Global Executive MBA Program
Columbia University
London Business School

Managerial Negotiations
B7462-100

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COURSE OVERVIEW

To be an effective leader, in business or elsewhere, it is essential to know how to negotiate effectively. An effective manager gets work done through other people. As a result, managerial success requires not only technical expertise to find solutions to emerging problems but also the psychological, social, and political expertise to get one’s solutions accepted and implemented. Creative problem solving and effective leadership require persuasive arguments, face-saving rationales, identifying win/win solutions, crafting political coalitions, and sustaining a sense of fair process. Managing through negotiation and agreement rather than formal authority is becoming more important as organizations evolve away from command-and-control hierarchies towards flatter organizational structures. A basic theme of the course is that managers negotiate all the time, not just at dramatic moments when labor strikes are averted or mergers finalized.

Both national and international business is increasingly conducted by and with individuals whose backgrounds, values, and beliefs can be very different from your own. This makes it critical to understand how such differences can be opportunities for joint gains rather than obstacles to agreement. Negotiating is the art and science of creating and securing an agreement between two or more interdependent parties. This is not an easy process, as the Latin root of the word “negotiation,” from *nego* ("to carry on business") implies: *neg* (not) + *otium* (leisure) = *not leisure*. Negotiations involve cognitively complex and emotionally difficult interactions.
OBJECTIVES

By taking this course, you will:

- Build a repertoire of specific negotiation skills and strategies.
- Develop confidence in your negotiation ability.
- Gain insight into your own negotiation behavior.
- Increase your personal effectiveness in handling different types of negotiations.
- Improve your understanding of how individuals, groups, and organizations behave in negotiation situations.
- Understand the scientific principles underlying negotiation so that you can analyze them and continue to learn from your negotiation experiences down the road.

This course is designed to help you meet these objectives in two ways:

First, it will introduce you to a framework that identifies two stages or components in a negotiation (creating value and claiming value), and to the strategic emphasis and tactical options most effective in each stage. It will also introduce you to psychological principles that explain the effectiveness of age-old negotiation tactics, from car salesmen’s ploys to diplomatic strategies. Understanding these principles will allow us to see how these strategies can be defused or countered. These conceptual tools will allow you to generalize the lessons learned in specific class exercises to negotiation situations you may encounter in the future.

Second, the course will give you hands-on experience with negotiations through a series of cases, simulations, and negotiation exercises with other students in the class. These exercises are important, as they allow you to translate the conceptual tools you are acquiring into practice and to acquire the behavioral skills for enacting the case appropriate tactics. Many techniques depend on the psychological reactions they elicit in your negotiation counterpart, e.g., liking or trust. If not performed gracefully, they can backfire, evoking resentment and distrust instead. Also, different tactics work for different people, i.e., there is often more than one way to achieve a goal. Repeated practice is required to find your own comfort level with the range of tactics and techniques that you will encounter to accomplish the negotiation goals that you face.

CLASS FORMAT

This will be a highly interactive course. It is premised on the assumption that a lasting understanding and appreciation of negotiation principles are best achieved via hands-on experiences, so long as these experiences are grounded in a combination of lectures, discussions, readings, and reflections on the lessons learned. Because the negotiation process is interactive, class participation is crucial for your learning. You will take part in at least one role-playing exercises every class period. These exercises have been selected to help illustrate points in the readings and lectures and to motivate further reflection and reading on your part. These exercises will put you in new, and potentially uncomfortable, situations, but within the relatively safe environment of the classroom. In these exercises, I urge you to try out new behaviors, skills, or tactics that you encounter in your readings and reflections on the course. It is very important that you prepare conscientiously for each class and keep up with the readings and written assignments. For most negotiations, you will receive feedback on how well you did relative to other students who played your role.
The topics of class discussion and class exercises will progress from simple to more complex issues. The classic negotiation scenario is the conflict between a buyer and a seller over the price of a single item. We will start with this case and the “distributive” issues it raises (how to claim value). We will then consider more complex configurations of issues and parties, incrementally expanding our conceptual framework to “integrative” issues (how to create value). Here we will explore ways in which negotiation parties can capitalize on differences in goals, beliefs, or values to create mutually beneficial (win/win) solutions. We will also explore the effects of coalitions and constituencies, which make negotiators less flexible in the solutions they can generate and the concessions they can make. In debriefing our role-playing exercises, we analyze which tactics worked best in each situation, not just to derive recommendations for this particular context, but also to identify underlying principles that can be employed when facing new negotiation challenges.

Learning is a lifelong process, and most of it happens outside of the classroom. This is particularly true for this course. The more you think about and try to apply course concepts in your day-to-day interactions with colleagues, customers, sales people, your boss, or your spouse or children, the more you will learn. Feel free to stay in touch with me after the class is over to ask for advice or to report continued insights or successes in negotiations.

READINGS
There are two categories of readings for each class, all listed in the class-by-class outline below. The first category of readings prepares you for the topic we will cover in each class. Many of these assignments come from the course text. It provides a very accessible overview of the current state of the art in negotiations theory and research and a thorough bibliography of relevant readings that provide you with more detail if needed or desired:
Another book that has been ordered for you covers much the same material, but from a somewhat different angle. Many of you may have read this book already, and those readings are optional:

All other class-preparation readings can be found in the Course Pack which you have received. The second category of readings consists of negotiation cases and your specific role assignments (with private information) for each week. These will be emailed to you many days prior to class, so that you have time to prepare for the exercise.

You are expected to complete all assigned readings before class. This is especially true for the case material but also for background reading on the topic of each class. Don’t make your negotiation partner(s) and class mates wait, because you failed to prepare for the in-class negotiation ahead of time! Evaluation of your written analysis of the process and outcome of negotiation exercises is based in part on your ability to demonstrate an understanding of concepts covered in the readings.
GENERAL INSTRUCTIONS FOR NEGOTIATIONS EXERCISES

- Be prepared for the negotiations exercises prior to coming to class.
- Unless otherwise noted, your objective is to maximize your outcome—whichever way you choose to define this. You are not required to come to an agreement, unless you feel that this is to your advantage.
- Do not make up facts that change the power distribution of the exercise. Also, your agreement must comply with the constraints noted in your role, as they would in real life (e.g., your agreement must meet any constraints imposed by your organization).
- You may not exchange confidential roles with other parties. You may read only your role.
- Treat your role and the exercise seriously—you will learn more and provide more opportunity for others to learn. Try to empathize with the role and to see the world as your character sees it. Be professional in your actions in the exercise and your interactions with your negotiation partners. Consider the consequences of your action within the framework of the exercise and what they might be in actual professional situations (e.g., imagine the exercise as a project assignment to which you are accountable within your organization.)
- These exercises are designed to convey general teaching points, and thus may not include every detail you may desire for a situation. If there is a fact that you feel is necessary to establish in order to make an agreement, it is fine to assume one if all parties agree to the fact.
- Wait to talk about your settlements (if you can) until we discuss the case during class debriefing, typically at the beginning of the following class. During the debriefing, please be open and willing to discuss your strategies and behaviors. Reflective thinking and open discussion allow us to learn from our own successes and mistakes and those of others, thus increasing our success in future negotiations.

COURSE REQUIREMENTS

1. Attendance and Class Participation (35%)

It is essential that you make a commitment to attend all classes and participate in all negotiations! The negotiations conducted in class build on each other, moving from simple situations to increasingly complex ones. Missing a negotiation will leave significant gaps in your experience and also hurt the learning of others – the classmates slated to be your counterparts in the exercises.

If you need to be absent for some unavoidable reason, PLEASE notify me and the TA WELL IN ADVANCE! Failure to do so will increase the penalty for missing class. We have a reasoned plan for creating negotiation dyads and larger groups each week, and REALLY need to know if you cannot be there. The earlier we know about your absence, the better we can plan around it. Excused absences will cost you 3 of the 35 points in your participation grade, but each unexcused absence will cost you 10 points!

This portion of your grade will be determined by your attendance and active participation in class
discussions and debriefings of the negotiation exercises. Comments that analyze your negotiating experiences in terms of course concepts and materials are highly valued. Comments that tie together previous points and move the discussion forward are also appreciated. Your participation grade includes the mandatory completion of the post-negotiation questionnaire after each in-class negotiation.

2. Negotiation Journal (30%)

For at least three of the in-class negotiations, you need to prepare an entry (a page or two) for your Negotiation Journal. This entry has two parts, the first written (and handed in) before the negotiation, the second afterwards. Your pre-negotiation planning document should describe how you prepared for the negotiation, addressing such questions as: What did you hope to achieve? What did you think you could realistically achieve and why? What was your resistance point? What was your BATNA? What strategies were you planning to use? Your post-negotiation document should briefly describe what happened and then address questions like the following: What did you learn from the class exercise? How did at least one concept from the readings apply to this week’s simulation? What (if anything) surprised you about how the negotiation transpired and what helps explain the surprise? How did a particular strategy or technique you were experimenting with work out? Don’t just tell me what you did and what happened, but analyze and evaluate the course of events.

You are explicitly encouraged to experiment in our class negotiation exercises. Good experiments, however, are not done blindly. You need to review new concepts, frameworks and tactics from the readings and class discussions, consider how you might apply them to an upcoming negotiation, develop a specific hypothesis about the expected effects of employing a given concept, and finally observe and analyze if your experiment followed its predicted path. A brief summary of those considerations should go into your journal entry. Because well-planned risk-taking and experimentation are explicitly encouraged, I do not grade you based on the outcomes of the class exercises.

Real world formal or informal negotiation experiences may also deserve an entry as they happen. For optimal learning, you may want to continue this part of your journal after the end of class. If it helps your motivation to do so, I would be delighted to continue to receive your entries by email and comment on them.

I will never identify anybody’s journal comments or reactions by name, but will occasionally mention or describe interesting comments (without attribution) in class. If you tell me something in your journal that you do not want mentioned at all, please flag it as “confidential.”

Please post your journal entries to ANGEL as you write them. Before our final class, make sure that you have submitted pre- and post-negotiation entries for at least three of the in-class exercises (8% each). At this point, also prepare a one-page report (6%) that reflects on your negotiations progress throughout the whole class: What did you particularly focus on or experiment with? How did it turn out? What did you learn, either about yourself or about the process of negotiating? Etc.
3. Three Case Analyses (35%)

The purpose of these assignments is to allow you to demonstrate your understanding of the topics covered in class and discussed in the readings. One of these assignments is an in- and after-class analysis of a real-world labor negotiation shown by videotape in Class 7 (15%). The other two are shorter and require you to answer a series of questions about two Harvard negotiation cases BEFORE we discuss them in class (10% each). Each assignment is described in greater detail in the relevant class session information on CANVAS.

COURSE OUTLINE

Class 1 (NYC)  January 6, 1:00-4:00 pm
Course Overview
Introduction to Distributive Bargaining
Lessons from Psychology
Readings: LSBM, Chs. 1-3, 5
Negotiation: Knight/Excalibur

Class 2 (NYC)  January 8, 1:00-4:00pm
Strategy and Tactics of Distributive Bargaining: Claiming Value
Readings: Fisher & Ury, Chs. 1-4
Frasier (A)
Negotiation: Cars

Case Analysis 1 (of Frasier (A)) needs to be submitted on CANVAS before class, i.e., before 1:00 pm (NYC time on January 8! Also, by Jan. 16 at the latest you should fill out the Personality Assessment online.

Class 3 (NYC)  January 9, 4:30-7:30pm
Introduction to Integrative Bargaining: Creating Value
Readings: LSBM, Ch. 4
Huthwaite Research Group Limited.
Video: Learning to Negotiate
Negotiations: El-Tek
Class 4 (London)  
February 2, 4:30-7:30 pm

*The Role of Trust in Negotiations*
*Know Thyself: Individual Differences in Information Processing and Negotiation Style*

**Readings:**
- Fisher & Ury, Chs. 5-6

**Negotiation:** Comparative Advertising

Class 5 (London)  
February 5, 9:00am-12:00 pm

*Coalitions, Power, and Persuasion*

**Readings:**
- LSBM, Ch. 6

**Negotiation:** Coalition Bargaining

Class 6 (London)  
February 6, 9:00am-12:00 pm

*Communications Principles for Integrative Bargaining*
*Combining Integrative and Distributive Bargaining*

**Readings:**

**Negotiation:** Texoil

Class 7 (London)  
February 7, 4:30-7:30 pm

*Multi-Party Business Negotiations*

**Video:** Final Offer

**Readings:** Case Analysis 2 is based on the video and will be started in class today and needs to be completed and submitted on CANVAS a week later. It is a closed-book assignment so please review your notes and the readings before coming to class today.

**Negotiation:** Harborco
Case Analysis 2 (of Final Offer Video) needs to be submitted on CANVAS by midnight Febr. 22

Class 8 (NYC)  
March 9, 4:30-7:30 pm

Cross-Cultural Negotiations

Readings:
- LSBM, Chs. 8 & 9

Optional:

Negotiation:  
Alpha/Beta

Class 9 (NYC)  
March 11, 9:00am-12:00

Negotiation in Action

Readings:
- Jessie Jumpshot (A-1)

Assignment 4:
- Case analysis of Jessie Jumpshot needs to be submitted before class (see below)

Video:
- Harvard MBAs negotiating for an integrative solution for Jessie Jumpshot

Case Analysis 3 (of Jessie Jumpshot) needs to be submitted on CANVAS before class today, i.e., by 9:00 am (NYC time), March 11.

Class 10 (NYC)  
March 13, 1:00-4:00 pm

Ethics in Negotiations

Course Wrap-Up

Reading:
- LSBM, Ch. 7

Negotiation:  
Bullard Houses