

UNIVERSITY OF ALBERTA SCHOOL OF BUSINESS, AOIS

OM 604: Bargaining and Negotiation

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Texts: *Getting to Yes*, Fisher and Ury, Houghton and Mifflin (optional but recommended)
The Mind and Heart of the Negotiator, 5th Ed., Thompson, Prentice-Hall, 2012(required).

Outline:

Negotiation is at the core of a manager's job. Managers negotiate to seal an important contract, to procure a scarce part from another division, to build support for an internal reorganization, or to obtain a more attractive share of next year's budget. Despite the importance of these activities, negotiation is often misunderstood and poorly implemented. The goal of this course is to better understand the source of these difficulties and to suggest more productive ways to view and conduct the process of negotiation. The topic of negotiations is one that is receiving increasing attention in MBA programs and is now a core course at some schools*.

This is a course about both theory and practice. Theory is how we explain things. Theoretical knowledge is useful because once you understand why something is happening, you can take appropriate action to address new challenges in new and different settings. Practical knowledge is also essential to good practice but it is often limited to the setting and conditions under which it was acquired. Good practice therefore, comes from good theory. *However*, reading about theory is seldom the best way to learn theory. To understand most concepts, things have to happen to you. As a result, in this class we will use a mixture of experiential learning, through several bargaining exercises, and the development of theory to improve our skills at bargaining and negotiation. On the first day of class we will discuss in detail the ground rules for the bargaining exercises but full participation in these exercises is the essence of this course (hence the emphasis on attendance at all classes)- something that students are almost unanimous about at the end of each term.

The objective of this course is to help make you a more effective negotiator. Effectiveness in negotiation, requires many things, including:

The ability to create value in a variety of negotiating environments;

The strategic skill to claim your fair share of the value generated in a negotiation;

The ability to communicate effectively

The ability to recognize and mitigate the costs of the common cognitive errors that most of us make;

The sensitivity to appreciate the role of ethics, fairness and justice in negotiations;

The ability to work constructively with people whose backgrounds, values and behavior differ from those that we are most familiar.

Notes on the Negotiation Exercises

You will take part in a series of negotiation simulations or role plays in this course. Typically each class (4 'classes' per weekend) will involve a negotiation simulation followed by a debriefing session and discussion of the relevant theory. Each exercise will provide you and your negotiating partner(s) with a written description of a problem, issue or opportunity to be negotiated. The case material will also include private information that you know and that other persons do not. **In no case, should you show the other party your written material.** If you think that it is advantageous, you can share this information orally or in your own handwriting (but that leaves the other party not knowing whether you are giving them a whole and truthful account of what you know – just as in almost all real situations - credible written facts are seldom available).

For some cases, you will be given the material in advance to prepare for the next class. For other cases, you will be given time in class to prepare. In either situation, it is very important for you to be diligent about this task. **Failure to prepare diligently hurts you and your opponent and, because of the impact on the other party, it will have a large negative impact on your grades.** Unless you are given a partner in a team negotiation, you should prepare alone to maximize the value of the exercise. **In no case should you consult with someone who has the other side of the case** (this will gain you nothing and ruin the exercise for you and your opponents).

Your skill will improve if you are matched with excellent opponents. Someone who takes it easy on you does you no favor. **There is no obligation to come to agreement in any of these exercises.** If you believe the other side is being unreasonable or unfair, you are free to walk away from the bargaining table. You should be prepared to explain your decision in class, of course, and justify it as if the negotiation had real consequences.

Unless a specific exercise has explicit instructions to the contrary, you and your counterpart can decide on where to negotiate. After you are finished, you need to summarize your outcome in point form (usually 5 or 6 lines of points will suffice) and immediately hand it in to the instructor so that he can summarize the outcomes prior to class discussion. You are then free to take a break (one of the 'costs' of the course is that not all parties take the same time to negotiate and there will be some idle times for some groups from session to session). **Do not discuss the case at all (or show the other side your written materials) while you are waiting for the class de-brief – it is very important that we hear your perceptions of the negotiation prior to you learning all the facts.**

Outcomes in negotiations are not a factor in grading. While we expect that people will strive to get good deals, success will be its own reward. I have never known a graduate student who wasn't motivated enough by pride. As noted above however, failure to diligently prepare for and carry out the negotiation is a serious matter and will be reflected in your course grade.

We encourage you to keep track of your own outcomes and to compare them to those of others. Results will be linked to the course web to help in this process. It may be discouraging to do poorly but it is far better to confront such issues in this setting – where the stakes are low and the opportunities to learn are high – than in real world negotiations, where losses, financial and otherwise, can be truly painful. **Students often cite this opportunity (to learn from mistakes) and learn more about themselves and how they respond to others in joint problem solving situations as the most important 'takeaway' from this class.**

Topics to be covered in this course

Introduction to negotiation; Structure and types of issues, Structure of Win/win, Cooperation and Competition; Style, Trust and Communication; Distributive Bargaining; Cognitive biases in bargaining; Multi-issue Integrative bargaining; Multi-Party negotiation; Style, ethics and personality; Culture and Gender.

Grading:

Class participation (10 X 3% plus 15%)	45%
Simulation Summary (due next day)	20%
Final Paper (due one week after class)	25%
Peer Feedback (due at end of week)	10%

Additional details on grading

Attendance and participation (45% of grade). This course will be run as both a seminar and as a training workshop. To make this format work, you must come to class fully prepared to actively participate in class exercises. Part of your grade (15%) will be based upon your class participation, including the quality and extent of your effort in the various exercises as well as the sophistication of your comments and analysis.

Class attendance is worth 3% per class (for each of the 10 classes). Full attendance is essential to achieving the goals of the course for you and others. Most exercises depend on every participant playing a specific role. During virtually every class session, you will be teamed with one or more participants for one or more exercises. Any absence is likely to cause substantial inconvenience and loss of opportunity to others. If you must be absent or late due to sickness or an emergency or a (often very valid) decision to attend another appointment, it is important that you notify me as soon as possible prior to the class so that I can plan the exercise around your absence (failure to do so will result in a reduction of your participation grade). Regardless of the reason for an absence however, the attendance grade of 3% per class will be deducted for each absence. Make-ups are not possible.

Simulation Summary (20%). A short (6 pages approx.) 'stream of consciousness' paper describing (with a very subjective take) one of our classroom simulations and the learning experience it held for you. You will be free to choose an exercise that carries particular meaning for you. In addition to the subjective interpretation of the exercise, your paper should conclude with a section relating the experience to the theory presented in class and in the textbook. I will be looking for indications that you both understand yourself better after the exercise and that you understand (even if you disagree with it) the related theory.

Final Paper (25%). You will also be asked to write a final paper of approximately 8 -10 pages discussing in detail one of the theory topics from the course and its significance in real negotiation experiences that you have had (or expect to have in the future). You will likely want to include references to other literature in addition to course materials and textbooks.

Peer Feedback (10%). A set of observations and impressions that are intended to provide constructive feedback to the persons you negotiate with during the course. I will compile them and then transfer them (anonymously) to the recipients. More will be said in class on this assignment and a template will be made available.

Grading all deliverables in this course will be based upon clarity of the writing, the level of integration of course material (including that in the textbook) into the paper, clear organization, and creative thinking in the sense that you are not merely describing a negotiation, but are offering a cohesive, coherent explanation for what happened - including discussion of emotions, personality characteristics and anything else that affected the outcome.