Negotiations

(OPIM691/ MANAGEMENT 691/LGST806)

University of Pennsylvania – The Wharton School

Professor Simone Moran

Spring 2010

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Class Times: TR 12:00-1:30 (section 403) meets in SHDH 209

Course Description

We negotiate daily with potential employers, co-workers, bosses, landlords, merchants, service providers, partners, parents, children, friends, roommates, and many others. Our negotiation skills affect what price we will pay, the amount of our salary and compensation, what movie we watch, and who will clean up the kitchen. Why do we sometimes get our way, while at other times walk away frustrated by our inability to achieve the agreement and resolution we want?

Negotiation is the art and science of creating agreements between two or more parties. This course has two purposes. First, we will develop theories to guide our negotiations. (That’s the science.) Second, students will develop and sharpen their negotiating skills by negotiating with other students in cases. (That’s the art.)
The course is designed to be relevant to a broad spectrum of problems faced by managers. As a manager, you not only need analytical skills to discover optimal solutions to problems, but also good negotiation skills to get these solutions accepted and implemented.

The learning method is experiential. You will prepare for and engage in a variety of negotiation exercises (individually, and as a team). The objective is to explore your talents, skills, shortcomings, and strengths as a negotiator in a safe setting, to learn about yourself and how you respond in specific situations. If you discover a tendency that you think needs to be changed, this is the place to try something new. The skill set you develop here will serve you in both your personal and professional life.

Course Objectives
This course is designed to improve your negotiation skills. Specifically, this class should develop your ability to identify opportunities to negotiate, improve your ability to prepare for negotiations, build your confidence in negotiations, and enhance your ability to analyze and manage the negotiation process. Ultimately, this course should enable you to improve your negotiation outcomes not only by enhancing your bargaining skills, but also by facilitating your ability to recognize opportunities for joint gains and manage interdependent relationships.

Required Readings
- A number of articles on course related topics (available from study.net)

Attendance Policy
Given the experiential nature of the course and pedagogy, enrollment is limited, and prepared attendance is mandatory. You may miss one negotiation exercise without penalty if you provide me with advance notice and, if I request, make arrangements for a substitute. If you miss a second exercise, you will lose a letter grade. If, in conjunction with any miss, you do not provide advance notice or fail to provide a substitute when required to do so, you will lose a letter grade in the class.
Honor Code

1. **Confidentiality.** Any information you receive for a negotiating exercise is confidential. Never assume that role materials are identical, even if a classmate is playing the same role. Unless you are explicitly told that you can share information and strategize together, your information is strictly confidential.

2. **Disclosure.** During a negotiation, you may verbally disclose to other negotiators any information in your confidential role instructions, if you wish, but do not physically show your confidential information to any other negotiator, even a teammate, until the assignment is completed. You may show them any document that you create on your own.

3. **Keeping the information in the classroom.** After a negotiation, do not reveal your information to the other party, or to members of another team, before returning to the classroom. Negotiations do not always end when you sign an agreement in a break-out room. Class discussion stays in class. Please do not share any information about negotiation simulations with students who have not taken this class. Other sections of the Negotiations 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. It is also an honor code violation to post anything about the negotiation simulations on a public website.

4. **Case Information and Lies.** The information that you need in order to negotiate is provided in the case materials. Please do not make up facts or information that materially change the power distribution of the exercise.

Assignments & Grading

All written assignments will be graded on a 1-5 scale, where 5=excellent, 4=good, 3=satisfactory, 2=unsatisfactory, and 1=poor.

(1) **Learning Journals (40%)**

Learning Journals consist of 4 components: 1 initial goal statement, 2 negotiation analyses, and 1 final goal statement. See the guidelines attached to this syllabus for a detailed description of what
the journal requires and the dates of the assignments. Complete these assignments by posting them to your personal Learning Journal Folder on WebCafé.

(2) Trading assignment (10%)
You will hand in a report of a trading assignment you will carry out. Detailed instructions for the assignment and for the write up will be provided.

(3) Final Actual Negotiation Paper (20%)
For the actual negotiation paper, I would like you to carry out and analyze a real-world negotiation. For this negotiation you should negotiate something of personal value to you. You should report on your plan, your strategy, and the negotiation results. You can negotiate for anything you would like—a good or service from a merchant, a salary from a potential employer, etc. This paper should be approximately 4 pages. It should combine elements of a planning document and the post negotiation analyses.

(4) Class Participation (20%)
Participation in class discussion will be evaluated on the quality of your contributions and insights. After each negotiation exercise, a debriefing session will include sharing information about results, sharing information about strategies attempted, and sharing reactions to the process. Quality comments possess one or more of the following properties: 1) Offer a different and unique, but relevant, perspective based upon analysis and theory (not intuition or casual observation); 2) Contribute to moving the discussion and analysis forward; 3) Build upon the comments of your classmates; 4) Include evidence or logic; and 5) Link relevant concepts to current events.

(5) Peer Evaluations (10%)
After each negotiation exercise, you will rate your classmates on the WebCafé site along three dimensions: 1) overall preparation and commitment to the exercises, 2) skill in one-time negotiations where the future relationship does not matter much, and 3) skill in negotiations where future relationship matters significantly.

Note on LTs: if anyone’s cumulative performance on the grading criteria above is distinctly at the bottom 10%, he or she will receive a LT. If that does not yield 10%, as a tiebreaker, I will go to the bottom 25% and look to see who missed the most classes (or parts of classes) for reasons other than medical/family/religious ones. This system reflects the importance of class attendance.
Learning Journal Guidelines

The learning journal is a confidential, written record of your personal learning. You will need to write up a journal entry reflecting on and analyzing two of the negotiations you participate in during the course. You should record the insights gained and the application of negotiation principles you learn from lectures and readings. These negotiation analyses will allow you to reflect on successful and failed strategies and should allow you to better prepare for and respond during subsequent negotiations. Use your journals to explore your feelings about the negotiation process and your developing sense of strengths, weaknesses, comfort or discomfort. Note that the best journal entries spend more time exploring what the author can do to improve and less time blaming others for having various faults, defects, and failures. I have provided a template for these entries on the web café in the course materials folder. Use this template for these analyses and post them to your personal learning journal folder. For these journal entries, record key tools and concepts as well as insights gained from the class discussion. In addition to these 2 negotiation analyses, you will need to write an initial and final goal statement for the class. The table below shows the assignment schedule.

<table>
<thead>
<tr>
<th>Assignments</th>
<th>Due Date</th>
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<tbody>
<tr>
<td>Initial Goal Statement</td>
<td>Tuesday January 26, 2009</td>
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<tr>
<td>1st Negotiation Analysis Due – Choose one from the following set (Set 1)</td>
<td>Thursday February 18, 2010</td>
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<tr>
<td>• Synertech Dosagen</td>
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<td>• Appleton Baker</td>
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<td>• New Recruit</td>
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<td>• Texoil</td>
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<td>• Viking</td>
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<tr>
<td>1st Negotiation Analysis Due – Choose one from the following set (Set 2)</td>
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<td>• Oil pricing</td>
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<td>• Bullard</td>
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<td>• Strategic alliances</td>
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<td>• Moms.com</td>
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<td>• Telepro</td>
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<td>• Harborco</td>
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<td>2nd Negotiation Analysis Due – Choose one from the following set (Set 2)</td>
<td>Thursday April 22, 2010</td>
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<tr>
<td>Final Goal Statement</td>
<td>Tuesday April 27, 2010</td>
</tr>
<tr>
<td>Final Real-World Negotiation</td>
<td>Tuesday April 27, 2010</td>
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The learning entries should show a serious, explicit attempt to grapple with personal experiences in classroom exercises and accurately reference course concepts, discussions, readings, and lectures as they apply. Exemplary journals will regularly weave in personal insights, real-world examples, and negotiation concepts and tie them together in a compelling way. At the margin, the grades will depend on overall effort, including personal frankness and reflection. Authenticity and a serious attempt to learn are the objectives!

Expectations regarding each assignment are detailed below:

(1) Initial Goal Statement: 1-2 double-spaced pages in which you discuss your current negotiation strengths and weakness (prior to this course) and set concrete objectives for the semester.

(2) Negotiation Analyses: 1-2 double-spaced pages in which you reflect on your behavior and your classmates’ behaviors in the negotiation exercises. These should not be a detailed report of everything that happened in the negotiation; rather, they should focus on key insights. You must write up a negotiation analysis for 2 negotiation exercises – one from each set (see the table above) – and upload them to your personal Learning Journal Folder on WebCafé by the due dates specified. Your analyses should answer the following questions:
(a) Facts: Provide a brief overview of key events. For example, how was time allocated? Who made the opening offer, and how did counter-offers proceed? How was information exchanged? Were there pivotal turning points?
(b) Tools/Concepts: What did you learn about bargaining or conflict management from this situation, and how do the concepts presented in the lectures or readings enrich your understanding of the process of this negotiation, its outcome, or your own style?
(c) Insights: What did you learn about yourself from this experience? What did you learn from the behavior of others in this experience?
(d) Emotions: How did you feel prior, during, and after the negotiations? How did you feel about your negotiation partner? How did your feelings influence your actions?
(e) Mistakes: What did you do that you wish you hadn’t done? Why?
(f) Goals: What would you do the same or differently in the future? How will you need to behave in order to perform more effectively?
Final Goal Statement: 1-3 double-spaced pages in which you review the most important lessons that you learned in this course, your key strengths as a negotiator, and how you hope to improve moving forward. I would recommend reviewing your class notes, negotiation exercises, and your initial goal statement before writing this paper. Excellent papers provide a clear explanation of how your goals, skills, strategies, and style evolved over the course.

Guidelines for the Reflection Paper on Real-World Negotiations
To encourage you to think about the many everyday situations in which you can negotiate, and to challenge you to improve your negotiating skills, I am asking you to go out and negotiate in the real world. You can negotiate for anything you like – a hotel discount, a signing bonus, a piece of jewelry, or a restaurant bill. In my experience, this assignment is especially enjoyable and educational if you try to “negotiate a non-negotiable” or choose a setting where negotiation is not the norm.

Here are the rules:
1. Do not reveal the assignment: You are not allowed to resort to a plea of “Please help me out, this is for a class….” You may not tell the person you are negotiating with that this is for a class project until the negotiation is completed. Then, you can decide whether to disclose this information.
2. No purchase necessary: You do not have to buy anything to complete this assignment. You may choose to be the seller or enter a negotiation that does not involve financial terms or a purchase.
3. Interest in negotiating: You must be willing (at some price, under some conditions) to acquire the item for which you are negotiating. Do not start a negotiation in which you would never want to come to agreement.
4. New negotiation: You must conduct your negotiation during the course of this semester, not write about a prior negotiation.
5. Boundaries: You cannot use negotiation tactics that may be considered unethical, illegal, or potentially harmful to yourself or others.
6. Failure is an option: You do not need to succeed in the negotiation in order to write about it. The purpose of this exercise is to facilitate your learning. Often, we learn as much or more from
negotiations that fail as from those that succeed. However, if you do fail, please seek feedback from your counterpart on how you could have negotiated more effectively, and write about what you learned from the feedback. Also, if you don’t succeed, I would encourage you to try again.

Your paper should contain a description of exactly what happened and what the outcome of the negotiation was. Of course, exemplary papers will do more than simply recount the details of the negotiation. They will also discuss preparation and strategy, and will critically analyze what happened and why. You should try to include all of the relevant strategic elements of the negotiation (e.g., issues, interests, priorities, BATNAs, aspirations, outside parties, constraints, etc.) in your paper. Your grade for this paper will be based on the following criteria:

1) **Depth of analysis**: Have you correctly employed key concepts to assess the strategic landscape of the negotiation? How well have you applied your learning from the course to your analysis of this case?

2) **Introspection and identifying key lessons**: Have you linked your experiences with your goals for the course and your strengths and weaknesses? What have you learned about your negotiating style and skills from this negotiation experience? What would you do differently in the future?

3) **Creativity**: How unique was the context? How inventive was your strategy? How did you meet expected and unexpected challenges?

4) **Quality of the story**: Have you included all the relevant details? Is it interesting? Is it well-written?

The paper should be approximately 4 pages in length (no more than 5, double spaced, 12 point Times New Roman font, 1” margins) and is due on April 27, 2010.
Meeting Plan

Spring 2010

Week 1: Introduction

Thurs. January 14

Introduction

*Exercise: Synertech Dosagen*

Week 2: Negotiating Basics

Tues. January 19

*Exercise: Appleton Baker*

Read: BFA: Chapters 1-4
      Nice girls don’t ask

Thurs. January 21

Read: Aim High
      Prepare, prepare, prepare
      Should you make the 1st offer?

Week 3: Creating and Claiming value

Tues. January 26

*Exercise: New Recruit*

Hand out: Out of class trading exercise

Duel: Initial Goal Statement

Thurs. January 28

Read: BFA: Chapter 5
Week 4: Creating and Claiming Value

Tues. February 2
Exercise: Teroxil

Thurs. February 4
Read: The Negotiator’s Dilemma

Week 5: Interests, rights, and power

Tues. February 9
Exercise: Viking

Thurs. February 11 – Class cancelled (snow day)

Week 6:

Tues. February 16:
Debrief Viking
Read: Three approaches to resolving disputes
BFA: Chapters 6-10

Thurs. February 18
Exercise: Oil Pricing
Due: 1st Negotiation analysis
Week 7:

Tues. February 23

*Debrief Oil pricing*
Read: Resolving the prisoner’s dilemma

Thurs. February 25

*In class:* *Debrief trading assignment*
Due: Trading assignment log

Week 8: Ethics & Agents

Tues. March 2

*Exercise:* *Bullard Houses*

Thurs. March 4

Read: BFA: Chapter 11
Negotiators lie
Negotiating with liars

Week 9: Spring Break (March 9 & March 11 – no classes)

Week 10: Coalitions

Tues. March 16

*Exercise:* *Strategic Alliances*

Thurs. March 18

Read: Why negotiations go wrong
Harnessing the Science of Persuasion
Week 11: Advanced Negotiation Strategies: Inter-Organizational Negotiations

Tues. March 23

Exercise: Moms.com

Thurs. March 25

Read: Post Settlement Settlements
Betting on the future – contingent contracts

Week 12: Speaker exchange days (March 30 & April 1 – No classes)

Week 13: Third Party and Mediation

Tues. April 6

Exercise: Telepro

Thurs. April 8

Read: The Mediation Process
When and how to use third party help

Week 14: Group Negotiations

Tues. April 13

Exercise: Harborco
Thurs. April 15  No class - Speaker exchange day

Week 15:  Group Negotiations continued

Tues. April 20
Read:  Negotiating Group Decisions

Thurs. April 22
In Class:  Video Case
Read:  Breakthrough Bargaining, Kolb and Williams

Due:  2nd Negotiation Analysis from Set 2

Week 16:  Wrap-up and Course Summary

Tues. April 27
Read:  BFA: Chapter 12

Due:  Final Goal Statement

Final Paper on Real World Negotiation