MANAGERIAL NEGOTIATIONS
B8510

Fall 2013
Monday, 10:45 – 2:00
Office Hrs: Monday, 2:00-3:00

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COURSE INFORMATION

Objectives

Negotiation is the art and science of securing, or not securing, agreements between two or more interdependent parties. Managers are often in a position of trying to forge agreements – with customers, suppliers, competitors, and with superiors and subordinates in their own organizations. Because many of these business decisions are the result of interactions among interdependent actors, they involve the process of negotiation. A manager’s success is therefore often determined by his or her negotiating knowledge and skill.

While negotiating is a critical skill for the contemporary manager, it is not easy. Consider the derivation of the word from Latin -- neg (not) + otium (leisure). Negotiations vary according to the nature of the issues involved, the parties’ preferences about those issues, and the number of parties involved. But perhaps the most fundamental reason underlying the difficulties and complexities of negotiations is that they involve people. Negotiations can be as diverse, difficult and unpredictable as the parties themselves. Because this human element is always present, managerial negotiating may well involve more emotional and difficult encounters than any individual bargainer may initially expect. The course is designed to provide an understanding of the theory and processes of negotiation as it is practiced in a variety of managerial settings and to be relevant to students interested in diverse careers, such as consulting, banking, marketing, and others.

Connections to the Core

Negotiation skills considered in this course relate to those aspects of the core where decisions must be made by many managers with different perspectives and values. Negotiating is the process by which these decisions will be determined.

Course Format
This will be a highly interactive course. It is premised on a basic assumption that understanding and appreciation of negotiating are best achieved via hands-on experiences, so long as these experiences are then grounded in a combination of lecture, discussion, reading, and reflection on the underlying concepts of negotiation. There will be one or more role-play exercises in virtually all class sessions. These exercises have been selected to help illustrate points in readings and lectures and to motivate further reflection and reading by class members. These exercises will put you in new, and potentially uncomfortable, situations, but within the relatively safe environment of the classroom. In these exercises, you are urged to try out new and creative behaviors, skills and tactics that have suggested themselves to you from your own reading and reflection.

**Readings**

Most assigned readings come from two books:


All additional readings listed on the syllabus will either be distributed in class or are available on the Canvas page for this class.

The Lewicki, Saunders and Barry text provides an accessible overview of negotiations research and a thorough bibliography of the relevant literature. The second book by Fisher and Ury is a more conversational, yet analytical, treatment of a number of fundamental negotiating concepts and issues. Both books are available at the University Bookstore. You are expected to complete all of the assigned readings. Evaluations of the written assignments for this class are based in part on your ability to demonstrate an understanding of concepts from the research on negotiations by analyzing your negotiations in terms of these concepts. Members of the class are encouraged to go beyond the assigned readings by investigating additional references on topics which become important and interesting to you, and to integrate references to outside materials in your analyses. Bibliographic references in LBS are useful in this regard.

**Course Requirements and Assignments**

1. **ATTENDANCE AND PARTICIPATION (15%)**

**YOU ARE EXPECTED TO ATTEND ALL SESSIONS!** You are also expected to attend the section for which you are registered. The simulations build upon each other, moving from simple situations to increasingly complex ones. You will learn far more by carrying them out
sequentially. Attendance is necessary not only for you, but also for the instructor and the rest of the class. The simulations require your attendance so that appropriate assignments for the exercises can be made. A medical excuse approved by Student Affairs or a family emergency is an acceptable reason for missing a class and will not carry a penalty. Absences for any other reason will carry a penalty of 3 points. Failure to notify the instructor or the teaching assistant prior to a class session that you will miss (even for an acceptable reason) will result in a penalty of 5 points. The instructor and the teaching assistant can best use any information about known absences if they have this information at least one week before the absence. This portion of your grade will be determined by your attendance and by your active participation in discussions and debriefings of the negotiation exercises. Comments which help analyze negotiating experiences in terms of course concepts and materials will be the most highly valued form of participation.

You are explicitly encouraged to experiment in our class simulations. The best experiments are of course not done blindly, but instead require the development of well thought out hypotheses about how some behavior or approach might impact the negotiation process. Because well-planned risk taking is encouraged, and because outcomes are determined by many different factors, outcomes of simulations are not graded.

**Role Play Ground Rules**

These are some ground rules for our role play exercises:

1. You are expected to be prepared and on time for all negotiation exercises.
2. You should not show your confidential role instructions to other parties during a negotiation.
3. You should “ad lib” in these exercises to provide rationales and explanations for your character’s preferences – say things you think the character would say. This helps bring the exercise to life. At the same time, you should not make up facts that materially change the power distribution of the exercise. If you are asked a question calling for objective factual information that is not in your confidential instructions, you should handle it as you would in reality.
4. It is tempting sometimes to promise certain resources from one’s organization to “sweeten the deal” for your counterpart. Don’t do so unless role information suggests that these resources exist and that you have discretion over them. Pay close attention to what the role says about your character’s position and relationships in the organization. There is some judgment in making these decisions and different class members may have slightly different judgments. Ultimately, the most important guideline in making these decisions is to conduct yourself in a way that promotes greater learning about the process of negotiation for you and your classmates.

2. **PRE-NEGOTIATION DELIVERABLES (10%)**
At several points in the semester, you will be asked to submit a document in advance of a class exercise. Late submissions will not receive credit.

A. Deliverable #1a is due on September 16th and #1b is due on September 23rd (Total of 7 points)
B. Deliverable #2 is due on November 11th. (3 points)

3. SHORT WRITTEN ASSIGNMENTS (40%)

There will be two short written assignments during the course of the term. Specific requirements for these assignments will be distributed in class. Late papers will not receive full credit.

A. Assignment #1 (20%): Go Out and Get Yourself a Good (Distributive) Deal – This short written assignment is due on September 30th and has a page limit of three double-spaced pages. A separate handout describes the details of the assignment.

B. Assignment #2 (20%): Analysis of In-Class Simulation – This assignment also has a page limit of three double-spaced pages and is due on October 28th. Since the paper is based on the simulation being conducted in-class on October 14th, be sure to arrange to attend that class. If you already know that you will be unable to attend that class, please let me and the TA know immediately.

4. FINAL PROJECT (35%)

The final project is an in-depth analysis of a complex negotiation that will be conducted on December 2nd. The analysis of this negotiation should demonstrate your knowledge of all course concepts and readings and will be evaluated according to how accurately and extensively you apply course concepts and materials. A separate handout will describe the final project and the evaluation criteria. Part I of the final project is due on December 2nd and Parts II and III are due on December 16th.
COURSE OUTLINE

WEEK 1, SEPTEMBER 9

Topics: Course Overview
(Web questionnaires must be completed by September 16th. Follow instructions in email)

Introduction to Distributive Bargaining

Reading: LSB, Ch. 1, "The Nature of Negotiation", pp. 1-26
F&U, Getting to Yes, Ch. 6, pp. 97-106

Simulation 1: Knight/Excalibur

* Pick up Assignment #1 Today *

WEEK 2, SEPTEMBER 16

Topic: Strategy and Tactics of Distributive Bargaining

Reading: LSB, Ch. 2, "Strategy and Tactics of Distributive Bargaining", pp. 27-61
F&U, Ch. 8, pp. 129-143

Simulation 2: Salty Dog

Deliverable #1a Due At Start of Class Today
WEEK 3, SEPTEMBER 23

Topic: Bargaining Power and Outcomes

Reading: LSB, Ch 8, “Ethics in Negotiation”, pp. 176-191

Simulation 3: Buying a House

Topic: Reaching Agreement in Difficult Negotiations: Review of tactics from “Final Offer” video

Deliverable #1b Due At Start of Class Today

WEEK 4, SEPTEMBER 30

* Assignment #1 Due At Start of Class Today *

Topic: Fair Division in Distribution

Simulation 4: “Fair” Distribution

Topic: Introduction to Integrative Bargaining


Simulation 5: The Criterion of Efficient Agreements: The New Recruit

Topic: Valuing Multiple Issues


Topic: Understanding Interests in Negotiations

Readings: LSB, Ch. 5, "Perception, Cognition and Communication," pp. 112-135
LSB, Ch. 6, “Communication,” pp. 136-150.
F&U, Chs. 1, 2, 3, and 4, pp. 1-80.

Simulation 6: Texoil
WEEK 5, OCTOBER 7

Topic: Feedback on Your Negotiating and Creative Styles

Reading: LSB, Ch. 1, “Effective Conflict Management”, pp. 22-24 (reread)

Topic: The Role of Trust in Negotiations

Reading: LSB, Ch. 9, “Relationships in Negotiation”, pp. 193-208. Robert Axelrod, The Evolution of Cooperation, Chs. 1, 6, and 7 (to be distributed in class today)

Simulation 7: Comparative Advertising

Pick up materials for October 14th simulation

WEEK 6, OCTOBER 14

Topic: Influence and Persuasion


Simulation 8: Negotiating Without Words

Topic: Pursuing Integrative and Distributive Goals

Reading: LSB, Ch. 4, ”Negotiation: Strategy and Planning,” pp. 89-111 LSB, Ch. 1, “Value Claiming and Value Creation,” pp. 15-17 (review)

Simulation 9: Combining Integrative and Distributive Bargaining (Assignment #2 is based on this simulation and is due at the start of the next class)

NO CLASS ON OCTOBER 21
**WEEK 7, OCTOBER 28**

Assignment #2 Due at Start of Class Today
* Bring $3 to Class Today*

Topic: Coalitions and Bargaining Power


Simulation 10: Coalitions and Power Dynamics

Pick up materials for joint negotiation with Law School (November 8th) and for November 11th negotiation

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**NO CLASS ON NOVEMBER 4**

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**WEEK 8, NOVEMBER 8 ** (FRIDAY 10:00 – 1:00)**

(Joint Class with Law School Students - To Be Held in Law School)

Topic: Using an Agent to Negotiate for You

Simulation 11: Brookside Community Hospital vs. Black Computer Systems

**THIS CLASS REPLACES THE NOVEMBER 25TH CLASS**

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**WEEK 9, NOVEMBER 11**

Topic: Securing High Value Deals through Within-and Cross-Team Negotiating

Reading: Review Course Notes and Slides

Simulation 12: Metropolitan Tower

Deliverable #2 due at start of class today

Pick up materials for November 18th simulation
WEEK 10, NOVEMBER 18

Topic: Multi-Party Business Negotiations


Simulation 13: Towers Market

Materials for December 2nd simulation will be distributed in class today

NO CLASS ON NOVEMBER 25

WEEK 11, DECEMBER 2

Topic: Applying Course Lessons in Complex Negotiations


Simulation 14: Multi-Party, International Business Negotiation

PART I OF FINAL PAPER DUE TODAY

WEEK 12, DECEMBER 9

Topic: Course Wrap-up: Value Claiming and Value Creation


Simulation 15: Bullard Houses

REMAINING PARTS OF FINAL PAPER DUE ON DECEMBER 16th