

MORS 472-5

NEGOTIATION FUNDAMENTALS

Course Information

Summer 2020, Section 81
Tuesdays 6:00-9:00 PM
Classroom: Zoom
Course Website: Canvas

Professor Information

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OVERVIEW

We negotiate every day. We negotiate with potential employers, coworkers, roommates, landlords, parents, bosses, merchants, spouses, and service providers. We negotiate to determine what price we will pay, the amount of our salary and compensation, what movie to watch, and who will clean the kitchen.

Negotiation is the art and science of securing agreements between two or more interdependent parties who are seeking to maximize their outcomes. Although negotiations are a ubiquitous part of our everyday lives, most of us know little about the strategy and psychology of effective negotiations. Why do we sometimes get our way, while other times we walk away feeling frustrated by our inability to achieve the agreement we desire? MORS 472-5 will help you develop your negotiation skills through a series of exercises and analysis. The exercises immerse you in deal-making and dispute resolution contexts designed to highlight the central and most fundamental concepts that underlie negotiation strategy.

This course is designed to address a broad spectrum of negotiation problems that managers and professionals are likely to confront. It is also designed to complement the technical and diagnostic skills learned in other courses at Kellogg. A basic premise of this course is that while managers and professionals need analytical skills to develop optimal solutions to problems, they must also possess an array of negotiation skills to maximize the odds that these solutions will be accepted and implemented. Successful completion of this course will enable you to recognize, analyze, and implement essential concepts and strategies in negotiations.

OBJECTIVES

The primary objective of this course is to help you build a rich toolbox of powerful and flexible negotiation skills that you can apply confidently in diverse contexts. Toward that end, we seek to help you:

- Develop a broad intellectual understanding of the most important concepts relevant to negotiation, along with a sense of the science underlying these concepts.
- Improve your ability to understand and predict the behavior of others in negotiation settings.
- Overcome habitual responses and revise flawed assumptions in your approach to negotiations.

FORMAT

Negotiation Exercises

The course is built around a series of negotiation exercises. You will be negotiating every week. You will receive a copy of the role materials for each exercise one week before each class. You should use the role materials to prepare for the upcoming negotiation and also **bring a copy with you to class** so that you can reference it during your negotiation exercises.

Preparation for Negotiation Exercises

Your classmates expect you to be fully prepared for each negotiation exercise. Prior to the negotiations for Weeks 2 through 5, you are required to **turn in a copy of a planning document** via Canvas (see below for a discussion of planning documents).

Negotiation Debriefings

We will debrief every negotiation in class. The debriefings are a blend of lecture and class discussion, and you are expected to contribute to these discussions. Your negotiation results will be posted so that the class can analyze the relationship between different negotiation strategies and outcomes and learn from everyone's experiences.

Learning

In the real world, the stakes for the sorts of negotiations you'll experience can be extremely high. Your behavior can influence whether your company gains or loses millions of dollars, and the implications for your career prospects are substantial. In this class, you have the opportunity to experiment with alternative styles in an environment where the stakes aren't quite so consequential—you can lose a million dollars and in retrospect be happy about it (because you will have learned a lesson you will never forget). But that doesn't mean that the negotiations in this course will or should feel unimportant to you. Indeed, you will almost certainly feel excitement and anxiety about each negotiation, and you'll feel a very strong desire to negotiate effectively. It's doubtful that you'll ever get another opportunity this good to hone your negotiation skills. You should plan extensively for each negotiation, and, once it's over, take the time to think deeply about what you did well, what you did poorly, and how you can do better in the future.

Readings

Do each week's readings AFTER the negotiation. Directly experiencing the concepts before you read about them will make the negotiations themselves more informative, and the readings will be especially useful once you've developed first-hand experience with the concepts during the exercise.

Submitting Assignments

All assignments should be turned in via Canvas.

MATERIALS

Book (Optional, but Recommended)

Fisher, R., Ury, W., & Patton, B. (2011). *Getting to yes: Negotiating agreement without giving in* (3rd edition). New York: Penguin

Coursepack

The course pack for **MORS 472-5** is available electronically through Study.net. Follow the schedule on the last page of this document. The negotiation exercises are included in (and contribute to) the cost of the coursepack. You will receive the exercises approximately one week prior to the class in which you will negotiate.

POLICIES

Attendance Policy—Very Important!

- In accordance with the decision taking by Kellogg for all courses in Summer 2020, you have the P/N option for this class.
- **Strict no-absence policy:** Given that this course is built around in-class negotiations that require extensive preparation from the professor and the TA, it is crucial—absolutely essential—that you attend all five class meetings for this course if you’re healthy enough to do so. There is a strict no-miss attendance policy for all sections of MORS 472-5. Given how much of the course involves the participation in the negotiation exercises, and given how much an absence sows organizational chaos for everybody else, missing 20% of the course (one class) is unacceptable. **If you miss one class, the highest grade you can earn in the course is a C; if you miss two classes, you will fail the course.***

* Exceptions can be made in truly extreme circumstances, such as a major unexpected health issue, but only if it’s clear that you simply had no choice other than to miss the class. The standard for making an exception is very high.

Comment on Joint Ventures (JVs)

- JVs are not allowed in this course—or, more generally, in any section of MORS 472-5. The demand for the course always exceeds supply, so additional slots would need to go to enrolled students first.

Honor Code—Unique Aspects for MORS 472-5

The Kellogg Honor code applies in full to this class as follows, including some distinctive applications:

- You are expected to be prepared and on time for all negotiation exercises.
- You are expected to participate actively in class discussions.
- **You may not show your confidential role information to others** before or during the negotiation, though you may tell others what you desire from the negotiation. Never assume material is identical, even if a classmate is playing the same role, unless you are told that you can share information and strategize together. Even after you have completed an exercise, do not reveal your information to the other party before returning to the classroom.
- You may use any strategy to reach agreement, including misrepresentation. However, in selecting a negotiation strategy, it is important to remember that a strategy may have ramifications that go beyond the particular negotiation in which it was used: As we’ll see, your reputation is an important part of your success or failure as a negotiator.
- You may not create facts that materially change the facts of the exercise. For example, you may not claim that your family has just purchased the company with which you are negotiating about a job, and that the other party has no way of verifying if what you say is true.
- Materials used in this class—including but not limited to handouts, exercises, cases, discussion questions, charts, and graphs—are copyrighted and may not be used for purposes other than this class without the written consent of the instructor.
- Class discussion stays in class.

CLASSROOM ETIQUETTE AND LAPTOP USE

Kellogg’s Code of Etiquette governs appropriate classroom behavior in this class (<https://www.kellogg.northwestern.edu/policies/etiquette.aspx>). In addition, although you will need your computers for some of the negotiations, **you may not use laptops during class** (as research shows that laptop use distracts other students). Cellphones must be turned off. Laptop or cellphone use during class will directly affect your participation grade.

COURSE REQUIREMENTS AND GRADING

Grading Breakdown

Four components factor into your grade in this course:

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|-----------------------------------------------------------------------|-----|
| 1. Attendance, contribution to class discussions, and professionalism | 20% |
| 2. Planning documents | 20% |
| 3. Post-negotiation analysis | 20% |
| 4. Take-home exam | 40% |

Note 1: For all submitted documents, please use Microsoft Word (rather than a PDF or some other format). Please use double-spacing, Times New Roman 12-point font, and 1-inch margins.

Note 2: Except in unusual circumstances, approximately the top 45-50% of the grades will be recorded as A's. The rest of the grades will be recorded as B's, except in cases where performance stands out negatively from other students' performance or in the case of unexcused absences.

1. Attendance, Class Discussions, and Professionalism (20%)

Because the negotiation exercises are essential to the learning process in this course, you must be fully prepared for every negotiation. Preparation requires that you come to every class with a written planning document that will help to guide you through the negotiation. You should work to get the best possible outcome for yourself or your group. You are not graded on the outcomes of your negotiations, but rather on the quality of your preparation prior to the negotiation and your contribution to debriefing discussions. Your participation in class discussion will be evaluated on the quality (not just the quantity) of your contributions and insights.

The post-negotiation debriefing session will include sharing information about the results of the negotiation, the strategies you attempted, and your reactions to the experience. The discussion during debriefing is a very important part of the learning process in this course. Here again, your contributions will be evaluated on the quality (not just the quantity) of your contributions and insights.

Quality comments possess one or more of the following properties:

- Offer a different and unique, but relevant, perspective based upon analysis and theory.
- Contribute to moving the discussion and analysis forward.
- Build upon the comments of your classmates.
- Transcend the "I feel" syndrome: that is, include some evidence or logic.
- Link relevant concepts to current events or your own workplace experiences.
- Demonstrate an open-minded, constructive attitude toward the discussion and one's classmates.
- Display an interest in learning from one's experience.

2. Planning Documents (20%)

To help you prepare fully for the role you will play in each negotiation, you are required to submit a negotiation planning document (via Canvas) **before each class** (other than the first one). You (or your team, if it's a team negotiation) should **bring a copy of your planning document to class** so that you can reference it during your negotiation.

Each planning document is worth up to 5 points, and it will be graded on a $\sqrt{-}$, $\sqrt{}$, $\sqrt{+}$ scale. A $\sqrt{}$ grade is the norm (i.e., most planning documents will receive a $\sqrt{}$) and it is worth 4 points. A $\sqrt{+}$ grade is reserved for exceptional planning documents, and is worth 5 points. A $\sqrt{-}$ grade will be worth somewhere between 0 and 3 points (depending on quality), and it will be accompanied by feedback

explaining why the document fell short of expectations. An excellent planning document covers all of the important issues relevant to that negotiation. Detailed instructions are included in the planning document template (available on Canvas), and we will also talk about how to complete the planning documents in class. There are no length requirements or recommendations for the planning documents; use however much space you need. The best planning documents almost always include more rather than less detail.

3. Post-Negotiation Analysis (20%)

As shown in the “course schedule” below, the post-negotiation analysis must be submitted (via Canvas) by the beginning of class on **Week 5**. The purpose of this paper is to encourage you to reflect upon your negotiation experiences, including your behavior and your classmates’ behaviors during the negotiation exercises. Your task is to describe your perceptions and significant insights gained from your participation in the negotiation exercises. Most students choose to focus on the *Moms.com* negotiation given its greater richness/complexity, but you can choose to focus on any exercise or combination of exercises that you want (That said, keep in mind that the best papers involve a lot of reflection and analysis, and that can be more challenging to pull off effectively if you are having to describe several negotiations at once). The paper should not be a detailed report of everything that happened in the negotiation(s). Rather, it should briefly describe what happened in the negotiation(s) and provide only a short overview of the key events. The analysis should be no longer than **4 pages**.

The paper should focus on **analysis and insights**. A high-quality analysis is one that tries to step back from a negotiation, identifies key events and processes, uses course concepts to help structure the analysis, and is well written. Examples of the type of issues that you might address include:

- Who controlled the negotiation and how did they do it?
- What were the critical factors that affected the negotiation situation and outcomes and what can you say about these factors in general?
- How did the negotiation context differ from previous exercises, and what new factors did this context highlight?
- What did you learn about yourself?
- What did you learn about the behavior of others?
- What did you learn about bargaining and conflict in general?
- What would you do the same or differently in the future, or how would you like to behave in order to perform more effectively?

You may, at your own discretion, share your post-negotiation analysis with the other people who were involved in your negotiation. Your feedback, if constructively presented, could be quite helpful to them.

4. Take-Home Exam (40%)

The take-home exam is closed-book and completed individually. As shown in the “course schedule” below, the take-home exam must be submitted (online) by ten days after the end of class on **Week 5 (i.e., July 28th, by 5PM)**. You will have a window of up to 3 hours to complete the exam from the time you begin (the exam must be completed in one sitting). The exam will be made available shortly after the end of Week 5’s class, giving you a full week to pick a 3-hour block in which to complete the exam. It will cover the concepts discussed in class and in the readings, with a particular emphasis on in-class discussions. The exam will require that you to *apply* the course concepts, which means you need to know not only the definitions of various concepts, but the pros and cons of using various concepts in particular contexts. You may not discuss the contents of the exam with your peers before the end of the deadline for submitting the exam.

RESEARCH

Kellogg's Dispute Resolution Research Center (DRRC) has been instrumental in developing Kellogg's reputation as one of the premier institutions for teaching negotiations. Many of the individuals who have written the cases and exercises you will read are affiliated with the Center. As a result, you will have an opportunity to benefit from the research in this course. Negotiation results for research purposes are always aggregated and anonymous. If you do not want your outcomes from any exercise used for research purposes, please notify me.

COURSE SCHEDULE

Date	Topic	Prep for Class	Exercise	After Class: To Do	After Class: To Read
June 23 Week 1	<ul style="list-style-type: none"> • Introduction • Distributive negotiation 	<ul style="list-style-type: none"> • Read <i>Getting to Yes</i> (optional) 	<ul style="list-style-type: none"> • <i>Energetics Meets Generex</i> 	<ul style="list-style-type: none"> • Prepare for <i>New Recruit</i> • Write Goals paper (Optional) 	<ul style="list-style-type: none"> • You're Already More Persuasive than You Think • View from the Other Side of the Table
June 30 Week 2	<ul style="list-style-type: none"> • Integrative negotiation 	<ul style="list-style-type: none"> • Planning document for New Recruit • Goals paper (Optional) 	<ul style="list-style-type: none"> • <i>New Recruit</i> 	<ul style="list-style-type: none"> • Prepare for <i>Moms.com</i> 	<ul style="list-style-type: none"> • Interests: The Measure of Negotiation¹ • Investigative Negotiation
July 7 Week 3	<ul style="list-style-type: none"> • Advanced integrative negotiation 	<ul style="list-style-type: none"> • Planning document for Moms.com 	<ul style="list-style-type: none"> • <i>Moms.com</i> 	<ul style="list-style-type: none"> • Prepare for <i>Viking</i> 	<ul style="list-style-type: none"> • How to Negotiate with VCs • Putting More on the Table
July 14 Week 4	<ul style="list-style-type: none"> • Dispute resolution 	<ul style="list-style-type: none"> • Planning document for Viking 	<ul style="list-style-type: none"> • <i>Viking Investments</i> 	<ul style="list-style-type: none"> • Prepare for <i>Bullard Houses</i> • Post-negotiation analysis 	<ul style="list-style-type: none"> • How Months of Miscalculation Led the U.S. and Iran to the Brink of War • Putting on the Pressure • How to Defuse Threats at the Bargaining Table
July 21 Week 5	<ul style="list-style-type: none"> • Agents 	<ul style="list-style-type: none"> • Planning document for Bullard Houses • Post-negotiation analysis due 	<ul style="list-style-type: none"> • <i>Bullard Houses</i> 	<ul style="list-style-type: none"> • Complete final exam (online), due July 31st @ 5PM 	

¹ Available under the "Course Reserves" tab in Canvas