



**MANAGEMENT 291-411: NEGOTIATIONS  
SPRING 2015 (M/W - Noon-1:30 p.m. – SHDH 1203)**

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**COURSE DESCRIPTION**

Negotiation is the process of reaching an agreement between two or more parties. We all negotiate with others on a daily basis. This class will teach you how to negotiate better. We adopt the Taoist tradition of applied theory by introducing principles to guide students in a series of negotiating exercises.

Negotiation is a life skill used daily. While business is our main focus, students need to transfer what they learn to negotiations of all types. To possess knowledge of negotiation students must be equally as deft in negotiating business contracts as to dealing with daily life with others.

**NEGOTIATING CASES**

Taoists believe the focus of any learning should be application. Learning to be a good negotiator is not possible through reading a book. Negotiating skills are best taught through experiential learning. Student evaluation is largely based on performance across a series of negotiating exercises. Some cases will be negotiated during class others will require students to negotiate outside of class.

Students will generally receive cases before the actual negotiations. They should read the cases and plan out their negotiating strategy accordingly. It is difficult to negotiate if you don't have a plan. This is especially true for those negotiations where you will be part of a group. In these cases, the lack of preparation may not only hinder your performance, but it can affect the performance of others.

Most of the cases are graded using an objective scale. Scores will be normalized, and your performance is only compared with those who assume the same role. Typically, the student is assigned a role, for example, that of a buyer or seller. Assume you are assigned the role of a buyer. Then your performance (based on the final agreement) is compared to the performances of all the other buyers. Let  $x$  denote the numerical measure of the student's

realized surplus.

Then  $x$  will be normalized onto a 0 to 1 scale using the following formula:

$$\text{Score}(x) = (x - \text{lowest recorded score}) / (\text{highest recorded score} - \text{lowest recorded score})$$

Adding all of your scores across the exercises determines the exercise component of your course grade. The scores of your two lowest exercises are not included in this total. They are thrown out.

Participation in all cases is critical. Missing a case costs you the opportunity to learn, and disrupts the entire class since the pre-assignment schedule of negotiation partners will be upset. Students who miss a case (and job interviews are not a valid excuse) will earn a score of -0.5. Scores of -0.5 are not thrown out.

There are three (3) additional rules regarding the cases:

1. Most exercises mimic the real world by creating information asymmetries among negotiating partners. These asymmetries will include both knowledge regarding relevant information, and preferences across different outcomes. Since the written information you receive for the case reflects these informational asymmetries, you are not allowed to show the material to others. This, of course, reflects the behavior you will encounter in the real world.
2. In most of the exercises, students will negotiate over multiple issues. Each issue is assigned points, which represent a preference function. You should never reveal your point structure to other participants in the negotiation. To do so is akin to revealing your complete preference structure to others in the real world. Not only is such a strategy generally ill-advised, it is difficult to do credibly. As in the real world, you can allude to what outcomes you prefer, but you cannot show others your point structure, nor can you tell them the specifics of it.
3. You may not discuss the exercises outside of the classroom during the entire semester. Even past exercises cannot be discussed with others since other sections of the Negotiations course use the same exercise, but at different times during the semester. For that reason it is crucial that you do not divulge any information to others. This guideline is considered as part of the Wharton Honor Code.

### **ADDITIONAL EXERCISES**

Students are required to complete two additional exercises during the semester:

1. A one page (1) write-up of an actual negotiation (You are required to negotiate outside of class (in the real world)).
2. A second one page (1) write-up of a negotiation outside of class.

## **PAPER**

Students must write a paper on a negotiation related topic. Students can work alone or in groups with a maximum of three (3) members. The maximum length of the paper is five (5) double-spaced pages. Students must reference the paper using at least five (5) academic sources (e.g., articles, books). Papers are evaluated on both context and the ability to communicate clearly. A short paper topic discussion is required early in the semester.

## **PEER FEEDBACK**

At the end of the semester, each student is required to evaluate classmates along three dimensions:

1. The extent to which a student tried to develop a useful relationship during the exercises.
2. The extent to which a person showed cooperative behavior.
3. The extent to which a person could be trusted.

## **STUDENT EVALUATION**

The final course grade of a student is evaluated according to the following schedule:

|               |     |
|---------------|-----|
| Exercises     | 60% |
| Papers        | 20% |
| Peer feedback | 20% |

## **COURSE MATERIALS**

There are three (3) text books:

1. *Bargaining for Advantage* by Richard Shell
2. *Getting to Yes* by William Fisher, Roger Ury, and Bruce Patton
3. *The Book of Five Rings* by Miyamoto Musashi

*Getting to Yes* is a concise book that provides basic information for negotiations.

*Bargaining for Advantage* provides the foundations of effective negotiations as well as a detailed analysis of the negotiation process.

*The Book of Five Rings* is a seminal work on creating strategic advantages.

# COURSE OUTLINE

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| Session/Date | Reading Assignments/Preparation |
|--------------|---------------------------------|
|--------------|---------------------------------|

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## NEGOTIATION BASICS

|                         |  |
|-------------------------|--|
| <b>Session 1 (1/14)</b> | <b>Introduction</b>  |
| In Class:               | Class Overview   |
| Handout:                | Syllabus   |
| <b>Session 2 (1/21)</b> | <b>Distributive Negotiations</b>                           |
| Prepare:                | Read: Shell - Chapters 1 & 2                               |
| In Class:               |  |
| <b>Session 3 (1/26)</b> | <b>The Idea of Mutual Gains</b>                            |
| Prepare:                | Read: Fisher, Ury – Chapters 1 – 3                         |
| In Class:               |  |
| <b>Session 4 (1/28)</b> | <b>The Taoist World</b>                                    |
| Prepare:                | <i>The Book of Five Rings – Introduction and Chapter 1</i> |
| Handout:                | Case 1   |

## NEGOTIATION IN A ZERO SUM WORLD

|                        |                        |
|------------------------|------------------------|
| <b>Session 5 (2/2)</b> | <b>Negotiation One</b> |
| In Class:              | Negotiate Case 1       |
| Handout:               | Case 2                 |

### **Paper 1: Analysis of Actual Negotiation (Due: 2/25)**

|                        |                        |
|------------------------|------------------------|
| <b>Session 6 (2/4)</b> | <b>Negotiation Two</b> |
| In Class:              | Discuss Case 1         |
|                        | Negotiate Case 2       |

|                        |                                |
|------------------------|--------------------------------|
| <b>Session 7 (2/9)</b> | <b>The Negotiation Process</b> |
| Prepare:               | Shell – Chapters 7 - 9         |
| In Class:              | Discuss Case 2                 |
|                        | Lecture                        |
| Handout:               | Case 3                         |

|                         |                          |
|-------------------------|--------------------------|
| <b>Session 8 (2/11)</b> | <b>Negotiation Three</b> |
| In Class:               | Negotiate Case 3         |

**Session 9 (2/16)**      **Thinking of Others**  
Prepare:      *The Book of Five Rings – Chapter 2*  
In Class:      Discuss Case 3  
                    Lecture  
Handout:      Case 4

**Session 10 (2/18)**      **Negotiation Four**  
In Class:      Negotiate Case 4

## **NEGOTIATION IN A NON-ZERO SUM WORLD**

**Session 11 (2/23)**      **Creating Value**  
Prepare:      Fisher, Ury – Chapter 4 – 6  
In Class:      Discuss Case 4  
                    Lecture  
Handout:      Case 5

**Session 12 (2/25)**      **Negotiation Five**  
In Class:      Negotiate Case 5

**Session 13 (3/2)**      **Knowing Others**  
Prepare:      Shell – Chapters 7 – 10  
In Class:      Discuss Case 5  
                    Lecture  
Handout:      Case 6

**Session 14 (3/4)**      **Negotiation Six**  
In Class:      Negotiate Case 6

**Session 15 (3/16)**      **Strategic Considerations**  
Prepare:      *The Book of Five Rings – Chapter 3*  
In Class:      Discuss Case 6  
                    Lecture  
Handout:      Case 7

**Session 16 (3/18)**      **Negotiation Seven**  
Prepare:      Paper Topics (1 Paragraph)  
In Class:      Negotiate Case 7

**Session 17 (3/23)**      **What if Others Will not Cooperate?**  
Prepare:      Fisher, Ury – Chapters 7 – 8  
In Class:      Discuss Case 7  
                    Lecture

Handout: Case 8

**Session 18 (3/25)**     **Negotiation Eight**  
In Class: Negotiate Case 8

**Paper 2: Analysis of Actual Negotiation (Due: 4/13)**

**Session 19 (3/30)**     **Dealing with Difficult Negotiators**  
In Class: Discuss Case 8  
Lecture  
Handout: Case 9

**Session 20 (4/1)**     **Negotiation Nine**  
In Class: Negotiate Case 9

**Session 21 (4/6)**     **Multiple Party Negotiations**  
Prepare: *The Book of Five Rings – Chapter 4 and 5*  
In Class: Discuss Case 9  
Lecture  
Handout: Case 10

**Session 22 (4/8)**     **Negotiation Ten**  
In Class: Negotiate Case 10

**Session 23 (4/13)**     **When the Focus is Price**  
In Class: Discuss Case 10  
Lecture  
Handout: Case 11

**Session 24 (4/15)**     **Negotiation Eleven**  
In Class: Negotiate Case 11

**Session 25 (4/20)**     **Business Deals**  
In Class: Discuss Case 11  
Handout: Case 12

**Session 26 (4/22)**     **Negotiation Twelve**  
In Class: Negotiate Case 12

**Session 27 (4/27)**     **Negotiation Twelve**  
In Class: Discuss Case 12

**Session 28 (4/29)**     **Summary of Course**