

Negotiations

OPIM 291/ LGST 206/ MGMT 291
The Wharton School

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Course Description

Negotiation is the art and science of creating agreements between two or more parties. This course will help you understand and develop negotiation skills using various methods. First, you will learn about the theories of negotiations by reading the two required text books for the class and attending class lectures (the science). Second, you will learn how to apply these theories by actually negotiating both inside and outside of class (the art).

Cases

Since negotiations occur in all kinds of settings, we will discuss a wide variety of examples. Most of these examples are cases students will actually negotiate. The cases are the heart of the course. When case materials are distributed in advance, please read the cases carefully and think about them before actually negotiating. Preparation will generally get you a better deal. Also, when you are negotiating in a large group, failing to prepare can hurt the entire group.

Most of the cases will be graded and will be done in the following manner: Typically a student will play one of two or more roles in a case, say buyer or seller. The numerical performance of a student in one role, say buyer, will be compared with the performances of others in the same role, such as other buyers. Let x denote the numerical measure of an individual's surplus in a negotiation. The score for x is mapped onto a 0 to 1 scale by the following formula:

$$\text{Score} = (x - \text{Lowest Score for the Role}) / (\text{Highest Score for the Role} - \text{Lowest Score for the Role})$$

Adding all of your scores across the graded cases will determine your aggregate case grade.

It is crucial that you participate in the negotiation cases. Missing a case costs you an opportunity to learn and disrupts the careful balance and pre-assignment of negotiation partners. If you miss a case (job interviews are not a valid excuse), you will earn a score of -0.5. Thus, participating and doing poorly is always better than not participating at all. I will, however, drop your lowest case score for which you were present and participated (-0.5's will not be dropped).

At the end of the semester, students will give each other “feedback scores”. You will be asked to score your classmates based on how much they helped you learn during your in-class negotiation exercises. The idea behind this is to make the negotiation exercises more similar to real-world negotiations where reputation matters. Thus, the optimal strategy might not be to be excessively aggressive in the case negotiations to the point of angering fellow classmates.

There are 3 additional rules about the cases:

- 1) The written background material you will receive for each case is meant to represent the preference and knowledge of real people. You should not show anyone else your written material because in natural settings you would not show your counterparts this information.
- 2) Many of the cases involve multiple issues. The number of points a participant receives for each issue will depend on his or her role in the case. You should never reveal your point structure to the other participants in the negotiation. This rule will be made clearer when we get to the relevant cases in the course.
- 3) You may not discuss the cases with students in other negotiation sections. Other sections of the Negotiation courses use the same cases, but at different times throughout the semester. For that reason it is crucial that you do not divulge any information to other students regarding cases in this course. This principle will be upheld as part of the Wharton Honor Code.

Quizzes

There will be two in-class quizzes during the semester. Each quiz will cover material from the assigned readings, lectures, class discussion, and, if applicable, guest lectures. The quizzes will consist of a number of short answer questions. The second quiz will be comprehensive, but will be weighted toward the material studied after the previous quiz.

Readings

There are two required texts for this class:

Richard Shell, *Bargaining for Advantage*

and

Fisher, Ury, and Patton, *Getting to Yes*

Bargaining for Advantage will be required reading as the class progresses (see schedule) and will help clarify and broaden the material discussed in class. *Getting to Yes* is also required reading and must be completed in time for the first quiz. This book is an easy and fun read that will help give you a broad sense of negotiations and enhance our study in class. As part of the first quiz, you will be asked, on your honor, to indicate how much of the book you read and this will count significantly toward your quiz 1 grade.

Class Participation

One of the best ways to learn about situations where negotiation may prove useful and negotiation techniques is from your fellow classmates. For this reason it is important for you to participate fully in class. Your class participation grade will be based on two things: First, I will keep class attendance and second, I will generally keep track of willingness to take part in class discussions. Furthermore, the first 5 minutes of each class period will be devoted to anyone who would like to talk about a negotiation that they took part in since our last class. This should be a good learning experience as well as provide motivation to look for chances to negotiate outside the classroom.

Class Presentations – Outside the Class Negotiation

As a final way of motivating outside-of-class negotiations, we will devote two of the last days of class to class presentations. The presentation will consist of each individual, one-by-one presenting to the class a series of exactly five slides (that must be emailed to me one day prior to the presentations) which explains how you prepared for and went about a “real world” negotiation. Class members will grade each other and will be instructed to base their grades on several factors including creativity, the use of negotiation theory and class material, presentation, and identifying important lessons. Classmates will also provide each student with a separate classmate feedback score at this time.

Guest Lectures

We plan to have two guest lectures this semester (dates and times to be announced). These lectures will provide an important outside perspective on negotiations. These lectures are common to all sections of the course, and attending these lectures is mandatory (video of the lectures may be provided for students unable to attend). To keep the number of classes at the university prescribed level, two normal class days have been cancelled; however, they are not necessarily the same days the speakers are scheduled.

Grade Breakdown

Quizzes	35%
Class participation	30%
Cases	20%
Class Presentation	10%
Feedback Score	5%

Date (Day)	Lecture Topic	In Class	Literature/Preparation
1/17 (Thur)	Introduction	Overview, Case: Rare Book (not graded)	
1/22 (Tues)	Stages of Negotiations	Debrief/Discussion	Shell 1,2
1/24 (Thur)		Case: Appleton-Baker (graded)	
1/29 (Tues)	Integrative Negotiations	Debrief/Discussion	Shell 3, 4
1/31 (Thur)		Case: Union-City (graded)	
2/5 (Tues)	Deception/Ethics	Debrief/Discussion	Shell 11
2/7 (Thur)		Case: The Player (graded)	
2/12 (Tues)	Personality/Gender	Debrief/Discussion	
2/14 (Thur)		Case: Pheasant-Egg (not graded)	
2/19 (Tues)		Debrief/Quiz 1 (finish "Getting to Yes")	
2/21 (Thur)		Class Cancelled for Guest Speaker	
2/26 (Tues)	Judgement/Decision/Emotion	Discussion	
2/28 (Thur)		Case: Oil Production (graded)	
3/4 (Tues)	Game Theory and Agency	Debrief/Discussion	
3/6 (Thur)		Case: Agency-House (graded)	
3/18 (Tues)	Mediation	Debrief/Discussion	
3/20 (Thur)		Case: Mediation (not graded)	
3/25 (Tues)	Multi-party Negotiations	Debrief/Discussion	Shell 5, 6
3/27 (Thur)		Case: Towers Market (graded)	
4/1 (Tues)	Non-verbal comm/Listening	Debrief/Discussion	Shell 7
4/3 (Thur)		Case: Radwaste (graded)	
4/8 (Tues)	Influence tactics	Debrief/Discussion	Shell 8
4/10 (Thur)		Case: Sally Soprano (not graded)	
4/15 (Tues)	Creativity	Debrief/Discussion	Shell 9, 10
4/17 (Thur)		Class Cancelled for Guest Speaker	
4/22 (Tues)		Student Presentations	
4/24 (Thur)		Student Presentations - Class Conclusion	
4/29 (Tues)		Quiz 2	