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No Power? No Problem!

Negotiators are typically advised to come to the bargaining table with an alternative offer in their back pocket. Viable alternatives, even weak ones, are thought to provide negotiators with more power to leverage better deals. However, new research from an international team of psychological scientists suggests that having no power (no alternatives) can sometimes be an advantage.

Experienced negotiators consider whether they (and the other side) have an alternative deal called a *best alternative to a negotiated agreement*, or BATNA. In litigated cases, the stronger BATNA usually rests with the party more likely to prevail at trial. A strong BATNA gives one a viable backup plan, and the ability to wield more power in negotiations. Negotiators with alternatives have higher aspirations, make larger initial demands, and claim more value.

But research conducted by Michael Schaerer and Roderick I. Swaab of INSEAD and Adam D. Galinsky of the Columbia Business School showed that someone with no alternatives (no power) can secure better outcomes than someone having a weak alternative (little power), because weak alternatives serve as cognitive anchors that predispose us to accept lower offers. Negotiators with no alternative (no power) do not feel anchored by a weak BATNA, and are liberated to make higher offers.

To illustrate the potential power of powerlessness, the researchers point to a negotiation by Leigh Steinberg, the basis for Tom Cruise's character in the movie *Jerry Maguire*. When Steinberg signed Steve Bartkowski as his first client in 1975, he learned that negotiating a rookie contract in the National Football League would be a challenge because Bartkowski had no alternatives. Steinberg recalls in his autobiography that his client "would be forced to accept the team's best offer. He could play quarterback for the Atlanta Falcons or play for no one." Despite being virtually powerless, Steinberg made a bold move when he made the first official offer of \$750,000 (the equivalent of around \$3.3 million today): "We were asking for the largest amount of money any football player has ever been given." The Atlanta Falcons were outraged by Steinberg's exorbitant request but eventually agreed to sign Bartkowski for \$600,000 (equivalent to around \$2.6 million today), the most lucrative rookie contract in NFL history.

This example illustrates the surprising fact that negotiators can achieve profitable agreements when they lack viable alternatives. Consider, as Schaerer and his team did, how Steinberg's negotiation for Bartkowski may have unfolded had another team made a lowball offer of \$100,000. Would Steinberg have made his bold demand of \$750,000? It's likely that the low offer would have led Bartkowski and his agent to view any salary above \$100,000 as desirable, and to demand much less than \$750,000.

Because alternatives not only offer power but also serve as anchors, weak alternatives can weigh down the size of first offers and produce worse outcomes than having no alternatives. Similar to Leigh Steinberg's negotiation, having no power can be a liberating experience.