

MANAGERIAL NEGOTIATIONS
B8510
August 29-September 2, 2016

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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.

Connection 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 several role-play exercises each day. 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

Most assigned readings come from two books:

1. Roy J. Lewicki, David 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*, 2011 (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 LSB 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 any portion or all of 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. These penalties will be assessed if you miss part of a daily session. This portion of your grade will be determined by: (1) Your attendance and (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. Note that device usage (phones, laptops) will take away from your participation grade.**

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.

As part of your participation grade, you will receive instructions via email to complete a Web questionnaire no later than 9 am on Monday, August 15th. Because of this assignment, this course is not eligible for the Waitlist Round, nor can it be added during Block Week Add/Drop.

2. PRE-NEGOTIATION DELIVERABLES (10%)

You will be asked to submit a document in advance of two class exercises. Deliverable #1 counts for 8 points and Deliverable #2 counts for 2 points. Late submissions will not receive credit.

- A. Parts A and B of Deliverable #1 are due at 1 PM on August 29th and Part C is due at 9 AM on August 30th**
- B. Deliverable #2 is due at 1 PM on August 31st**

3. SHORT WRITTEN ASSIGNMENTS (40%)

A. Assignment #1 (25%): *Go Out and Get Yourself a Good (Distributive) Deal* – This short written assignment is due at **noon on September 12th** and has a page limit of three double-spaced pages. A separate handout describes the details of the assignment.

B. Assignment #2 (15%): *Preparation Document for The Mouse Exercise* – A separate handout describes the details of this assignment which is due at **9 AM on September 2nd**.

One requirement for a top evaluation on any written assignment is to incorporate references from the readings that go beyond those discussed in the class slides.

4. FINAL PROJECT (35%)

The final project is an in-depth analysis of a complex negotiation that will be conducted on **September 2nd**. 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.

The final project is due at noon on September 26th.

COURSE OUTLINE

DAY 1, AUGUST 29

- Topic:** Strategy and Tactics of 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, 5th edition, "Commitment", pp. 46-51.
F&U, Getting to Yes, Ch. 6, pp. 99-108, and Ch. 8, pp. 131-145.
- Simulation 1:** Distributive Bargaining and Basic Negotiating Constructs
Parts A and B of Deliverable #1 Due At 1 PM Today
- Simulation 2:** Distributive Bargaining Revisited – Distributive Tactics
- Simulation 3:** The Power of Alternatives
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DAY 2, AUGUST 30

Part C of Deliverable #1 due at 9 AM today

Topic: **Reaching Agreement in Difficult Negotiations: Review of tactics from “Final Offer” video**

Topic: **Fair Division in Distribution**

Simulation 4: Fair Distribution versus No Distribution

Reading: LSB, “What Questions of Ethical Conduct Arise in Negotiations?”, pp. 119-126.
LSB, “Deceptive Tactics”, pp. 126-138.

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

Readings: 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

Topic: **Multi-Attribute Value Analysis**

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: 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. 1-81.

Simulation 6: Positions vs. Interests

DAY 3, AUGUST 31

Deliverable #2 is due at 1 PM Today

Topic: **Communication and Information in Negotiations**

Simulation 7: Negotiating Without Words

Topic: **Personal Feedback on Your Negotiating and Creative Styles**

Topic: **The Role of Trust in Negotiations**

Reading: LSB, Ch. 9, "Trust", pp. 210-213.

Simulation 8: Multi-Period Negotiations, Trust, and Cooperation

Reading: Robert Axelrod, The Evolution of Cooperation, Chs. 1, 6, and 7
(to be distributed in class today)

Topic: **Pursuing Integrative and Distributive Goals Simultaneously**

Reading: LSB, Ch. 4, "Negotiation: Strategy and Planning," pp. 89-113
LSB, Ch. 1, "Value Claiming and Value Creation," pp. 15-18 (review)

Simulation 9: Combining Integrative and Distributive Bargaining

DAY 4, SEPTEMBER 1**Bring \$3 to class today****Topic: Dynamic Power with Multiple Parties****Reading:** LSB, Ch. 8, "Finding and Using Negotiation Power", pp. 182-202.
Theodore Caplow, Two Against One: Coalitions in Triads, Prentice-Hall, 1968, p. 1-10. (on **Canvas**)**Simulation 10:** Power Dynamics**Topic: Multi-Party Business Negotiations****Readings:** 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 11:** Finding Efficient Agreements when Many Parties are Involved**Topic: Negotiating with Multiple Parties in the Workplace****Simulation 12:** Negotiating When Everyone Needs Someone Else

DAY 5, SEPTEMBER 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.

Simulation 13: A Cross-Cultural Multi-Party Negotiation
