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:

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

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 must work in groups with a maximum of four (4) 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 student showed cooperative behavior.
3. The extent to which a student could be trusted.

**STUDENT EVALUATION**

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

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Exercises</td>
<td>60%</td>
</tr>
<tr>
<td>Papers*</td>
<td>20%</td>
</tr>
<tr>
<td>Peer feedback</td>
<td>20%</td>
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</tbody>
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**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**

<table>
<thead>
<tr>
<th>Session/Date</th>
<th>Reading Assignments/Preparation</th>
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<tbody>
<tr>
<td><strong>NEGOITIATION BASICS</strong></td>
<td></td>
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</tbody>
</table>
| Session 1 (08/31/16) | Introduction<br>  
In Class: Class Overview  
Handout: Syllabus |
| Session 2 (09/07/16) | Distributive Negotiations  
Prepare: Read: Shell - Chapters 1 & 2  
In Class: |
| Session 3 (09/12/16) | The Idea of Mutual Gains  
Prepare: Read: Fisher, Ury – Chapters 1 – 3  
In Class: |
| Session 4 (09/14/16) | The Taoist World  
Prepare: *The Book of Five Rings – Introduction and Chapter 1*  
Handout: Negotiation 1 |
| **NEGOITIATION IN A ZERO SUM WORLD** |
| Session 5 (09/19/16) | Negotiation One  
In Class: Negotiate case 1  
Handout: Negotiation 2 |
| **Paper 1: Analysis of Actual Negotiation (Due: 10/05/16)** |
| Session 6 (09/21/16) | Negotiation Two  
In Class: Discuss case 1  
Negotiate case 2 |
| Session 7 (09/26/16) | The Negotiation Process  
Prepare: Shell – Chapters 7 - 9  
In Class: Discuss case 2  
Lecture |
Session 8 (09/28/16)  Negotiation Three
  In Class:  Negotiate case 3
  Handout:  Negotiation 4

Session 9 (10/03/16)  Negotiation Four
  In Class:  Negotiate case 4

Session 10 (10/05/16) Thinking of Others
  Prepare:  *The Book of Five Rings – Chapter 2*
  In Class:  Discuss case 3 and 4
             Lecture
  Handout:  Negotiation 5

NEGOTIATION IN A NON-ZERO SUM WORLD

Session 11 (10/10/16) Negotiation Five
  In Class:  Negotiate case 5

Session 12 (10/12/16) Creating Value
  Prepare:  Fisher, Ury – Chapter 4 – 6
  In Class:  Discuss case 5
             Lecture
  Handout:  Negotiation 6

Session 13 (10/17/16) Negotiation Six
  In Class:  Negotiate case 6

Session 14 (10/19/16) Knowing Others
  Prepare:  Shell – Chapters 7 – 10
  In Class:  Discuss case 6
             Lecture
  Handout:  Negotiation 7

Session 15 (10/24/16) Negotiation Seven
  In class:  Negotiate case 7
Session 16 (10/26/16) Strategic Considerations
  Prepare:  *The Book of Five Rings – Chapter 3*
  In Class:  Discuss case 7
  Lecture
  Handout: Negotiation 8

Session 17 (10/31/16) Negotiation Eight
  Prepare:  Paper Topics (1 Paragraph)
  In Class:  Negotiate case 8

Session 18 (11/02/16) What if Others Will not Cooperate?
  Prepare:  Fisher, Ury – Chapters 7 – 8
  In Class:  Discuss case 8
  Lecture
  Handout: Negotiation 9

Session 19 (11/07/16) Negotiation Nine
  In Class:  Negotiate case 9

  Paper 2: Analysis of Actual Negotiation (Due: 11/30/16)

Session 20 (11/09/16) Dealing with Difficult Negotiators
  In Class:  Discuss case 9
  Lecture
  Handout: Negotiation 10

Session 21 (11/14/16) Negotiation Ten
  In Class:  Negotiate case 10

Session 22 (11/16/16) Multiple Party Negotiations
  Prepare:  *The Book of Five Rings – Chapter 4 and 5*
  In Class:  Discuss case 10
  Lecture
  Handout: Negotiation 11

Session 23 (11/21/16) Negotiation Eleven
  In Class:  Negotiate case 11

Session 24 (11/28/16) When the Focus is Price
  In Class:  Discuss case 11
  Lecture
  Handout: Negotiation 12
Session 25 (11/30/16) Negotiation Twelve
    In Class:   Negotiate case 12

Session 26 (12/05/16) Cooperation
    In Class:   Discuss case 12
    Lecture

Session 27 (12/07/16) Class Summary
    In Class:

Session 28 (12/12/16) TBD