

NEGOTIATIONS

Course:

MORS 470: Spring 2009
Jacobs Center, Rm. 2245
Office Hours: After class and by appointment

Professor:

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Tuesdays & Fridays

COURSE INFORMATION

We negotiate every day—with potential employers, coworkers, roommates, landlords, parents, bosses, merchants, and service providers—determining what price we will pay, the amount of our salary and compensation, what movie to watch, and who will clean the kitchen...all of these are negotiations. Although negotiations are a ubiquitous part of our everyday lives, many of us know little about the strategy and psychology of effective negotiations. Why do we sometimes get our way, while other times we walk away feeling frustrated by our inability to achieve the agreement we desire?

Negotiation is the art and science of securing agreements between two or more interdependent parties who are seeking to maximize their outcomes. It is a way of getting what you want from others through back-and-forth communication. This course provides the opportunity to develop your negotiation skills in a series of simulations and debriefings that engage a variety of bargaining processes in the contexts of deal making and dispute resolution. Each simulation has been chosen to highlight the central concepts that underlie negotiation strategy. The course is designed to address a broad spectrum of negotiation problems that are faced by managers and professionals. It is also designed to complement the technical and diagnostic skills learned in other courses at Kellogg. A basic premise of this course is that while a manager needs analytical skills to develop optimal solutions to problems, a broad array of negotiation skills is needed for these solutions to be accepted and implemented. Successful completion of this course will enable you to recognize, understand, and analyze essential concepts in negotiations.

COURSE OBJECTIVES

- Improve your ability to analyze the negotiation situation and learn how to develop a strategic plan to negotiate effectively.
- Gain a broad, intellectual understanding of central concepts in negotiation as they apply in a variety of contexts.
- Build confidence in your negotiation skills.
- Improve your analytical abilities for understanding and predicting the behavior of others in negotiation settings.
- Develop a toolkit of useful negotiation skills, strategies, and approaches.

COURSE FORMAT

- **Negotiation Exercises:** The course is built around a series of negotiation exercises. We will be negotiating every week. While the class officially meets at scheduled course times, students will be expected to meet with other students outside of class to prepare for and execute certain negotiation exercises. Students should also be prepared to stay a few minutes after class to arrange meetings with other members of the class.

- **Preparation for Negotiations:** Your classmates expect you to be fully prepared for each negotiation exercise. Prior to most negotiations, you are required to submit a planning document. Also, note that some exercises require students to prepare outside of class as a team, either by phone, email, or in person.
- **Negotiation Debrief:** We will debrief every negotiation in class. You are expected to participate in these class discussions. Your negotiation results will be posted so that the class can analyze the relationship between different negotiation strategies and outcomes and learn from everyone’s experiences.
- **Learning:** You are encouraged to experiment with alternative styles in this “safe” environment. This is where you can lose a “million” dollars and in retrospect be happy because you will learn a lesson you will never forget! Recognize your strengths and weaknesses and track your individual progress over the quarter.
- **Readings: It is important to do the week’s readings AFTER the negotiation.** The concepts will be more comprehensible if you have already experienced them directly and foreknowledge of the concepts could prevent mistakes that are the critical part of the learning process.

COURSE MATERIALS

- **Required book:**
Fisher, R., Ury, W., & Patton, B. (1991). *Getting to Yes*. New York: Penguin
- **Course Pack:**
The course pack will be available at Norris bookstore. Negotiation exercises are included in the cost of course pack, but will be handed out in class. The course pack is expensive because it contains the permissions and fees that are required to purchase each of the exercises and readings for the course.
*To keep costs low, several of the required readings are not contained in the course pack – they can be downloaded from the Northwestern University Library website. Instructions for downloading articles are posted on Blackboard. The optional readings are not included in the course pack either. They can be downloaded from Blackboard.

COURSE REQUIREMENTS AND GRADING

Your grade will be made up of:

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| • Attendance and participation in class discussions | 15% |
| • Planning documents | 20% |
| • Post-negotiation analysis | 15% |
| • Scoring System for <i>Outside Offer</i> negotiation | 5% |
| • Real-world negotiation project (<i>One Paperclip Exercise</i>) | 20% |
| • Final exam | 25% |

1. Attendance and Participation in Class Discussions (15%)

Because negotiation exercises are critical to the learning process in this course, you should be fully prepared for every negotiation. Thus, you must plan for every exercise; this requires that you come to every class with a written planning document that will help guide you through the negotiation. You should try your hardest to get the best possible outcome for yourself or your group. You are not graded

on the outcomes of your negotiations, but rather on the quality of your preparation prior to the negotiation and your participation in post-negotiation discussions.

Your participation in class discussion will be evaluated on the quality of your contributions and insights. After each negotiation exercise, a debriefing session will include sharing information about results, sharing information about strategies attempted, and sharing reactions to the process. Quality comments possess one or more of the following properties:

- Offer a different, unique, but relevant, perspective based on analysis and theory.
- Contribute to moving the discussion and analysis forward.
- Build upon the comments of your classmates.
- Transcend the “I feel” syndrome; that is, include some evidence or logic.
- Link relevant concepts to current events or past class discussions.

In addition to your participation in the classroom, you will also be required to complete an online survey outside of class. The survey will ask about topics relevant to negotiations and many of the topics we will discuss throughout the quarter. The survey will be emailed to you during the first week of class and you will be asked to complete it before the next class. You will lose participation points for failure to complete the online survey by the due date.

2. Planning Documents (20%)

The planning documents will help you structure your negotiation experience. Preparation and reflection will help instill the thoughts and behaviors you need to negotiate successfully. Planning documents will enable you to fully understand the nature of the particular negotiation exercise and develop strategies that will maximize your outcomes. Specifically, they will help you prepare fully for the role you will play in each negotiation exercise. **You are required to submit a negotiation planning document before all negotiations, except New Recruit and Telepro. All planning documents you prepare outside of class time must be typed.** You or your team (if you are negotiating in a team) should **bring 2 copies** of your planning document to class so that you can turn one copy in at the beginning of class and use the other as a reference during your negotiation. We will grade at least two planning documents during the quarter (for the others that are not graded, you will receive credit for completing it).

3. Post-Negotiation Analysis (15%)

The post-negotiation analysis will allow you to reflect on successful and failed strategies and should allow you to better prepare for and respond during subsequent negotiations. Specifically, you will evaluate your behavior and your classmates’ behavior in a negotiation exercise. Your task is to describe your perceptions and significant insights gained from your participation one of the negotiation exercises. The paper should not be a detailed report of everything that happened in the negotiation. Briefly, describe what happened in the negotiation, providing only a short overview of the key events. Rather, the paper should focus on *analysis and insights*. Although not an exhaustive list, here are a few examples of the type of issues that you could address:

- Who controlled the negotiation and how did they do it?
- What were the critical factors that affected the negotiation situation and outcomes and what can you say about these factors in general?
- How did the negotiation context differ from other exercises, and what new factors did this context highlight?
- What did you learn about yourself from this experience?
- What did you learn about the behavior of others?

- What did you learn about bargaining and conflict from this situation?
- What would you do the same or differently in the future, or how would you like to behave in order to perform more effectively?

A high quality analysis is one that tries to step back from a negotiation, identifies key events and processes, uses course concepts to help structure the analysis, and is well written. Typically, people focus too much on narrative (i.e., what happened) and not enough on analysis (i.e., why it happened).

4. Scoring System for *Outside Offer* Negotiation (5%)

You will be asked to turn in a scoring system you develop for the *Outside Offer* negotiation exercise. We will talk more about scoring systems in class.

5. Real-world Negotiation Project (*One Paperclip Project*) (20%)

To encourage you to think about the many everyday opportunities you have to barter and negotiate, and to improve your negotiation skills, you are being asked to go out and negotiate! The goal of this exercise is for you to negotiate a series of five or more trades over the course of several weeks starting with a paperclip and ending with something substantially more valuable. For example, you may be able to trade your paperclip for a pencil, the pencil for a pen, the pen for a book, the book for a CD, the CD for a DVD, the DVD for a rocking chair, and so forth. We will go over the specific instructions for this project and you will receive a paperclip later this academic quarter.

On the day of our debriefing of this exercise, you will bring to class the last item that you acquired or a picture of it, if it is too big. The class will vote on the most valuable object. During class we will discuss the negotiation strategies that led to obtaining the most valuable objects, as well as those strategies that did not generate value.

After each trade you must complete an entry in a negotiation log in which you provide comments about the trade. **After you have completed all your trades you must write an analysis of the project** in which you discuss which negotiation strategies worked best for you across the entire series of negotiations. **The analysis should be 1 double-spaced page in length** (use 1” margins, Times New Roman 12-point font). More specific instructions about the negotiation log and analysis will be given in class.

Your grade for One Paperclip exercise will be determined by the quality of your negotiation log and analysis.

6. Final Exam (25%)

The final exam will cover the concepts discussed in class and in the readings, with an emphasis on in-class discussions. The exam will ask you to apply the course concepts, which means you need to know, not only the definitions of various concepts, but the pros and cons of using various concepts strategically. Remember that you cannot stop a negotiation in the middle of its flow to go check your notes or a book – you must have access to this knowledge on the fly. As a result, this will be a closed book test. You will receive more details about the final exam later in the quarter. The exam will be administered during finals week, but an early exam option will be available via Kellogg’s Early Exam Program.

7. Extra Credit (1-2 points)

You can earn up to two extra credit points in the course by bringing in articles in the popular press on negotiations or examples of interesting negotiations from movies, newspapers, television shows, comic strips, etc. To receive two points, the references need to come from different mediums (e.g., if one is fiction, the other should be non-fiction). The references must illustrate a concept from the course and you must write a few sentences describing it and how it relates to the concepts discussed in class.

- **Comments About Grading**

1. I standardize each element of the grading. You will receive a raw and standard score on the graded elements (e.g., papers, exam).
2. I weight each element according to the weights published in the syllabus.
3. I add your weighted standard scores to compute a total score for you in the class. I then rank the class from the top.

Keep in mind that a standard score is your raw score minus the class mean divided by the standard deviation. This places all elements of your grade on the same scale (mean zero, standard deviation 1). Weights are applied to the standard scores. The reason for this is as follows. An element's standard deviation acts as a natural weight when making a linear combination. If, for example, one element of the grade worth only 10% had a great deal of variance, that variance would increase the weight of that element in the linear combination making it more important than the 10% weight it was supposed to have.

RESEARCH

Kellogg's Dispute Resolution Research Center (DRRC) has been instrumental in developing Kellogg's reputation as one of the premier institutions for teaching negotiations. Many of the individuals who have written the cases and exercises you will read are affiliated with the Center. As a result you will have an opportunity to benefit from this research in this course. Negotiation results for research purposes are always aggregated and anonymous. If you do not want your outcomes from any exercise used for research purposes, please notify me.

Class	Date	Topic	In Class Activity	Assignments Due Today (at start of class)	To Read - After Class	To Do - After Class
1 T Wk1	3/31	Introduction to Negotiations Negotiate BioPharm-Seltek Negotiation	Discuss Syllabus Negotiate BioPharm-Seltek Negotiation (15 min. prep in class, 45 min. negotiation)		-Getting to Yes (Fisher, Ury, & Patton, 1991)	<i>Complete online survey by 4/3</i>
2 F Wk1	4/3	Distributive Negotiations	Debrief BioPharm-Seltek Negotiation <i>*Pick up materials for Grand Strand</i>	Online survey	-Winning at the Sport of Neg. (Aronson, 1989) -Should You Make the First Offer? (Galinsky, 2004) -Reservation Points, Resistance, and BATNAs (White & Neale, 1991) <i>*Optional. Why Things Cost \$19.95 (APS Observer, 2008)</i>	Prepare <i>Grand Strand</i> for 4/7 (planning doc)
3 T Wk2	4/7	Negotiate Grand Strand	Negotiate Grand Strand (45 min. negotiation) Begin Grand Strand Debrief <i>*Pick up materials for Moms.com</i>	Planning document for Grand Strand	-The View from the Other Side of the Table (Galinsky et al., 2006) -Power Plays (Galinsky & Magee, 2006) -Six Habits of Merely Effective Negotiators (Sebenius, 2001)	Prepare <i>Moms.com</i> for 4/14 (<i>planning doc – one per team</i>)
4 F Wk2	4/10	Integrative Negotiations Part I: Getting to Yes	Debrief Grand Strand			Write post-negotiation analysis of <i>BioPharm-Seltek Negotiation</i> or <i>Grand Strand</i> (due at start of class on 4/21)

5 T Wk3	4/14	Negotiate Moms.com with conference call and SkypeChat (in class)	Negotiate Moms.com in teams of 3 (with conference call and SkypeChat) *Pick up materials for New Recruit (due 4/17)	Planning document for Moms.com – one document per team	-How to Negotiate When You're Far Apart (Swaab & Galinsky, 2007) -The Negotiator's Dilemma (Lax & Sebenius, 1986) -Why Negotiations Go Wrong (Bazerman, 1986)	Negotiate <i>New Recruit</i> over SkypeChat (due by start of class on 4/17)
6 F Wk3	4/17	Integrative Negotiations Part II: Strategies for Creating Value	Debrief Moms.com	New Recruit outcomes from SkypeChat negotiation	-Post Settlement Settlements (Raiffa, 1985) -Post-Settlement Settlements in Two-party negotiations (Bazerman et al., 1987) -Betting on the Future: The Virtues of Contingent Contracts (Bazerman & Gillespie, 1999)	
7 T Wk4	4/21	Integrative Negotiations Part III: Scoring Systems & Multiple Offers	Debrief New Recruit *Pick up materials for Outside Offer	*Post-Negotiation Analysis of BioPharm-Seltek Negotiation or Grand Strand	-Putting more on the table (Medvec & Galinsky, 2005) -AMPO versus City (Raiffa, 1982, ch. 10) -Tradeoffs and Concessions (Raiffa, 1982, ch 11) *Optional. <i>Mimicry is a Big Plus in Negotiations (AOM, 2007)</i>	Prepare <i>Outside Offer</i> for 4/24 (planning doc) *Create scoring system for <i>Outside Offer</i>
8 F Wk4	4/24	Negotiate Outside Offer	Negotiate Outside Offer *Pick up materials for One Paperclip project *Pick up materials for Bullard Houses	*Scoring System for Outside Offer Planning document for Outside Offer	*Optional. <i>Trading What You Have for What You Want (NYTimes, February 2009)</i> *Optional. <i>Bartering Booms During Economic Tough Times (USAToday, February 2009)</i>	

9 T Wk5	4/28	Multiple Rounds & Communication Technology	Debrief Outside Offer		<i>*Optional. E-mails and egos (APA Monitor, 2006)</i>	Prepare <i>Bullard Houses</i> for 5/1 (planning doc)
10 F Wk5	5/1	Negotiate Bullard Houses	Negotiate Bullard Houses	Planning document for Bullard Houses	-When should we use agents? (Rubin & Sander, 1988) -Three ethical issues in negotiations (Lax & Sebenius, 1986) -Truthfulness, Deceit, and Trust (Bok, 1989) <i>*Optional. A Crooked Path Through B-School (BusinessWeek, 2006)</i>	
11 T Wk6	5/5	Agents and Ethics in Negotiations	Debrief Bullard Houses <i>*Pick up materials for Galbraith and Company</i>			Prepare <i>Galbraith and Company</i> for 5/8 (planning doc)
12 F Wk6	5/8	Negotiate Galbraith & Company	Negotiate Galbraith and Company (multi-party) <i>*Pick up materials for Viking Investments</i>	Planning document for Galbraith and Company	-Getting things done through coalitions (Vanover, 1980) -Negotiating group decisions (Brett, 1991) -What happens on the way to yes (Ancona et al., 1991)	
13 T Wk7	5/12	Multi-Party Negotiations & Coalitions	Debrief Galbraith and Company			Prepare <i>Viking Investments</i> for 5/15 (planning doc – one per team)

14 F Wk7	5/15	Negotiate Viking Investments	Negotiate Viking Investments in teams of 2	Planning document for Viking Investments – one document per team	<ul style="list-style-type: none"> -Three approaches to resolving disputes (Ury et al., 1989) -How to defuse threats at the bargaining table (Liljenquist & Galinsky, 2006) -Putting on the pressure (Galinsky & Liljenquist, 2004) -Are Two Heads Better Than One? (Harvard Business Review, 1993) 	
15 T Wk8	5/19	Dispute Resolution	Debrief Viking Investments *Pick up materials for Telepro		<ul style="list-style-type: none"> *Optional. <i>Working With Difficult Groups: When and Why Group Interactions are Competitive</i> (Cohen et al., 2009) *Optional. <i>Angry People Can Gain More</i> (APA Monitor, 2004) 	Prepare <i>Telepro</i> (no planning document required)
16 F Wk8	5/22	Telepro	Negotiate Telepro			
17 T Wk9	5/26	Mediation	Debrief Telepro		<ul style="list-style-type: none"> -Third parties and dispute resolution (Brett, 2007) -The secrets of successful mediators (Goldberg, 2005) -When negotiations fail (Downie, 1991) 	

18 F Wk9	5/29	Gender & Culture	Watch <i>Mediation in Action</i> (35 min. video)		<p>-Nice girls don't ask (Babcock et al., 2003)</p> <p>-Lessons from abroad (Brett & Gelfand, 2005)</p> <p>-When culture counts (Morris, 2005)</p> <p><i>*Optional. Gender Stereotypes Contradicted (ScienceDaily, 2005)</i></p> <p><i>*Optional. Flirting is a Money Loser in Negotiations (AOM, 2008)</i></p>	
19 T Wk10	6/2	One Paperclip	One Paperclip Presentations & Debrief	One Paperclip Negotiation Log and Analysis	<i>*Optional. The One Straw Millionaire</i>	
20 F Wk10	6/5	Course Wrap Up	Course Wrap-Up			
21 Wk11	TBA <i>Week of 6/8-6/12</i>	Final Exam				