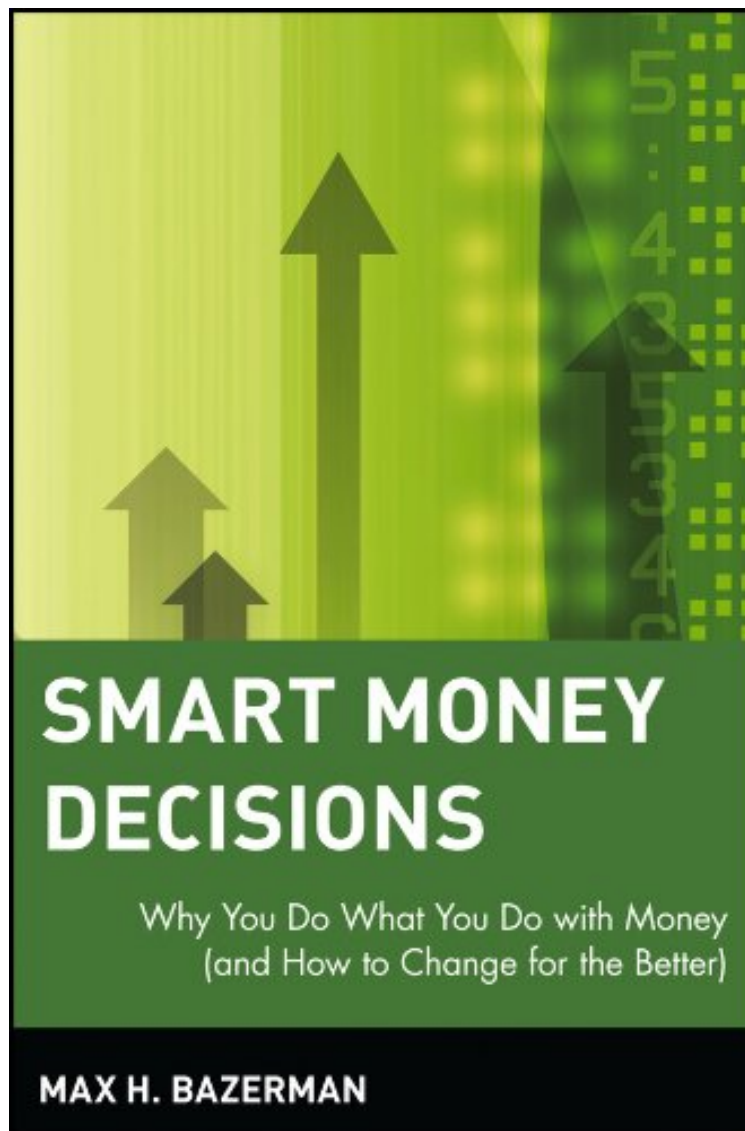


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Smart Money Decisions: Why You Do What You Do with Money (and How to Change for the Better)

Max H. Bazerman

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Max H. Bazerman : Smart Money Decisions: Why You Do What You Do with Money (and How to Change for the Better) before purchasing it in order to gage whether or not it would be worth my time, and all praised Smart Money Decisions: Why You Do What You Do with Money (and How to Change for the Better):

16 of 17 people found the following review helpful. What's stopping you? Use your money to your best interestsBy A CustomerThis book has the effect of sitting down to a heart to heart talk with an admired family friend who knows you

well enough to appreciate your strengths, forgive your shortcomings and believe in your capacity to change. After the first chapter, even an unregenerate spendthrift like me will be thinking about patterns we didn't recognize as obstacles, especially in the realm of money management. And that is the key, says Prof. Bazerman. The very idea of money mistakes may be daunting, but what this book does very clearly -- painlessly and with good humor -- is prescribe ways to prepare for, circumvent and correct them. Every chapter takes examples with which it is easy to identify, from buying a car or a house to negotiating a new job, and explores alternative strategies to show how they actually do affect the outcome. And recapping key pointers at the end of each chapter reminds us (for instance) that not just cold cash but time is money, and a critical element we might not recognize in many of our decisions. What I like best about *Smart Money Decisions* is it gets right down to business without condescending or pandering to late-blooming readers like me, who will really benefit by being honest with ourselves about what we need to do to change our fiscal ways.

Read it and reap!

0 of 0 people found the following review helpful. Learn to avoid common mistakes in business spending decisions

By Customer

Most persons at one time in their lives have found themselves spending more money on a product or service than one should have. The author of this book sees the same mistakes in business spending decisions. This book is designed to help readers analyze not how much they spent on something, but why they spent what they did, all in an effort to aid them in making smart money decisions. There are many behavioral factors inherent to financial decision-making. Identifying and understanding those factors is key to maintaining long-term financial health for an individual or an organization. This book contains a wealth of insights on financial decision-making factors and strategies. Among them:

- Identify and avoid money traps
- Understand how to identify and use a "bargaining zone."
- Recognizing how much your time is worth-and how often you give away your time.
- Choosing between the often conflicting impulses to do something you want, rather than something you think you ought to do.
- Using your impression of fairness wisely in negotiation.
- Keeping from falling victim to the "winner's curse."
- Breaking through the "fixed pie" assumption of negotiation.
- Remembering to define the long term financial objectives when placing a value on something.

The author also adds keen insight in recognizing and implementing tactics to navigate the world of transactions because in any transaction or negotiation, there is a struggle for power between the involved parties.

17 of 17 people found the following review helpful. A must - even for experts

By Joachim G.

I have read lots of books about behavioral decision-making and behavioral finance. When I bought the book I initially expected it being similar like many other books covering this subject. But while I was reading I just could not stop, though I found many examples I knew already. But the style of Bazerman's writing attracted me (though English is not my mother language) so much, that I studied the book from the first to the last page. The examples of bounded rationality of many human decisions and its 'sub-optimal' if not sometimes costly results are very well explained. The solutions to improve the decision-making processes are presented very clearly at the end of each chapter. For those who work in the area of behavioral decision-making or behavioral finance the book is an excellent comprehension and an 'add-on' to the basics that are partially covered in other publications. For beginners the contents is easy to understand: The examples deal with important decision problems everyone of us is confronted with at least once in her/his lifetime. If people try to follow Bazerman's advices, they probably will not only improve reasoning, but might save some money at the next purchase of a new car or at other occasions. Most important for me was the description about the value of time.

Praise for *Smart Money Decisions*

"If you need to negotiate anything . . . from a pay increase to buying or selling a house-this book covers all the bases. [Bazerman] has taught, tested, and proven his theories with thousands of executives and MBA students."-Donald P. Jacobs, Dean, J. L. Kellogg Graduate School of Management, Northwestern University

"Max Bazerman provides a fascinating, easy-to-understand look at how we make money decisions and offers sound advice that will help you increase your net worth."-Roger E. Stricker, PhD, Vice President, Intellectual Property, Lucent Technologies

"By holding a mirror up to our faces, Max Bazerman allows us to see all those dumb money mistakes each of us had no idea we were making."-Bill Bresnan, Financial Talk Show Host/Author

When it comes to money matters, even the smartest of us make some pretty dumb decisions. This groundbreaking book gives you the necessary tools to think through financial issues practically and avoid costly blunders. A renowned expert in the field of decision-making and negotiation, Max Bazerman illustrates both how and why we make the decisions we do. He provides the essential understanding you need to identify your own approach to finances, recognize any inherent problems in your reasoning, and determine ways to overcome them. Packed with sound advice and expert recommendations, *Smart Money Decisions* is essential reading for anyone who has made the same mistake twice.

.com Before you read the first chapter of *Smart Money Decisions*, kick yourself. Hard. Then do it again, just for good measure. Because no matter how hard you're able to pummel yourself, it won't match the impact you'll feel when you realize how much you overpaid for your house and your car, how badly you bungled your last job change, how you were suckered into buying an extended warranty because of a fearful scenario that a veteran salesperson planted in your head. Max H. Bazerman is a professor of negotiation at Northwestern University. Unlike many of today's investment gurus, he's applied statistical models to numerous situations in which the price of a purchase was in flux.

And he has concluded, beyond any doubt, that certain tactics will almost certainly save you money, while others put the power in someone else's corner, dooming you to pay a higher price than you might have otherwise. Now, you may already know that there's a mere 10 percent chance you'll use an extended warranty, and thus pass it up; about 60 percent of purchasers are able to resist. But you may not know that you should never let a real estate agent know the highest price you are willing to pay for a property. In fact, you're best off if the agent knows only how low the seller is willing to go. With a knowledge only of the floor and no idea what the ceiling is, guess where the price winds up? Right: hovering just over the carpet. There's more to this book than negotiation, though. One chapter persuades you to keep the value of your time in mind when making a purchase. For example, if you research and shop for 20 hours in order to save \$120 on a purchase, you've set the value of your time at \$6 an hour. (Would you like fries with that big-screen TV?) Like the best investment books, *Smart Money Decisions* should have a permanent place on your shelves. You may need it only a few times a year, but you're virtually guaranteed to have more money at the end of the year. -- Lou Schuler

From Booklist

Contemporary guides to financial planning and money management are now apparently obliged to consider the psychological aspects of personal fiscal behavior. The frequent result, however, often consists of New Age mantras or confusing psychobabble. Bazerman, on the other hand, grounds his guide in the behavioral aspects of decision making. He is a professor at Northwestern's Kellogg School of Management and author of *Judgment in Managerial Decision-Making* (1998) and *Negotiating Rationally* (1992). He begins here with a fascinating illustration of how otherwise sensible individuals can make foolish decisions. Students in Bazerman's class are offered the opportunity to bid on a \$20 bill; but given his unusual ground rules, they end up paying anywhere from \$20 to \$70 for it. He explains this behavior and goes on to identify the "top ten money mistakes." He shows them at work in decisions to buy a home, a car, insurance, and mutual funds, and in deciding whether to accept a job offer and how to manage one's time. Bazerman's unique perspectives make this an exceptional book. David Rouse "Buy this book! It contains all the stuff that a smart person like you ought to know, but probably doesn't." -- Tom Magliozzi, co-host, National Public Radio's "Car Talk"

"By holding a mirror up to our faces, Max Bazerman allows us to see all those dumb money mistakes each of us had no idea we were making. Those dumb money moves, made by even the smartest among us, now exposed and put into perspective, become the springboard from which the author teaches us the solutions. More often than not, those solutions have been staring us in the face all along...Read it!" -- Bill Bresnan, Financial Talk Show Host/Financial Author

"If you need to negotiate anything-from a pay increase to buying or selling a house-this book covers all the bases. What makes it even better is that Max has taught, tested and proven his theories with thousands of executives and MBA students. When it comes to needing expert opinions on getting the most from your money, they can be found in this book." -- Donald P. Jacobs, Dean, Kellogg Graduate School of Management

"It's your pocket book that Bazerman is protecting. Be smart enough to think about his advice. You'll be entertained in the bargain." (Howard Raiffa, Frank P Ramsey Professor of Managerial Economics (Emeritus), Harvard University) -- Howard Raiffa, Frank P Ramsey Professor of Managerial Economics [Emeritus], Harvard University