

Psychological Biases		
<b>Focal Point</b>	Irrelevant but salient figures in your mind.	Impact: bias decision in the estimation process What to do: attempt to strip focal point from your mind
<b>Endowment Effect</b>	Valuing items you own more than those you do not own	Impact: may make you overestimate the value of what you are offering + What to do: seek unbiased opinions/valuations from third parties
<b>Framing</b>	Way offers are presented that results in 'loss' or 'gain' frames  Loss Aversion link	Impact: impacts the risk propensity of yourself/opponent What to do: present packages that are more risky to opponent when their facing sure losses + less risky packages when facing sure gains
<b>Overconfidence Optimism Bias</b>	Overconfident about your own abilities of the value of what you're offering	Impact: may result in unrealistically high anchor in initial offer, so anchoring effect may backfire What to do: make sure your initial anchor offer is reasonable
<b>Sunk Cost Bias</b>	Weighting past losses that cannot be recouped into decision over future investment	Impact: valuation of prospect by a person that is aware of the sunk cost will be higher than that of a person who is not aware. What to do: only look at current worth by using market value
<b>Serial Positioning Effect</b>	Ability to remember information influenced by where in the sequence we heard that information	Impact: order of information could result in your opponent focusing on the issues least important to you if not thought through. What to do: when presenting information to the other side put important point at the beginning + end
Tactics, Heuristics & Tricks		
<b>Anchoring + Adjustment</b>	Bias towards the first number presented with and adjust subsequent estimates from here <u>Affect</u> : know their limits; apply relevant high anchor and back it up with evidence <u>Avoid</u> : laugh it off + re-anchor + be polite and casual about it 3 elements: within range of uncertainty, relevance & relative to the anchor <u>Getting to Yes</u> : focus on objective criteria, justify / allow others justifications, never yield to pressure only principle & agree on principles before negotiating over sums <u>Reasons Effect</u>	
<b>Notions of Fairness</b>	<u>Equality</u> – split evenly amongst those who wish to claim it <u>Equity</u> – inputs that parties put in are in the same proportion as what parties get out <u>Needs</u> based rule – parties who need it the most get the most	
<b>Contingency Agreements</b>	Identify a range of future outcomes in mutually exclusive, collectively exhaustive way Pre-specifying obligations + pegged to some objective standard	
<b>Winner's Curse</b>	When one's first offer is accepted by the other party. While they get what they want they feel they could've gotten more if they set a higher initial offer.	
<b>Representativeness heuristic</b>	Base rate bias Ordering of randomness bias Expectation that chance will be self-correcting Ignoring regression to the mean (link to self-serving bias) The conjunction fallacy – choosing an option that seems more representative of a given stimuli, regardless of the probability it is likely in absolute terms The von Restorff effect – when given lots of similar stimuli the one that stands out the most will be remembered 'hot hand' fallacy	
<b>Availability</b>	People focus on the most salient items in their memory to make judgements on probability, rather than examine other alternatives or procedures	
<b>Face-loss</b>	How people perceive your prestige + dignity – hate the notion of losing this respect	
<b>Certainty effect</b>	Preference for certain outcomes to slightly uncertain ones – willingness to pay more for this	
<b>Illusion of Control</b>	The tendency to believe you have more control a situation then you actually do.	
<b>Planning Fallacy</b>	Tendency to overestimate how long something will take, its risk and associated costs when we under a project. We also tend to overestimate the benefits of our own projects.	

<b>Escalation Bias</b>	Bias that cause economic actors (negotiators) to send good money after bad and thus invest in something more and more even though the returns from that investment do not warrant the level of further investment. Accountability does not ameliorate the effect.
<b>Confirmation Bias</b>	Belief new information confirms current beliefs even if its doesn't objectively. Sub-effects: attitude polarisation & belief perseverance Avoid: reframing, change your perspective and update BATNA in light of new information Affect: call out lack of objective evidence for confirmation + counter-arguments
<b>Optimism</b>	Tendency to be more optimistic about prospects of projects you are involved in. Affect: encourage counterparts optimism of own position + support and encourage Avoid: play devils advocate, analyse both external + internal situational factors and use predetermined success criteria.
<b>Phony Facts</b>	Use of fake or ambiguous facts or a fact with dubious sources as a backing for an argument Affect: don't use them, take the upper hand Avoid: call the trick, give them a way out of the trick and ignore the trick
<b>House Money</b>	People tend to gamble more with money that they did not earn
<b>The curse of knowledge</b>	If you know an event's outcome, it will limit your ability to empathise with another's reasoning about that event. i.e. GFC couldn't predict but in hindsight can see how probable
<b>Correlation</b>	If people remember two events having occurring in the past, they over-rate the likelihood of them occurring together again in the future.
<b>Hindsight Bias</b>	Tend to think outcomes are more improbable before they occur, and then overestimate the likelihood of their occurrence after they occur.
<b>Commitment and consistency effect</b>	Paradox of choice / thinking aversion Foot in the door, then in the arse More effort → commitment (esp. public commitment) Special vulnerability & low-balling
<b>Paradox of choice</b>	As optionality increases, people's ability / desire to chose between those options decreases.
<b>Reciprocity Effect</b>	'Give then take... and take' Weakens with time, transcends culture, reciprocity rule, unequally exchanges/uninvited debts Reciprocal concession + strategy = reject → retreat
<b>Liking Effect</b>	Halo effects i.e. physical appearance, contact / cooperation, compliments, reference points, similarity, associations, anti-halos and food
<b>Social Proof</b>	Dependent on: quantity, similarity and frequency Pluralistic Ignorance Monkey see – monkey do
<b>Obedience + Authority</b>	Assumption of greater legitimate specialism and power over other party. Affect: dress up, walk tall, speak confidently, use physical attractive people to gain liking. Avoid: check for actual authority and critical of legitimacy of claims
<b>Scarcity Effect</b>	Demand: scarce resources competition. Supply: quantity, time, approval & info
<b>4 pronged dirty trick avoidance technique</b>	Don't engage in those tactics yourself Establish rules of the game + expectations Always point out tactics + state your lack of tolerance Know your BATNA + reserve, do not be talked into changing them
<b>Canonical tricks</b>	<div>         Throw it in commitment + consistency    Bluffing    Chicken          Ad hominem arguments – attacking the person rather than the idea          Unnecessary stretches    Bribes    Coalitions    Notion of fairness          Good cop / bad cop Intimidation    Price matching    Below my cost price          Foot in the door then in the arse    Chicken    Low balling    Fake priorities          I want it now demands    Ultimatums    Backtracking    Threats          Complexity Pretend inflation    Sample v real dilemma    Lock in tactics          Take it or leave it + walk away    Social proof + social pressure to conform       </div>

