Running head: DEADLINES

Using Final Deadlines Strategically in Negotiation

Francesca Gino and Don A. Moore

Gino, F. & Moore, D. A. (2008). Using final deadlines strategically in negotiation. *Negotiation and Conflict Management Research, 1*(4), 371-388.

Abstract

Many practitioner-oriented negotiation texts advise negotiators who are under time pressure to keep their final deadlines secret, especially if they are in a weak position. While this advice is consistent with intuition, recent research on the effects of revealing deadlines in negotiation has proven it to be incorrect. This is a useful lesson for students of negotiation, who often find themselves under time pressure at the bargaining table. The article discusses ways in which this lesson can be successfully taught in the classroom. In doing so, the present work reviews prior studies that investigated the effects of revealing final deadlines on negotiation outcomes and explains why negotiators mistakenly believe they ought to keep their deadlines secret.

Keywords: Social prediction; Negotiation; Time pressure; Deadlines

Using Final Deadlines Strategically in Negotiation

On January 9, 2002, Major League Baseball's owners and players started negotiating for a new collective bargaining agreement for the 2002 season. As the contract talks began, experts estimated the negotiating surplus available for the two sides to divide up at roughly $3.5 billion (Staudohar, 2002). Over the next eight months, the negotiations remained stuck on the contentious issues of revenue sharing and the so-called "luxury tax" on high-payroll teams. On August 16, well into the 2002 season, the executive board of the MLB Players Association (the players' union) set an August 30 strike deadline. On this date, the players strike would begin and the Major League Baseball would stop playing games mid-season. By placing a clear limit on the time remaining to work out a deal, the announcement of the strike stimulated the two sides to come to agreement. It also brought the implications of a strike into sharper focus for the team owners: the cancellation of the rest of the 2002 season, now a real possibility, would have cost them more than a billion dollars (Staudohar, 2002). The strike was avoided with less than two hours to spare. Just 90 minutes before the August 30 strike deadline, the two parties announced that they had reached agreement. As a result, the 2002 baseball season was played in its entirety.

Whether they involve postal workers or pilots, actors or basketball players, many employer-employee contract negotiations follow a similar path. Specifically, when a firm final deadline exists, parties tend to delay agreement until the very last minute before the deadline. We often read stories in the popular press about unions and employers reaching "eleventh-hour agreements" right before a union's strike deadline, just as we also hear

about litigants settling their cases “on the courthouse steps.” Last-minute agreements are common not only in a wide range of real-life negotiations but also in laboratory experiments (e.g., Roth, Murnighan, & Schoumaker, 1988).

Clearly, deadlines can motivate progress in negotiation (Ross, 1988). Without a deadline, negotiators may be tempted to use stalling strategies with the goal of convincing their counterpart to make more concessions. As Pfeffer (1992) observed, “Deadlines are an excellent way of getting things accomplished. They convey a sense of urgency and importance, and provide a useful countermeasure to the strategy of interminable delay.”

The Role of Time Pressure in Negotiation

Despite the anecdotal and empirical evidence of the effectiveness of deadlines, they remain a misunderstood negotiation strategy. Many negotiators continue to believe that having a deadline will reduce their freedom and pressure them to reach an agreement too quickly (Moore, 2004a). These beliefs are supported by the advice given in a number of popular negotiation books, which suggest that negotiators should avoid deadlines when possible and, if they cannot, at least they should keep their final deadlines secret (Dawson, 2001; Cohen, 1980; Kennedy, 1994). Is this advice useful?

We answer this question by first providing a definition for deadlines as well as other types of time pressure that affect the behavior and decisions of negotiating parties. We then present and discuss the main results of prior research on the effects of time pressure on negotiation strategies and outcomes, drawing insights from research on the effects of time pressure on judgment and decision making more broadly. Finally, we

discuss how the findings of this stream of work can be effectively integrated and taught in the classroom.

Definition and operationalization of time pressure in negotiation

Time pressure has been manipulated in various ways in negotiation research. Some studies have operationalized time pressure as the costs sustained by the negotiating parties in continuing the negotiation. For instance, Komorita and Barnes (1969) conducted a negotiation study in which participants were charged $2 for every offer they made. Other studies have operationalized time pressure as the time available for the negotiation. For instance, Smith, Pruitt and Carnevale (1982) allowed participants to negotiate for 45 seconds in the high-time-pressure condition and 90 seconds in the low-time-pressure condition. Finally, other studies have combined these two procedures. For instance, Hamner (1974) conducted a negotiation study with the usual two conditions, namely low-time-pressure condition and high-time-pressure condition. Participants in the former condition had the opportunity to negotiate over 30 periods with no cost involved, while participants in the latter condition had the opportunity to negotiate over the first 20 periods with no cost but were then charged a penalty in each subsequent period.

These two operationalizations of time pressure differ in an important way. With final deadlines, the passage of the deadline imposes costs on both parties to a potentially mutually beneficial agreement. Suppose you were moving across the Ocean for a new job and found yourself in need of selling your car. Your airplane departure would impose a final deadline on any potential negotiation over the sale of your car. Notably, a final deadline ends talks not only for the party with the deadline, but also for his or her negotiating partner. In other words, one player's final deadline forfeits the negotiating

surplus and leaves both sides with their "best alternative to a negotiated agreement" (BATNA, see Fisher & Ury, 1981). If you board your plane and leave without having reached an agreement over the sale of your car, your counterparts would not be able to claim victory: they too would be left without a deal. In essence, even one-side final deadlines are symmetric because they affect both parties involved in the negotiation and not only the party under time pressure.

Time costs, on the other hand, do not limit how long a negotiation can last, but instead make the passage of time costly. Time costs are common in negotiation; they occur in various forms. For instance, time costs might include forgone outcomes (as in labor strikes), costs sustained to pay bargaining agents (as when parties are represented by attorneys) or opportunity costs of the negotiators' time. Unlike final deadlines, time costs can be asymmetric: A manufacturer with large stockpiles of inventory can more easily endure a strike than can a union that has depleted its strike fund.

Another important distinction to consider when investigating the effect of time pressure in negotiation is the one between actual time pressure and feelings of time pressure. Perceived time pressure may sometimes be as important as real time pressure in determining negotiation performance. Time pressure and tight deadlines, for instance, may lead anxious people to underestimate the amount of time actually available to reach an agreement, and this may contribute to the tendency for highly anxious people to make errors in their judgments when they face difficult decisions (Lerner & Keltner, 2001). Research in decision making has suggested that both actual and subjective time pressure create psychological stress which in turn interferes with the capacity for judgment and problem solving skills (Janis & Mann, 1977). Brodt (1994) shows that even when time

pressure is only symbolic or imaginary, in can affect negotiated outcomes. Table 1 summarizes this discussion by providing definitions and examples for each of the type of time pressure discussed in this section.

To summarize, most negotiation research has failed to distinguish the important differences between these two sorts of time pressure (namely time costs and deadlines) and to highlight their potentially different effects on negotiation strategies and outcomes. Do deadlines and time costs differentially affect negotiation strategies and outcomes? In an attempt to provide an answer, the next section reviews research on this question.

Research on the Effects of Time Pressure in Negotiation

Across different studies, time pressure has been shown to produce lower demands and to speed up both concessions and agreements (see, for instance, Brookmire & Sistrunk, 1980; Hamner, 1974; Kelley et al., 1967; Komorita & Barnes, 1969; Puitt & Drews, 1969; Pruitt & Johnson, 1970). These effects appear to be mediated by the aspirations negotiators under time pressure have before they start bargaining (Yukl, 1974). For instance, Smith et al. (1982) found that time pressure reduced the payoff negotiators wanted to achieve at the bargaining table.

When time pressure is asymmetric such that negotiators face different time costs, their agreements tend to favor the party with lower time costs (Komorita & Barnes, 1969; Rapoport, Weg, & Felsenthal, 1990). Because people with higher time costs are more eager to end the conflict quickly, they may make concessions more rapidly (Stuhlmacher, Gillespie, & Champagne, 1998). In addition, the party with lower time costs can more easily threaten delays to extract concessions. Thus, negotiators facing greater time costs can become impatient and make sacrifices in their rush to reach agreement.

Time pressure was also implemented as time costs in a study which used a multidimensional task with integrative potential (Yukl, Malone, Hayslip, & Pamin, 1976). In their study, Yukl et al. (1976) found that negotiators in the high time-pressure condition reached an agreement more quickly than negotiators in the low time-pressure condition. They also made fewer offers and reached poorer joint outcomes compared to parties negotiating under low time pressure. The results of the Yukl et al. study were extended by Carnevale and Lawler (1986) in a study in which the authors manipulated whether negotiators had cooperative or competitive goals, and operationalized time pressure by varying the amount of time available to negotiate. As they expected, high time pressure led to poor negotiation outcomes and competitive behavior only in the competitive goal conditions. In the cooperative goals conditions, instead, negotiators achieved high joint outcomes independent of their time pressure. These results are consistent with research by Wright (1974), who showed that time pressure leads people to become more sensitive to negative information.

Taken together, these results suggest that time pressure is a weakness in negotiation which affects negotiators' aspirations as well as their strategies and outcomes. These results also suggest that, whenever present, time pressure should not be disclosed to the other party. Many negotiation guidebooks use these findings to advise negotiators to conceal any existing deadlines from their counterparts.

The reasoning behind this advice goes as follows: if the other party knows that you are facing time pressure, they know that they can threaten to delay talks if you do not concede to their demands (e.g., Cohen, 1980). Such pressure arguably will force you to become more flexible and to make more concessions than planned or desired (Dawson,

2001). This advice corresponds with the naïve intuition of most negotiators. When time pressure takes the form of final deadlines, most negotiators assume that their deadlines represent a weakness that they should not to disclose (Moore, 2004c). Even when experienced negotiators are asked to predict the impact of a final deadline shared by both sides, they expect that the presence of the deadline will hurt them, forcing them to concede more quickly than they would like and thereby helping their opponents (Moore, 2004a; 2004b).

Recent research has questioned the detrimental effects of time pressure on negotiation processes and outcomes (e.g., Moore, 2004a; Moore, 2004b). By distinguishing between final deadlines and time costs, research by Moore and his colleagues has shown that, while it is true that time costs negatively affect negotiation outcomes and thus should not be disclosed, there are unexpected benefits in revealing final deadlines.

The unexpected benefits of disclosing deadlines in negotiation

Evidence from laboratory studies suggests that keeping negotiation deadlines secret is a mistake (Moore, 2004a; Moore, 2004b; Moore, 2005; Gino & Moore, *in press*). Negotiators obtain better outcomes when they tell their opponents about their final deadlines. Moreover, negotiators who keep their deadlines secret increase the risk of an impasse. Why do negotiators who reveal their final deadlines obtain better outcomes than negotiators who do not? When you disclose your deadline, your counterpart learns that she/he is also under time pressure: If she/he cannot reach an agreement with you before the final deadline, both sides will be left with an impasse. When negotiators disclose their time pressure, their counterparts are more likely to work toward an agreement before the

deadline and to make concessions more quickly than when the final deadline is not disclosed (Moore, 2004a). Obviously, these results depend on the counterparts believing the negotiator under time pressure when he tells them about his deadline. Strict deadlines are often common in real-world negotiations. Earlier we made the example of a person selling her car before moving to a different country (the date of the flight departure is a strict deadline). Similarly, budgetary calendars, contracts, and political elections can all impose rigid final deadlines on negotiations.

Research demonstrating the beneficial effects of revealing deadlines has manipulated whether a negotiator was under time pressure and, when he was, whether the final deadline was revealed to the other party (Moore, 2004a; 2004b; 2005; Gino & Moore, *in press*). For instance, one laboratory study used a simple distributive bargaining task in which participants in the role of either seller or buyer had to negotiate the price of a fictional commodity (Moore, 2004a). The experiment, which investigated the effects of time pressure, employed a 2 (type of time pressure: time cost vs. final deadline) x 2 (knowledge of time pressure: secret vs. common knowledge) factorial design. By distinguishing between time costs and final deadlines, this study compared the consequences of disclosing these two types of time pressure in negotiation. As we will discuss in more detail later, this is an important distinction that negotiation research often fails to make or recognize.

In the study, sellers with a final deadline had a three-minute time limit. In the common-knowledge conditions, sellers' time pressures were known to both sides (and both sides were aware of this fact). In the secret conditions, only sellers were informed of their time pressure, and, as they were told, their buyers did not know about their time

pressure. As it happened, buyers in the secret conditions expected to have 10 minutes in which to negotiate. This was known to sellers as well. As for time costs, they were operationalized as a monetary penalty sellers incurred for the time of their negotiation (expressed in experimental dollars per minute). Experimental dollars were then translated in real dollars at the end of the study, using an exchange rate that was not known to participants in advance. There is good reason to expect time costs to operate very differently from final deadlines. Final deadlines, after all, are necessarily symmetric in the sense that they end the negotiation for both sides. Indeed, while the negotiation parties did not have the same deadline (one had 3 minutes and the other had 10 minutes), the shorter deadline is the one that affects both parties since they can only negotiate within the 3-minute period. After the 3 minutes have passed, the negotiation is over for both parties, regardless of the time available to the party without time pressure. Time costs, on the other hand, can apply asymmetrically, inflicting greater costs on one side than the other.

When sellers faced final deadlines, they obtained larger payoffs when their time pressure was common knowledge than when it was secret. These results held both when impasses were excluded from the analysis and when they were included as payoffs of zero. Time costs, on the other hand, produced the opposite result: when sellers faced time costs, they obtained better outcomes when their time pressure was secret than when it was common knowledge. These findings speak against the conclusion that time pressure is always a liability in negotiations. While this conclusion is correct for time costs, it is mistaken for the case in which time pressure is in the form of a final deadline.

As with previous studies on the effects of revealing deadlines in negotiation, the experiment described above used a design in which each party's payoff and reservation price were common knowledge. In addition, negotiators had BATNAs of comparable quality. Yet, many real-world negotiations are characterized by a power imbalance and information asymmetry between the two parties (Wolfe & McGinn, 2005). To investigate whether revealing deadlines is equally beneficial for negotiators in high- and low-power positions, our most recent study independently manipulated the strength of negotiators' BATNAs and the revelation of their final deadlines (Gino & Moore, *in press*).

Participants in the experiment negotiated the sale of a used car and played the role of either buyer or seller. Some pairs were given 15 minutes to negotiate—which a pilot study found to be enough time for the negotiators to work out an agreement. Other pairs included a negotiator who had a five-minute time limit for their negotiations. Half of the participants who only had five minutes were instructed to reveal their time pressure immediately, while the other half were told to keep it secret. This manipulation was crossed with a manipulation of the quality of each side's BATNA. Thus, the study employed a 2 (quality of BATNAs: weak buyer vs. weak seller) x 3 (final deadline: on strong party vs. on weak party vs. no final deadline) x 2 (revelation of time pressure: immediate vs. no revelation) between-subject-dyads factorial design. The results showed that the immediate revelation of final deadlines led to greater payoffs to the party with the deadline. Furthermore, the study found no evidence that the benefit of revealing deadlines depended on negotiators' power. Like prior studies showing that revealing one's final deadline speeds up the pace of concessions from the other side, negotiators in this experiment obtained higher payoffs if they disclosed their deadlines than if they did not.

The presence of a deadline systematically leads those who know about it to concede more quickly. Those who reveal the deadline to an opponent who would not otherwise know about it consequently do not have to concede quite as much to get a deal before the deadline.

Together, these studies suggest that the beneficial effects of revealing final deadlines hold regardless of whether a deadline is revealed exogenously by an experimenter (as in Moore, 2004a) or endogenously by one of the negotiators (as in Gino & Moore, *in press*). Another noteworthy finding from this research is that the actual results of revealing final deadlines differ radically from participants' predictions. Like prior studies, Gino and Moore tested whether participants understood the impact of revealing final deadlines upon their negotiations. Once negotiations were complete, participants in all conditions were asked to imagine that they would negotiate a second time with a final deadline. All participants were asked to make two predictions of sale price: first, if the other side knew about the deadline; second, if the other side did not know about the deadline. Participants also were asked: "How do you expect that the other side's knowledge of your final deadline would affect the negotiation's outcome?" Participants were asked to respond to this question twice. The first time, they answered on a seven-point scale that ranged from "I would do much worse if they knew" to "I would do much better if they knew," with a midpoint labeled "no difference." The second time, they were asked to consider the consequences of revelation for the other side, using a seven-point scale that ranged from "The buyer [seller] would do much worse if they knew" to "The buyer [seller] would do much better if they knew," again with a midpoint labeled "no difference." Each predicted sale price implied an estimate of how much

money participants expected to gain. Consistent with prior findings (Moore, 2004a), participants predicted that they would do better when their own final deadlines were secret than in negotiations in which the other side knew about their deadline. Similarly, in their predictions on the seven-point scales, participants predicted that the revelation of a deadline would hurt their own outcomes and help those of their opponents.

In concluding this section, we want to stress once again the difference between time pressure in the form of final deadlines and time pressure in the form of time costs. While the findings by Moore and his colleagues suggest that it is always in negotiators' interests to reveal their final deadlines, we believe that it is rarely in their interest to reveal time costs (Rubinstein, 1982). We presented some evidence consistent with this belief (see the results from Moore, 2004a discussed earlier). Because time costs can apply to only one party, who is therefore vulnerable to threats of delay, it is better to keep time costs secret—unless, of course, your counterpart believes your time costs are higher than they actually are.

Bringing Research on the Surprising Effects of Time Pressure into the Classroom

We believe the empirical evidence on the effects of time pressure in negotiation reviewed in the previous section offers important lessons for negotiators. First, negotiators need to distinguish among different types of time pressure and reflect on whether time pressure affects only them (as in the case of time costs) or also their counterpart (as in the case of final deadlines). Second, negotiators need to realize that revealing their deadlines can actually create unexpected benefits for both parties. Indeed, as described earlier, research studies concerning the revelation of final deadlines in negotiation consistently show that there are clear benefits to the disclosure of deadlines,

but that negotiators often overlook these benefits. In particular, negotiators fail to consider that deadlines increase pressure to reach an agreement not only on themselves but also on the other party. As a result, negotiators do not anticipate the benefits of revealing their final deadlines. For instance, in the Gino and Moore study, participants consistently predicted that final deadlines would hurt them; this belief surfaced both in their pre-negotiation aspirations and in their answers to the post-negotiation questionnaire.

In short, there is robust evidence suggesting that revealing final deadlines is beneficial to the negotiator under time pressure. How can we, as teachers or instructors, successfully convey this important message to our students? We believe the answer lies in the psychological mechanisms driving the effects demonstrated by Moore and his colleagues. When they are under time pressure, most negotiators do not reveal their final deadlines because they fail to predict the beneficial effects of doing so. More specifically, most people do not accurately predict the effects of their own deadlines on their counterparts, probably due to their myopic focus on the impact of time pressure on themselves. Thus, to successfully teach about final deadlines in negotiation, we suggest instructors or teachers dig deeper into research on myopic predictions during their class discussion. To make their job easier, we discuss the effects of myopic prediction on negotiation processes and outcomes next.

Myopic predictions in negotiation

Most negotiators under time pressure believe that their final deadline hurts them and thus do not reveal it to their counterparts. One possible explanation for this effect is that negotiators are better at anticipating the impact of situational constraints on their own

behavior than on the behavior of others. This would be consistent with the actor-observer effect documented by social psychological research: namely, people tend to better appreciate situational influences on their own behavior than on the behavior of others (Jones & Nisbett, 1972). One consequence of this tendency is that when two people are subject to the same situational influences, they both predict that the situation will influence them more strongly than it will impact the other person (Nisbett, Caputo, Legant, & Maracek, 1973). This suggests that people expect that they will benefit more than others from positive circumstances and that they will suffer more from situational constraints. Thus, deadlines in negotiation provide a useful context in which to study the psychology of strategic prediction, as deadlines impose similar situational constraints on both negotiators.

We also know that negotiators do not successfully anticipate when they should reveal their time pressures and when they should keep them secret. Of course, the decision of whether to reveal a negotiation deadline should depend on the consequences of doing so. Yet prediction is a complex task, one that people perform imperfectly. We often make predictions myopically, considering only the most probable, salient, or mentally accessible factors (Griffin & Tversky, 1992; Kahneman & Miller, 1986; Kahneman & Tversky, 1973; Wells & Gavanski, 1989). Predicting the effect of final deadlines is just one case in which people make predictions myopically (see also Windschitl, Kruger, & Simms, 2003).

We believe that this is an important lesson for students and, more broadly, negotiators to reflect on. Indeed, the understanding how people commonly make myopic

predictions in a necessary to the understanding of why negotiators under time pressure are reluctant to disclose their deadline in negotiation.

Teaching Negotiators about Final Deadlines

The empirical evidence on the topic of deadline effects in negotiation offers three main lessons for negotiators. First, revealing their deadlines actually can create unexpected benefits for both parties. Second, revealing different kinds of time pressures (final deadlines versus time costs) can have decidedly different effects. Third, most people do not accurately predict the effects of their own deadlines on their counterparts, probably due to their myopic focus on the impact of time pressure on themselves.

Our exercise, Stopwatch (Moore, Dispute Resolution Research Center Case Collection, 2008) is an effective vehicle for teaching these lessons. Stopwatch is a two-party, multi-issue negotiation with integrative potential, set in the context of a buyer-seller transaction. Students receive the case materials in advance so that they can read them and reflect on their negotiating strategy before class. Preparation normally takes about 30 minutes. Students receive different instruction materials based on one of two roles: representative of Global Games or representative of StopClocks Inc. Players in the Global Games role are given a 20-minute deadline. If they do not reach an agreement with StopClocks by the deadline, they will be forced to accept their BATNA rather than a successful deal. (Specific BATNAs are provided to each role in the exercise.) Students in the Global Games role can reveal their final deadlines to their StopClocks counterparts. Yet, consistent with the experimental evidence presented above, they commonly keep their time pressure secret.

The key lesson here is that it is beneficial to disclose your 20-minute deadline to the other party and to do so early in the negotiation. This insight usually comes as a surprise for most participants, who fail to recognize that a final deadline for one party is necessarily a final deadline for the other: it is a shared circumstance; if no deal is reached before the deadline, then both parties are left with their BATNAs. Asking the members of bargaining dyads whose negotiations ended in impasse why no agreement was reached is a great way for them to reveal their expectations and see how wrong they are. Students in the Global Games role typically insist that they did not have enough time because they were facing a 20-minute deadline. Instructors can then ask them whether and why they decided to keep their deadline secret (or to disclose it). As for students in the StopClocks role, the instructor can ask them how their actions would have been different if they knew (or did not know) about their counterparts' deadlines.

Some students may ask whether the choice of revealing one's final deadline in negotiation depends on the quality of one's BATNA; they suspect that disclosing final deadlines is a good strategy only if the negotiator has a strong BATNA. In fact, as we noted earlier, evidence suggests that the benefits of revealing a final deadline do not depend on the strength of one's BATNA (Gino & Moore, *in press*). Disclosing a final deadline and doing so early in the negotiation is a good strategy for negotiators seeking both integrative and distributive gain. The failure to reveal a final deadline leaves negotiators in a particularly undesirable situation in which their counterpart is conceding too slowly because they don't understand their mutual urgency. By disclosing deadlines, negotiators inform their counterparts that they need to work together to reach an agreement before the time limit ends the negotiation.

The Appendix provides a teaching plan instructors could use to debrief the Stopwatch case described in this section.

Conclusions

The research presented in this paper contributes to our understanding of how time pressure influences negotiated outcomes, knowledge that should prove useful to negotiators seeking to use time pressure both effectively and strategically. Various studies have investigated the separate and joint influences of time pressure and power on negotiated outcomes. Research results on the effects of deadlines in negotiation show that, independent of the quality of their BATNAs, negotiators and their counterparts both do better when they should reveal their final deadlines. In other words, the benefits of revealing final deadlines persist even when a negotiator has time costs or a poor BATNA.

These findings have several important practical implications. First, negotiators should not be afraid to set deadlines and to commit to them. Final deadlines can defuse costly stalling tactics by putting pressure on the other side. But because negotiators often mistakenly believe that final deadlines will hurt them, they routinely avoid setting deadlines that could have strategic benefits (Moore, 2004b). For example, deadlines can be useful for counteracting the strategy, sometimes employed by automobile salespeople, of dragging out the negotiation in the belief that investing more time will increase buyers' commitment to making the deal. To counteract this strategy, we advise car buyers to open their negotiations by informing the salesperson that they have a fixed commitment later in the day and only have a limited amount of time—perhaps an hour—to make a deal.

Second, although it seems counterintuitive, negotiators should reveal their final deadlines to the other side. Both naïve and experienced negotiators consistently predict

that telling the other side that they have a deadline will hurt their own outcomes; thus, they tend to choose to keep their final deadlines secret (Moore, 2004a). Yet keeping final deadlines secret turns an imagined liability into a real liability, and not just for the party with the deadline. The deadline that the Baseball Players Association's executive board imposed on the team owners during their 2002 negotiations would not have forced an agreement if they had kept the deadline secret. When only one side knows about a deadline, that party feels compelled to concede quickly to obtain an agreement while their counterpart, who expects a longer negotiation process, often concedes at a more leisurely pace (Moore, 2004a).

Third, while time-pressured negotiators should reveal a final deadline, independent of the quality of their BATNA, they usually can do so without disclosing their alternatives. It may sometimes be helpful to reveal your BATNA during a negotiation (Fisher & Ury, 1981), and it is generally best to do so when your BATNA is better than the other side thinks it is (McCarthy, 1991). Without excellent information about what the other side thinks about your alternatives to agreement, however, revealing your BATNA can be risky. Fortunately, revealing a deadline does not require simultaneous revelation of one's BATNA. Suppose that you are in a rush to sell your car because you are leaving the country permanently later that day. You have a flight ticket which constitutes a strict deadline for your potential negotiations. You can tell the other side that no deal will be possible after today without revealing why this is so. A deadline in itself need not imply a bad BATNA; in fact, busy people who are in great demand are likely to have both many deadlines and many attractive negotiation alternatives.

In the end, negotiated outcomes depend on our ability to select the right strategies (e.g., Malhotra & Bazerman, 2007). Most people assume that it is always wise to show their strengths (such as good BATNAs) to their opponents and hide their apparent weaknesses (such as final deadlines). Yet, the evidence from the studies discussed here suggests that negotiators would be wise to question these intuitions. Under some circumstances, telling your opponents about shared constraints can strengthen your position and your outcomes.

Appendix

Case Content and Teaching Points for the Stopwatch Case

Stopwatch is a two-party, multi-issue negotiation with integrative potential, set in the context of a buyer-seller transaction. The Stopwatch case is designed to enable students to understand how to use final deadlines strategically in negotiation. More specifically, it should be possible:

1. To identify the differences between various types of time pressure in negotiation (e.g., time costs, final deadlines, etc.) and evaluate their strategic use in negotiation;
2. To develop an appreciation for the beneficial effect of disclosing deadlines in negotiation;
3. To examine in more detail why most negotiators fail to recognize the benefits of revealing deadlines.

Directions for the Exercise

1) Participants should be given this exercise in advance so that they can prepare before class. They will need approximately 30 minutes to prepare. The exercise is normally run one-on-one.

2) Deadlines and time limits are an exceedingly important part of this exercise and require careful attention on the part of the instructor to the way in which the time directions are communicated to the class. When participants are sent to negotiate, it is essential that the instructor announces the time according to the "official negotiation clock" (usually, the clock in the classroom) and specifies exactly when the clock starts

ticking on this negotiation. It is fine to give everyone a few minutes to find their partners and a place to negotiate before the clock officially starts ticking, but the time it starts should be the same for everyone in the class. It is also important for the instructor to announce when the debrief will begin. This is usually 45 minutes from the official start of the negotiation clock, but could be as little as 30 minutes. The exact wording of this announcement is important. The instructor should say, "The debrief will begin at…" and should avoid saying, "Your negotiation must be completed by…" because it will be confusing to those in the Global Games role whose instructions give them a 20-minute deadline.

3) The instructions for participants in the Global Games role tell them that they have a 20 minute deadline. If students in this role do not have a deal after 20 minutes, then they will be forced to take their BATNA and there will be no deal with StopClocks. The instructions for Global Games state: "This 20 minute deadline holds regardless of when your instructor tells the class that everyone must be back, and regardless of how much time your negotiating counterpart thinks you have."

4) Any dyads that return to submit their outcomes more than 20 minutes after the official start of the negotiation clock get no deal—an impasse. This is very important to make the exercise work.

5) There will be a natural break after the 20 minute deadline and before the beginning of the debrief. This time is useful for posting the results on the board or entering them into a spreadsheet.

Summary of the Information for each Party in the Stopwatch Exercise

	GLOBAL GAMES	**STOPCLOCKS**
PRICE	**POSITION:** No position taken	**POSITION:** $80 per unit ($80,000 total)
	INTEREST: Wants to minimize price paid	**INTEREST:** Wants to maximize price paid
QUANTITY	**POSITION:** Wants 1000 units	**POSITION:** Can produce 1000 units
	INTEREST: Wants 1000 units	**INTEREST:** Can produce 40 units per day for $40 each, or more for $70 each
DELIVERY DATE	**POSITION:** Wants 1000 units in 30 days	**POSITION:** 60-day delivery
	INTEREST: Needs 800 units in 30 days. Units that are later than 30 days cost $1.25 per unit per day. Needs another 200 units within 60 days.	**INTEREST:** Needs to be compensated for the additional cost of accelerated delivery times.
SHIPPING	**POSITION:** Doesn't want to pay for shipping	**POSITION:** Doesn't want to pay for shipping
	Overnight shipping costs $4 per unit	Overnight shipping costs $4 per unit
	3-day shipping costs $1.20 per unit	3-day shipping costs $.80 per unit
	7-day shipping costs $.30 per unit	7-day shipping costs $.25 per unit
BATNA	**Cost of $80,000**	**Payoff of $16,000**

Themes for Debrief and Class Discussion

Distinction between BATNAs and reservation prices

In negotiation exercises, students often get confused about the meaning of their BATNA and reservation price. The BATNA refers to what a party would do if she/he walked away from the negotiation. The reservation price in the context of a certain negotiation, instead, defines the deal that would make the party walk away from the table and take her BATNA. Once the definition for both concepts is clarified, it can be useful to ask each side what they thought their BATNA was and what it meant for their reservation price.

1. The Global Games role has a BATNA of buying from Gilarano for $70,000 but the shipment will arrive 10 days later than they would like. Given that this 10 day delay costs them $10,000, Global Games's reservation price is $80,000 for a shipment that arrives on time.
2. StopClocks's BATNA is to take the order from the auto manufacturer. This order would yield a profit of $16,000. Therefore, the order from StopClocks ought to yield at least that much profit. If StopClocks plans to ship all 1000 devices within 27 days in order to make the 30 day deadline, it will cost them $47,800 to produce the product. Thus, their reservation price is $63,800 ($47,800 + $16,000).

Negotiations often have the potential for integration

Students often do not see the potential for integration when they are at the bargaining table. In the case of Stopwatch, an integrative arrangement is possible wherein the first 800 units arrive within 30 days, but the remaining 200 units arrive later (since they are just backups), and Global Games pays less for them. The aggregate benefit of this change is $6000, since the 200 units can each be produced for $30 less. Finding this integrative solution depends on getting past the positions each side has taken. It also depends on the ability of each side to listen to its counterpart and learn the other side's interests.

Managing information about final deadlines

A third theme to discuss during the debrief of the exercise is how negotiators can successfully manage information about final deadlines. This discussion is likely to be most productive if it focuses on the issue of revealing one's final deadlines to one's

negotiating opponent. The key insight in this discussion, which will strike many as surprising, is that it is beneficial to a party to reveal his final deadline to his negotiating opponent, and to do so early in the negotiation. The reason is that a final deadline is a shared circumstance in the sense that if it passes without a deal, both sides are left with their BATNAs. In short, a final deadline makes the two parties even more interdependent than usual in a deal making negotiation. A few guidelines for this discussion are provided below.

- Instructors could begin this discussion by asking one of the dyads that did not make it back before the deadline why they were left with an impasse. Usually the person in the Global Games role will say, "We ran out of time." It is useful at this point to ask the person to elaborate. The instructor could ask them why they were unable to reach an agreement. Students will normally reveal that Glabal Games had a strict 20-minute deadline.
- This is a good point at which to ask, "Those of you in the role of StopClocks, please raise your hand if you knew about this 20-minute deadline?" It is likely that about half of the Stopclocks representatives will raise their hands. The instructor could pick one of those who raised his or her hand and ask, "How did you find out?" The answer usually is, "Global Games told me." At this point, the instructor could ask the Global Games representative in this dyad, "Why did you tell about your time pressure?" Then the instructor could ask one of the Global Games representatives who didn't reveal their time pressure, "Why not?". Usually the answer is something akin to, "I didn't want to reveal my weakness to the other side."

- At this point it can be helpful to go back to the StopClocks representative whose counterpart revealed the deadline, and ask, “What did you think when you learned of the other side’s deadline?” A common answer is: “I knew I had them where I wanted them.” The instructor could then probe further by asking, “So you knew that Global Games would be pressured to get a deal before the deadline so you could hold out, right? You didn’t need to worry about the deadline because if you didn’t get a deal with Global Games you could declare victory?” This line of questioning is likely to reveal the fact that disclosing a final deadline tells the other side about a shared constraint.
- Another common answer to the question “What did you think when you learned of the other side’s deadline?” is: “I realized as soon as they told me about the deadline, that I had better hurry up if I was going to get a deal.” After an answer like this one, it can be effective for the instructor to go back to another dyad where the deadline remained a secret. The instructor could ask the Global Games person, “What do you think would have happened if you had told StopClocks about your final deadline?” Usually the answer is something like: “The other side would have hurried up in order to get a deal before the deadline.” The instructor could then ask the StopClocks person, “What would you have done differently if had known about the deadline from the outset?” Usually the answer is something similar to: “I would have given some more concessions and done it more quickly so that we could get a deal before the deadline.”

Some students may wonder whether the advice that one should reveal one's final deadlines in negotiation depends on the quality of one's BATNA—they suspect that telling about your final deadlines is better if you have a good BATNA. Empirical evidence suggests that the value of revealing one's final deadline does not depend on the quality of one's BATNA. Telling about your final deadlines, and doing so quickly, is always a good strategy, for both integrative and distributive gain. The failure to reveal a final deadline leaves the negotiator in an undesirable predicament, where the other side is conceding slowly because they anticipate a long negotiation. Telling about a deadline, and doing so early, informs the other side that you have to work together in order to get a deal before time runs out.

Time pressure

If time permits, a final theme to discuss is about the role of time pressure in negotiation. The lesson that one should reveal one's final deadlines in negotiation becomes clearer when final deadlines are distinguished from other types of time pressure. There are, of course, deadlines that are not really final. Negotiators may threaten to leave when they do not really have to. For instance, it can be useful to pretend you have a final deadline when you do not want the other side to waste your time. It can be helpful to begin discussions with car salesmen, for instance, by telling them that you are serious about buying but that if you are going to buy it has to happen within an hour (or so) because you have another appointment.

There are also deadlines that do not force an end to the negotiation, but instead are costly for one side or the other. These types of deadlines are more like time costs and should be treated differently. Time costs are a form of time pressure that arises because

the passage of time is costly to one or both sides in a negotiation. Time costs make negotiators impatient because they become eager to wrap up the negotiation quickly. It is not usually wise to reveal one's time costs to the other side in a negotiation, unless one's time costs are less than the other side thinks they are. Time costs do represent strategic weakness, because they empower the other side with the threat of delay.

Summary of Lessons

The class discussion could end with a summary of the main lessons learned from the Stopwatch exercise. The primary lesson is the understanding of final deadlines and the benefits of revealing them to the other side. A secondary lesson is the distinction between final deadlines and time costs. Finally, the more general lesson has to do with the consequences of shared constraints in negotiation. Final deadlines are one example of a shared constraint. Another example of a shared constraint is when there are impediments to clear communication, such as when negotiators do not share a common language. As with final deadlines, it is too common for negotiators on both sides of a transaction to feel that the constraint has hurt them and helped the other side.

References

Brodt, S. E. (1994). Inside information and negotiator decision behavior. *Organizational Behavior and Human Decision Processes,* 58, 172-202.

Brookmire, D., & Sistrunk, F. (1980). The effects of perceived ability and impartiality of mediators and time pressure on negotiation. *Journal of Conflict Resolution*, 24, 311-327.

Carnevale, P. J., & Lawler, E. J. (1986). Time pressure and the development of integrative agreements in bilateral negotiation. *Journal of Conflict Resolution*, 30, 639-659.

Cohen, H. (1980). *You can negotiate anything*. Secaucus, NJ: Lyle Stuart.

Dawson, R. (2001). *Secrets of power negotiating*. Franklin Lakes, NJ: The Career Press.

Fisher, R., & Ury, W. (1981). *Getting to yes: Negotiating agreement without giving in.* New York: Penguin Books.

Gino, F. & Moore, D. A. (*in press*). Why negotiators should reveal their deadlines: Disclosing weaknesses can make you stronger. *Negotiation & Conflict Management Research*.

Griffin, D. W., & Tversky, A. (1992). The weighing of evidence and the determinants of confidence. *Cognitive Psychology*, 24(3), 411–435.

Hamner, W. C. (1974). Effects of bargaining strategy and pressure to reach agreement in a stalemated negotiation. *Journal of Personality and Social Psychology*, 30, 458-467.

Janis, I. L., & Mann, L. (1977). *Decision making: A psychological analysis of conflict, choice and commitment*, New York: Free Press.

Jones, E. E., & Nisbett, R. E. (1972). The actor and the observer: Divergent perceptions of the causes of behavior. In E. E. Jones, D. E. Kanouse, H. H. Kelley, R. E. Nisbett, S. Valins, & B. Weiner (Eds.), *Attribution: Perceiving the causes of behavior* (pp. 79–94). Morristown, NJ: General Learning Press.

Kahneman, D., & Miller, D.T. (1986). Norm theory: Comparing reality to its alternatives. *Psychological Review*, 93(2), 136–153.

Kahneman, D., & Tversky, A. (1973). On the psychology of prediction. *Psychological Review*, 80, 237–251.

Kelley, H. H., Beckman, L. L., & Fischer, C. S (1967). Negotiating the division of reward under incomplete information. *Journal of Experimental Social Psychology*, 3, 361-398.

Kennedy, G. (1994). *Harvard Business: The economist field guide to negotiation*. Boston: Harvard Business School Press.

Komorita, S. S., & Barnes, M. (1969). Effects of pressures to reach agreement in bargaining. *Journal of Personality and Social Psychology*, 13(3), 245–252.

Lerner, J. S., & Keltner, D. (2001). Fear, anger, and risk. *Journal of Personality and Social Psychology*, 81(1), 146-159.

Malhotra, D., & Bazerman, M. H. (2007). *Negotiation genius*. New York: Bantam Books.

McCarthy, W. (1991). The role of power and principle in *Getting to Yes*, in *Negotiation Theory and Practice*, Eds. J. William Breslin and Jeffery Z. Rubin. Cambridge: The Program on Negotiation at Harvard Law School, 115-122.

Moore, D. A. (2005). Myopic biases in strategic social prediction: Why deadlines put everyone under more pressure than everyone else. *Personality and Social Psychology Bulletin*, 31(5), 668-679.

Moore, D. A. (2004a). Myopic prediction, self-destructive secrecy, and the unexpected benefits of revealing final deadlines in negotiation. *Organizational Behavior and Human Decision Processes*, 94(2), 125-139.

Moore, D. A. (2004b). The unexpected benefits of final deadlines in negotiation. *Journal of Experimental Social Psychology*, 40(1), 121-127.

Moore, D. A. (2004c). Deadline pressure: Use it to your advantage. *Negotiation*, 7(8), August.

Nisbett, R. E., Caputo, C., Legant, P., & Maracek, J. (1973). Behavior as seen by the actor and as seen by the observer. *Journal of Personality and Social Psychology,* 27(2), 154-164.

Pfeffer, J. (1992). *Managing with power: Politics and influence in organizations*. Boston: Harvard Business School Press.

Pruitt, D. G., Drews, J. l. (1969). The effect of time pressure, time elapsed, and the opponent's concession rate on behavior in negotiation. *Journal of Experimental Social Psychology*, 5, 43-60.

Pruitt, D. G., Johnson, D. F. (1970). Mediation as an aid to face-saving in negotiation. *Journal of Personality and Social Psychology,* 14, 239-246.

Rapoport, A., Weg, E., & Felsenthal, D. S. (1990). Effects of fixed costs in two-person sequential bargaining. *Theory and Decision*, 28(1), 47–71.

Ross, W. H. Jr. (1988). Situational factors and alternative dispute resolution. *Journal of Applied Behavioral Science*, 24, 251-262.

Roth, A. E., Murnighan, J. K., & Schoumaker, F. (1988). The deadline effect in bargaining: Some experimental evidence. *American Economic Review*, 78(4), 806–823.

Rubinstein, A. (1982). Perfect equilibrium in a bargaining model. *Econometrica, 50*(1), 97-109.

Smith, D. L., Pruitt, D. G., & Carnevale, P. J. (1982). Matching and mismatching: The effect of own limit, other's toughness, and time pressure on concession rate in negotiation. *Journal of Personality and Social Psychology,* 42, 876-883.

Staudohar, P. D. (2002). Baseball negotiations: a new agreement. *Monthly Labor Review*, December, 15-22.

Stuhlmacher, A. F., Gillespie, T. L., & Champagne, M. V. (1998). The impact of time pressure in negotiation: A meta-analysis. *International Journal of Conflict Management*, 9(2), 97–115.

Wells, G. L., & Gavanski, I. (1989). Mental simulation of causality. *Journal of Personality and Social Psychology*, 56(2), 161–169.

Windschitl, P. D., Kruger, J., & Simms, E. (2003). The influence of egocentrism and focalism on people's optimism in competitions: When what affects us equally affects me more. *Journal of Personality and Social Psychology, 85*(3), 389-408.

Wolfe, R. J. & K. L. McGinn (2005). Perceived relative power and its influence on negotiations. *Group Decision and Negotiation*, 14, 3–20.

Wright, P. (1974). The harassed decision maker: Time pressure, distractions, and the use of evidence. *Journal of Applied Psychology*, 59, 555-561.

Yukl, G. A. (1974). Effects of situational variables and opponent concessions on a bargainer's perception, aspirations, and concessions. *Journal of Personality and Social Psychology*, 29, 227-236.

Yukl, G. A., Malone, M. P., Hayslip, B., & Pamin, T. A. (1976). The effects of time pressure and issue settlement order on integrative bargaining. *Sociometry*, 39, 277-281.

Table 1

Definitions, examples and references for various types of time pressure

Type of time pressure	Definition	Example of operationalization	Other references
Asymmetric final deadlines	Time limit that arises from one player's constraints	In each pair of negotiators, one side has a 5-minute deadline but the other expects to have 15 minutes to negotiate (Gino & Moore, in press).	Moore (2004a) Moore (2004b) Smith et al. (1982)
Symmetric final deadlines	Time limit that arises from all players' shared constraints	Negotiators are each given twelve minutes to make a deal or get nothing (Roth, Murnighan, & Schoumaker, 1988).	Carnevale & Lawler (1986)
Time costs	Costs that go up over time	Negotiators pay a cost for every minute that goes by until they have an agreement (Komorita & Barnes, 1969)	Yukl et al. (1976) Rapoport, Weg, & Felsenthal (1990)
Perceived time pressure	A subjective sense of urgency	Negotiators are told to hurry to make a deal, but there is no actual deadline or time cost (Brodt, 1994)	Brodt (1994)