

Course Syllabus

INSTRUCTOR: Albert E. Mannes (Al)

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OFFICE HOURS: By Appointment

CLASS MEETINGS: Mondays & Wednesdays, Sept. 7 to Dec. 7
12:00-1:30 PM Section 401
3:00-4:30 PM Section 402
4:30-6:00 PM Section 403

CLASSROOM: JMHH F36

CROSS LISTINGS: LGST806, MGMT691

PREREQUISITES: None

COURSE WEBSITE: <https://webcafe.wharton.upenn.edu/eRoom/opim/691-fa11-1>

1. Overview

1.1 Course Description

This is an introductory course in the principles of negotiation and bargaining. You negotiate everyday: deliverables with clients and customers; compensation and expectations with superiors and subordinates; prices for personal and professional goods and services with vendors; schedules and responsibilities with friends and family.

The purpose of this course is to educate you in the art and science of negotiation and to improve your negotiating ability. Most courses en route to your MBA emphasize technical and analytical skills—economic, financial, and operational—to help you *identify* those interests that best serve your organization. We will expand on these skills to some extent. Negotiation, however, is primarily about *securing* your interests through those you depend on for success—employees, customers, suppliers, competitors, and regulators. This course will introduce you to the strategies and tactics of bargaining essential to that success.

1.2 Learning Objectives

By the end of this course, you should be able to:

- Systematically and effectively prepare for an upcoming negotiation
- Describe the difference between creating and claiming value in negotiations
- Employ tactics to both create and claim value for yourself
- Confidently negotiate with one or multiple others to secure your interests
- Understand your style, strengths, and weaknesses as a negotiator
- Analyze historical and contemporary negotiations in the world around you

1.3 Organization

The course is organized into two parts. Part I, Fundamentals, covers the basics of distributive and integrative bargaining, preparation, ethics, and biases. We'll address these topics over the first 15 class meetings, ending with an exam. Part II, Special Topics, covers multi-party and multi-round negotiations, negotiation in teams, gender and cultural differences, and additional biases. We'll address these topics in classes 16–24.

2. Course Requirements and Grading

2.1 Summary

Your grade in the course is a function of your performance across a range of tasks, both as individuals and in teams.

	Individual Points	Team Points	Percent
Part I Exam	50		25
Analysis of Personal Negotiation	30		15
Negotiation Performance	20		10
Class Participation	20		10
Planning Documents	18	12	15
Problem Set #1		20	10
Problem Set #2		20	10
Analysis of <i>Final Offer</i>		10	5
Total	138	62	100

2.2 Part I Exam

There will be an in-class exam for Class 15 (Oct. 31). It will cover all material from Part I, and will be a mix of multiple-choice, short answer, and problems. This is the only exam of the course; there is no final exam.

2.3 Analysis of Personal Negotiation

Prior to the end of the course you will go out and conduct a genuine, real-world negotiation. The substance of the negotiation may be anything—a purchase, something job-related, family-related, etc.—though the complex is preferred to the simple. You will submit a written analysis (not to exceed five double-spaced pages of text and an optional appendix) of the negotiation using relevant course concepts to assess your performance as a negotiator in this situation. This is due at Class 24 (Dec. 7). Moreover, you are to submit a one-page proposal for this negotiation no later than Class 13 (Oct. 24). Please note the following guidelines:

- This is an individual exercise
- This must be a new negotiation, not one you experienced prior to taking the course
- You may not negotiate with another student of the course (or me)
- The negotiation should be authentic—the other party should not know this is a class exercise
- Key elements of your planning should be part of your written analysis

2.4 Negotiation Performance

Six of the negotiating exercises are scored (indicated by asterisks in the schedule). This means there is an objective way to evaluate your performance, either as a price received or as points earned. On each of these exercises, I will assign a z-score to your performance based on comparisons with all others *in your role*. If the exercise is team-based, all team members receive the same z-score. At the end of the term, I will average your z-scores across the exercises and re-scale them for your points.

2.5 Class Participation

Students who contribute often and meaningfully to class discussion improve the learning of everyone and will be rewarded with more points. To elicit participation, I reserve the right to “cold call” students, and you reserve the right to “pass” when I do. I will also count contributions you make outside of class—such as referring me to current events, movie clips, even cartoons—that insightfully illustrate principles covered in class.

2.6 Planning Documents

An important course theme is that a negotiation is often “won or lost” before sitting down at the table. To underscore the importance of this, part of your grade is a function of the quality

of your planning documents. This also ensures that you are prepared for the negotiation, which maximizes the learning opportunity for you and your negotiating counterpart. You will submit planning documents for 10 of the negotiation exercises. Six of these (*Bullard Houses*, *BioPharm-Seltek*, *El-Tek*, *New Recruit*, *Leckenby*, and *Harborco*) are done as individuals, and the remaining four (*Moms.com*, *ABC/Local 190 1978, 1983, and 1985*) as teams. We will cover the important dimensions of planning by Class 2. Planning documents should not exceed two double-spaced pages. They are graded on a simple 4-point scale (3 = *Excellent*, 2 = *Good*, 1 = *Fair*, or 0 = *Missing*). For the team planning documents, all members receive the same grade.

2.7 Problem Sets

There are two problem sets that you will complete in 2-person teams. I will assign the teams. The problem sets are moderately challenging, so I believe working with another person will maximize your performance and learning. Problem Set #1 is due at Class 4 (Sep. 19) and Problem Set #2 is due at Class 9 (Oct. 5).

2.8 Analysis of *Final Offer*

Final Offer is an excellent documentary about negotiations between General Motors (GM) and Canadian representatives of the United Auto Workers (UAW) union in 1984. We will watch the documentary in Class 19 (Nov. 16). It is chock-full of learning points, and you and a partner of your choosing will describe the lessons you found most insightful. The analysis may not exceed three double-spaced pages, and it is due at Class 20 (Nov. 21).

3. Materials

3.1 Textbook

There is one required textbook for this course: Bazerman & Neale (1992). *Negotiating Rationally*, NY: Simon & Schuster. It is available new for \$17.95 at the Penn Bookstore.

3.2 Supplementary Readings

You must purchase the coursepack of required readings from Study.net for around \$50.

3.3 Negotiation Cases

These are the meat-and-potatoes of the course. But for a few exceptions, individual roles are handed out in class immediately prior to the exercise or in the class preceding it. Role information should *always* be treated as confidential, and are *not* to be duplicated or shared with students not enrolled in the course (see 4.2).

4.0 Policies

4.1 Attendance

This course has an attendance policy that is strictly enforced for two reasons: First, you negotiate in 12 of the 24 classes, and this experience is important to your development. Moreover, your absence affects the learning of your negotiation partner, who suddenly finds him- or herself without a partner. So please note the following:

- You may only miss one negotiation exercise without penalty
- You must provide at least 24 hours notice by email to me that you will miss the exercise (excluding Class 1)
- Missing two or more exercises will cost you either (a) 5 points per missed exercise with 24-hour notice, or (b) 10 points per missed exercise with less than 24-hours notice
- You may turn in planning documents for exercise you miss
- There is no formal penalty for missing class on days in which you are not negotiating, but too many of these will affect your class participation grade

Classes will start on time. Because the sections run back-to-back, I will end class 5-10 minutes early to smooth the transitions.

4.2 Integrity

Please review Wharton's Code of Ethics prior to the course.¹ I ask this because people bring different ethics to the classroom which can (and has) led to misunderstandings about normative behavior. For this class specifically, please note the following:

- You will be assigned roles to play in your negotiations. The information for each role is confidential, which means you are not to show it to anyone—especially your negotiation counterpart—before, during, or after your negotiation. Whether you decide to share your information through discussion during the negotiation is your choice.
- Do not borrow or share the negotiation cases or analytical exercises with students who are not presently enrolled in the course.
- Prepare for your roles individually or as a team, if appropriate. Do not collaborate with others who share your role; do not use materials from prior students who prepared your role.
- You are free to lie or misrepresent your information during the course of the negotiation. It is not a violation of the ethics code to do so, but you are responsible for the consequences to your negotiation, reputation, and relationships.

4.3 Style Requirements

All written work (e.g., planning documents) is to be double-spaced with a 12-point font and 1-

¹<http://www.wharton.upenn.edu/mbaresource/ethicscode/>

inch margins. When citing sources, use footnotes instead of endnotes. Please include a cover sheet with your name(s), date, and title.

4.4 Computer Use

Please turn off laptops, tablets, and smart phones during class. Exceptions will be granted on a class-by-class basis. You may use these devices when negotiating if you choose.

4.5 Distribution of Grades

The Dean's Office mandates a maximum CMGPA (Class MBA Grade Point Average) of 3.33 (B+). I must also designate the lowest 10% of the class (across sections) as LTs. Beyond these requirements, I have no predetermined distribution of grades in mind. The course may not be taken Pass/Fail.

*Indicates a scored negotiation

Class	Day	Date	Due at class	Exercise	Read after class
Part I - Fundamentals					
1	W	Sep. 7		Texoil	Syllabus
2	M	Sep. 12		Debrief Texoil	Bazerman & Neale (1992), Ch. 9 Movius & Susskind (2009), <i>Negotiation checklists</i>
3	W	Sep. 14	Planning document for Bullard Houses	Bullard Houses	Shell (1991), <i>When is it legal to lie in negotiations?</i> Malhotra (2004), <i>Smart alternatives to lying in negotiation</i>
4	M	Sep. 19	Problem Set #1	Debrief Bullard Wu (1996), <i>Exercises in negotiation analysis</i> (Q1-Q2)	
5	W	Sep. 21	Planning document for BioPharm-Seltek	BioPharm-Seltek*	Bazerman & Neale (1992), Ch. 4 & 5
6	M	Sep. 26		Debrief BioPharm	
7	W	Sep. 28		Pheasant Egg	Bazerman & Neale (1992), Ch. 3 & 11
8	M	Oct. 3		Debrief Pheasant Egg Watch <i>Cottonburger</i>	
9	W	Oct. 5	Planning document for El-Tek Problem Set #2	El-Tek* Wu (1996), <i>Exercises in negotiation analysis</i> (Q3-Q5)	Cialdini (2008), <i>Reciprocation</i>
	M	Oct. 10		Fall break. Class does not meet	
10	W	Oct. 12	Planning document for New Recruit	Debrief El-Tek New Recruit*	
11	M	Oct. 17		Debrief New Recruit	
12	W	Oct. 19	Planning document for Moms.com	Moms.com	
13	M	Oct. 24	Proposal for Personal Negotiation	Debrief Moms.com	

Class	Day	Date	Due at class	Exercise	Read after class
14	W	Oct. 26	Mid-course feedback	Review of Part I	
15	M	Oct. 31		Exam on Part I	
Part II – Special Topics					
16	W	Nov. 2	Planning document for Leckenby	Leckenby*	Bazerman & Neale (1992), Ch. 2
	M	Nov. 7		Class does not meet	
17	W	Nov. 9	Planning document for Harborco	Harborco*	Bazerman & Neale (1992), Ch. 14 Four-way Organization
18	M	Nov. 14		Debrief Harborco	
19	W	Nov. 16		Watch <i>Final Offer</i>	Raiffa (1982), <i>Tradeoffs and Concessions</i>
20	M	Nov. 21	Analysis of <i>Final Offer</i>	Discussion of scoring systems and gender and cultural differences in negotiation	Babcock et al. (2003), <i>Nice girls don't ask abroad</i> Brett & Gelfand (2005), <i>Lessons from abroad</i>
	W	Nov. 23		Class does not meet	
21	M	Nov. 28	Planning document for ABC/Local 190 1978	ABC/Local 190 1978	
22	W	Nov. 30	Planning document for ABC/Local 190 1983	ABC/Local 190 1983*	
23	M	Dec. 5	Planning document for ABC/Local 190 1985	ABC/Local 190 1985	
24	W	Dec. 7	Analysis of Personal Negotiation	Watch <i>American Dream</i>	