



THE ART AND SCIENCE OF NEGOTIATION

MAN 337.21
SPRING 2012 (04325)

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Class Time	TTH 9:30am – 11:00am (UTC 4.102)
Course Web Page	via Blackboard

Course Objectives

Negotiation is the art and science of securing an agreement between two or more interdependent parties. The objectives of the course are to help students to develop negotiation skills experientially and to understand negotiation in useful analytical frameworks. Considerable emphasis is placed on realistic negotiation exercises and role-playing. The exercises serve as catalysts for the evaluation and discussion of different types of negotiation situations. In-class discussions and lectures supplement the exercises.

Materials

Required: Malhotra, D. & Bazerman, M. H. (2007). *Negotiation Genius*. New York: Bantam. **(NG)** (available at the University Co-op)

Shell, G. R. (2006). *Bargaining for Advantage: Negotiation Strategies for Reasonable People*. New York: Penguin. **(BFA)** (available at the University Co-op)

Course Reading Packet **(RP)** (available at the McCombs Copy Center) (you will need to turn in proof-of-purchase by the fifth class meeting)

Please do not read ahead in the materials. Doing so may compromise an exercise. The readings are meant to reinforce the learning points of the exercise; and you will best be able to benefit from them if you read them after the exercise.

Optional books past students have found useful:

- Howard Raiffa (1985). *The Art and Science of Negotiation*. [Situation analysis]
- Fisher, R., Ury, W., & Patton, B. (1991). *Getting to Yes: Negotiating Agreement Without Giving In*.
- Ury, W. (1993, Reissued 2007). *Getting Past No. Negotiating in Difficult Situations*.
- Bazerman & Neale (1992). *Negotiating Rationally*. [A behavioral decision approach to negotiation]
- Bazerman (2001). *Judgment in Managerial Decision Making*. [An effective overview]
- Stone, Patten & Heen (1999). *Difficult Conversations: How to Discuss What Matters Most* [About personal stakes]
- Lax & Sebenius (2006). *3D Negotiating: Powerful Tools to Change the Game in Your Most Important Deals* [Emphasizes efforts away from the table]
- Jeanne Brett (2007). *Negotiating Globally: How to Negotiate Deals, Resolve Disputes, and Make Decisions Across Cultural Boundaries (Jossey-Bass Business & Management)* [Emphasizes cross-cultural issues and disputes]

Course Requirements and Grading

Your grade in the course will be determined as follows:

<i>Reputation</i>	10%
<i>Exercise Performance / Planning Documents</i>	15%
<i>Exam #1</i>	30%
<i>Exam #2</i>	30%
<i>Final paper</i>	15%

Description of Requirements

Note on Negotiation Exercises:

Participation in the exercises is the central focus of the learning process in this course. ***Participation includes full preparation for exercises.*** A quality class experience is dependent upon the efforts of all students, and a lack of effort by one individual can adversely affect the group's experience in many ways. Of course, this means that attendance is paramount. You cannot participate in the negotiation exercises if you are absent and your late arrival will likely mean that your negotiation partner(s) will not have the full quality experience. Should unavoidable conflicts arise, you must contact me, providing as much advance notice as possible. In the event that you cannot be present for a negotiation exercise, arrangements must be made with your negotiation counterpart(s) to complete the negotiation and submit the results prior to the scheduled debriefing of that exercise. This may include telephone or email as the medium through which the negotiation is accomplished, *but you must have my approval in advance to use any medium other than face-to-face.*

Any missed negotiation exercise will result in a penalty consisting of a 5% reduction in your total course final percentage for each missed exercise (e.g., 95% becomes 90% for 1 missed exercise or 85% for 2 missed negotiations).

Here are some additional ground rules for the role-play exercises:

1. You should not show your confidential role instructions to other parties during a negotiation. Nor should you read it or quote it. The reason is that this has no equivalent in the real world—it would be like showing a counterpart what's in your mind, which is impossible. At your discretion, you can speak about your interests and alternatives to the other side, but they will have to take your word for it, not read it in your role.
2. 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. That said, you should not make up facts that materially change the power distribution of the exercise. You should not invent, for example, that your family has just bought the other side's company, or that the EPA is planning a toxic waste dump across the street from a house for sale. If you are asked a question calling for objective factual information that is not in your confidential instructions, you should handle as you would in reality.
3. In some exercises, your role will tell you that the number of issues or terms under discussion has been fixed. If not, then it is a matter of your discretion whether to bring other issues into the discussion. 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. As a guide, pay close attention to what the role says about your character's formal position and relationships in the organization. Don't agree to things in the negotiation that would get the character fired or undermine his or her reputation.
4. The exercises are an opportunity to experiment. Unusual tactics add variety and benefit the group discussion. Needless to say, however, steer clear of anything that verges on physical intimidation, sexual harassment, or personal abuse. We can discuss the use of such behaviors if you want, but let's not take an experiential learning approach.

Components of Your Grade

1. Negotiation Reputation (10%)

Your counterpart in each of the two-party negotiations will rate your level of preparation and your behavior in the negotiation exercise and you will rate them as well through a survey. The numerical results of these surveys will be combined to yield a z-score to determine your final percentage score for this component of the course.

2. Exercise Performance (15%)

Your performance in several of the two-party negotiations will be graded based on the outcome for both parties and on your performance relative to that of the other students in the class playing the same role as you. The results of your outcomes will be combined to yield a z-score to determine your final percentage score for this component of the course. This grade component will also include any additional assignments such as planning documents.

3. Exams (Two, 30% each)

Two exams will be given covering concepts from the readings and the material in class. These exams will include multiple choice, short answer and essay questions.

4. Final Paper: Personal Negotiation (15%)

Sometime during the course you will conduct a "live" personal negotiation. The substance of the negotiation may be anything -- a purchase, something related to a job or employment search, relations with peers, co-workers, or family members, etc. The following rules apply:

- This should be a new negotiation, not a write-up of one you have experienced before taking this course.
- The person you negotiate with may not be a student or instructor in this course.
- The person you negotiate with must not be aware that you are doing this as a class exercise.
- You should articulate and write down a negotiation strategy beforehand, including the major elements of strategy we discuss in this course.

This assignment can be a maximum of 5 double-spaced typed pages in length and is due at the end of the course (May 3).

Default organization of final paper:

1. **Problem description** (Please provide a brief description of the situation and the nature of the parties and subject of negotiation. This should be fairly brief. You should be able to accomplish this in a ½ page or less.)
2. **Preparation / Strategy** (Include an explicit discussion of your preparation and your strategy for the negotiation.)
3. **Process** (What happened in the actual negotiation?)
4. **What was the agreement?**
5. **Retrospective conceptual analysis of what happened** (Provide analysis, not just description.)
6. **Surprises / Special aspects**
7. **Learning / Do same or differently?** (Can be combined with #6.)

McCombs Classroom Professionalism Policy

The highest professional standards are expected of all members of the McCombs community. The collective class reputation and the value of the Texas BBA experience hinges on this.

Faculty are expected to be professional and prepared to deliver value for each and every class session. Students are expected to be professional in all respects.

The Texas BBA classroom experience is enhanced when:

- **Students arrive on time.** On-time arrival ensures that classes are able to start and finish at the scheduled time. On-time arrival shows respect for both fellow students and faculty and it enhances learning by reducing distractions.
- **Students display their name cards.** This permits fellow students and faculty to learn names, enhancing opportunities for community building and evaluation of in-class contributions.
- **Students minimize unscheduled personal breaks.** The learning environment improves when disruptions are limited.
- **Students are fully prepared for each class.** Much of the learning in the Texas BBA program takes place during classroom discussions. When students are not prepared they cannot contribute to the overall learning process. This affects not only the individual, but their peers who count on them, as well.
- **Students respect the views and opinions of their colleagues.** Disagreement and debate are encouraged. Intolerance for the views of others is unacceptable.
- **Laptops are closed and put away.** When students are surfing the web, responding to e-mail, instant messaging each other, and otherwise not devoting their full attention to the topic at hand they are doing themselves and their peers a major disservice. Those around them face additional distraction. Fellow students cannot benefit from the insights of the students who are not engaged. In such cases, professional behavior is exhibited when misuse does not take place.
- **Phones and wireless devices are turned off.** We've all heard the annoying ringing in the middle of a meeting. Not only is it not professional, it cuts off the flow of discussion when the search for the offender begins. When a true need to communicate with someone outside of class exists (e.g., for some medical need) please inform the professor prior to class.

Class Website and Student Privacy

Password-protected class sites will be available for all accredited courses taught at The University. Syllabi, handouts, assignments and other resources are types of information that may be available within these sites. Site activities could include exchanging e-mail, engaging in class discussions and chats, and exchanging files. In addition, class e-mail rosters will be a component of the sites. Students who do not want their names included in these electronic class rosters must restrict their directory information in the Office of the Registrar, Main Building, Room 1. For information on restricting directory information see: <http://www.utexas.edu/student/registrar/catalogs/gi02-03/app/appc09.html>.

Scholastic Dishonesty

The McCombs School of Business has no tolerance for acts of scholastic dishonesty. The responsibilities of both students and faculty with regard to scholastic dishonesty are described in detail in the Policy Statement on Scholastic Dishonesty for the McCombs School of Business:

By teaching this course, I have agreed to observe all of the faculty responsibilities described in that document.

By enrolling in this class, you have agreed to observe all of the student responsibilities described in that document. If the application of that Policy Statement to this class and its assignments is unclear in any way, it is your responsibility to ask me for clarification. Policy on Scholastic Dishonesty: Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the University. Since dishonesty harms the individual, all students, and the integrity of the University, policies on scholastic dishonesty will be strictly enforced. You should refer to the Student Judicial Services website at

<http://deanofstudents.utexas.edu/sjs/> or the *General Information Catalog* to access the official University policies and procedures on scholastic dishonesty as well as further elaboration on what constitutes scholastic dishonesty.

The following was taken from the website for the Dean of Students:

A fundamental principle for any educational institution, academic integrity is highly valued and seriously regarded at The University of Texas at Austin. More specifically, you and other students are expected to maintain absolute integrity and a high standard of individual honor in scholastic work undertaken at the University. This is a very basic expectation that is further reinforced by the University's [Honor Code](#). At a minimum, you should complete any assignments, exams, and other scholastic endeavors with the utmost honesty, which requires you to:

- acknowledge the contributions of other sources to your scholastic efforts;
- complete your assignments independently unless expressly authorized to seek or obtain assistance in preparing them;
- follow instructions for assignments and exams, and observe the standards of your academic discipline; and
- avoid engaging in any form of academic dishonesty on behalf of yourself or another student.

For the official policies on academic integrity and scholastic dishonesty, please refer to [Chapter 11](#) of the *Institutional Rules on Student Services and Activities*.

Questions about scholastic dishonesty procedures should be referred to Paula Murray, Associate Dean for Undergraduate Program Office.

As specific guidance for this course, you should consider the **writing** of the exam, the case write-up and the final paper to be an individual effort. Group **preparation** for the exam is acceptable and encouraged.

Students with Disabilities

The University of Texas at Austin provides upon request appropriate academic accommodations for qualified students with disabilities. For more information, contact the Office of the Dean of Students at 471-6259, 471-4641 TTY.

Schedule

NG = Negotiation Genius; **BFA** = Bargaining for Advantage; **RP** = Reading Packet

Date	Topic	Readings	Assignments Due
1: 1/17/12	Introduction	Syllabus	
2: 1/19/12	Negotiation Basics	BFA: Intro, Chaps 1, 2, 3, Complete Appendix A; NG: Chap 1; RP: Negotiation Analysis	
3: 1/24/12	Negotiation Basics & Planning	BFA: Chap 6, 7, 9, 10; RP: <i>Preparation ...</i> ;	
1/26/12	No Class	No Class	No Class
4: 1/31/12	Simulation	Energetics Meets GenereX	Planning Document
5: 2/2/12	Distributive Neg.	NG: Chaps 4, 5, 6; RP: <i>Strategy and Tactics of Distributive Bargaining</i>	Proof of Purchase
6: 2/7/12	Simulation	Commodity Purchase	Planning Document
7: 2/9/12	Integrative Potential	BFA: Chapters 4, 5, 6; RP: <i>Strategy & Tactics of Integrative Bargaining</i> ;	
8: 2/14/12	Simulation	EI-Tek (Outcome Graded)	Planning Document
9: 2/16/12	Integrative Neg.	NG: Chapter 2; RP: <i>Negotiating a Salary or Raise in a Tough ...</i>	
10: 2/21/12	Simulation	Package Deal (Outcome Graded)	Planning Document
11: 2/23/12	Overcoming Obstacles to Integrative Neg	NG: Chapter 3; RP: <i>How to Frame a Message</i> ;	
12: 2/28/12	Simulation	Oceania	Planning Document
13: 3/1/12	Debrief / First Half Wrap-up		
14: 3/6/12	Exam One	Exam One	Exam One
15: 3/8/12	Mutual Gains Bargaining; Conflict Management	NG: Chapter 7, 11 & 12; RP: <i>Negotiating with Problem People</i> ;	
16: 3/13/12	Simulation	Viking Investment	Planning Document
3/15/12	Spring Break	No Class	No Class
3/20/12	Spring Break	No Class	No Class
17: 3/22/12	Team Negotiation	RP: <i>Staying with No; The Strategic Use of ...</i>	
18: 3/27/12	Simulation	Cascade Manor	Planning Document
19: 3/29/12	Mediation & Arbitration	RP: <i>When Should We Use Agents?; How to Negotiate with a Hard-Nosed...</i>	

Date	Topic	Readings	Assignments Due
20: 4/3/12	Simulation	Amanda	Planning Document
21: 4/5/12	Multi-Party Neg.	RP: Negotiating Group Decisions	
22: 4/10/12	Simulation	Harborco	Planning Document
23: 4/12/12	Cultural Differences	RP: The Chinese Negotiation; Negotiating with Clint Eastwood...; Negotiations and Culture...; International Negotiations...	
24: 4/17/12	Simulation	Mexico Ventures	Planning Document
25: 4/19/12	Ethics Wrap-Up	NG: Chapter 8, 9, 10; BFA: Chapters 11, 12; RP: When is it Legal to Lie ...; Ethics and Negotiation	
26: 4/24/12	Simulation	Bullard Houses	Planning Document
27: 4/26/12	Systems Thinking	Guest Lecturer: Dr. Barry Bales	
28: 5/1/12	Debrief Second Half Wrap-Up		
29: 5/3/12	Exam Two	Exam Two	Final Paper Due

Reading Packet: Art and Science of Negotiation, MAN 337.21, Spring 2012

- ***Negotiation Analysis: An Introduction***, M. Wheeler, Harvard Business School (9-801-156), June 2002.
- ***Preparation: What To Do Before Negotiation***, L. M. Thompson, in The Mind and Heart of the Negotiator, 3rd edition, p. 13-39, 2005.
- ***Strategy and Tactics of Distributive Bargaining***, R. J. Lewicki, B. Barry, D. M. Saunders, in Essentials of Negotiation, 4th edition, p. 27-57, 2007.
- ***Strategy and Tactics of Integrative Negotiation***, R. J. Lewicki, B. Barry, D. M. Saunders, in Essentials of Negotiation, 4th edition, p. 58-84, 2007.
- ***How to Frame a Message: The Art of Persuasion and Negotiation***. L. Sussman, Business Horizons, Harvard Business School Publishing (BH028), July/August 1999.
- ***Negotiating a Salary or Raise in a Tough Economic Climate***. Harvard Management Update (U0807C), July 2008.
- ***The Strategic Use of Interests, Rights and Power to Resolve Disputes***, A. Lytle, J. Brett, & D. Shapiro, Negotiation Journal, January 1999.
- ***Staying With No***, H. Weeks, Harvard Management Communication Letter, Fall 2004.
- ***Negotiating With Problem People***, L. Leritz, Working Woman, October 1988, pp. 35-37.
- ***How to Negotiate With a Hard-Nosed Adversary***, A. Field, Harvard Management Update (U0303A). 2003.
- ***When Should We Use Agents?*** J. Z. Rubin and F. E. A. Sander, Negotiation Journal, October 1988, pp. 385-401.
- ***Negotiating Group Decisions***, J. Brett, Negotiation Journal, July 1991.
- ***The Chinese Negotiation***, J. L. Graham and N. M. Lam, Harvard Business Review, October 2003.
- ***Negotiating With Clint Eastwood in Brussels***, S. L. Poole, Management Review, October 1989, p. 58-60.
- ***Negotiations and Culture: A Framework***, J. Brett, in Negotiating Globally: How to Negotiate Deals, Resolve Disputes, and Make Decisions Across Cultural Boundaries, 2001, pp. 1-23.
- ***International Negotiations: An Entirely Different Animal***, D. Martin, J. Mayfield, M. Mayfield, P. Herbig, Journal of Professional Services Marketing 17, no. 1, 1998, pp. 43-61.
- ***Ethics and Negotiation***, R. J. Lewicki, B. Barry, D. M. Saunders, in Essentials of Negotiation, 4th edition, p. 167-189, 2007.
- ***When Is It Legal To Lie In Negotiations?***, G.R. Shell, Sloan Management Review, v. 93, Spring 1991.