TENTATIVE

Managerial Negotiations

Professor Michael Morris

Columbia Business School

212-854-2296 mwm82@columbia.edu

Teaching assistant:

Overview

The first premise of this course is that managers need to negotiate. Negotiation denotes the process of dialogue and exchange among parties seeking to reach a joint decision. Managers negotiate not only to settle formal contracts, such as when acquiring a company or resolving a labor strike, but also reach informal agreements with colleagues, investors, clients, and other parties that they depend on. With the waning of hierarchical structures, even delegating to subordinates often involves negotiation. In sum, the work of a manager involves a wide variety of negotiations with many different kinds of counterparties.

The second premise is that negotiation can be taught. Negotiation is part science and part art. What effective negotiators have in common is knowledge of how to read the structure of a conflict or interdependence situation—the parties, issues, and interests at stake--and to choose techniques and tactics accordingly. The “science” of negotiation is the accumulated wisdom for doing this—concepts for recognizing types of conflicts and principles about best tactics for

each. Some of it comes from the lessons of experience in the “influence professions” of politics, sales, diplomacy, and so forth. Some of it comes from academic fields such as economics, political science, anthropology and psychology that describe types of interdependence, conflict dynamics, and cultural norms. As we move from simple buyer-seller transactions to more complex deals, we will see that more complex structures pose obstacles that must be circumvented yet also create opportunities that can be leveraged.

Objectives

The course is designed to teach at two levels. The first is imparting a conceptual framework for analyzing negotiation dynamics. Over the semester, we develop frameworks in an inductive fashion, drawing lessons from a series of role-play simulation exercises and cases. Basic ideas from economics, decision analysis, and game theory are applied to analyze the various possible resolutions of a conflict and relate these to the basic goals of negotiators. Principles of cognitive and social psychology are used to elucidate how negotiation techniques affect one’s

counterpart when they work correctly and when they fail. The psychology underlying these tactics is also the key to developing ideas about how they can be defused or countered. We will distinguish types of conflict, negotiation strategies, and tactical options. These concepts will help you plan your approach and read the tactics coming from the other side.

Yet this framework is little use unless you can perform the techniques adeptly. The second objective is improving your behavioral skills. While all EMBA students are adept at some kinds of negotiations, we can all expand our repertoire. Practice under conditions approximating those of real negotiations is the best way to master new techniques. To this end, we conduct numerous role-play exercises that place you in different types of conflicts and bargaining positions. Through this practice we will internalize basic tactics as automatic habits, leaving your conscious attention free to analyze your counter-party’s behavior. Feedback will come in many forms: standardized assessments of conflict and negotiation styles, outcomes on scored exercises, feedback from fellow students after negotiating against you, and video recordings of yourself negotiating.

Progression of Topics

The course proceeds through a series of cases and simulations illustrating different types of negotiations. In some, negotiators forge deals for future collaboration or exchange, whereas in others negotiators settle disputes over past claims or damages. Some conflicts involve single- issue agendas, whereas others involve multiple-issue agendas. Likewise, the number of parties in the conflict varies—the tactics and dynamics shift moving from two-party conflicts to three- or multi-party conflicts. Also the kinds of parties vary, and negotiators differ when they represent themselves as individuals as opposed to representing organizations such as corporations, regulatory agencies, trade unions, activist groups, and so forth. By exploring conflicts that vary on all these dimensions, we see which negotiation dynamics change and which remain invariant. We develop principles concerning the techniques best for general use and the ones best reserved for special types of situations.

In examining different kinds of negotiation situations, we progress from simple to complex cases. The first half of the class focuses on the canonical case of buyer meets seller: two-party face-to-face negotiation. We identify three dimensions to negotiation strategy, claiming value, creating value and cultivating value. We develop lists of tactics for achieving each of these ends, and then we consider the relations among these tactics. Many negotiation theories and guides assume that negotiators face dilemmas between these ends. We challenge this characterization by developing techniques that serve multiple ends simultaneously.

The second half of the course examines how negotiation changes in more complex social structures and challenging communication conditions. Most of our exercises and cases involve parties from nations other than the US, and we will analyze these contexts with frameworks for describing cultural, societal and governmental differences that impinge on negotiation. When negotiators are embedded in coalitions, constituencies, and group factions, they are less

flexible in the concessions they can make. When negotiators communicate over email, across a cultural divide, or in the context of a dispute or a highly public setting, it is not as easy exchange information and explore options with the other side. As we shall see, however, these more complex conditions offer impede some traditional negotiation tactics yet create the

opportunity for alternative techniques.

Readings

Reading assignments can be seen on the overview grid at the end of this document. Most of our reading comes from two books, which you should have:

Fisher, R. Ury, W. & Patton Getting to Yes. Penguin Books.

Lewicki, R. J. et al., Essentials of Negotiation. McGraw-Hill, 4th edition. (Any edition is fine, as they hardly differ)

A final set of readings are your roles for the exercises. These will be emailed to you by the TA. The subject header of the email will tell you in which class session the exercise takes place. You should read and prepare to play your role in advance.

Course Requirements

1. PARTICIPATION (35%)

YOU ARE EXPECTED TO ATTEND ALL SESSIONS! If you fail to arrive on time and prepared, you harm the learning experience of the classmates with whom you have been paired in the exercise. If you foresee missing a session, please e-mail the TA more than a day in advance. We will try to arrange a proxy to take your place in the exercise.

Preparation for the exercises is vital. You should read your role carefully. Try to take on the perspective of your character and plan a coherent set of tactics. I ask that you arrive to class with a planning document—it can be simply a single page of talking points. These are some matters that can be included:

1. Agenda. What issues are on or off the table? Is their order in which you prefer to discuss certain matters? Are their issues that you will wait for them to raise?

2. Questions. What can you ask in order to figure out how far they can be pushed? What can you ask to figure out what they care most about?

3. Positions. What’s the value of the deal you’d like to reach—your Target Point? What’s your Reservation Point, the worst deal that you would accept rather than an impasse-- walking away from the negotiation without a settlement? What Opening Position will you or have you stated?

4. Arguments. What are some rationales or framings you will introduce? How will you

persuade the other?

5. Tactics. What ploys or techniques would fit with the setting and your bargaining position?

Role information will be given to you in class on the first day and afterwards emailed so that you can prepare in advance of class. They will come from the Teaching Assistant in a message with “Negotiation Role” in the subject line. It is your responsibility to ensure that the email listed for you on the ANGEL program is functioning. This method of distributing roles requires you to check your email and to print files; I realize this is a minor inconvenience but I’ve found that this is best system overall.

Participation also refers to class discussions. Of course, what matters is the quality not the quantity of your contributions and insights. Comments that analyze your experiences by applying the frameworks we develop are valuable. Comments that tie together previous points and move the discussion forward are appreciated.

Here is some forewarning about my style of facilitating class discussions. To foster continuity of discussion, I often call on hands raised in response to a current comment rather than hands

that have been raised previously. When multiple hands are up, I try to call on the person who has spoken least recently. Please do not feel deterred if I pass over your hand or if I cut short your comments on a particular occasion — it probably means that I think you have already contributed a great deal and that others need the “air time” more. One of the best ways to ensure being included in class discussion is to display a large and legible nameplate (and, if you prefer to go by a nickname, make sure that your nameplate shows it). I may not maintain eye- contact with you the whole time you are speaking, as I am scanning for other hands, in order to keep the flow going. Please don’t feel that if I look away it means I have stopped listening!

2. ASSIGNMENTS (35%)

a) Web survey

In order to give you personalized feedback reports about some relevant aspects of your style and strengths, I ask you to complete a websurvey self-assessment. The assessment takes 15 minutes. The link is:

https://columbia.qualtrics.com/SE/?SID=SV\_b29F75nCfeeQp9P

b) Video analysis assignment

Our second session on 1/12 will use ipads to produce videotapes of you negotiating against a counterpart. It will also give you an opportunity to get and give peer feedback. You will have a follow up assignment that asks you to process the feedback you’ve received. The form to complete in conducting this assignment will be provided on Angel.

c) Planning Document

Most of our exercise roles will be sent to you in advance so that you can plan. I recommend that you distill your plans down to one page of talking points that you can see in a glance while

negotiating. For the Cartoon negotiation, please turn in such a word document that captures some planned offers, arguments, and questions. It also can be worthwhile to make a spreadsheet model of how different possible outcomes pay off for you. The spreadsheet will help in generating package offers that you could propose and in evaluating to their offers during the negotiation. Upload these docs to the “Cartoon, Planning” folder on course website; name document as lastname\_firstname\_cartoon.doc (e.g., morris\_michael\_planning.doc).

d) Blogs

Written reflection helps in committing to learning goals and drawing lessons from experience. It also helps in sharing your lessons with others. Our reflection writing is done in a blog journal format. I ask that you type it in a word file and then post it to the blog on the Angel site. Your classmates and I will be able to read your blogs but no one else will. This journal is part of your contribution to a collaborative learning effort. A few paragraphs suffice. I encourage you to peruse others’ blogs as a way of gaining other perspectives. Also I draw on your blogs when possible in class discussion. The questions to answer for Blog entries #1, 2, and 3 can be found at the bottom of this document. Due dates are shown in the grid below.

e) Culture navigator

Global navigator is an online tool for starting one’s preparation for negotiations in unfamiliar cultural settings. This assignment asks you to think of a place unfamiliar to you where you could conceivably do business in the future and guides you though using the tool to start your preparation. An email from the TA will give you detailed instructions. At the bottom of this document, instructions tell you how to create your account. You will retain access to this tool after the class.

3. Paper (30%)

"Real Negotiation” paper

This paper you should describe the application of course frameworks and tactics to a real negotiation or conflict that you face. Choose any kind of negotiation -- the price of a major purchase, a change of terms with one’s landlord, or the hiring of an employee. The negotiation does not need to be a success – often, you can learn as much from negotiations that fail as from those that succeed. As with class exercises, I want you to distill your preparation to a one page document and use this as a guide during the negotiation. You should turn in a document with your 1 page of planning (written beforehand) and a 5 page analysis of what happened. Your grade for this project will be based on your analysis in planning and in drawing lessons from this negotiation. There are two further ground rules: 1. Please do not tell the counterparty up front that you will write about the negotiation for a class project. This could change the dynamic and undermine the realism of the experience. 2. Please do not start a negotiation just for this assignment that you do not intend to follow through with. This also undermines the realism.

If you don’t have a first-hand negotiation to use for this assignment, another approach is to coach someone else through a negotiation. Best to choose a person who has not had a negotiation course. Meet with them beforehand to teach them the relevant concepts and help them set goals. Then find out what happened and analyze what worked and what didn’t work in their performance and in the coaching process. By 4/19 upload your answers to the “Real Negotiation” folder on course website; you’re your document as lastname\_firstname\_real.doc (e.g., morris\_michael\_real.doc).

Blog assignment details

A. Instructions

• We are using the blogging function within the ANGEL courseware. To post a blog, go to the corresponding folder (e.g. Negotiation Journals – Blog 1”) under Content

•

•

Keep the default of your name as the title of your blog entry. Enter your journal content by pasting from a word file or typing directly into the box. Hit save above the title to save/publish your entry. After writing your entry, feel free to read those of other students, which you can find by scrolling down the list of entries on the right.

B. Questions

Blog #1: “Style and Learning Goals”

In this initial entry, I would like you to reflect on three related topics: your characteristic style of handling conflicts, a current negotiation challenge in your professional life, and some topics related to the course where you have interest or expertise.

a) Describe one of your habitual styles or approaches to handling conflicts. What life experiences shaped this style? Of the negotiation situations that you currently encounter in your professional life, describe one where this style succeeds and one where it fails.

b) What is the conflict or negotiation situation in your professional life for which you would most like solutions? Describe the parties, issues, or conditions that make this conflict

challenging to resolve satisfactorily. What is wrong with the way this situation is usually

handled?

c) Have you conducted negotiations or resolved conflicts that had an international or intercultural dimension? What about other kinds of diversity that can affect styles of negotiation – intergenerational, interfunctional, or interindustry?

Blog #2: “Reflecting on the Eltek Exercise”

After the exercise, reflect on the following questions concerning the three dimensions of negotiation outcomes:

 a) Claiming value.

• Were there any moments when you pushed too hard—pressed your own preferences so much that the other side became less cooperative? Did the other side do anything that caused you to become more guarded?

• Were there any moments when you failed to push hard enough—worried too much about the other’s interests that you gave away more than necessary?

b) Creating value

• Were there moments when you didn’t communicate your priorities and preferences clearly enough?

• Were there any moments when you may have failed to listen well enough to the signals the counterpart was sending about his or her priorities and preferences?

• What could the other side have said to make their priorities more clear?

c) Cultivating value

• What did you do to give the other side a sense of fair process?

• What in your counterpart’s actions shaped your sense of how fairly you were treated?

Blog #3: “Learning Moments So Far”

The most memorable insights about negotiation usually come from direct experiences or observations. Briefly tell the story of how and experience, reading, or conversation this week was a “learning moment” for you. Share with us an insight you had about how an idea from class applies to a negotiation or conflict that comes up in your industry or field.

Ground Rules for Exercises and Class Discussions

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. Nor should you read it or quote it. The reason is that this has no equivalent in the real world—it would be like showing a counterpart what’s in your mind, which is impossible. At your discretion, you can speak about your interests and alternatives to the other side, but they will have to take your word for it, not read it in your role.

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. That said, you should not make up facts that materially change the power distribution of the exercise. You should not invent, for example, that your family has just bought the other side’s company, or that the EPA is planning a toxic waste dump across the street from a house for sale. If you are asked a question calling for objective factual information that is not in your confidential instructions, you should handle as you would in reality.

4. In some exercises, your role will tell you that the number of issues or terms under discussion has been fixed. If not, then it is a matter of your discretion whether to bring other issues into the discussion. 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. As a guide, pay close attention to what the role says about your character’s formal position and relationships in the organization. Don’t agree to things in the negotiation that would get the character fired or undermine his or her reputation.

5. The exercises are an opportunity to experiment. Unusual tactics add variety and benefit the group discussion. Needless to say, however, steer clear of anything that verges on physical intimidation, sexual harassment, or personal abuse. We can discuss the use of such behaviors if you want, but let’s not take an experiential learning approach.

These are ground rules for class discussion:

1. The acoustics and sightlines in our classrooms are excellent. This means that you are audible and visible, so please minimize activities that may be distracting to others in class. Whispered asides to neighbors are usually audible to most of the room, although you may not realize it at the time. Cell phones and pagers should be turned off. By standard policy, one beer fine is owed for each audible ring.

2. Do not read ahead beyond that required for the next set of sessions! Sometimes the solution to an exercise or a case is given away by readings slated for later in the course.

3. It is not appropriate to borrow notes, discuss cases or exercises, or share class materials with people outside of this section. Doing so, you could inadvertently spoil your classes or another class’s experience with a case or exercise. Contact the TA if you are missing class materials.

4. Anecdotes that come up in class or events that occur during class exercises can be

misleading if heard out of context. Hence, a good rule is that personalized anecdotes or comments and writings will not leave the group. This way we don’t have to be as guarded in our actions and statements. As a group, we can learn more this way.

Exercises, Assessments, Records, and Research

Because I want encourage experimentation, I do not grade based on your negotiation outcomes. Yet I do record the outcomes and, for some exercises, your answers to questions in the exercise materials. You will fill out some validated surveys assessing negotiation and intercultural propensities. These records are also used in a continual process of refining exercises and developing new ones. If you prefer that any records from your participation in class be deleted from my archives and not analyzed, please tell the TA and your records will be deleted after the class is complete.

Cultural Navigator Log-In Instructions

The Cultural Navigator website provides content and tools relevant to doing business and negotiating across cultural borders. To log in and create your account, visit: https://columbia.culturalnavigator.com

Sign up as a first time user. There, you'll need an access key (COLU-4280) and your Columbia email address. Our license limits the number of users, so this access key is for use only by Columbia Business School students enrolled in Managerial Negotiations courses. Do not circulate this access key.

The CountryScope section of the website provides in-depth information on business and negotiation practices in over 100 countries. In addition, you are welcome to complete the Cultural Orientations Indicator (COI) assessment if you would like, which shows you how your preference align with those of businesspeople from a wide range of countries.

These are more explitic instructions to create your Cultural Navigator account:

1. Copy and paste

https://columbia.culturalnavigator.com into your web browser

2. Click on Create Account (under First Time Users).

3. Follow the directions to create your Cultural Navigator Account:

• Select your Preferred Language.

• Enter your Access Key as: COLU-4280 (Note: Access Keys are case sensitive.)

• Enter your Name, your Columbia Email Address, and create your own Password.

• Agree to the statement of use. (Note: You must select “Agree” to continue the Account

Creation process.)

• Confirm your account details and click on Create Account.

• “Click on the link that states “click here” to log into your account. If you have closed this window, please visit https://columbia.culturalnavigator.com to return to the login page to type in your email address and paste in your password to access your account.

4. To complete the Culture Navigator Assignment, see the emailed instructions on June 27th.

5. To take the COI Assessment of Cultural Preferences.

• Select “Assessments” from the Main Menu Bar

• Click on “COI Assessment” and choose “Assessment”

• Follow the steps and click on “Continue”

• Review the COI Privacy Statement and click on “Continue” to begin the assessment

To Locate and Print your COI Report:

• Select Assessments

• Click on COI Assessment, select Assessment and choose COI Report

• On the left menu bar, please select either View Full or View Summary Report

• Click on File and Print

HELP/TROUBLESHOOTING: Any questions or concerns will be promptly answered by our Help

Desk. Please call +1 609-514-3152, or e-mail us at HelpDesk@tmcorp.com