

Management 691: Negotiations

Professor Roxana Barbulescu

Email: roxanab@wharton.upenn.edu

Phone: 215-746-3129

Office: 3016 Steinberg Hall-Dietrich Hall

Office Hours: Mondays 1:30-3:30pm



Class Times: Section 412: Tuesday/Thursday, 9am-10:30am, JMHH F94

Section 413: Tuesday/Thursday, 10:30am-12pm, JMHH F94

Course Overview

Every day we negotiate with potential employers, coworkers, spouses, roommates, landlords, parents, bosses, merchants, service providers, etc. Determining what price we will pay, the amount of our salary and compensation, what movie to watch, who will clean up the kitchen – all are negotiations. 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 securing agreements and resolving disputes between two or more interdependent parties. The purpose of this course is to help you develop expertise in managing negotiations that occur in a variety of business settings. It 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 course is sequenced so that cumulative knowledge can be applied and practiced. The skill set you develop here will serve you in both your personal and professional life.

As a result of the course, I hope you will:

- Experience the negotiation process, learn to evaluate costs & benefits of alternative actions.
- Understand more about the nature of negotiations and conflict management.
- Improve your ability to negotiate and manage conflict effectively.
- Learn how to develop a strategic plan for effective negotiations.
- Gain an intellectual understanding of central concepts in negotiation & conflict management.
- Gain confidence as a negotiator and in the negotiation process as an effective means for resolving conflict in organizations.

Required Readings

- Fisher, R., Ury, W., & Patton, B. 2011. Getting to Yes. New York: Penguin.
- Shell, R. 2006. Bargaining for Advantage. New York: Penguin
- Course Pack (available on Canvas)

Course Philosophy

Attendance: To register for the course, you must attend the first two classes. 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, 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. If you miss a second exercise, you will receive an automatic LT for the class.

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. 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. In addition, please do not discuss cases with, or borrow notes from, people outside of class. Class discussion stays in class. Please do not share any information about negotiation simulations with students who have not taken this class. It is an honor code violation to post anything about the negotiation simulations on a public website, or to conduct Google searches about cases.

Case information and lies: The information that you need in order to negotiate is provided in the case materials. Lying during negotiations is illegal and unacceptable in this course. Please do not make up facts that improve your bargaining position. During a negotiation exercise, if you are asked a question calling for information that is not contained in your confidential instructions (the answer to which would substantially influence the structure of the case), the appropriate answer is, "I don't know."

Respect others' learning: When you have completed a simulation, please do NOT reveal your information to the other party, or with members of another team, before returning to the classroom. The simulations do not always end when you sign an agreement in a break-out room. After the negotiation debrief (class discussion) you may share your confidential information, but you are not obliged to do so.

Subjective nature of learning: You enter this class with a unique set of skills that are based on your past experience and your personal style. You will reflect on your negotiation behavior and recognize idiosyncratic patterns of behavior. You will distinguish between circumstances where patterns of behavior are advantageous versus situations where you are better off reframing the situation and choosing an alternative approach. Think about what motivates your behavior —

that which is comfortable and/or intuitive is not always optimal. Identify your personal strengths and weaknesses and track your progress. This course provides a rare and valuable opportunity to experiment with alternative styles in a safer, more feedback-rich environment than subsequent negotiations outside of class, ranging from major salary negotiations to multibillion dollar merger negotiations. Re-assess and revise your analysis of strengths and weaknesses, as well as goals, based on your progress in the negotiation simulations.

Assignments and Grading

All written assignments will be graded on a 1-5 scale, where 5=excellent, 4=good, 3=satisfactory, 2=unsatisfactory, and 1=poor. Note that 5s will be rare; they are reserved for truly outstanding assignments.

1. **Learning Journals** (30%).
Learning Journals consist of 3 components: 1 initial goal statement and 2 negotiation analyses. 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 on Canvas.
2. **Final Reflection Paper** (40%)
For the final 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 5 double-spaced pages. It should combine elements of a planning document and the post negotiation analyses.
3. **Class Participation** (20% of grade)
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.
4. **Peer Evaluations** (10%)
After each negotiation exercise, you will rate your classmates on Canvas 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.
5. **Extra Credit** You can earn up to two extra credit points in the course by bringing in articles on negotiations in the popular press or examples of interesting negotiations from movies, television shows, comic strips, etc. In order to receive two bonus points, the references need

to come from different mediums (if one is from a movie (fictional), the other has to come from a comic strip or newspaper article (non-fiction)). A newspaper article, a radio report, a web article or television coverage of an actual event are all considered to come from the same medium. The references must illustrate a concept from the course and you must write a few sentences describing it and how it relates to the concepts discussed in class.

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%, 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 as a tie breaker. This system reflects the importance of class attendance in this course.

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 2 of the 12 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 Canvas in the Course Materials folder. For these journal entries, you should record key tools and concepts as well as insights gained from the class discussion. In addition to the 2 negotiation analyses, you will need to write an initial final goal statement and a final reflection paper. All assignments are to be submitted via Canvas. The table below shows the assignment schedule.

Learning Journal Assignment	Due Date
Initial Goal Statement	Tuesday September 18
1 st Negotiation Analysis – Choose one from the following set (Set 1) <ul style="list-style-type: none"> • Appleton Baker • BioPharm-Seltek • New Recruit • Texoil • Viking • Oil Pricing 	Thursday October 11
2 nd Negotiation Analysis – Choose one from the following set (Set 2) <ul style="list-style-type: none"> • Federated Science • Bullard • El Tek • Moms.com • Telepro 	Tuesday November 20
Final Reflection Paper	Thursday December 6

These journal entries should show a serious, explicit attempt to grapple with personal experiences as well as classroom exercises and accurately reference the conceptual materials, 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 (prior to this course) negotiation strengths and weakness and set concrete goals for the semester.

(2) Negotiation Analyses: 1-2 pages that 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, but rather key insights. You must write up a negotiation analysis for 2 negotiation exercises – one from each set (see above table) – and upload them to Canvas. The analysis should answer the following questions:

- (a) *Facts:* Provide a brief overview of key events (How was the time allocated? Offers: opening-offer and counter-offer, as well as progression of offers? 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) *Mistakes:* What did you do that you wish you hadn't done? Why?
- (d) *Insights:* What did you learn about yourself from this experience? What did you learn from the behavior of others in this experience?
- (e) *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?
- (f) *Goals:* What would you do the same or differently in the future, or how would you like to behave in order to perform more effectively?

(3) Final Reflection Paper: 3-5 double-spaced pages in which you reflect on a real-world negotiation that you conducted. 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:

- (a) *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 disclose this information until the negotiation is completed.

- (b) *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.
- (c) *Interest in negotiation*: 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.
- (d) *New negotiation*: You are required to conduct this negotiation during the semester so that you can apply the knowledge that you have gained in the course.
- (e) *Boundaries*: You cannot use negotiations tactics that may be considered unethical, illegal, or potentially harmful to yourself or others.
- (f) *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 interaction. 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 in your paper. Your grade for this paper will be based on the following criteria:

- (a) *Depth of analysis*: Have you correctly employed key concepts to analyze the negotiation? How well have you applied your learning from the course to your analysis of this case?
- (b) *Introspection*: 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?
- (c) *Creativity*: How unique was the context? How inventive was your strategy? How did you meet expected and unexpected challenges?
- (d) *Quality of the story*: Have you included the relevant details? Is it interesting and well written?

The paper should be no more than 5 pages in length (double spaced, 12 point Times New Roman font, 1" margins). You are also welcome to discuss how this experience relates to the most important lessons that you learned in this course, and how you hope to improve moving forward.

Meeting Plan

Week 1: Finding Your Negotiating Style

Session 1 – Thursday, September 6

Expectations and requirements
In-class exercise

Week 2: Negotiating Basics

Session 2 – Tuesday, September 11

Read for class: BFA: Chapters 1-4
In-class exercise: *BioPharm-Seltek*

Session 3 – Thursday, September 13

Read for class: Prepare, Prepare, Prepare
Reservation Points, Resistance and BATNAs

Week 3: Creating and claiming value

Session 4 – Tuesday, September 18

Read for class: Winning at the Sport of Negotiation
BFA: Chapter 5
In-class exercise: *New Recruit*

Due: Initial Goal Statement

Session 5 – Thursday, September 20

Read for class: Fisher, Ury & Patton - *Getting to Yes*

Week 4: Creating and claiming value

Session 6 – Tuesday, September 25

Prepare exercise: *Texoil*

Session 7 – Thursday, September 27

Read for class: The Negotiator's Dilemma
Why Negotiations Go Wrong

Week 5: Interests, rights, and power

Session 8 – Tuesday, October 2

Prepare exercise: *Viking*

Session 9 – Thursday, October 4

Read for class: Three approaches to resolving disputes
BFA: Chapters 6-10

Week 6: Social Dilemmas

Session 10 – Tuesday, October 9

Prepare exercise: *Oil Pricing*

Session 11 – Thursday, October 11

Read for class: Resolving the Prisoner's Dilemma

Due: 1st Negotiation Analysis (from Set 1)

Week 7: Coalitions and Fairness

Session 12 – Tuesday, October 16

Prepare exercise: *Federated Science*

Session 13 – Thursday, October 18

Read for class: Influence without Authority

Week 8: Ethical issues in negotiation

Tuesday, October 23

NO CLASS – Fall Break

Session 14 – Thursday, October 25

Prepare exercise: *Bullard Houses*

Week 9: Advanced Negotiation Strategies: Intra-Organizational Negotiations

Session 15 – Tuesday, October 30

Read for class: Three Ethical Issues
Ethics and Profitability of Bluffing in Business
BFA: Chapter 11

Session 16 – Thursday, November 1

Prepare Exercise: *El Tek*

Week 10: Advanced Negotiation Strategies: Inter-Organizational Negotiations

Session 17 – Tuesday, November 6

Read for class: Harnessing the Science of Persuasion
 Understanding Power in Organizations

Optional reading: Interdepartmental Negotiation Behavior in Manufacturing
 Organizations

Session 18 – Thursday, November 8

Prepare exercise: *Moms.com*

Week 11: Third Parties and Mediators

Session 19 – Tuesday, November 13

Read for class: Post Settlement Settlements
 Post-Settlement Settlements in Two-party

Session 20 – Thursday, November 15

Prepare exercise: *Telepro*

Week 12: Third Parties and Mediators (continued)

Session 21 – Tuesday, November 20

Read for class: When Negotiations Fail
 The Mediation Process
 Third Party Interventions

Due: **2nd Negotiation Analysis (from Set 2)**

Thursday, November 22

NO CLASS – Thanksgiving Break

Week 13: Group Negotiations

Session 22 – Tuesday, November 27

Prepare exercise: *Harborco*

Session 23 – Thursday, November 29

Read for class: What Happens on the Way to Yes
 Negotiating Group Decisions

Week 14: Real World Negotiations and Course Wrap Up

Session 24 – Tuesday, December 4

In-class exercise: *Video Case*

Read for class: Breakthrough Bargaining
The Power of Talk

Session 25 – Thursday, December 6

Read for class: BFA: Chapter 12

In-class: Class Wrap up and Course Summary

Due: Final Reflection Paper