



MANAGEMENT 291: NEGOTIATIONS

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Keith Weigelt

Phone: 215-898-6369

Office: 2112 Steinberg Hall-Dietrich Hall

Email: Weigelt@wharton.upenn.edu

COURSE DESCRIPTION

Negotiation is the process of reaching an agreement between two or more parties. We all negotiate with others on a daily basis. This class will teach you how to negotiate better. We adopt the Taoist tradition of applied theory by introducing principles to guide students in a series of negotiating exercises.

Negotiation is a life skill used daily. While business is our main focus, students need to transfer what they learn to negotiations of all types. To possess knowledge of negotiation students must be equally as deft in negotiating business contracts as to dealing with daily life with others.

NEGOTIATING CASES

Taoists believe the focus of any learning should be application. Learning to be a good negotiator is not possible through reading a book. Negotiating skills are best taught through experiential learning. Student evaluation is largely based on performance across a series of negotiating exercises. Some cases will be negotiated during class others will require students to negotiate outside of class.

Students will generally receive cases before the actual negotiations. They should read the cases and plan out their negotiating strategy accordingly. It is difficult to negotiate if you don't have a plan. This is especially true for those negotiations where you will be part of a group. In these cases, the lack of preparation may not only hinder your performance, but it can affect the performance of others.

Most of the cases are graded using an objective scale. Scores will be normalized, and your performance is only compared with those who assume the same role. Typically, the student is assigned a role, for example, that of a buyer or seller. Assume you are assigned the role of a buyer. Then your performance (based on the final agreement) is compared to the performances of all the other buyers. Let x denote the numerical measure of the student's realized surplus.

Then x will be normalized onto a 0 to 1 scale using the following formula:

$$\text{Score}(x) = (x - \text{lowest recorded score}) / (\text{highest recorded score} - \text{lowest recorded score})$$

Adding all of your scores across the exercises determines the exercise component of your course grade. The scores of your two lowest exercises are not included in this total. They are thrown out.

Participation in all cases is critical. Missing a case costs you the opportunity to learn, and disrupts the entire class since the pre-assignment schedule of negotiation partners will be upset. Students who miss a case (and job interviews are not a valid excuse) will earn a score of -0.5. Scores of -0.5 are not thrown out.

There are three (3) additional rules regarding the cases:

1. Most exercises mimic the real world by creating information asymmetries among negotiating partners. These asymmetries will include both knowledge regarding relevant information, and preferences across different outcomes. Since the written information you receive for the case reflects these informational asymmetries, you are not allowed to show the material to others. This, of course, reflects the behavior you will encounter in the real world.
2. In most of the exercises, students will negotiate over multiple issues. Each issue is assigned points, which represent a preference function. You should never reveal your point structure to other participants in the negotiation. To do so is akin to revealing your complete preference structure to others in the real world. Not only is such a strategy generally ill-advised, it is difficult to do credibly. As in the real world, you can allude to what outcomes you prefer, but you cannot show others your point structure, nor can you tell them the specifics of it.
3. You may not discuss the exercises outside of the classroom during the entire semester. Even past exercises cannot be discussed with others. Other sections of the Negotiations course use the same exercise, but at different times during the semester. For that reason it is crucial that you do not divulge any information to others. This guideline is considered as part of the Wharton Honor Code.

ADDITIONAL EXERCISES

Students are required to complete two additional exercises during the semester:

1. A one page (1) write-up of an actual negotiation (You are required to negotiate outside of class (in the real world).
2. A second one page (1) write-up of a negotiation outside of class.

PAPER

All students have the option of writing a paper on a negotiation related topic. Students can work alone or in groups with a maximum of three (3) members. The maximum length of the paper is five (5) double-spaced pages. Students must reference the paper using at least five (5) academic sources (e.g., articles, books). Papers are evaluated on both context and the ability to communicate clearly. A short paper topic discussion is required early in the semester.

PEER FEEDBACK

At the end of the semester, each student is required to evaluate classmates along three dimensions:

1. The extent to which a student tried to develop a useful relationship during the exercises.
2. The extent to which a person showed cooperative behavior.
3. The extent to which a person could be trusted.

STUDENT EVALUATION

The final course grade of a student is evaluated according to the following schedule:

Exercises	65%
Papers	20%
Peer feedback	15%

COURSE MATERIALS

There are three (3) text books:

1. *Bargaining for Advantage* by Richard Shell
2. *Getting to Yes* by William Fisher, Roger Ury, and Bruce Patton
3. *The Art of War* by Sun Tzu

Getting to Yes is a concise book that provides basic information for negotiations.

Bargaining for Advantage provides the foundations of effective negotiations as well as a detailed analysis of the negotiation process.

The Art of War is a seminal work on creating strategic advantages.

COURSE OUTLINE

Session/Date	Reading Assignments/Preparation
Session 1 (9/9/09)	Introduction
In Class:	Class Overview
Handout:	Syllabus
Session 2 (9/14/09)	Distributive Negotiations
Prepare:	Read: Shell - Chapters 1 & 2
In Class:	Negotiate Appleton Baker
Session 3 (9/16/09)	Basics of Negotiation
Prepare:	Read: Fisher, Ury – Chapters 1 – 3
In Class:	Discuss Appleton Baker Lecture
Handout:	Rare Book
Session 4 (9/21/09)	Learning the Basics
Prepare:	Rare Book Shell – Chapters 3 - 6
In Class:	Negotiate Rare Book
Session 5 (9/23/09)	Judgment and Leverage
Prepare:	TAOW – Chapters 1 - 2
In Class:	Discuss Rare Book Lecture
Handout:	Bentz-Smith
Paper 1: Analysis of Actual Negotiation (Due: 10/8/07)	
Session 6 (9/28/09)	Judgment and Leverage (continued)
Prepare:	Bentz-Smith
In Class:	Negotiate Bentz-Smith
Session 7 (9/30/09)	Negotiation Focus
Prepare:	Fisher, Ury – Chapter 4 – 6
In Class:	Discuss Bentz-Smith Lecture
Handout:	Riggs-Vericomp

Session/Date	Reading Assignments/Preparation
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Session 8 (10/5/09) Multiple Interest Negotiations

Prepare: Riggs-Vericomp
In Class: Negotiate Riggs-Vericomp

Session 9 (10/7/09) Multiple Interest Negotiations (continued)

Prepare: Shell – Chapters 7 – 10
In Class: Discuss Riggs-Vericomp
Lecture
Handout: Bentonn-Alphexo

Session 10 (10/12/09) Multiple Interests Negotiations

In Class: Bentonn-Alphexo

Session 11 (10/14/09) No class -- GUEST SPEAKER

Session 12 (10/21/09) Multiple Interests Negotiations (continued)

Prepare: TAOW – Chapters 5 - 7
In Class: Discuss Bentonn-Alphexo
Lecture
Handout: Winemaster.com

Session 13 (10/26/09) Business Deals

Prepare: Winemaster.com
In Class: Negotiate Winemaster.com

Session 14 (10/28/09) Business Deals

Prepare: TAOW – Chapters 3 - 4
In Class: Discuss Winemaster.com
Handout: Agency-House

Session 15 (10/28/09) Business Deals (continued)

Prepare: Paper Topics (1 Paragraph)
In Class: Negotiate Agency-House

MULTIPLE PARTY NEGOTIATIONS

Session 16 (11/2/09) No class -- GUEST SPEAKER

Session 17 (11/4/09) Agency Theory

Prepare: Fisher, Ury – Chapters 7 - 8
In Class: Discuss Agency-House

Session/Date	Reading Assignments/Preparation
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Handout: Lecture
Social Services

Session 18 (11/9/09) Labor Negotiations

Prepare: Shell – Chapter 11 – 12
In Class: Discuss Social Services
Lecture
Handout: Welsh Water

Paper 2: Analysis of Actual Negotiation (Due: 11/13/06)

Session 19 (11/11/09) Labor Negotiations (continued)

Prepare: Welsh Water
In Class: Negotiate Welsh Water

Session 20 (11/16/09) Behavior in Oligopolies

Prepare: TAOW – Chapters 8 - 10
In Class: Discuss Welsh Water
Lecture

Session 21 (11/18/09) Behavior in Oligopolies and Signaling (continued)

Prepare: Oil Pricing
In Class: Oil Pricing

Session 22 (11/23/09) Negotiations involving More Parties

Prepare: TAOW – Chapters 11, 13
In Class: Discuss Oil Pricing
Lecture
Handout: Radwaste

Session 23 (11/25/09) Negotiations involving More Parties (continued)

Prepare: Radwaste
In Class: Radwaste

Session 24 (11/30/09) Negotiation Tactics with Multi-Parties

In Class: Discuss Radwaste
Lecture
Handout: RadWaste II

Session 25 (12/2/09) Negotiation Tactics with Multi-Parties (continued)

In Class: RadWaste II