

**MANAGERIAL NEGOTIATIONS**  
**B8510 – Section 1**  
**Fall 2020, Wednesdays, 8:30 am – 11:45 am**

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**COURSE INFORMATION**

**Objectives**

Negotiation is the art and science of securing, or not securing, agreements between two or more interdependent parties. Managers are often in a position of trying to forge agreements – with customers, suppliers, competitors, and with superiors and subordinates in their own organizations. Because many of these business decisions are the result of interactions among interdependent actors, they involve the process of negotiation. A manager's success is therefore often determined by his or her negotiating knowledge and skill.

While negotiating is a critical skill for the contemporary manager, it is not easy. Consider the derivation of the word from Latin -- neg (not) + otium (leisure). Negotiations vary according to the nature of the issues involved, the parties' preferences about those issues, and the number of parties involved. But perhaps the most fundamental reason underlying the difficulties and complexities of negotiations is that they involve people. Negotiations can be as diverse, difficult and unpredictable as the parties themselves. Because this human element is always present, managerial negotiating may well involve more emotional and difficult encounters than any individual bargainer may initially expect. The course is designed to provide an understanding of the theory and processes of negotiation as it is practiced in a variety of managerial settings and to be relevant to students interested in diverse careers, such as consulting, banking, marketing, and others.

**Connections to the Core**

Negotiation skills considered in this course relate to those aspects of the core where decisions must be made by many managers with different perspectives and values. Negotiating is the process by which these decisions will be determined.

**Course Format**

This will be a highly interactive course. It is premised on a basic assumption that understanding

and appreciation of negotiating are best achieved via hands-on experiences, so long as these experiences are then grounded in a combination of lecture, discussion, reading, and reflection on the underlying concepts of negotiation. There will be one or more role-play exercises in virtually all class sessions. These exercises have been selected to help illustrate points in readings and lectures and to motivate further reflection and reading by class members. These exercises will put you in new, and potentially uncomfortable, situations, but within the relatively safe environment of the classroom. In these exercises, you are urged to try out new and creative behaviors, skills and tactics that have suggested themselves to you from your own reading and reflection.

## **Readings**

You are expected to purchase the following two books:

1. Roy J. Lewicki, David M. Saunders and Bruce Barry, *Essentials of Negotiation*, Sixth Edition, 2015 (Burr Ridge, Ill.: Richard D. Irwin) [LSB]
2. Fisher, Roger, and Ury, William, *Getting to Yes: Negotiating Agreement Without Giving In*, 1991 (Penguin Books). [F&U]

All additional readings listed on the syllabus will either be distributed in class or are available on the Canvas page for this class.

The Lewicki, Saunders and Barry text provides an accessible overview of negotiations research and a thorough bibliography of the relevant literature. The second book by Fisher and Ury is a more conversational, yet analytical, treatment of a number of fundamental negotiating concepts and issues. Both books are available at the University Bookstore. You are expected to complete all of the assigned readings. Evaluations of the written assignments for this class are based in part on your ability to demonstrate an understanding of concepts from the research on negotiations by analyzing your negotiations in terms of these concepts. Members of the class are encouraged to go beyond the assigned readings by investigating additional references on topics which become important and interesting to you, and to integrate references to outside materials in your analyses. Bibliographic references in LBS are useful in this regard.

## **Course Requirements and Assignments**

### **1. ATTENDANCE AND PARTICIPATION (15%)**

**YOU ARE EXPECTED TO ATTEND ALL SESSIONS!** The simulations build upon each other, moving from simple situations to increasingly complex ones. You will learn far more by carrying them out sequentially. Attendance is necessary not only for you, but also for the instructor and the rest of the class. The simulations require your attendance so that appropriate assignments for the exercises can be made. **A medical excuse approved by Student Affairs or a family emergency is an acceptable reason for missing a class and will not carry a penalty. Absences for any other reason will carry a penalty of 3 points. Failure to notify the instructor or the teaching assistant prior to a class session that you will miss (even for an acceptable reason)**

**will result in a penalty of 5 points.** The instructor and the teaching assistant can best use any information about known absences if they have this information at least one week before the absence. **This portion of your grade will be determined by: (1) Your attendance; (2) Your active participation in discussions and debriefings of the negotiation exercises (Comments which help analyze negotiating experiences in terms of course concepts and materials will be the most highly valued form of participation); and (3) Giving feedback to your negotiating partners using the link provided on Canvas. Note that device usage (phones, laptops) will take away from your participation grade.**

**Note that a required class will be held on Friday, November 13th from 10 am to 1 pm. This class features a joint Business School – Law School negotiation. Class will not be held on November 11.**

You are explicitly encouraged to experiment in our class simulations. The best experiments are of course not done blindly, but instead require the development of well thought out hypotheses about how some behavior or approach might impact the negotiation process. Because well-planned risk taking is encouraged, and because outcomes are determined by many different factors, outcomes of simulations are not graded.

### **Role Play Ground Rules**

These are some ground rules for our role play exercises:

1. You are expected to be prepared and on time for all negotiation exercises.
2. You should not show your confidential role instructions to other parties during a negotiation.
3. You should “ad lib” in these exercises to provide rationales and explanations for your character’s preferences – say things you think the character would say. This helps bring the exercise to life. At the same time, you should not make up facts that materially change the power distribution of the exercise. If you are asked a question calling for objective factual information that is not in your confidential instructions, you should handle it as you would in reality.
4. It is tempting sometimes to promise certain resources from one’s organization to “sweeten the deal” for your counterpart. Don’t do so unless role information suggests that these resources exist and that you have discretion over them. Pay close attention to what the role says about your character’s position and relationships in the organization. There is some judgment in making these decisions and different class members may have slightly different judgments. Ultimately, the most important guideline in making these decisions is to conduct yourself in a way that promotes greater learning about the process of negotiation for you and your classmates.

## **2. SHORT DELIVERABLE (10%)**

**Deliverable #1 is due by 8:30 am on September 23rd (10 points). Late submission will not receive full credit. See instructions in separate handout.**

### **3. SHORT ASSIGNMENTS (40%)**

There will be two short written assignments during the course of the term. Specific requirements for these assignments will be distributed. **Late papers will not receive full credit.**

A. Assignment #1 (25%): *Go Out and Get Yourself a Good (Distributive) Deal* – This short written assignment is due on Canvas at 8:30 am on **September 30th** and has a page limit of three double-spaced pages. A separate handout describes the details of the assignment.

B. Assignment #2 (15%): *Analysis of In-Class Simulation* – This assignment also has a page limit of three double-spaced pages and is due on Canvas at 8:30 am on **November 4th**. Since the paper is based on the simulation being conducted in-class on October 28th, be sure to arrange to attend that class. If you already know that you will be unable to attend that class, please let me and the TA know immediately.

### **4. FINAL PROJECT (35%)**

The final project is an in-depth analysis of a complex negotiation that will be conducted on November 20th. The analysis of this negotiation should demonstrate your knowledge of all course concepts and readings and will be evaluated according to how accurately and extensively you apply course concepts and materials. A separate handout will describe the final project and the evaluation criteria. **Part I of the final project is due on December 2nd at 8:30 am and Parts II and III are due on December 14th at 10 am.**

## **COURSE OUTLINE**

### **WEEK 1, SEPTEMBER 9**

**Topics:** Course Overview  
(Web questionnaires must be completed by 9 am on September 16th.  
Follow instructions in email)

Introduction to Distributive Bargaining

**Reading:** LSB, Ch. 1, "The Nature of Negotiation", pp. 1-27  
LSB, Ch. 2, "Strategy and Tactics of Distributive Bargaining,"  
pp. 28-59.  
LSB, 5<sup>th</sup> edition, "Commitment", pp. 46-51 (On Canvas)  
F&U, Getting to Yes, Ch. 6, pp. 97-106

**Simulation 1:** Knight/Excalibur

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### **WEEK 2, SEPTEMBER 16**

**Topic:** Strategy and Tactics of Distributive Bargaining

**Reading:** LSB, Ch. 2, "Strategy and Tactics of Distributive Bargaining,"  
pp. 28-59.  
LSB, 5<sup>th</sup> edition, "Commitment", pp. 46-51 (On Canvas)  
F&U, Ch. 8, pp. 129-143

**Simulation 2:** Salty Dog

**WEEK 3, SEPTEMBER 23**

- Topic:** Bargaining Power and Outcomes
- Reading:** LSB, Ch. 5, “Ethics in Negotiation”, pp. 114-138
- Simulation 3:** Buying a House
- Topic:** Reaching Agreement in Difficult Negotiations: Review of tactics from “Final Offer” video

**Deliverable #1 Due on Canvas at Start of Class Today**

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**WEEK 4, SEPTEMBER 30**

**\* Assignment #1 Due on Canvas at Start of Class Today \***

- Topic:** Fair Division in Distribution
- Simulation 4:** “Fair” Distribution
- Topic:** Introduction to Integrative Bargaining
- Reading:** LSB, Ch. 3, "Strategy and Tactics of Integrative Bargaining," pp. 60-88.  
Mary Parker Follett: Prophet of Management, edited by Pauline Graham, Harvard Business School Press, 1996, “Introduction” by Peter Drucker and Chapter Two, “Constructive Conflict”, a paper presented by Mary Parker Follett in 1925. (on **Canvas**)
- Simulation 5:** The Criterion of Efficient Agreements: The New Recruit
- Topic:** Valuing Multiple Issues
- Reading:** Ralph L. Keeney and Howard Raiffa, “Structuring and Analyzing Values for Multiple-Issue Negotiations,” in H. Peyton Young, ed., Negotiation Analysis, University of Michigan Press, 1991. (on **Canvas**)
- Topic:** Understanding Interests in Negotiations
- Readings:** F&U, Chs. 1, 2, 3, and 4, pp. 1-80.
- Simulation 6:** Texoil

**WEEK 5, OCTOBER 7**

- Topic:** Understanding Interests in Negotiations (continued)
- Readings:** LSB, Ch. 6, "Perception, Cognition and Emotion," pp. 139-164  
 LSB, Ch. 7, "Communication," pp. 165-181.  
 F&U, Chs. 1, 2, 3, and 4, pp. 1-80.
- Simulation 7:** Mead Hall
- Topic:** Feedback on Your Negotiating and Creative Styles
- Reading:** LSB, Ch. 1, "Effective Conflict Management", pp. 21-25 (reread)
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**WEEK 6, OCTOBER 14**

- Topic:** Gender, Race and Culture
- Reading** LSB, Ch.11, "International and Cross-Cultural Negotiation," pp. 242-272.
- Topic:** The Role of Trust in Negotiations
- Reading:** LSB, Ch. 9, "Relationships in Negotiation", pp. 203-219.  
 Robert Axelrod, The Evolution of Cooperation, Chs. 6 and 7 +
- Simulation 8:** Comparative Advertising
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**NO CLASS ON OCTOBER 21 – MIDTERM BREAK**

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**WEEK 7, OCTOBER 28**

- Topic:** Influence and Persuasion
- Reading:** Lewicki, Saunders, Barry and Minton, Third Edition, Ch. 3, "The Central Route to Influence: The Message and Its Delivery, pp. 159-176 (on **Canvas**)
- Simulation 9:** Negotiating Without Words

- Topic:** Pursuing Integrative and Distributive Goals
- Reading:** LSB, Ch. 4, "Negotiation: Strategy and Planning," pp. 89-113  
LSB, Ch. 1, "Value Claiming and Value Creation," pp. 15-18 (review)
- Simulation 10:** Combining Integrative and Distributive Bargaining  
**(Assignment #2 is based on this simulation and is due at the start of next class)**
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**WEEK 8, NOVEMBER 4**

**Assignment #2 Due on Canvas at Start of Class Today**

- Topic:** Securing High Value Deals through Within-and Cross-Team Negotiating
- Reading:** Review Course Notes and Slides
- Simulation 11:** Metropolitan Tower
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**NO CLASS ON NOVEMBER 11**

**WEEK 9, NOVEMBER 13 \*\* (FRIDAY 10:00 – 1:00)\*\***

**(Joint Class with Law School Students)**

- Topic:** Using an Agent to Negotiate for You
- Simulation 12:** Brookside Community Hospital vs. Black Computer Systems

**THIS CLASS REPLACES THE NOVEMBER 11th CLASS**

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**WEEK 10, NOVEMBER 18**

- Topic:** Multi-Party Business Negotiations
- Readings:** LSB, Ch. 8, "Finding and Using Negotiation Power", pp. 182-202.  
 LSB, Ch.10, "Multiple Parties, Groups and Teams" pp. 220-241.  
 Keeney and Raiffa,"Structuring and Analyzing Values for Multiple-Issue Negotiations," in H. Peyton Young, ed., Negotiation Analysis. (Reread)
- Simulation 13:** Towers Market

**Materials for the December 2nd simulation will be distributed today**

**NO CLASS ON NOVEMBER 25- THANKSGIVING BREAK**

**WEEK 11 , DECEMBER 2**

- Topic:** Applying Course Lessons in Complex Negotiations
- Reading:** LSB, Ch. 4, "Negotiation: Strategy and Planning," pp. 89-113 (reread)  
 LSB, Ch.11, "International and Cross-Cultural Negotiation," pp. 242-272.  
 Keeney and Raiffa, "Structuring and Analyzing Values for Multiple Issue Negotiations" (review)
- Simulation 14:** Multi-Party, International Business Negotiation

**PART I OF FINAL PAPER DUE ON CANVAS BEFORE 8:30 AM TODAY**

**WEEK 12, DECEMBER 9**

- Topic:** Course Wrap-up: Value Claiming and Value Creation
- Reading:** LSB, Ch. 5, "Ethics in Negotiations", pp. 114-138 (reread)  
 G. Richard Shell, Bargaining for Advantage, Penguin Books, 1999, Ch. 11, pp. 201-234. (on Canvas)  
 LSB, Ch. 12, "Best Practices in Negotiations," pp. 273-282.  
 F&U, "In Conclusion," pp. 147-187.
- Simulation 15:** Bullard Houses

**REMAINING PARTS OF FINAL PAPER DUE ON DECEMBER 14<sup>th</sup> at 10 am**