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.

Connection to the Core

This course is related to a wide range of topics that are important for developing professionals. 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. In Columbia Business School’s core course sequence, it is perhaps most directly linked to the core leadership course, Lead: People, Teams, Organizations, where students will have received an overview of the topic and enacted a roleplay negotiation. This course delves deeper, focusing on different negotiation dynamics and ultimately addressing more complex issues. Managerial Negotiations also deals with behavior in competitive contexts and markets, touching on topics dealt with in the Strategy Formulation and Managerial Economics core courses, and with behavior related to persuasive communication and selling, touching on topics dealt with in the Managing Marketing Programs core course.

Class Ground Rules:
Having a constructive learning environment is essential to this course’s effectiveness. Everyone contributes to this. Here are some ground rules for our negotiation exercises:

1. You are expected to be on time for class meetings and, when applicable, to arrive prepared for in-class negotiation exercises.

2. You should not show your confidential role instructions to other parties during a negotiation, nor should you directly read them aloud. Once the negotiation is complete, you should still keep your instructions private, unless instructed otherwise. We will debrief most of our cases collectively in class.

3. Feel free to “ad lib” in these exercises to provide rationales and explanations for your character’s preferences—say things you think the character would say. That said, you should adopt the given payoff tables as reflecting your preferences.

4. The exercises are an opportunity to experiment. Unusual tactics (or at least ones that are different for you) add variety and can benefit the group discussion. However, steer clear of anything that verges on physical intimidation, sexual harassment, or personal abuse.

**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 several role-play exercises each day. 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 and have been placed on reserve.
at the library. 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! 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, and absences undermine your classmates’ experience. Lack of preparation or tardiness will be treated as an absence for that class session. 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. These penalties will be assessed if you miss part of a daily session. Those missing multiple sessions may not earn a passing grade. 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.

As part of your participation grade, you will receive instructions via email to complete a Web questionnaire no later than 9 am on Friday, January 9th. Because of this assignment, this course is not eligible for the Waitlist Round, nor can it be added during Block Week Add/Drop.

2. PRE-NEGOTIATION DELIVERABLES (25%)

You will be asked to submit a document in advance of two class exercises. Deliverable #1 counts for 7 points, Deliverable #2 counts for 3 points, and Deliverable #3 counts for 15 points. Late submissions will not receive full credit.

A. Deliverable #1 is due at 1 PM on January 20th.
B. Deliverable #2 is due at 9 AM on January 22nd.
C. Deliverable #3 is due at 9 AM on January 26th. A separate handout describes the details of this assignment.
3. SHORT ASSIGNMENTS (30%)

A. Assignment #1: Video Analysis – This exercise is due at 9 am on January 21. A separate handout describes the details of this assignment. (5 points)

B. Assignment #2: Go Out and Get Yourself a Good (Distributive) Deal – This short written assignment is due at noon on February 2 and has a page limit of three double-spaced pages. A separate handout describes the details of the assignment. (25 points)

4. FINAL PROJECT (30%)

The final project is an in-depth analysis of a complex negotiation that will be conducted on January 26th. 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.

The final project is due at noon on February 16th.

One requirement for a top evaluation on Assignment #3 or the Final Project is to incorporate references from the readings that go beyond those discussed in the class slides.
COURSE OUTLINE

DAY 1, JANUARY 20

Topic: Strategy and Tactics of Distributive Bargaining

Reading: LSB, Ch. 1, "The Nature of Negotiation", pp. 1-26
F&U, Getting to Yes, Ch. 6, pp. 97-106, and Ch. 8, pp. 129-143.

Simulation 1: Distributive Bargaining and Basic Negotiating Constructs
Parts A and B of Deliverable #1 Due At 1 PM Today

Simulation 2: Distributive Bargaining Revisited – Distributive Tactics

Simulation 3: The Power of Alternatives
DAY 2, JANUARY 21

Video Analysis is due at 9 AM Today

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

Topic: Fair Division in Distribution

Simulation 4: Fair Distribution versus No Distribution

Reading: LSB, Ch. 8, “Ethics in Negotiation”, pp.170-191. Malhotra & Bazerman. “Confronting Lies and Deception” (on Canvas, optional)

Topic: Strategy and Tactics of Integrative Bargaining


Simulation 5: The Criterion of Efficient Agreements

Topic: Multi-Attribute Value Analysis


Topic: Understanding Interests in Negotiations


Simulation 6: Positions vs. Interests
### DAY 3, JANUARY 22

Deliverable #2 is due at 9 AM Today

<table>
<thead>
<tr>
<th>Topic:</th>
<th>Pursuing Integrative and Distributive Goals Simultaneously</th>
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| Reading: | F&U, Chs. 5 and 7  
LSB, Ch. 4, "Negotiation: Strategy and Planning,” pp. 89-111 (optional)  
LSB, Ch. 1, “Value Claiming and Value Creation,” pp. 15-17 (optional review) |
| Simulation 7: | Combining Integrative and Distributive Bargaining |

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<thead>
<tr>
<th>Topic:</th>
<th>Personal Feedback on Your Negotiating and Creative Styles</th>
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<tbody>
<tr>
<td>Reading:</td>
<td>Ames, Mason, &amp; Carney. “A primer on personal development” (on Canvas)</td>
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<tr>
<th>Topic:</th>
<th>Gender &amp; Negotiation</th>
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<tr>
<td>Reading:</td>
<td>Babcock &amp; Laschever. “Why you need to ask” (on Canvas, optional)</td>
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<th>Topic:</th>
<th>Dynamic Power with Multiple Parties</th>
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| Reading: | LSB, Ch. 9, “Trust”, pp. 201-203. (optional)  
LSB, Ch. 7, "Finding and Using Negotiation Leverage”, pp. 151-169.  
| Simulation 8: | Trust and Relationships |
DAY 4, JANUARY 23

Topic: Multi-Party Business Negotiations


Simulation 9: Finding Efficient Agreements when Many Parties are Involved

Topic: Negotiating with Multiple Parties in the Workplace

Readings: Ames. “Map the Players, Change the Game.” (on Canvas, optional)

Simulation 10: Negotiating When Everyone Needs Someone Else
DAY 5, JANUARY 26

Deliverable #3 is due at 9 AM Today

Topic: Applying Course Lessons in Complex Negotiations

Reading:
- LSB, Ch. 4, “Negotiation: Strategy and Planning,” pp. 89-111 (optional review)
- LSB, Ch.11, "International and Cross-Cultural Negotiation," pp. 230-250. (optional)

Simulation 11: A Cross-Cultural Multi-Party Negotiation