

NEGOTIATIONS

Course:

MORS 470, Sec 71
Summer 2010
Wieboldt Hall: Room TBD
Office Hours: By Appointment

Professor:

Brian Gunia
Tel: (773) 505-3865
b-gunia@kellogg.northwestern.edu
Office: Leverone 395, Evanston

Teaching Assistant:

Eileen Chou, e-chou@kellogg.northwestern.edu

COURSE INFORMATION

We negotiate every day – with employers, coworkers, roommates, landlords, parents, bosses, merchants, service providers, and others. Determining what price we will pay, how much we will *get* paid, what movie we will watch, and who will clean the kitchen: all of these are negotiations. Although negotiations are ubiquitous, many of us know little about the strategy and psychology underlying them. Why do we sometimes get our way, and other times walk away feeling frustrated by our inability to achieve the desired agreement?

Negotiation is the art and science of securing agreements between two or more parties, who are interdependent and seeking to maximize their outcomes. This course provides the opportunity to develop your negotiation skills in a series of simulations and feedback sessions. Together, we will engage in a variety of bargaining processes that span 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 the broad spectrum of negotiation problems that the manager and professional face. 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 to get these solutions accepted and implemented.

Successful completion of this course will enable you to recognize, understand, analyze, and implement the essential concepts of negotiation.

COURSE OBJECTIVES

- Improve your ability to analyze the negotiation situation, crafting a strategic plan that enables you to negotiate effectively within it
- Gain a broad, intellectual understanding of the central concepts in negotiation, as they apply in a variety of contexts
- Build confidence in your negotiation skills
- Improve your ability to analyze and predict the behavior of others in negotiation
- 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 in each and every class. Some of the negotiations are “one-on-one;” others are “group-on-group.” I will occasionally observe the negotiations to provide tailored feedback.
- **Preparation for Negotiations:** Your classmates expect you to be fully prepared for each negotiation exercise. Prior to each negotiation (except the one in the first class), you are required to submit a planning document. Also, note that some exercises require you to prepare outside of class as a team – by phone, email, or in-person. Students should be prepared to stay a few minutes after class to arrange meetings with other members of the class.
- **Negotiation Debrief:** We will debrief the negotiations in class. You are expected to participate in these class discussions. Your agreements will be posted so that the class can analyze the relationship between different negotiation strategies and outcomes, learning from everyone’s experience.
- **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 learned a critical lesson! 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 the mistakes that you need to make in order to learn. There is only one exception to this rule: we will read the first six chapters of *Getting to Yes* before the first class, to provide general background on negotiating.

COURSE MATERIALS

- **Required textbooks:**

1. Fisher, R., Ury, W., & Patton, B. (1991). *Getting to Yes*, 2nd Ed., New York: Penguin
2. Raiffa, H., Richardson, J., & Metcalfe, D. (2002). *Negotiation Analysis*. Boston: Belknap Press

- **Note on Readings:**

In response to student feedback, I have made substantial changes to the course readings this year. We will not use a course pack; instead, we will read selections from *Getting to Yes* and *Negotiation Analysis*, supplemented by free, online articles. This approach will ensure that the readings are as informative, illustrative, interesting, non-redundant, and affordable as possible – as requested by prior students.

Current students should purchase both *Getting to Yes* and *Negotiation Analysis* from the bookstore or elsewhere (e.g., Amazon). *Getting to Yes* is a classic book that every negotiator should read. *Negotiation Analysis* is most comprehensive and sophisticated negotiation text on the market. Studied carefully, the book will greatly enhance your negotiating skills by supplementing the “hands-on” learning in class with an extensive analytical toolbox. It will also be an important reference for your future, negotiating careers. However, please note at the outset that this book is an advanced text, which will require careful study and may sometimes seem difficult. Students are not expected to understand all of the math that appears in the book (but are certainly encouraged to attempt it!). Additionally, we will skip some of the more theoretical sections, but the advanced negotiator will ultimately want to understand them. I have carefully chosen this text because I believe that: 1) the lessons learned are well worth the effort and 2) TMP students are smart, motivated people who will rise to the challenge.

Directions on how to access the online articles will be distributed in the first class and posted on Blackboard. By focusing on articles available free-of-charge, students will save approximately \$100. The tradeoff is that students will need to download these articles themselves, since it is illegal for me to post copyrighted material on Blackboard. Please plan accordingly, by downloading and/or printing these articles early in the course. I am happy to help troubleshoot if you encounter any issues.

Negotiation cases cost extra, due to the associated permissions and fees. It is possible that this summer, for the first time, Kellogg’s Dispute Resolution Research Center (DRRC) will distribute the cases electronically, instead of on paper. Although I do not anticipate any problems, please bear with me as we all learn this new, green means of negotiating.

COURSE POLICIES

Attendance Policy

MORS 470 has an attendance policy that is uniformly applied to all sections. This policy is necessary to ensure that we can adequately plan for the negotiation simulations. You may miss one negotiation exercise without penalty if you provide advance notice and, if requested, make arrangements for a substitute to negotiate in your stead. If you miss a second exercise, you will lose a letter grade. If, in conjunction with any absence, you do not provide advance notice or fail to provide a substitute when required to do so, you will lose a letter grade. However, I will make every effort to ensure that you do not lose a letter grade unnecessarily.

Honor Code

The Kellogg Honor code applies to this class as follows:

- You are expected to be prepared and on-time for all classes and negotiation exercises.
- You are expected to participate actively in class discussions.
- You **may not show your confidential role information** to others before or during the negotiation, though you may tell others whatever you desire during the negotiation.
- **Never assume material is identical**, even if a classmate is playing the same role, unless you are told that you can strategize together. In other words, please do not discuss cases with others unless instructed to do so, or unless the cases have already occurred.
- When you have completed a simulation, please do not reveal your information to the other party before returning to class.
- You may use any strategy short of physical violence to reach agreement, including misrepresentation. Please note this important modification of the Kellogg Honor Code, which is necessary to simulate some real-world negotiations. However, in selecting a strategy, it is important to remember that behaviors may have ramifications that go beyond the particular negotiations in which they were used, even in a classroom setting.
- That said, you may not create facts that materially change the power distribution of the exercise, even if such information may be plausible in real life. For example, you cannot claim, during a job negotiation, that your family has just purchased another company that offered you a job. If you have any questions about the course honor code, please ask.
- It is inappropriate to borrow notes, discuss cases, or share exams with people outside of class, including last year's students.
- Materials used in this class—including, but not limited to handouts, exercises, cases, discussion questions, charts, and graphs—are copyrighted and may not be used for purposes other than this class without the written consent of the instructor.
- Class discussion stays in class.
- **It is a violation of the Honor Code to read ahead.**

CLASSROOM ETIQUETTE

In general, Kellogg's Code of Classroom Etiquette governs appropriate classroom behavior in this class (http://www.kellogg.northwestern.edu/stu_aff/policies/etiquette.htm). However, the policy is amended for this class as follows.

Food: I know that students are on a tight schedule, so food is allowed in the classroom. However, please try to avoid eating any food that would distract others, and please make sure to clean up as much as possible.

Computer Use: Laptops may be used during the negotiations themselves, if you choose to do so. Generally speaking, laptops are not necessary during class discussion because handouts are provided. Thus, laptops should remain closed during discussion. If you learn best by taking notes on the computer, please let me know, and please sit toward the back of the class.

On-time Arrival: For this class in particular, it is critical that students arrive on-time. Many of the negotiation exercises are carefully timed, and arriving late will compromise the learning experience of your teammates and counterparties.

Although I anticipate no problems, violations of these policies may result in reductions to your participation grade.

COURSE REQUIREMENTS AND GRADING

Your grade will consist of:

- | | |
|--|-----|
| 1. Attendance and participation in class discussions | 20% |
| 2. Planning documents and post-negotiation analysis | 20% |
| 3. On-going group negotiation | 10% |
| 4. Real-world negotiation analysis | 25% |
| 5. Final exam | 25% |

1. Attendance and Participation in Class Discussions (20%)

Because negotiation exercises are the critical component of the learning process in this course, you should be fully prepared for every negotiation. Thus, you should 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 (except for Round 2 of the on-going negotiation exercise), but rather on the quality of your preparation prior to the negotiation, and your participation in post-

negotiation discussions. (The purpose of this approach is to encourage you to experiment with a variety of negotiation strategies, without harming your grade.)

Your participation in will be evaluated in terms of the quality of your contributions to the debriefing session that follows each negotiation exercise. Debriefing sessions will involve sharing information about results, strategies attempted, and reactions to the process. High-quality comments have one or more of the following properties:

- Offer a different and unique, but relevant, perspective based upon analysis and theory
- Help move the discussion and analysis forward
- Build upon the comments of classmates
- Transcend the “I feel” syndrome: that is, include some evidence or logic
- Link relevant concepts to current events or personal work experiences

To promote the best possible learning experience for everyone, I will call on students who raise their hands, but also occasionally “cold-call” on others. Please be prepared to contribute to the class discussion at any time.

2. Planning Documents and Post-Negotiation Analysis (20%)

Together, the planning documents and post-negotiation analysis will help you structure your negotiation experience. The planning documents will enable you to fully understand particular negotiation exercises and plan strategies that maximize your outcomes. The post-negotiation analysis will allow you to reflect on successful and failed strategies, and should allow you to better prepare and respond during subsequent negotiations. In short, preparation and reflection will help instill the behaviors and approaches necessary for successful negotiation.

Planning documents (10%): To help you prepare fully for the role you will play in each negotiation, you are required to submit a negotiation planning document at the **beginning** of each class (starting with the second). 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 in one copy and use the other as a reference during your negotiation.

You will receive credit for turning in each planning document, and we will provide feedback on (but not grade) the planning document you turn in for the **Les Florets** negotiation. The planning documents due for the **Cartoon** and **Galbraith** negotiations will be evaluated for their quality. These two planning documents will count for **10%** of your grade, and completion of the remaining planning documents will count toward your class participation grade. Planning document templates are attached to the end of this syllabus.

Post-Negotiation Analysis (10%): The purpose of this paper is to encourage you to reflect upon your negotiation experiences, including your behaviors and your counterparts’ behaviors. Your task is to describe the perceptions and significant insights you gained from

a particular negotiation. The paper should not be a detailed report of everything that happened in the negotiation. You may briefly describe what happened in the negotiation, providing a short overview of the key events, but the paper should focus on *analysis and insights*. Examples of issues that you might address:

- Who controlled the negotiation and how did they do it?
- What critical factors affected the negotiation process and outcomes, and what can you say about these factors in general?
- How did the negotiation context differ from previous 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?
- What would you do the same or differently in the future? How would you alter your behavior to perform more effectively?

A high-quality analysis is one that steps back from a negotiation, identifies key events and processes, uses course concepts to help structure the analysis—and does so in a well-written fashion.

You are also encouraged to share your post-negotiation analysis with the other people who were involved in your negotiation, and others are encouraged to share with you. Mutual feedback can be quite helpful.

The analysis should be no longer than two pages typed (double-spaced, Times New Roman 12-point). You are only required to turn in **one** analysis; you may choose to write about either **Synertech-Dosagen** or **Les Florets**. The analysis is due in **class 3, June 28**.

3. On-going Group Negotiation (10%)

You will be working in a group with several other classmates on a multi-round negotiation, some rounds of which will be completed outside of class. Your group will assume the role of either union negotiators or management representatives, and will be paired with another group for three rounds of negotiation. Your group will work together to develop strategies and complete the negotiations.

Before each of the three rounds, you will receive updated information regarding the negotiation. After each round, your group should turn in the latest outcomes. In addition, before the first round, your group will be asked to turn in the scoring system you developed for the negotiation. (We'll talk more about scoring systems in class.) We will debrief all three rounds of the group negotiation in the last class.

Scoring System (5%): The scoring system you design for the first round will constitute 5% of your grade. Scoring systems will be graded based on your understanding and application of

an additive scoring system, and your integration of issues in the case. It is **due in class 6, July 9.**

Round 2 Outcome for On-going Group Negotiation (5%): For the second round, your group's outcomes will count for 5% of your grade. This grade will be based on how well your results compare to those of the other students in the same role. This on-going negotiation is the only instance in which your performance in a negotiation exercise will affect your grade. We choose to grade one negotiation because real stakes are a critical component of the negotiation process, without which your training would be incomplete. We grade this negotiation in particular because 1) stakes are particularly high in labor negotiations and 2) this negotiation offers an unambiguous metric to gauge your performance. Your outcomes are **due after round 2, in class 7, July 12.**

4. Real-World Negotiation Analysis (25%)

To encourage you to think about the many everyday opportunities you have to negotiate, and to improve your negotiation skills, we ask you to **go out and negotiate!**

You may negotiate for anything you would like. Be creative. Your negotiation could involve a good or service from a merchant, a salary or bonus with an employer, a discount from a service provider, a dispute with a landlord, or anything else. Note that you **do not have to buy anything** to complete this assignment (e.g., you could negotiate with a child over bedtime). Similarly, your negotiations do not need to be a success—often, we learn as much from negotiations that fail as from those that succeed.

After you have finished negotiating, you should write an analysis of the negotiation. The analysis should also include **a brief planning document and scoring system (if applicable)**. Overall, this document (including these elements and your analysis) should be approximately 5 pages typed (no longer than 5 double-spaced pages, Times New Roman 12-point font). As with the post-negotiation analysis, the key is to focus on **analysis** rather than description. Your grade will be based on your creativity and your analysis of the preparation, process, and outcome. This paper will be **due in class 9, July 19.**

There are only two rules for this assignment:

1. Real context: You may **not** tell the person you are negotiating with that this is a class project until the negotiation is complete (and then you may decide whether you want to tell them).
2. Real consequences: You are not allowed to engage in a negotiation that you do not intend to follow through with if the desired outcome is obtained.

5. 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 to go check your notes or a book; you must have access to this knowledge

****Draft: This document is for planning purposes only and will be updated before the first class****

immediately. Accordingly, this will be a closed-book test. It will be self-administered **after the last class, July 22.**


6. Extra Credit (1-2 points)

You can earn up to two extra credit points in the course by emailing me examples of negotiations in the popular press, movies, newspapers, television shows, comic strips, etc. To receive two bonus points, the references need to come from different mediums (e.g., if one is from a movie (fictional), the other has to come from a non-fiction source). A newspaper article, radio report, Web article, or television report on an actual event are all considered the same medium. Each reference must illustrate a concept from the course, and you should write a few sentences describing the situation and how it relates to the course concepts. Each example from a different medium will earn you one extra credit point.


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. You will have an opportunity to benefit from this research in the course. As a result, we will occasionally ask for your participation in ongoing research. 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. I will inform you when research occurs, only incorporate research that helps you to learn, and make every effort to share the results with you as part of class discussion.

MORS 470, SECTION 71: COURSE SCHEDULE

Date	Topic	In Class	Assignments Due Today	After Class - To Do	After Class - To Read (online articles in <i>bold italics</i>)
June 21 Class 1	Introduction and Core Concepts Simple, Two-Party Negotiations	Prepare <i>Synertech-Dosagen</i> Negotiate <i>Synertech-Dosagen</i> Debrief <i>Synertech-Dosagen</i>	Read <i>Getting to Yes</i> , Chapters 1-6 Bring resume and answer three questions in my email	Prepare role for <i>Les Florets</i>	TBD
June 24 Class 2	Introduction to Integrative Negotiations Multi-issue, Two-Party Negotiations Part I	Negotiate <i>Les Florets</i> Debrief <i>Les Florets</i>	Planning document for <i>Les Florets</i> (feedback provided)	Prepare role for <i>New Recruit</i>	TBD
June 28 Class 3	Complex Integrative Negotiations Multi-issue, Two-Party Negotiations Part II	Negotiate <i>New Recruit</i> Debrief <i>New Recruit</i>	Planning document for <i>New Recruit</i> Post-Negotiation Analysis of <i>Synertech-Dosagen</i> or <i>Les Florets</i>	Prepare role for <i>Cartoon</i>	TBD
July 1 Class 4	Advanced Integrative Negotiations Beyond "Win-Win"	Negotiate <i>Cartoon</i> Debrief <i>Cartoon</i>	Planning document for <i>Cartoon</i> (graded)	Prepare role for <i>Bullard Houses</i> Complete mid-course evaluation	TBD
July 5	No Class: Independence Day Holiday! 				
July 8 Class 5	Agents and Ethics in Negotiations	Negotiate <i>Bullard Houses</i> Debrief <i>Bullard Houses</i>	Planning document for <i>Bullard Houses</i> Mid-course evaluation	Prepare for <i>ABC/Local-190 Round 1</i>	TBD

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Date	Topic	In Class	Assignments Due Today	After Class - To Do	After Class - To Read (online articles in <i>bold italics</i>)
July 9 Class 6	Group Negotiations	Negotiate <i>ABC/Local-190 Round 1</i>	Planning document for ABC/Local-190 Round 1 Scoring system for <i>ABC/Local-190 Round 1</i>	Prepare for ABC/Local-190 Round 2 (No planning document required for <i>Social Services</i>)	TBD
July 12 Class 7	Multi-party Negotiations and Coalitions	Negotiate <i>Social Services</i> Debrief <i>Social Services</i> Negotiate <i>ABC/Local-190 Round 2</i>	Planning document for ABC/Local-190 Round 2 Outcome for <i>ABC/Local-190 Round 2</i> (after class)	Prepare role for <i>Galbraith</i>	TBD
July 15 Class 8	Multi-party, Multi-issue Negotiations and Coalitions	Negotiate <i>Galbraith</i> Debrief <i>Galbraith</i>	Planning document for <i>Galbraith</i> (graded)	Prepare for <i>ABC/Local-190 Round 3</i> (no planning document required) Prepare role for <i>Paradise Project</i>	TBD
July 19 Class 9	Disputes and Mediation	Negotiate <i>Paradise Project</i> Debrief <i>Paradise Project</i>	Planning document for <i>Paradise Project</i> Real-world Negotiation Analysis	Negotiate <i>ABC/Local-190 Round 3</i> Complete course awards survey	TBD
July 22 Class 10	Course Wrap-up	Complete TCE's Watch "American Dream" Debrief <i>ABC/Local-190</i> Grand Finale	None	Study for exam and take exam	None
July 26	Final Exam	n/a	Final exam (e-mail to me by 9pm)		

Name: _____

PLANNING DOCUMENT FORM

Negotiation: _____ Role: _____

What issues are most important to you? (list in order of importance)

- 1.
- 2.
- 3.
- 4.
- 5.

What is your BATNA? Reservation Price? Target?

What are your sources of power?

What issues are most important to your opponent? (list in order of importance)

- 1.
- 2.
- 3.
- 4.
- 5.

What is your opponent's BATNA? Reservation Price? Target?

What are your opponent's sources of power?

What is your opening move/first strategy? Other important information?

Name: _____

PLANNING DOCUMENT FORM

Negotiation: _____ Role: _____

SELF

OTHER

Interests

BATNA

**Reservation
Price**

Target/Goals

**Sources of
Power**

Weaknesses

Opening Move / Other information:

Name: _____

PLANNING DOCUMENT FORM

Negotiation: _____ Role: _____

Issue	Self	Other
BATNA		
Reservation Price		

Notes for the completing this document:

1. Make a row for every issue and a column for every party whose interests should be represented at the table.
2. Indicate the party's position on the issue in the top triangle; the party's interest in the bottom triangle, and the issue's priority in the box.
3. Note each party's BATNA and, at least, your own reservation price.