

the Financially Savvy Woman™

fall '08-winter '09

The Art of Opportunity Recognition: Negotiation Skills for Women

By: Karen C. Altfest, Ph.D., CFP®

L.J. Altfest & Co. Vice President Karen Altfest interviewed John Darley, the Dorman T. Warren Professor of Psychology at Princeton University and guest speaker at a previous Women's Financial \$pa™, on how women can improve their negotiating skills.

Karen C. Altfest: How did you get interested in this area, how did you acquire negotiating skills?

John Darley: What happened was Daniel Kahneman [Nobel Prize Winner in Economics, 2002] came to the Woodrow Wilson School at Princeton and saw there needed to be a negotiation course. The next thing I knew, there was Danny in my doorway saying, "John, you don't know anything about negotiation, I don't know anything about negotiation. Let's teach it." And we did, and it was wonderful. I've studied his research on the behavior of investors pretty hard. It's fascinating, and the notion of mental accounting is so important. It's something that I'd figure adheres to talking with your clients and getting them to understand the psychology of things, and what I've said about loss aversion today is a judgment decision making process. We're coming out with a book edited by Eldar Shafir, which will be out after the first of the year and have some very relevant material.

KCA: How do you teach these skills to students at Princeton? Do you use exercises?

JD: We do it as a 44 hour intensive training session. As a course, we will often bring in cases. A case is different from an exercise because it is reading about the circumstances and saying, "Well this is what I think the negotiator should do." A famous case is the Panama Canal treaty negotiation, which was done by Ellsworth Bunker, a very savvy U.S. negotiator. You read about the case and then you are asked who the stakeholders are. You realize that yes, Panama is a stakeholder, but you also realize that the U.S. Congress, particularly the Senate, is a very important stakeholder as well. Bunker spent as much time with the foreign affairs senators as he did with the Panamanians. You read the case and then you are challenged to think through how you yourself would structure the negotiation.

KCA: Do you think men and women negotiate differently?

JD: Yes, but not as differently as most people think. There is actually literature on it. One finding is that women occasionally fail to recognize an opportunity to negotiate. For instance, we hear from recruiters for big firms that those recruiters expect an initial salary offer to be negotiated. They will make a salary

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Women's Financial \$pa™: Remember the Ladies

In early November, just one day after voters went to the polls to select the 44th President of the United States, Karen C. Altfest addressed a large group of women clients at our 2008 Women's Financial \$pa™.

The seminar focused on the results of the 2008 Election and how it will impact today's New York women. As a historian, Karen, who has a Ph.D. in history, offered a unique perspective on the current election by tying it in with a quote from Abigail Adams to her husband, the second President of the U.S., John Adams. Abigail wrote, "...Remember the Ladies, and be more generous and favorable to them than your ancestors." With this in mind, the \$pa was titled *Remember the Ladies*, and it touched on the impact that President Obama's

administration can have on important areas of interest to women such as health care, education, national security, taxes, the stock market, the Supreme Court, and even shopping.

Karen was then joined by a panel of L.J. Altfest & Co.'s professional women staff members, Ekta Patel, MBA, Dawn Brown, CFP®, and Nandini Wamorkar, MBA, CFP®, who took a wide array of questions from the audience. As our guests left they were each given a commemorative book, *Thoughts for the Financially Savvy Woman*, a collection of articles, reflections and vignettes of L.J. Altfest & Co. If you would like a copy of the book, which helped commemorate the closing of our 25th Anniversary year, please feel free to contact us.

LJA focuses on Women's Needs

Recent Events and Media Appearances

Karen C. Altfest has dedicated her career to providing women with valuable financial learning opportunities. She also frequently appears in the media, discussing various financial topics, including women and finance.

Recent Events

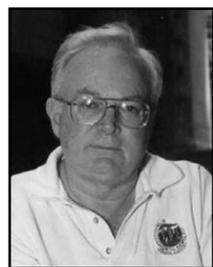
Karen recently spoke at the American Association of Individual Investors (AAII) Rochester, NY Chapter on the importance of asset allocation and diversification in one's portfolio. She also spoke at the Rainmaker Roundtable for the Women's Advisor Forum on the professional advancement of women. Karen recently participated in a podcast hosted by *Financial Planning* magazine, where she spoke on what women look for in a financial advisor at different stages of their lives.

Recent Media Appearances

Karen was featured on the cover of the April issue of *Wealth Manager* magazine in a story on women in the financial planning and investment industries, and was listed as one of the Top 50 Women in Wealth Management. Additionally, she was featured in a piece in *The New York Times*. She recently appeared on PBS Nightly Business Report, as well as on WCBS Radio and CNNMoney.com regarding the volatility in the financial markets. Karen was also interviewed for multiple print publications including *Money* magazine, *The Christian Science Monitor*, *Real Simple*, *More*, and *Time Out New York*.

Dawn Brown, CFP®, Financial Planner, was interviewed by *National Underwriter* and completed a money makeover for a New York school teacher, which appeared in the *The Daily News*.

John Darley, Ph.D.



John M. Darley, Ph.D., is the Dorman T. Warren Professor of Psychology at Princeton University and has received the Distinguished Scientist award from the Society of Experimental Social

Psychologists. Dr. Darley is past president of the American Psychological Society, has been a fellow at the Center for Advanced Study in the Behavioral Sciences, and has held a Guggenheim Fellowship.

His research interests include examining the ways in which individuals construct their representations of the interpersonal world in which they find themselves. Recently, he has been appointed to Princeton's Woodrow Wilson School of Public Affairs. Through teaching the public affairs students conflict resolution via negotiation, he has become fascinated with how to teach negotiation skills, and done workshops on the topic for various audiences.

Dr. Darley is a graduate of Harvard University, M.A. and Ph.D., and Swarthmore College, B.A.

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offer, but will keep some money in reserve to raise it when the person they are trying to hire suggests it be raised. Women do not push back as often as men do, but if they do push back in a prepared way, they're going to do just as well as men would. Some of the best negotiators in the United States have been women. But the one fact that accounts for a difference is that women recognize fewer occasions to negotiate.

KCA: Is there a special reason why they see fewer opportunities to negotiate?

JD: You can look at the culture and the milieu in which they grew up - the stereotypical demands on women to be nice. The point is, once you start to think about this negotiation occasion you can overcome it, it's not some deep characterological problem.

KCA: How can women become better negotiators, what do they need to know?

JD: The way the negotiation community believes you develop these skills is by negotiating under conditions in which you are comfortable taking chances. You should attempt to figure out your own personality, and try different techniques. So we think of it as a teachable skill.

KCA: In what types of non-threatening situations would you suggest women practice their skills?

JD: One method is to take part in the various negotiation workshops that universities give, which are open to more than just their own students. There is an executive education program at Stanford that runs a very good elementary negotiation workshop. Anybody can take it and it's a safe place because you are given exercises that get increasingly more complex as the workshop progresses.

KCA: Is there a strategy to regain the upper hand if you feel you are losing or

not doing well?

JD: It's going to depend a bit on why you're losing, but you should always be willing to escape from the structure by saying "Ok, now I need to step back and do some thinking; we can come back to this tomorrow, I need to think through where we are." For example, with a job opportunity, you can come back the next day saying, "There are some corners here that are going ways I don't think are ways we need to go now. You seem to be suggesting that I should be in department B rather than department A when my interests are

much more in being in department A. The chances of advancement are really important to me."

One should assume that the other person wants to hire you, wants to negotiate, wants to come to a successful arrangement with you. So a time out is never a bad move to

think through when something's bothering you; what it is, how you can articulate it, and how you can change it.

KCA: I've noticed many women feel better when they prepare in advance for anything, or almost over-prepare as if they need that to get their confidence going. Is this a good thing in negotiating?

JD: Being prepared is the most important thing there is in negotiation and that preparation will work in a woman's favor. Of course, you don't want to be so over-rehearsed that you're mechanical; you want to leave openings for the other side to inform you of what matters to them. So be prepared, but leave lots of room for asking questions about the other side's position and listening carefully to the answers. But being prepared is two-thirds of the battle.

KCA: If you had to give a list of must-have things to negotiate effectively, what would they be?

Being prepared is the most important thing there is in negotiation and that preparation will work in a woman's favor.



Karen C. Altfest, Ph.D., CFP®
Vice President of L.J.Altfest & Co., Inc.

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JD: Obviously, prepare and think through your own interests.

Think what your relationship interests are, are you going to negotiate again with this person, is this person your spouse, is this person a friendly antagonist? Is it somebody who's understood to do what's good for herself while your task is to do well for yourself? What is the character of the people you're negotiating with?

Ask yourself what their interests are and what matters to them. We once talked to the Mexican equivalent of the Secretary of the Treasury who was at the Woodrow Wilson School for a year. When NAFTA was being negotiated the Mexican government hired a very savvy American group of lobbyists to tell them what America cared about. The answer was Mickey Mouse, the answer was the United States cares about intellectual property, and Mickey Mouse is intellectual property, copyright, that sort of thing. Mexicans cared about something very different. So they realized "Wow, we can give the American the intellectual property issue, it's not a central issue for us." In return, they asked for something that mattered to them, which had something to do with the fact that the petroleum industry was nationalized at the time.

Find out information from sources, such as *Consumer Reports* magazine. Be a genius, find out what you can learn in an open society about what matters to an open society.

KCA: You have two very modern, independent young adult daughters. And we all know what people think about when their parents tell them something, so have you been able to pass on some of these skills to them?

JD: Yes, but only as they got into their twenties and employed in the world. Talking to them about how you manage these negotiations, rehearsing what they would say, knowing they've got an evaluation period coming and what they want to say, how they want to develop, how they want to grow. I guess I didn't know I could talk to them until the Woodrow Wilson students said, "John, come talk to us about job negotiations as opposed to teaching us a negotiation curriculum, we are all looking for jobs." I then realized we could have things to say about negotiating jobs, so I saw I'd have things to say to my kids about it and that's when the conversations became useful. Although, I do remember I would say, "Lea, let's recognize that's a negotiation." And she said back to me, "Dad, given where you are now, you think everything's a negotiation!"

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