

Syllabus, Spring 2015, for OPIM 291-401:
Negotiations
1:30–2:50, M&W JMHH F94
Canvas:

Professor Steven O. Kimbrough, Instructor
Office hours: 565 JMHH
1:30–3:00 Tuesdays and 3:00–4:30 Wednesdays, and by appointment

November 7, 2014

1 Class Description

Negotiation is the art and science of creating agreements between two or more parties.

This course has two purposes. First we will talk about and apply theories developed as guides to improving negotiating. (That's the science.) Second, students will develop and sharpen negotiating skill by negotiating with other students in realistic cases. (That's the art.)

Since negotiations occur in all kinds of organizations, and in many functional areas within an organization, we will discuss a wide variety of examples. Most of these examples are cases you will actually negotiate. The cases are the heart of the course.

Most of the cases will be distributed in class, but when cases are distributed in advance, please read the cases and think about them before actually negotiating. Preparation will generally get you a better deal (though not always, of course). Furthermore, when you are negotiating in a group, failing to prepare can hurt the entire group. You should also keep up with the assigned readings. The readings are (generally) relevant to the case which is to follow.

Many of the cases can be graded, and when they can, they will. Here's how: Typically a student will play one of two or more roles in a case—buyer or seller, for example. The numerical performance of a student who is assigned to be a buyer will be compared only with the performances of other buyers, and the same will apply for sellers. Let x denote the numerical measure of our buyer's performance. The buyer's score for x is given by

the following formula:

$$\text{Score}(x) = \frac{x - \text{Low Score}}{\text{High Score} - \text{Low Score}} + 1 \quad (1)$$

The lowest buyer score will be assigned a value zero and the highest buyer score will be assigned a one. You get one point for showing up. Adding all of your scores across the graded cases will greatly influence your aggregate case grade. Your aggregated case grade will constitute 20% of your course grade.

It is absolutely 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.

It also costs the person or persons you were assigned to negotiate with. If you miss a case without having a good excuse in advance you will earn a score of -1.0. Participating and doing poorly is always better than not participating at all. I will drop your lowest case score, but I will not drop a score of -1.0.

There are three additional rules about the cases.

1. The written background you will receive in each case is meant to represent the preferences and knowledge of real people. You should not show anyone else your written material because in natural settings you would not show people the things the written material represents.
2. You should not make up facts that are not in the case. People make up facts in real negotiations, of course, but facts that are made up in our cases are hard for others to check. We also have found that people who make up facts do not learn to negotiate. Lying gives them a strategic advantage (of debatable ethicality) which enables them to do well without facing the risk of severe legal and reputational penalties, and without facing up to the more fundamental and difficult aspects of negotiating. In the end, all of your private information will be revealed to your negotiating partner during the debriefing discussions. The tactics you use during a negotiation may well become the subject of a full classroom discussion, and may affect the rating you receive from your classmates (see below).
3. Many of these cases will 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.

2 Required Texts

There are four required texts:

- Roger Fisher, William Ury, and Bruce Patton's *Getting to Yes*, (Fisher et al., 2011).
- G. Richard Shell's *Bargaining for Advantage: Negotiation Strategies for Reasonable People* (Shell, 2006).
- Deepak Malhotra and Max Bazerman's *Negotiation Genius: How to Overcome Obstacles and Achieve Brilliant Results at the Bargaining Table and Beyond* (Malhotra and Bazerman, 2008).
- Jennifer E. Beer, Caroline C. Packard's *The Mediator's Handbook: Revised & Expanded Fourth Edition* (Beer and Packard, 2012).

You should read *Getting to Yes* as soon as possible, and get going on Shell and on Deepak Malhotra and Max Bazerman right afterwards. *Getting to Yes* is a quick read and provides some basic lessons for negotiations. Shell's book is also a general treatment of negotiation, but has more depth. Be sure you read all three of these books before the first quiz.

In addition, various other readings will be assigned. These will generally be handed out and made available online.

3 Class Feedback

Near the end of the semester you will rate your classmates, on a scale from strongly agree to strongly disagree, on (something rather like) the following item:

This person helped create value in class discussions.

I will use your average rating as a part of your class discussion grade.

4 Class Participation

One of the best ways to learn about negotiation techniques and situations where negotiation may prove useful 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 several things. First, I will keep class attendance and I will generally keep track of willingness to take part in class discussions. Second, as explained above, I will also use your classmates' assessment of how much you created value in the class discussion in deriving your score for this dimension. Third, I will give you a number of short assignments during the semester. These will be graded fairly informally but will contribute to your class participation score.

5 Quizzes

There will be two quizzes during the semester, based on the lectures, class discussion, readings, and guest lectures. They will be a closed-book, with short answers and/or multiple choice, but you may bring a one page crib sheet. The quizzes are not about memorization per se. The second quiz will be given during the final examination period.

6 Class Presentations: Outside-the-class Negotiation

We will devote three days of class towards the end of the semester to class presentations. The presentations will consist of each individual, one-by-one, presenting to the class a series of no more than six slides (that must be placed on Canvas by April 20, 2014, at 11:59 p.m.) that explains how you prepared for and went about a 'real world' negotiation. You can negotiate anything—dry cleaning services, a taxi bill, a restaurant meal, or a couch.

My preference is for you to negotiate in a setting where negotiations are uncommon (e.g., not a flea market). You can be the buyer or the seller, and although you do not need to complete a transaction to complete the exercise, the good or service that you negotiate for should be something that you would actually buy or sell.

In your presentation I will be looking for (and grading) the following:

1. Is this an interesting negotiation setting? Any setting will work, but I would prefer to see you initiate a negotiation in a setting where negotiations are not the norm.
2. Preparation. You can write about spontaneous negotiations (e.g., after receiving bad service), but I am interested to see you document how you prepared for the negotiation.
3. Integration of class material. To what extent can you integrate theory and class lessons in analyzing this experience?
4. Identifying key lessons. What did you learn about yourself and/or others from this exercise?

Class members will grade each other and will be instructed to base their grades on the four factors listed above. I will assign the final grade for this component myself, but I will take the class opinion of each presentation into account.

7 Memo/Presentation

A short memo or presentation on an assigned negotiation topic. This will be due at the start of class 22 (April 3, 2013), when we will discuss the assignment. Details of the assignment will be given out after spring break.

8 Breakdown of Grades

Class Participation (including discussions and occasional assignments) 15%. Negotiation cases 20%. Presentation of 'real world' negotiation during last two classes 20%. Quizzes, 15% each. Memo/presentation (assigned topic, due April 3, 2013), 15%.

9 Guest Speakers

In addition, the negotiations courses arrange for guest speakers during the semester. The plan this spring is to have 2 guest speakers to talk about their Negotiations experiences. The plan is to have speakers deliver talks with time for Q&A from 4:30-6 PM on either a Monday or a Wednesday during the spring term. Attendance (or viewing subsequently the video recording) and a short write up are required.

You are required to attend/view the talks and to hand in short essays on the talks. In consequence, two regular classes will be not held, classes 19 and 20.

10 Class Schedule

1. Introduction and overview of the course.

Course overview. First principles and concepts of negotiations. Discussion of negotiations in current events.

Read *Getting to Yes*, (Fisher et al., 2011), during the first 2 weeks.

2. Two-party, distributive negotiations; lying in negotiations.

Discuss: Lying, *Getting to Yes*.

Negotiate Case #1.

Hand in: "Negotiations Nondisclosure Agreement". (File: Code of Ethics for Course.pdf, on Canvas.)

Prepare: Read G. Richard Shell, "When is it legal to lie in negotiations?", (Shell, 1991), which is on Canvas (file: Shell-Sloan-Man-Rev-1991.pdf). Read (Fisher et al., 2011, pages 97-106).

3. Rational thinking in negotiation, escalation, distributive negotiations, bias.

Debrief Case #1.

Rational thinking in negotiation, escalation.

Prepare: Read Bazerman and Neale (1992, chapters 2 & 8) (on Canvas as file Bazerman-Neale-2and8.pdf).

4. Rational thinking in negotiation, escalation, distributive negotiations, bias.
Negotiate Case #2.
5. Pure negotiation.
Debrief Case #2.
6. Pure negotiation.
Negotiate Case #3.
7. Uncertainty.
Debrief Case #3.
Prepare: Read "The Basic Decision Dilemma" *Quick Analysis for Busy Decision Makers*, 1982, Behn and Vaupel, pp. 26–53 (Behn and Vaupel, 1982) (on Canvas, file: Quick Analysis The Basic Decision Dilemma.pdf).
Presentation of supplemental materials.
8. Uncertainty.
Negotiate Case #4.
9. Multi-issue negotiations.
Debrief Case #4.
Discussion: multi-issue negotiations.
10. Multi-issue negotiations.
Negotiate Case #5.
11. Multi-issue negotiations.
Debrief Case #5.
12. A little theory: representation and framing.
Reading: "Affording Cooperation," (Kimbrough, 2012, chapter 7) (on Canvas as file AGEbook-Chapter7.pdf).
13. Quiz #1. **Quiz #1**
14. A little theory: lying and other abuses of truth.
Prepare: Read (Shell, 2006, chapter 11), "Lying and Related Abuses" (Kimbrough, 2012, chapter 17) (on Canvas as file AGEbook-Chapter17.pdf).

***** Spring Break Saturday-Sunday March 7–15, 2015. *****

15. Multi-issue negotiations.
Memo assignment handed out.
Negotiate Case #6.
16. Multi-issue negotiations.
Debrief Case #6.
Read and discuss: "3-D Negotiation: Powerful Tools to Change the Game in Your Most Important Deals" (Lax and Sebenius, 2006) (on Canvas as file 3-D-Negotiations-HBR.pdf).
17. Trust, uncertainty.
Negotiate Case #7.
18. Multi-issue, multi-party negotiations.
Discuss case #7.
Presentation of supplemental materials on bargaining theory, including Nash's, and machine learning in characteristic function games.
Optional reading: "Bargaining," (Kimbrough, 2012, chapter 16) (on Canvas as file AGEbook-Chapter16.pdf).
19. Monday 2014-03-31. Class not held in lieu of speaker.
20. Wednesday 2014-04-02. Class not held in lieu of speaker.
21. Multi-issue, multi-party negotiations.
Class activity: Negotiate Case #8.
22. Mediation.
Discuss case #8 and present materials on mediation.
23. Mediation.
Negotiate Case #9 on mediation.
24. Mediation &c.
Discuss Case #9; memo assignment due at the start of class; discuss assignment
Slides for presentations due Monday, April 15, 2015, at noon, on Canvas.
25. Student presentations.
26. Student presentations.

Memo assignment due, April 15, 2015. Slides due.

27. Student presentations and course wrap up.

28. Last class. Student presentations and course wrap up.

Quiz #2 during scheduled final examination period.

Quiz #2

11 Calendar, Spring 2015

Reading days: April 30–May 1, 2015. Final examinations: May 4–12, 2015.

	0	1	2
0	—	W: 2014-02-18	W: 2010-04-01
1	W: 2014-01-14	M: 2014-02-23	M: 2014-04-06
2	W: 2014-01-21	W: 2014-02-25	W: 2014-04-08
3	M: 2014-01-26	M: 2014-03-02	M: 2014-04-13
4	W: 2014-01-28	W: 2014-03-04	W: 2014-04-15
5	M: 2014-02-02	M: 2014-03-16	M: 2014-04-20
6	W: 2014-02-04	W: 2014-03-18	W: 2014-04-22
7	M: 2014-02-09	M: 2014-03-23	M: 2014-04-27
8	W: 2014-02-11	W: 2014-03-25	W: 2014-04-29
9	M: 2014-02-16	M: 2014-03-30	—

Table 1: Class number :: date correlation, for Monday (M) and Wednesday (W) classes, spring 2015.

References

- Bazerman, M. H. and Neale, M. A. (1992). *Negotiating Rationally*. The Free Press, New York, NY.
- Beer, J. E. and Packard, C. C. (2012). *The Mediator's Handbook*. New Society Publishers, <http://www.newsociety.com>, fourth edition. With Eileen Stief.
- Behn, R. D. and Vaupel, J. W. (1982). *Quick Analysis for Busy Decision Makers*. Basic Books, New York, NY.
- Fisher, R., Ury, W., and Patton, B. (2011). *Getting to Yes: Negotiating Agreement without Giving in*. Penguin Books, New York, NY, third edition.
- Kimbrough, S. O. (2012). *Agents, Games, and Evolution: Strategies at Work and Play*. CRC Press, Boca Raton, FL.

Lax, D. A. and Sebenius, J. K. (2006). *3-D Negotiation: Powerful Tools to Change the Game in Your Most Important Deals*. Harvard Business School Press, Boston, MA.

Malhotra, D. and Bazerman, M. (2008). *Negotiation Genius: How to Overcome Obstacles and Achieve Brilliant Results at the Bargaining Table and Beyond*. Random House Publishing Group, seventh edition.

Shell, G. R. (1991). When is it legal to lie in negotiations? *Sloan Management Review*, 32:93–101.

Shell, G. R. (2006). *Bargaining for Advantage: Negotiation Strategies for Reasonable People*. Penguin, New York, NY, second edition.