

Negotiations, Spring 2024

OIDD/LGST/MGMT 291

Professor: Kristina Wald

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Office hours: By appointment

TAs:

- Section 403: Prabh Dhaliwal: prabhd@wharton.upenn.edu
- Sections 404 and 405: Jaahnvi Shastri: jshastri@wharton.upenn.edu

Course location: JMHH F70

Course times:

- Section 403: Tuesdays & Thursdays 12:00pm-1:30pm
- Section 404: Tuesdays & Thursdays 1:45-3:15pm
- Section 405: Tuesdays & Thursdays 3:30pm-5:00pm

Course Materials

Main text: Roger Fisher, William L. Ury, & Bruce Patton. (2011). *Getting to yes: Negotiating agreement without giving in*. Penguin Books: New York.

A few additional readings can be accessed on Canvas (see “Course Materials @ Penn Libraries”).

You will also be required to create an account on iDecisionGames.com—see more below.

Course Overview

We negotiate daily with potential employers, co-workers, bosses, landlords, merchants, service providers, partners, parents, children, friends, roommates, and many others. Our negotiation skills affect the prices we pay, the salary we earn, what movie we watch, and who will clean up the kitchen. Most of us, however, spend little time considering what factors make us more (or less) effective at negotiating. Instead, we negotiate on autopilot, doing what comes naturally to us or what we have learned in the past. This course provides an opportunity to closely examine the art and science of negotiation, with the explicit aim of helping you become a better negotiator.

Using available research, but also drawing on personal experience, we will examine everything from the nitty-gritty mechanics of first offers to the dynamics of coalition formation. We will explore topics such as status, power, and influence. We will learn basic truths about how people negotiate, but also how this varies across gender and culture. We will see what a positive impact negotiating can have on our personal and professional lives, but also the biggest mistakes people make and how we might fix them.

As we examine negotiation more closely, you will find that there is no one right way to negotiate. Different approaches and styles may be more or less effective depending on the situation, your personality traits, your place in the status hierarchy, the strategy of your counterparty, the value of your alternatives, and so forth. This basic truth leads to our two main objectives for the course.

Theory: Even though there is no strategy that works across all situations, there is still tremendous value in thinking through what things generally lead to successful negotiation. Using research as a guide, we will cover questions like: What are the costs and benefits of making the first offer? What is anchoring? What are the pros and cons of having power in a negotiation? When is appealing to principles of fairness a good strategy? Can one detect lies in a negotiation? How does one build (or ruin) a good reputation? What makes some people so stunningly persuasive? And how do the answers to all these questions vary across individual differences like gender and culture?

Practice: To learn anything well, it is critical to put theory into practice. To do so, we will rely heavily on live exercises in which you will negotiate with your classmates. I encourage you to take a moment to recognize the value of this opportunity: the ability to experiment with different negotiation strategies in a low-stakes environment is not something that you can easily do in your normal career, where you will find yourself in high-stakes situations. So, while I hope you will take pride in your performance every week, by all means, try new things, add tactics to your toolkit—fail if need be. I strongly encourage you take this opportunity to experiment with different approaches and find what works for you personally.

Specific Course Goals:

- Improve your ability to negotiate
- Improve your ability to analyze other people's behavior
- Learn how to develop a strategic negotiation plan
- Develop a toolbox of negotiation tactics
- Gain a greater understanding of your personal strengths and weaknesses
- Gain confidence as a negotiator

In short, by combining theory and practice, my goal is to help you come out of this course a more analytically savvy and personally effective negotiator.

Course Format

Almost all weeks will follow the same format:

- **Tuesday**
 - Conduct negotiation simulation in class
 - Submit deal sheet and counterpart feedback on iDecision right after the negotiation
 - Read the course readings for that week before class on Thursday
- **Thursday**
 - Debrief in class

- Right after class, receive role assignment for the next negotiation on iDecision (prep sheets available on Canvas starting at 5pm)
- **Friday through Monday**
 - Read your role for the negotiation
 - Fill out your prep sheet and submit via Canvas before class on Tuesday

Grading

Grades will be based on the following rubric:

- **Participation in Negotiations:** 20%
- **Debrief Attendance & Participation:** 11%
- **Negotiation Prep Sheets:** 39%
- **Mid-semester Reflection Report:** 10%
- **Final Paper:** 20%

In addition, there will be an opportunity to do one extra credit assignment anytime in the semester *before* the last class, which can add a maximum of approximately 3% onto your total grade (i.e., equivalent to one prep sheet) if you choose to complete it. For this assignment, you will write ~300-400 words analyzing a real-world negotiation in the news using any of the concepts we've discussed in class. Your analysis should briefly describe the negotiation and then describe how one or more course concepts played a role in the negotiation. If you are interested in completing this assignment, you are welcome to email me or your TA first to run your idea by us.

Attendance & Participation

Given the experiential nature of the course, attendance is absolutely mandatory. You are expected to be prepared, attend, and actively participate in every negotiation exercise. Missing negotiation exercises affects not only your own class experience but also your classmates'.

The single most important thing you can do to succeed in this class is to attend and participate fully in each negotiation exercise

If, and only if, there are extenuating circumstances (e.g., getting sick, family emergency, etc.), you must contact me (at waldk@wharton.upenn.edu) as far in advance as you are able to in order to notify me. Other types of excuses beyond extenuating circumstances will not be acceptable.

If I don't hear from you, I will assume you will be there. If you then fail to show up, you put the whole class at a disadvantage. We have to create new pairings/groups to accommodate your absence. This wastes people's time and degrades the learning experience.

The penalty for missing a negotiation without notifying me is a full letter grade (e.g., B to C) for each negotiation missed.

You are also expected to be present and actively participate in class during the debrief days. Attendance will be taken, and you will be graded on both attendance and the quality of your

participation. If you have special circumstances that make class participation especially challenging, please reach out to me.

Procedures for Negotiation Exercises

You will be expected to adhere to the following principles for the negotiation exercises:

- 1. Conscientious preparation of negotiation exercises is essential.** Read the negotiation exercise before class and prepare your strategy. Under no circumstances is it acceptable to adopt the attitude, “I didn’t try because it was not a real negotiation.” Failing to take an exercise seriously (or pretending to have not taken it seriously after you perform poorly) is unfair to your counterpart, who is counting on you to provide a realistic experience.
- 2. Maintaining confidentiality of role information.** For each negotiation exercise, you will receive “confidential role information.” This information is for your eyes only. You are not allowed to show or discuss your confidential role information with anyone else, at any time (including classmates playing the same role as you). During the course of the negotiations themselves, you are allowed to say whatever you want, but you CANNOT show your confidential role information to the other party, or reveal your point structure, etc. A violation of this rule is considered to be a violation of the Wharton honor code.
- 3. Do not make up facts or information that materially change the power distribution of the exercise.** For example, you should not lie about your BATNA. You can dodge and palter and omit things (if you choose to adopt these strategies), but don’t lie about having an amazing alternative offer that doesn’t exist.
- 4. Do not seek out outside information or discuss the cases with other people.** Do not seek out information about a negotiation exercise prior to participating in it; for example, by asking someone who has already participated in the simulation in another class–this will ruin the experience for everyone involved. This principle will be upheld as part of the Wharton Honor Code.
- 5. You may use any strategy to reach an agreement.** But, in selecting a negotiation strategy, bear in mind that certain strategies have consequences that go beyond the particular negotiation in which it was used. Reputations developed in class can have long-term consequences.

Other important information:

- **Please note that negotiation outcomes will NOT be graded.** Grading tends to discourage experimentation. Moreover, grading tends to incentivize people to behave aggressively, and while this may work in some limited circumstances, it tends not to be a good strategy in the real world.
- **After every negotiation, you will submit a deal sheet on iDecision with the details of the deal.** You will complete this in-class (or later that same day at the very latest, if you run out of time).

- **You will also provide and receive feedback to/from your counterpart(ies) about your performances in the negotiation.** This feedback is purely for your own improvement and self-reflection and will not be part of your grade.
- I will collect data from the class negotiations to share in aggregate, and we will debrief people's performance in class as a way to learn. Once the semester is over, aggregate, anonymized, statistical information may be used for future classes or research.

Prep Sheets

As you will quickly learn, proper planning is key to success in negotiation. Writing down your plan will force you to get clear on what exactly your plan really is.

Thus, prior to each negotiation, you will be required to submit a prep sheet on Canvas that is due *before* the start of class on Tuesday.

Each prep sheet will be graded on a 3-point scale: check minus (1), check (2), check plus (3).

- **Check-plus:** Indicates thorough and detailed responses showing careful reasoning and incorporation of course concepts, and accurate understanding and analysis of the facts presented in the case
- **Check:** Indicates adequate preparation, with sufficient reasoning and incorporation of course concepts, and generally accurate understanding and analysis of the facts presented in the case
- **Check-minus:** Indicates sub-par effort and/or clear misunderstanding of the facts presented in the case

Note that I will not accept late submissions of prep sheets – you will not be able to turn in a prep sheet after the negotiation has taken place.

Mid-Semester Reflection Report

About halfway through the semester, you will complete a reflection report that will ask you to reflect on your learnings from the semester thus far and make an action plan for the remainder of the class negotiations. In this report, you will be asked to describe: your strengths as a negotiator, your areas for improvement, an informative/eye-opening experience from a class negotiation, and 2-4 concrete action steps to improve your negotiation performance and/or skills going forward.

Final Paper

For your final paper, you will write about a negotiation that you will actually perform “outside” of class, i.e., not including the cases assigned for this course. Your task is to choose a situation that is of interest to you and lends itself to performing and analyzing a negotiation.

You will write a final paper that is due by **Tuesday, May 7 at 11:59pm**. Late papers will not be accepted unless there are very extenuating circumstances, and you must ask me in advance and

get special permission. Permission will not be granted after the deadline (barring very extreme cases).

The paper must have a word count between 1,000 and 1,500 words (word count should be noted at the bottom of the paper). In some cases, an appendix with some sort of documentation may be appropriate (that does not have to count towards your total word count).

In writing the final paper, be sure to demonstrate your knowledge of lessons and theories in this course. Your paper should begin with an explicit statement of the specific objective of the negotiation that you performed. The body of the text should be devoted to:

- **Description of the negotiation process** (how did you prepare and carry out the negotiation and what was the outcome?)
- **Analysis of how it went** (what skills that you learned in class were helpful or unhelpful, what could you have done better, what lessons were learned that you will be able to apply in the future, etc.)
- **Impact that selected course concepts have had** on your thinking about the situation

Start thinking about this early! This will give you the best chance to identify / create an upcoming negotiation situation. Note that the outcome of the negotiation does not have to be monetary – it can be anything! (See ideas below, but of course feel free to come up with your own.)

If you absolutely cannot think of or do a negotiation this semester that would fit this assignment, please email me. You may instead analyze a past negotiation that has already taken place or prepare for a future negotiation that you know will take place, but please email me to get permission to do this and receive special instructions.

Papers will be graded on several factors including creativity, the use of class material, preparation, presentation, and identification of important lessons. If you would like feedback on the negotiation you wish to write about ahead of time, please contact me or your TA. We are happy to discuss ideas.

Some possible ideas to consider...

- Negotiating salary with a potential employer
- Negotiating rent with landlord
- Negotiating a discount on a restaurant meal/hotel room/etc.
- Negotiating the price of an item on Facebook Marketplace/Craigslist/etc. (buying or selling)
- Negotiating with a roommate over chores
- Negotiating with a family member about an area of disagreement
- Negotiating with a partner or friend about where to go on vacation
- ...and many more!

Generative AI

For this class, you may use generative AI programs (e.g., tools like ChatGPT) to help generate ideas and brainstorm. However, you should note that the material generated by these programs

may be inaccurate, incomplete, or otherwise problematic. Beware that use may also stifle your own independent thinking and creativity. **You may not submit any work generated by an AI program as your own.** If you include material generated by an AI program, it should be cited like any other reference material (with due consideration for the quality of the reference, which may be poor). **Any plagiarism or other form of cheating will be dealt with severely under relevant Penn policies.**

iDecisionGames

iDecisionGames.com is an online platform we will use to access negotiation exercises and record negotiation outcomes. You will need to register online and pay a user fee (about \$15). Apologies for the extra cost, but I promise, it's worth it.

Registering for iDecisionGames.com involves five simple steps:

- **Step 1:** Use Google Chrome Browser (required for iDecisionGames)
- **Step 2:** Go to:
 - Section 403 (Tues-Thurs 12-1:30pm): [https://idecisiongames.com/promo-home?code=Negotiations\(OIDD291\)Spring2024:Section403](https://idecisiongames.com/promo-home?code=Negotiations(OIDD291)Spring2024:Section403)
 - Section 404 (Tues-Thurs 1:45-3:15pm): [https://idecisiongames.com/promo-home?code=Negotiations\(OIDD291\)Spring2024:Section404](https://idecisiongames.com/promo-home?code=Negotiations(OIDD291)Spring2024:Section404)
 - Section 405 (Tues-Thurs 3:30-5pm): [https://idecisiongames.com/promo-home?code=Negotiations\(OIDD291\)Spring2024:Section405](https://idecisiongames.com/promo-home?code=Negotiations(OIDD291)Spring2024:Section405)
 - If this link above doesn't work, you can also register by going to idecisiongames.com and entering the following access code:
 - Section 403: **Negotiations(OIDD291)Spring2024:Section403**
 - Section 404: **Negotiations(OIDD291)Spring2024:Section404**
 - Section 405: **Negotiations(OIDD291)Spring2024:Section405**
- **Step 3:** Make sure to use your school email address and the name that you wish to be called in class.
- **Step 4:** You will receive an email requesting that you confirm your email address. If you haven't received this email, check your spam folder. If you have any registration issues, contact support@idecisiongames.com
- **Step 5:** Join each weekly negotiation to receive role instructions, answer surveys, etc.

Course Schedule

Week	Topic	Readings (Complete by <u>Thursday</u>)	Negotiation Case	To turn in before <u>Tuesday</u> class
1 – Jan 18 <i>(half week)</i>	Welcome!	None	Announced in class	Nothing
2 – Jan 23-25	Negotiation basics, First offers	Prepare, prepare, prepare	Plural Wireless	Prep sheet for “Plural Wireless”
3 – Jan 30-Feb 1	Distributive negotiations, Claiming value	<i>Getting to Yes</i> Chapter 1	Hearts Art	Prep sheet for “Hearts Art”
4 – Feb 6-8	Rationality & Optimization	<i>Getting to Yes</i> Chapter 2	Leckenby	Prep sheet for “Leckenby”
5 – Feb 13-15	Integrative negotiations, Creating value	<i>Getting to Yes</i> Chapter 3	New Recruit	Prep sheet for “New Recruit”
6 – Feb 20-22	Trust, Relationships, & Influence	<i>Getting to Yes</i> Chapter 4	The Viking	Prep sheet for “The Viking”
7 – Feb 27-29	Negotiating with agents	<i>Getting to Yes</i> Chapter 5	Bullard Houses	Prep sheet for “Bullard Houses” Due by <u>THURSDAY</u> start of class: Reflection Report
<i>Spring break – enjoy!</i>				
8 – Mar 12-14	Ethics and deception	Deception in Negotiations (Schweitzer)	The Player	Prep sheet for “The Player”
9 – Mar 19-21	Cognitive & emotional biases in negotiation	<i>Getting to Yes</i> Chapter 6	Madsen- Clayton	Prep sheet for “Madsen-Clayton”
10 – Mar 26-28	Game theory and fairness	Behavioral Game Theory (Camerer)	Three-Way Organization	Prep sheet for “Three-Way Organization”
11 – Apr 2-4	Negotiating in teams, Individual differences	None	Moms.com	Prep sheet for “Moms.com”
12 – Apr 9-11	Mediation	<i>Getting to Yes</i> Chapter 7	Telepro	Prep sheet for “Telepro”
13 – Apr 16-18	Multi-party negotiations:	<i>Getting to Yes</i> Chapter 8	Edgewood	Prep sheet for “Edgewood”

Internal vs. external dynamics				
14 – Apr 23-25	Multi-party negotiations: Coalitions	Getting things done through coalitions	Deeport	Prep sheet for “Deeport”
15 – Apr 30 <i>(half week)</i>	Review & Closing	None	None	Last day to turn in extra credit assignment if desired (must be turned in <u>before</u> the last class)
FINAL PAPER DUE TUESDAY, MAY 7 at 11:59pm				