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INTERNATIONAL NEGOTIATION ACADEMY

Negotiation: The Genesis of Management



Negotiation Skills Training

- Managers at senior, middle and junior levels
- Labour Union Negotiators
- Conflict dispute resolution mediators
- Sales Negotiators
- Buyers
- Hostage & Crowd Control Negotiators
- Facilitators

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Decision Making: Are you better than Coin flipping?

Let's assume that you and your wife have decided to buy a new car (or you are contemplating an important decision at work). You have narrowed the choice down to two SUV models. You like the German model. She prefers the Japanese one. You consult everybody, you read articles and websites, you think about the two toddlers at home and you even go for a few test drives with both. Finally you agree on the German model.

What are your chances for having made the correct decision? The correctness of many of our decisions will only prove right or wrong **some time in the future!**

Perhaps it would have been better if you simply flipped a coin!

Which is better: "Informed" decision-making skills or coin flipping? Which method will give you a better result?

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Remember that normally, you have a **50% chance of being right** when you simply flip a coin.

Do we have a better chance of success when we make our daily decisions through other means (gathering information, evaluating alternatives, consulting others, thinking about it for hours)?

If we looked back at all the decisions we have made in our lives, would our lives perhaps have been in a better shape if we rather flipped coins?

How good were your past decisions? Most people who read this would be able to boast that they have made many important decisions in their lives. (Perhaps we only remember the good ones and (fortunately) block out the bad ones). Some of them were **critical and life changing!**

Many have decided (or could be pondering right now) to **emigrate**; to date a certain person; to buy a new product, or house; to apply and/or accept a **job** or position; to study in a particular field; to join a certain group; to start an **own business**; to sign an 'attractive' contract or many more.

While deciding, you have perhaps spent numerous hours and plenty of time pondering. You most likely have taken even more time before you decided whether to marry a certain person (and you stacked up some hefty credit card bills in the process). Or agonised on whether to accept a huge present from a supplier. Why did you not simply flip a coin to save yourself countless hours and money (making even **more bad decisions**)?

We all agree that a perfectly shaped coin will, (according to all mathematicians, probabilists and statisticians, give you close to a 50% chance of being right or wrong! Let's consider your **decisions of the past** (and perhaps of the future) and determine whether you (with all your confidence and brain power) have been better than a coin!

Let's recall some major (life changing) decisions:

1. Do you feel that you have chosen the **'right' subjects** at school (subjects that limited you to later enrol for specific courses at college or to apply for certain jobs only)?
If your answer is 'absolutely', you beat the coin! If your answer is 'no' or 'I doubt it', the coin beats you!

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2. If you have to enrol at College or University today, would you make the same choice of **study field**?
If your answer is 'yes', congratulations! You have beaten the coin twice!
3. Have you ever been **divorced**?
If your answer is 'once only' you are about as good as the coin. If you answered 'more than once', you are worse and if you said 'never,' you beat the coin! (If you are still single, do not bash your heart and brain night and day about the choice you have to make. Simply carry a coin in your pocket all the time!)
4. Are you **happily married**?
You know what I am going to ask...so...did you beat the coin? (Do not come up with excuses, e.g. 'happiness is not a choice')
5. Let's look at **your career** up to now. Except for the choice you made in accepting your present job, you have made numerous decisions (and are still making them) on a daily basis. Try and compile a list of decisions in your mind; for example: Would I make the same job choice again knowing what I know now? Would I have emigrated or not if I knew what I know now? Would I have appointed the same secretarywould I have mined the same shaft.....would I have laid off the same worker in the same waywould I have purchased the same copier on a five-year lease, the same mobile phone, knowing what I know now, etc.
By the way: how is the list going...and who is ahead? You or the coin?
6. Do you want me to ask about your present **medical problems** and some decisions you made in the past about

food, your sport choices, motor cycle purchases, sleeping with someone you hardly knew, driving home thinking you are sober and many more?

The coin may be way ahead of you by now!

7. Let us stop to think about things in the past! We cannot change it. It is over. Yes, more than 50% of our choices were bad, but it is over now. **Lets live for the future!**

Is it really over? What are you up to this weekend? Do not tell me you are visiting that vehicle exhibition without a coin, or the pet shop or the furniture (or tool) department of the Hyper Store! TAKE A COIN!

So, do we have any hope of making better decisions in the future? And, by the way, why do we **consider our-selves to be better decision makers than we really are?** (See: Mlodinow, 2008)

It does not create any confidence and happiness (shortly before Christmas!) to remind us about our many bad decisions of the past!

Do not be too despondent:

There **are ways to beat** the coin!

Step 1: Add skills!

A man with the name of Dioneses (Landhuis, 2004) demonstrated this by practicing flipping a coin with the exact same strength and height until he got 10 out of 10 heads every time!

So, with decision-making skills and proper **negotiation skills**, you could improve your success rate dramatically. So, improve your skills continuously. You will perhaps get many more heads than tails as time goes by.

Step 2: Keep on flipping!

Statisticians proved that by continuing to flip a coin, you will finally end up with an average of about 50% heads. The problem is that we **get discouraged after only one tails flip!**

If we only keep on flipping, it will land heads some or other time! So, apply again for the promotion, send your draft story to more publishers, try to sell your products again at different locations, date the girl again! You **will get heads some or other time.**

Step 3: Think of another plan:

Be ready and prepared. Have another plan in your pocket if plan A fails. Expect plan A to fail about 50% of the time. So, have **contingency strategies** at hand. There are other cars for sale than the one you initially bid on, there are other jobs, other homes and other men and women who are waiting to be picked. A tail flip will not matter that much if you have an alternative!

Step 4: Know yourself!

You are not as good as you think! (See: Hallinan 2009) Accept it. You are possibly **over confident** about your ability to come up heads! You are not, in most cases, better than a coin! So, knowing yourself better would hopefully leave you slightly more rational and realistic about your choices (and save you some money!)

So, stay home this Christmas! The caravan park will be lousy down at the coast. The bathrooms dirty and your neighbors noisy. You will **spend too much** on useless stuff. Your home will be burgled while away. You will not enjoy it more than home. **Be rational!** (Sic).

Manie Spoelstra

Sources:

Hallinan, J T; 2009; Why we make mistakes; Random House

Mlodinow, L; The Drunkards Walk. How Randomness Rules our lives; Gildan Media

Landhuis, E; 2004; Magician-turned-mathematician uncovers bias in coin flipping; Stanford News Release; www.news.stanford.edu

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