

Dispute Resolution Research Center Annual Report

September 1, 2011 – August 31, 2012

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Introduction

This report summarizes the activities of the Dispute Resolution Research Center (DRRC) at the Kellogg School of Management, Northwestern University from September 1, 2011 through August 31, 2012.

DRRC's goals are:

- to be a nationally recognized center for research on dispute resolution and negotiation
- to be a major site for graduate education in negotiation and dispute resolution
- to be a major provider of continuing education programs targeted at exposing the legal and management worlds to the latest developments in the field of dispute resolution and negotiation
- to be an internationally recognized provider of negotiation, competitive decision making, and dispute resolution teaching materials

This report highlights the center's initiatives in research, and graduate and continuing education from September 1, 2011 through August 31, 2012, and summarizes the accomplishments of the center's ongoing programs during that period.

Highlights of Initiatives

Research Awards

Frederic Godart, William Maddux, Andrew Shipolov, and Adam Galinsky received the Academy of Management's Organizational Behavior Division's best paper submitted to the conference award for "A Flair for Fashion: Professional Multicultural Experiences and Creative Performance". Will Maddux, who is now a professor at INSEAD, was a DRRC post doc; Adam Galinsky is a member of DRRC's executive committee. Will reported, upon congratulations, that the research was initially conceived while he was a post doc at DRRC.

Jeanne Brett and Wendi Adair won the Academy of Management Conflict Management Division's Most Influential Paper Award 2012 for the article, "The Negotiation Dance: Time, Culture, and

Behavioral Sequences in Negotiations” published in *Organizational Science*, 2005, volume 5. This award, which rather ironically is sponsored but not chosen by DRRC, is given annually for the most influential paper published in a five year period. The original research was supported by DRRC and begun while Wendi Adair was a graduate student at Northwestern University.

Soroush Aslani, Jimena Ramirez-Marin, Jeanne Brett, Catherine Tinsley, Wendi Adair and Laurie Weingart’s paper, “Implications of Honor and Dignity Culture for Negotiations: A Comparative Study of Middle Easterners and Americans” was the Conflict Management Division’s nomination for the all-Academy Dexter Award for best international paper at the 2012 annual meeting. Although the paper did not win, it was recognized as one of the five finalists from among over 30 nominations. DRRC funded this research.

New Books

[*The Mind and Heart of the Negotiator, \(5th Edition\)*](#) by Leigh L. Thompson, Prentice Hall, 2011.

From the reviews: Many books either focus on the simplistic bargaining tactics or the theoretical implications of negotiation. This text skillfully integrates both of these elements providing the reader with a comprehensive insights into the mental models of negotiators and the biases that can seriously hinder their outcomes.

[*Warfare in Independent Africa*](#) by William Reno, Cambridge University Press, 2011.

From the reviews: When Eritrea finally won its independence from Ethiopia, in 1993, it was celebrated as one of the most egalitarian societies on the planet. Nineteen years later, the promised elections have never been held. What happened? William Reno, who has spent years studying African rebel movements, answers this question by discussing how dramatic political change in Africa has been expressed through rebellion.

[*Dispute Resolution: Negotiation, Mediation, and Other Processes \(6th Edition\)*](#) by Stephen Goldberg, Frank Sander, Nancy Rogers, and Sara Cole, Wolters Kluwer, 2012.

From the reviews of the 5th Edition: A wonderful textbook for those working or studying in the field of ADR. Each topic is analyzed from multiple perspectives, accompanied by quotations from experts with distinct backgrounds (attorneys, professors, mediators, professional negotiators, judges depending on the chapter) that explain various points of view. Throughout the text are thought-provoking questions. For the real-life and fictional examples, this book can't be beat.

[Do Nothing!](#) by J. Keith Murnighan, Penguin, 2012.

From the reviews: J. Keith Murnighan has written a quite valuable book in which he explains how to lead more effectively by doing less so that others can more...and do it better as they "learn by doing" rather than by admonition or passive observation.

Conferences and Workshops

1. Negotiation and Teamwork Teaching Workshop (November 2011)

6th Negotiation and Teamwork Teaching Workshop. The workshop was attended by over 100 participants from eight countries and 24 states. It included two new sessions: "How to Design a Course" and "Using Current Research Results in the Classroom", in addition to introducing new exercises and new approaches to teaching old favorites. The purpose of this recurring workshop is to share materials and techniques with instructors who are currently teaching or planning to teach, teamwork or negotiation at the university level. (See Appendix 1).

2. INGRoup Webinars (October 2011 - June 2012)

DRRC facilitated a group of webinars on Multicultural Teams in conjunction with the INGRoup. The purpose of these webinars is to share research and information on different aspects of multicultural teams. A list of speakers with the titles of their presentations is listed in Appendix 2.

Websites

Dispute Resolution Research Center Website. DRRC has updated its extensive website at <http://www.kellogg.northwestern.edu/research/drrc/> with detailed information on the research, events, and publications of center faculty, post-doctoral fellows, and grant recipients. The website provides detailed information on how to access DRRC's teaching materials and working papers, and how to apply for grant funding, the teaching certificate program, or a post-doctoral fellowship. The website also provides the center's mission statement and describes its governance structure.

DRRC on Social Networks. Beginning in November 2011, DRRC along with the Kellogg Teams and Groups Center (KTAG) started a group on LinkedIn, the world's largest professional online network. The group was created as a community for instructors to ask questions and share ideas about the Negotiation, Teamwork and Decision Making Exercises available for sale online. This dynamic platform requires daily monitoring as new members need to be vetted as instructors not students. The LinkedIn group builds the DRRC customer base, and provides a global showcase for the teaching materials. At the same time DRRC opened a page on Facebook (www.facebook.com/Dispute-Resolution-Research-Center-DRRC), the most heavily used social networking service. The page was created to keep DRRC affiliates and others abreast of the Center's activities in real time via an interface with the DRRC Twitter account (www.twitter.com/DRRC_Kellogg). The DRRC twitter account was initially created as a way to publicize DRRC's research activities as they occur, but it is also used to keep DRRC members and affiliates informed about all that occurs within DRRC including research, new teaching materials, conferences and general activities.

Visiting Scholars and Speakers

Fall 2011	Aparna Joshi, Associate Professor, School of Labor & Employment Relations, University of Illinois at Urbana Champaign <i>"Role Models, Black Sheep, or Queen Bees?: The Effects of Women's Incongruent Status in Science & Engineering Groups"</i>
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- Winter 2011 Will Reno, Christopher Day and Miklos Gosztanyi, Political Science Department,
Northwestern University, *"South Sudan: From Rebel Politics to State Politics"*
- Spring 2012 Zev Eigan, Northwestern University Law School, *"A Revised Model of Procedural Justice
and Workplace Dispute Resolution"*

Governance

The Dispute Resolution Research Center is located administratively within the Kellogg School of Management. An executive committee and a director manage the center. The executive committee is composed of at least four Northwestern University faculty representing at least two schools and three departments. The director is appointed by the Dean of the Kellogg School based on recommendations from the executive committee. The committee is responsible for determining policy. The director appoints project directors and oversees the activities of the center. The members of the executive committee are listed below with their affiliations and leadership responsibilities.

Kellogg is currently restructuring. Research centers, like DRRC, have been assigned to one of four areas corresponding to Kellogg's new strategic initiative. New Senior Associate Dean, Thomas Hubbard, oversees the centers. DRRC's group, the Architectures of Collaboration, will not be activated until later in 2012 or 2013.

DRRC added one new executive committee member in 2011-2012, Nicole Stephens, who is an assistant professor in the Management and Organizations Department. Executive Committee member Adam Galinsky will be leaving Kellogg for a new post at Columbia University in the fall of 2012. Adam was a DRRC post doc at the beginning of his career. When he came back to Kellogg after his first position as an assistant professor at the University of Utah, he immediately became an active member of the executive committee, serving on the Research Committee and Chairing the Post Doc Committee. DRRC will miss Adam Galinsky's intellect, energy and support.

Executive Committee

- Director: Jeanne Brett, Management and Organizations
- Lynn Cohn, Law
- Janice Nadler, Law
- Stephen Goldberg, Law
- Zev Eigen, Law
- Leigh Thompson, Management and Organizations
- Keith Murnighan, Management and Organizations
- Vicki Medvec, Management and Organizations
- Adam Galinsky, Management and Organizations
- Nicole Stephens, Management and Organizations
- Robert Weber, Managerial Economics and Decision Sciences
- Michael Roloff, Communications
- Wesley Skogan, Political Science
- Will Reno, Political Science
- Daniel Molden, Psychology

Project Directors

- Research: Keith Murnighan (chair), Michael Roloff, Wesley Skogen, Daniel Molden, Adam Galinsky
- Seminars: Jeanne Brett
- Certificate Program: Jeanne Brett, Stephen Goldberg
- Working Papers: Michael Roloff
- Teaching Workshop: Jeanne Brett, Lynn Cohn, Leigh Thompson
- Post Doctoral Program: Nicole Stephens, replacing Adam Galinsky

- Executive Education: Jeanne Brett, Leigh Thompson
- Teaching Materials: Jeanne Brett, Leigh Thompson

Staff

Center Assistant, Nancy McLaughlin, decided to take another university position in the spring of 2012. Everyone associated with DRRC has relied on Nancy for the past eleven years. She left an indelible mark on DRRC and all its activities. She is missed. Before Nancy left she transferred some financial responsibilities regarding the teaching materials to Doug Foster and she started Stephanie Dixon on the path to becoming DRRC's external relations and social networking coordinator. Northwestern University has recently recognized Doug and Stephanie's new responsibilities with well-deserved promotions. Sara Fassino joined DRRC in June to handle the position managing DRRC's financials and its many programs. Sara is a ten year employee of the university where she has been working supporting research centers at the medical school.

Staff 2011-2012

- Doug Foster, Manager of Teaching Materials
- Sara Fassino, Center Management and Finance replacing Nancy McLaughlin
- Stephanie Dixon, External Relations and Social Networking

Advisory Committee

DRRC's Advisory Committee's purpose is to counsel the Director and Executive Committee on activities DRRC is involved in or in which the Advisory Committee thinks DRRC should be involved. The Advisory Committee is comprised of lawyers and managers who are interested in issues of negotiation and dispute resolution. Its members are listed in Appendix 3.

The Advisory Committee meets annually to review the center's activities. Dean Blount attended the 2012 Advisory Committee Breakfast Meeting sharing her views on Kellogg's strategic direction and her new organizational structure for Kellogg's more than twenty research centers.

Membership and Affiliation with the Center

All Northwestern University faculty, post docs, and PhD students are eligible to participate in DRRC activities as members. Information about the center is sent annually to Northwestern University deans and department heads, as well as faculty in selected departments, informing them about the activities of the center and the availability of funds for research. Scholars and scholar-practitioners, whose area of research and practice is in dispute resolution and who are associated with Chicago area universities other than Northwestern, are invited to participate in the center's activities as associates. Associates are welcome to attend all center activities. They may apply for center research grants in association with a Northwestern faculty member.

Research Activities 2011 - Present

DRRC's goal to be nationally recognized for research on dispute resolution, negotiation, and conflict is being realized through the scholarly activities of center members and associates. The faculty, associates, post docs, and graduate students affiliated with DRRC continue to have a major impact on the field with books and articles which are published in a wide variety of scholarly journals in psychology, economics, and political science, as well as in the interdisciplinary fields of organizational behavior, communications, negotiation theory and law.

Current Research

Faculty, associates, post docs, and graduate students affiliated with the center write numerous working papers each year. These papers are presented at scholarly meetings both in the U.S. and abroad. Many of these papers are subsequently published in a wide variety of scholarly journals, and as we have noted, win awards. Details of current DRRC faculty and post doc's research is in Appendix 4.

Ongoing Research Programs

DRRC's mission to support research is carried out through eight ongoing programs:

Grants Program. The grants program funds small research studies and provides seed money for major studies. DRRC funded seventeen new or extended research projects, four IACM Conference paper presentations, two Academy of Management Conference paper presentations, faculty and post doc research, and two DRRC Post-Doctoral Fellowships during the period September 1, 2011 – August 31, 2012. Appendix 5 lists the researchers and their projects.

Seminars. There are three elements of DRRC's seminar program.

The Dinner Colloquium provides an opportunity for the exchange of research ideas and the sharing of practical problems. It encourages connections between researchers and practitioners and serves as a meeting place for faculty members, center associates, advisory committee members, and PhD students. The membership list changes annually as new Northwestern University faculty and visitors become interested in center activities.

The Research Seminar Series enables faculty and students to learn about ongoing research at Northwestern University and other universities. It is a forum for in-depth discussion of theoretical and empirical research by scholars investigating negotiation and dispute resolution topics. The series is closely linked to the visiting scholars program and, in even numbered years, the certificate program. DRRC has reduced the number of research seminars in recent years as other divisions of Kellogg and the university have significantly increased the number of seminars on campus.

The Work in Progress Seminar Series is a forum for sharing ideas that are under development, and an opportunity for researchers to receive advice about their research plans. It was initiated in 1986 by graduate students and has become an institution for researchers receiving grants from the center. The series which occurs annually in May and early June is also a forum for presenting research funded by DRRC prior to its presentation at summer conferences. This year we welcomed five speakers Will Reno, Jordan Gans-Morse, Soroush Aslani, Monica Gamez-Djokic, and Daniel Effron.

Post-Doctoral Fellows. The post-doctoral fellows program is designed to facilitate a disciplinary scholar's transition into research and teaching in the area of negotiation. It was initiated in 1988. This program continues as a joint enterprise of the Kellogg Dean and DRRC. The Fellows teach three sections of the negotiation course at Kellogg. DRRC provides training for the classroom, and research support and facilities for the post docs. Fellows are also invited to join in the ongoing research of faculty associated with the center, audit courses, and participate in the center's scholarly and applied seminars and workshops. Fellows receive \$7500 in unrestricted research funding annually and may apply for additional funding associated with specific projects.

Post-doctoral fellows in residence during the academic year 2011-2012 were Garriy Shteynberg, who has accepted a position as assistant professor at the University of Tennessee in the fall of 2012, and Daniel Effron, who will complete the second year of his post doc in 2012-2013. There were forty applicants for the 2012-2014 Post-Doctoral Fellowship that begins in September 2012. Lisa Shu from Harvard was selected. A summary of each post-doctoral fellow's research is in Appendix 4.

Working Papers. DRRC's working paper web site has been updated: [Working papers site](http://www.kellogg.northwestern.edu/research/drrc/research/working-papers). In keeping with changing norms in the social science research community, the working paper website no longer requires a password to view the papers. This means that working papers can be picked up by internet search engines providing greater global visibility to the research being done by DRRC scholars.

<http://www.kellogg.northwestern.edu/research/drrc/research/working-papers>

The center's working paper site is limited to the presentation of manuscripts-in-progress. It currently contains 51 entries. When a paper is published in a journal or a book, the paper is removed from the DRRC website.

Visiting Scholars. The visiting scholar program provides an opportunity for in-depth discussions and the development of new research collaborations between faculty from other institutions, and faculty and students associated with the center. Jimena Ramirez-Marin (PhD, University of Seville), a former

participant in DRRC's certificate program was a visiting scholar in the fall of 2011. Her research is on culture and negotiation and she is part of the team that was the finalist for the Academy of Management Dexter Award in 2012. She also presented her own paper on Spanish-U.S intercultural negotiations at the 2012 Academy of Management annual meeting.

External Research Awards. DRRC is making two external awards annually to recognize non DRRC scholars' research.

In an initiative started in 2009, DRRC began sponsoring the Most Influential Article/Chapter Award given annually by the Conflict Management Division of the Academy of Management. Ironically, this year's award winners for the period 2004-2007 were former DRRC scholar Wendi Adair and DRRC Director Jeanne Brett as reported in the awards section.

DRRC also awards fellowships to ten student scholars who are attending their first International Association for Conflict Management (IACM) conference. The IACM program committee selects the scholars and uses DRRC's \$5000 to support their participation. In July 2012 at IACM's annual conference held in Stellenbosch, South Africa, DRRC post-doctoral fellow, Daniel Effron, presented certificates to 10 young scholars acknowledging DRRC sponsorship. The criteria for selection are: a PhD student who had not previously presented a paper at IACM, and who is the first author on the paper. These scholars' names and their paper titles are listed in Appendix 6.

Conferences. Conferences provide opportunities to integrate a variety of perspectives on negotiation and dispute resolution in the broader national and global level. In the 2011-2012 fiscal year DRRC planned a two day conference for authors of chapters in the forthcoming *Handbook on Negotiation Research* Edward Elgar, Publisher, Co-edited by Mara Olekalns and Wendi Adair. The conference was held September 7-8, 2012 and will be summarized in next year's annual report. The conference schedule is listed in Appendix 7.

Teaching Materials

DRRC's catalog of teaching materials currently totals 146 negotiation, teamwork and decision making exercises. DRRC's teaching materials are used by over 3,800 instructors throughout the world. Instructors are responsible for paying DRRC a \$3.50 royalty fee per exercise, per user. DRRC's editorial team of Jeanne Brett, editor, and Doug Foster, managing editor, worked with 13 authors to bring eight new exercises to DRRC users in FY 2011-2012. New exercises have been featured on our websites and in our webinars and are available immediately from *negotiationexercises.com*. Appendix 8 summarizes exercise use during the fiscal year 2011-2012 and illustrates the growth in exercise use over the past 5 years.

DRRC actively seeks to protect the integrity of the exercises by keeping them off the internet. DRRC also actively protects the intellectual property of the exercises, monitoring exercise use against usage fees collected.

DRRC has licensing agreements with PON, CCI, NAB, CPR, and specific authors for distribution of exercises not developed at Northwestern University.

On-Line Distribution of Teaching Materials

In 2011, DRRC began distributing teaching materials online via *negotiationexercises.com*, phasing out the traditional CD-ROM delivery method. The site was designed and is maintained by Kellogg alum Jonathan Miller and is managed by Doug Foster. Transition of users to the new site has been almost uneventful, which can be attributed to the quality that Jonathan delivered and the customer service that Doug provides. Over 2200 instructors and staff have registered an account on *negotiationexercises.com*. In FY 2011-2012, online sales accounted for roughly 47% of royalties received, up from 10% the previous fiscal year. It is expected that in the next fiscal year, online sales will far outpace that of the legacy method.

There remain a few ongoing challenges with online delivery associated online ordering and delivery. One is associated with the security software in which the files are “wrapped.” Our security provider has a challenge keeping up with all the new devices and operating systems with the security needs to be compatible. The instructor retains the option of using paper copies in instances in which students are having difficulty downloading or printing their roles. In addition, some instructors and schools are not accustomed to having to pay upfront for teaching materials via credit card. DRRC’s system has a Purchase Order deferred billing option for these situations. Some schools have expressed interest in having students pay DRRC directly for their materials. Jonathan and Doug are currently working on this as part of a major program upgrade that will also incorporate DRRC’s Group Assigner software.

Foreign Language Materials

DRRC’s foreign language translations are under the supervision of foreign language coordinators. DRRC teaching materials manager Doug Foster continues to work with professors from around the world to maintain the integrity of translated exercises. These coordinators are David Gleiser, Gleiser Consulting, Colombia, for Spanish; Tetsushi Okumura, Nagoya City University, Japan, for Japanese; Shu-cheng (Steve) Chi, National Taiwan University, Taiwan, for Chinese Traditional; Zhi-Xue Zhang, Peking University, for Chinese Modern; Joao Matos, Catholic University of Portugal, for Portuguese; Georg Berkel, Germany, for German; Stephen Goldberg, DRRC, for French. DRRC also has a limited number of exercises in Brazilian Portuguese, Korean, and Russian. DRRC began offering all of its foreign translations of exercises as a CD-ROM collection in 2009. In 2013, DRRC will discontinue this CD-ROM and make its foreign language translations available via *negotiationexercises.com*.

Group Assigner

DRRC’s Group Assigner software can be found at www.groupassigner.com. Group Assigner allows a faculty member to automate the assignment of students to negotiation groups and teams, such

that it maximizes the number of different people with whom a student negotiates across a semester. Group Assigner is now being used by over 200 faculty and will be incorporated into negotiationexercises.com as part of its next upgrade, currently under development.

Teaching Webinars

Following the popularity of the sessions on individual exercises in the Teaching Workshop, DRRC initiated a series of teaching webinars in February, 2012. A DRRC webinar is an hour long, live presentation in which the author of an exercise describes how he/she teaches the exercise. The audience can hear the author, follow the slides prepared by the author, and ask questions. The webinar is stored on a server and a link to the webinar is placed with the exercise teaching notes for future teachers to use. Stephanie Dixon has been managing the webinars. There were 11 webinars in 2012. See Appendix 8. Stephanie Dixon reports 178 participants in live webinars. At the time of publication, DRRC was not able to access information about the number of views of the archived webinars. A list of the webinar topics is in Appendix 9.

Education

One of DRRC's goals is to be a major supporter of the teaching of negotiations and dispute resolution at Northwestern University. Brief descriptions of courses taught at Kellogg, Northwestern University School of Law, and in Communication Studies are in Appendix 10.

At Kellogg. Kellogg faculty taught 22 sections of MBA negotiations, 6 sections of cross cultural negotiations, and 8 sections of bargaining in 36 person classes in 2011-2012. Kellogg also has made the negotiations course a feature of its second year live-in week for the International Executive MBA program. In August, 2012 Professors Leigh Thompson, Vicki Medvec, Jeanne Brett, and Dean Sally Blount taught approximately 400 executive students from the Middle East, Europe, Asia, and North America and Latin America. Kellogg professor Leigh Thompson teaches a PhD course in Negotiation Theory and Research in even numbered years in association with DRRC's Certificate Program.

Kellogg's need for faculty to teach the MBA negotiations course led to the development of the center faculty's expertise in teaching others to teach. An internship program was developed in which those wishing to teach the negotiations course intern in a regular faculty member's class for a quarter. That faculty member then acts as a mentor while the intern is developing and teaching his or her own course. The list of Kellogg negotiations faculty dating from 1981 appears in Appendix 11.

At Northwestern University School of Law. Law faculty taught 15 sections of negotiations in 24 person classes in 2011-2012. The Law School offers three specialty courses: Mediation Process and Advocacy, ADR, and a non-credit Mediation Workshop, which is offered in alternative years in association with DRRC's Certificate Program.

School of Communication Studies. Professor Michael Roloff teaches Bargaining and Negotiation course that is primarily geared to undergraduates - juniors and seniors - but also enrolls Masters students from the McCormick School of Engineering and School of Education and Social Policy. The course has been approved for graduate credit and doctoral students often take it. Although communication perspectives are the central focus, Professor Roloff also covers theory and research conducted by scholars in allied fields and disciplines. Approximately 80 students take the course each year.

Continuing Education and Other Outreach Programs

DRRC's goal to be a major provider of continuing education that introduces the latest developments in the field of dispute resolution and negotiation is being realized through the Negotiations Strategies executive program offered three times a year at the Kellogg School's James L. Allen Center. This program is an important aspect of the center's commitment to transfer the insights from research to practitioners.

Certificate in Negotiation Research and Teaching

The Negotiation Research and Teaching Certificate Program is designed to provide a structured opportunity for DRRC faculty to share their knowledge with professors and graduate students from around the world who would like to set up research programs and teach negotiations in professional schools of management, law, public policy or in undergraduate management, communications studies, or political science. The 2012 program has two participants: Henning Hoeber, PhD student at the University of St Gallen, Switzerland and Alfred Kogelbauer, University of St Gallen, Switzerland. The fall 2012 schedule of certificate program events includes a PhD seminar lead by Leigh Thompson and a mediation seminar lead by Stephen Goldberg. Hoeber and Kogelbauer will also participate in DRRC's executive education program on Negotiation Strategy, attend the Negotiation Handbook Conference, and intern in a variety of negotiation classes. The schedule for the certificate programs is in Appendix 12.

Our 2010 Certificate Program participants, Carlos Escobar and Prachi Bhatt, have been teaching negotiations in Latin America and India respectively since completing the program. Carlos, who was Vice President of Human Resources and Legal Affairs, Volkswagen Mexico when he was in the program, continues to work for Volkswagen in Spain. He also has visiting faculty appointments in Mexico and Argentina where he is teaching negotiations to law and management students. Prachi is Assistant Professor, University College of Management Studies at the Mohan Lai Sukhadia University, Udaipur, India where she is teaching negotiations.

Certificate program participants from 2008 are extremely active in in the field, too. Joao Matos has launched a new three day executive program in negotiations for Catholic University in Lisbon. Jimena Ramirez has completed her graduate training at the University of Seville. She is working as a research scholar and post doc on several projects with current and former DRRC researchers as well as teaching negotiations in Spain. Brosh Teucher is both teaching for Kellogg and working on a series of

negotiation research projects. He has taken a position at St Michaels College in Burlington, Vermont.

The three 2008 certificate participants had a reunion with DRRC faculty and staff at the 2011 DRRC Teaching Workshop.

Development

DRRC has had a variety of sources of funding over the years. Grants from the William and Flora Hewlett Foundation sustained the core activities of the center for many years. Funds from the Alan and Mildred Peterson Charitable Foundation and the Allstate endowment continue to be the main support of DRRC's research activities. This much appreciated income has been a, stable source of support for research over many years. DRRC's royalty fees for teaching materials support staff in this area, as well as the teaching workshops, the Group Assigner initiative, and the new web-based delivery system for ordering and delivering exercises. DRRC's continuing education program, Negotiation Strategies for Managers, is another source of funds that are used to maintain infrastructure. However, these funds have been unpredictable and limited over the past years.

Budget

The cumulative financial statement for fiscal year 2012 (September 1, 2011 - August 31, 2012) is in Appendix 13. With regard to center income, endowment income was up as DRRC placed additional funds into its unrestricted endowment account. The annual gift from The Alan and Mildred Peterson Foundation is much appreciated. The Allen Center executive program income was lower in 2011-2012 than in the previous year; this reflects lower enrollments. Enrollments in almost all Allen Center executive programs were down in 2011-2012 associated with the economy and significant changes in the Allen Center's approach to marketing. A new dean has been appointed to direct the Allen Center as of October, 2012. Enrollments in programs such as Negotiation Strategy are a major issue on his agenda and he has new ideas for marketing. Conference registration reflects income from the fall 2011 teaching workshop. Miscellaneous income reflects a one-time transfer of funds from Kellogg to DRRC associated

with the post doc program. From 2007, the teaching load for Kellogg research faculty dropped from four courses per year to three courses per year. To keep the DRRC post doc's teaching load commensurate with that of an assistant professor, DRRC began buying down one course per year for each of two post docs. Kellogg Senior Associate Dean David Austin Smith, in reviewing DRRC's post doc program in the fall 2011, made three significant changes. He dropped DRRC post doc's official teaching load to three courses per year, he committed Kellogg to pay for those courses, and he increased their salaries significantly to be consistent with those of other Kellogg post docs. At the same time Dean Austin Smith reimbursed DRRC for having bought down post doc salaries since 2007. Teaching materials sales and postage primarily reflects income from sales of videos. Teaching materials user fees are royalties paid to DRRC for the use of teaching materials. In sum, higher income in 2011-2012 compared to 2010-2011 is primarily associated with the one-time transfer of funds from Kellogg in the miscellaneous income category. Executive Program income was down and Teaching Material User and Group Assigner fees were slightly up.

Expenditure categories have been streamlined in this 2011-2012 report. It is not completely appropriate to compare subcategories between 2010-2011 and 2011-2012. Note in the administration category, faculty salaries/course buy-down in administration is no longer relevant as DRRC is no longer buying down post doc's from four to three courses. In addition, 2011-2012 shows a consolidation of equipment supplies and services. DRRC continues to invest in the development of technology for the web-based system of delivery of teaching materials. There are certain fixed costs associated with the operation of our web-based distribution of teaching materials, such as "renting" security software, server space, maintenance, and domain names in the production and distribution category.

However, despite the general economy and the many changes at Kellogg, DRRC is financially strong.

