their favor not yours! Do not wait to hear what they are willing to give you. Instead, do your research (see the next point) and let them know what *you* might be willing to give *them*.

What if I go first and I get my opening figure totally wrong?

People are often concerned that their opening position might be so inappropriate that they end up agreeing a deal far below what they could have got or annoying the other party so much that they end up deadlocking or coming to blows. If you have effectively explored the product, service or market in question, researched your counterparty and their situation, and are clear on your own value, worth and position, then you should be able to craft an opening proposal that is both ambitious and credible.

So, what happens if you don’t get to go first?

Of course, there are always going to be situations where you can’t go first. Maybe in your industry there are regulations and norms which require that one side makes the first proposal, or maybe you just don’t get in there quickly enough. The reality is that actually when it comes to anchoring it isn’t actually about making sure you go first – instead it’s all about making sure that you understand what anchoring is and how not to be a victim of it!

To ensure you are in control of anchoring (and it isn't in control of you!) make sure you don't fall into the following traps.

Don't keep going on about it!

A common trap that people fall into is to keep going on and on about the proposal which has just been made to them. They respond with incredulity or disbelief and begin to critically analyze the detail of what has been suggested. It's not uncommon for people to just keep repeating back the proposal they have just heard, almost as if they were mimicking their counterparty:

'How much? £4,000? Really? £4,000 is ridiculous for this. Seriously, if you think £4,000 is a price I can accept, then you are sorely mistaken. £4,000? Come on!'

But after all of your protestation and analysis of their £4,000 proposal, what have you achieved? Nothing. You've not gone anywhere, you've not moved from the £4,000; instead you are still right there, anchored to that £4,000. In fact, you probably haven't even mentioned your counterproposal at all.

I view that initial £4,000 proposal as a deflated balloon. At the point when it's put out onto the negotiation table, it is pretty empty. However, because it's the only thing currently on the table, it's the thing that we are all focusing on...and of course the deflated balloon could be made bigger by blowing into it. Which is exactly what you do every time you talk about that £4,000 balloon. It gets bigger and bigger and bigger and harder and harder to move away from.

Don't ask them to explain themselves

The next thing people will do is ask their counterparty to explain the proposal they just made. You might think that this is a sensible thing to do: that by asking them to explain themselves they will somehow see the error of their ways, fall over their own point of view and end up undermining themselves.

This very rarely happens. In most situations, by the time people get to the negotiation table they have already invested a lot of time, energy and enthusiasm 'buying into' their own position. Of course, they will be able to explain themselves, and probably very eloquently too. All the while, they are blowing into that £4,000 balloon.

We also need to think about the purpose of asking for their explanation. If you have just been presented with a proposal that you could never agree to or accept, why bother asking them to explain themselves? All you have done is waste valuable time listening to an explanation that makes absolutely no difference as to whether or not you can agree. And you have reinforced and strengthened their anchor. So, if you know you can't agree to it, don't waste valuable time asking them to explain it to you. There are far better ways of getting what you want.

Don't let it adjust your expectations

One of the worst things you can do if the other party goes first is to allow it to cloud your judgement as to what you now think is possible in this deal. Imagine that your counterparty is the buyer and they go first and offer you far less than you had anticipated they would for your product or service. The danger is that you then reposition your request to look more 'reasonable' or in line with the one they have just made. This can be the case even when you have done your research and are confident on your opening position.

So, what should you do in response to the other party going first?

Cast out a new anchor

The best way to deal with it is to recognize that by dwelling on their proposal you are making it stronger. Instead, thank them for their proposal and then simply offer up your own. This way you begin to anchor what you want, from your perspective.

'Thanks for your proposal and for agreeing to meet with me today. However, based on our previous discussions my proposal to you is in fact XXX and here are the reasons why'

The more you get them to talk about and focus on that, the more likely you are to get it. Talk about your numbers, your position and your request.

A simple mantra for any negotiator should be: **"The best way to beat their proposal, is to make one of your own"**.