

Graduate School of Business  
Columbia University

B8412-04 MANAGERIAL NEGOTIATIONS  
Tuesday 10:00 – 12:50 Uris Hall 329  
Fall 1999

Professor Gus Stuart  
Room 420, Uris Hall  
Telephone: 854-3469  
E-mail: [??@columbia.edu](mailto:??@columbia.edu)  
Office hours: Tuesday 3:00 – 5:30 and by appointment

### **Objectives**

There are three main objectives for this course:

- First, the development of a systematic approach to negotiation. By the end of the course, you should become better able to analyze negotiation situations and interpret your past and future negotiating encounters.
- Second, using the negotiation exercises to develop negotiation process skills. These exercises provide an excellent environment for learning about and modifying your negotiation skills and style.
- Third, an appreciation of the philosophical assumptions that underlie various theories of negotiation. In particular, an understanding of the relationship between modern negotiation theory and recent developments in business strategy.

### **Course Format**

The teaching of this course relies heavily on negotiation exercises and class discussions. There will be very little lecturing, and when there is, it will be interactive lecture. The course content uses decision theory and game theory for much of its analytic underpinnings. These topics will be covered as needed in the de-briefing of the negotiation exercises. (No prior knowledge of game theory is required.)

The negotiation exercises provide role-playing opportunities. They provide an excellent opportunity for experimenting with different approaches to negotiating, but there are some rules that must be followed.

- (1) The written background you will receive in each exercise is meant to represent the preferences and knowledge of real people. You should not show anyone else your

written material because in natural settings you could not show people the things the written material represents.

- (2) You should not make up facts which are not in the case. People make up facts in real negotiations, of course, but facts that are made up in these cases are hard for others to check up on.
- (3) Many of the cases will involve multiple issues. If a case specifies a point structure for each issue, you should never reveal it to the other participants in the negotiation. This rule will be made clearer when we get to the relevant cases in the course.

## Readings

There is no textbook that covers all of the course content. Two books have been assigned:

1. Fisher, Roger and Ury, William, *Getting to Yes: Negotiating Agreement Without Giving In*.
2. Ury, William, *Getting Past No*.

The first book should be read by Class 4, the second by Class 7. Some of the additional readings are listed below on the course schedule. Other readings will be handed out in class and will include unpublished notes on some of the newer theory.

## Requirements and Grading

Grading will be based on three factors:

Class participation	35%
Journal	30%
Paper	35%

### 1. Attendance and Class Participation

Class Participation and attendance constitute 35% of your grade. **You are expected to attend all sessions.** It is absolutely crucial that you participate in the negotiation cases. Missing a case disrupts the careful balance and pre-assignment of negotiation partners. Not only does it cost you an opportunity to learn, in a course like this, it negatively affects the learning of others.

You are expected to participate regularly in class discussions. This is very much a 'learning by doing' course. If you are well prepared for class, you will find that you have plenty to contribute to the class discussion.

### 2. Journals

Another 30% of your course grade is determined by the quality of the written journal you keep. The journal should be a record of your thoughts both before and after each exercise

you participate in. Ask yourself what you learned, what surprised you, what you might have done differently after learning what others did, how theoretical predictions are helpful or obvious, and so forth. You should also write about events that happen outside of the course which are relevant--current events, books you read, things that happen in your work or personal life or in other courses.

You should be diligent about writing in your journal because it is much easier to record fresh observations than to remember stale ones. They only need to be a page or so, but feel free to write more. At the end of the semester, you can either (a) submit a copy of your journal or (b) submit a 5-10 page paper summarizing the content of your journal. (This latter option is for those of you who want to keep a very personal journal.)

### 3. Paper

You will be required to write a term paper (35% of your course grade). The term paper should be relatively short, 10-15 pages. Feel free to work in groups of two, but no larger. Use the paper as an opportunity to report on an actual negotiation, read some academic or popular literature about negotiations, study data generated by class exercises, or conduct an experiment to test a hypothesis. I am rather flexible about paper topics. It is more important that you are genuinely curious about the topic of your paper than whether it fits nicely into the above categories.

## COURSE SCHEDULE

### Class 1 (Tues. 9/14)

#### Session 1: Introduction

**Read:** W. Howard Wriggins, "Up for Auction: Malta Bargains with Great Britain"

**Questions for discussion:**

- 1) How did Mintoff's main actions affect Malta's no-agreement alternatives? How did they affect the UK's no-agreement alternatives?
- 2) What, if anything, would you have advised the British to do differently?

#### Session 2: The Essential Negotiation Decision

**Negotiation Exercise:** *Mapletech-Yazawa* (892-003) and (892-004) (to be distributed in class)

**Supplemental Reading:** Richard Shell, "When is it Legal to Lie in Negotiations," *Sloan Management Review* (Spring 1999). (This does not directly relate to the Mapletech-Yazawa exercise, but this article should be read early in the course.)

### Class 2 (Tues. 9/21): Negotiations and the Perceived Game

**Session 1 - Negotiation Exercise:** *Patriot National Insurance Co.* (394-095) and *Byrnes, Byrnes & Townsend* (394-096)

**Preparation:** You will have been given one of the two roles in the prior class. Prepare your case from the perspective of your role. You will negotiate in the first part of class.

**Session 2 - Class Discussion:** De-brief of negotiation.

### Class 3 (Tues. 9/28): Strategic 'Irrationality' in Negotiation

**Session 1 - Case and Negotiation Exercise:** *The 1987 NFL Strike (A)* (189-093) and *(B)* (189-094)

**Preparation:** Skim the (A) case for context. Read the (B) case and be prepared to negotiate *either* role in class.

**Session 2 - Lecture and Discussion:** 'Irrationality' from a game-theoretic perspective.

**Class 4 (Tues. 10/5): Introduction to the Value Creation Mind-set**

NOTE: You should have finished reading Fisher and Ury's *Getting to Yes* by this class.

**Session 1 - Negotiation Exercise:** *Discount and Hawkins* (898-130) and (898-131)

**Preparation:** You will have been given one of the two roles in the prior class. Prepare for your role. (We will try to do both the negotiation and the de-brief in the first session.)

**Session 2 - Movie:** *Powerscreen Problem*

**Preparation:** You will have been given one of two roles in the prior class, as well as some general information. Consider how you would prepare for this negotiation. In particular, following *Getting to Yes*, outline interests, 'batna's', and some options. In class, instead of negotiating this exercise, we will see a movie of the negotiation.

**Class 5 (Tues. 10/12): Analytics of Value Creation**

**Session 1 - Negotiation Exercise:** *Working Women*

**Preparation:** You will have been given one of the two roles in the prior class. You will negotiate your role in class.

**Session 2 - Lecture and Discussion:** Value creation with multiple issues.

**Reading:** Howard Raiffa, *Art and Science of Negotiation*, pgs. 148-165

**Class 6 (Tues. 10/19): Introduction to Coalitional Bargaining**

**Session 1 - Negotiation Exercise:** *WAMAYC* (to be distributed in class)

**Session 2 - Negotiation Exercise:** *Four-Way Organization* (894-015) (to be distributed in class)

**Class 7 (Tues. 10/26): Difficult Negotiations**

NOTE: You should have finished reading Ury's *Getting Past No* by this class.

**Session 1 - Movie:** *Final Offer*

**Session 2 - Class Discussion:** Discussion of *Final Offer* and *Getting Past No*.

**NO CLASS (Tues. 11/02)**

### **Class 8 (Tues. 11/09): A Dramatic Approach to the Negotiation Process**

As negotiators, we often find ourselves playing a role, just like an actor, and participating in dramatic scenes which contain crisis points and climaxes. In this class, we will see how certain principles from the study of drama shed light on the difficult area of managing the negotiation process.

### **Class 9 (Tues. 11/16): Managing Internal and External Negotiations**

**Session 1 - Negotiation Exercise:** *Edgewood Electric* (894-019), (894-020), (894-021), (894-022), and (894-023)

**Preparation:** You will have been given one of four roles in the prior class. Prepare your role. You will negotiate in the first part of class.

**Session 2 - Class Discussion:** De-brief of negotiation.

### **Class 10 (Tues. 11/23)**

#### **Session 1: Effects of Structure on Coalitional Bargaining**

**Negotiation Exercise:** *Coalition Bargaining* (to be distributed in class)

**Preparation:** Bring \$3.00 to class.

**Session 2 - Negotiation Exercise:** *Adam Baxter Company* and *Local 190* (396-318), (396-319), (396-321), and (396-322)

**Preparation:** This exercise is completely separate from Session 1. The *Adam Baxter Company/Local 190* case is a two-part exercise of three-on-three negotiations. For this first part, you will negotiate the 1983 Negotiation in class. For preparation, you will have been given the information for your role, as well as information on a 1978 Negotiation as background. The second part of the exercise is covered in Class 12.

### **Class 11 (Tues. 11/30): Managing a Multi-Party Process**

**Session 1 - Negotiation Exercise:** *Harborco* (20003.0)

**Preparation:** You will have been given one of six roles in the prior class. Prepare your role. You will negotiate in the first part of class.

**Session 2 - Class Discussion:** De-brief of negotiation.

**Class 12 (Tues. 12/07): Long-term Negotiating Relationships**

**Negotiation Exercise:** *Adam Baxter Company* and *Local 190* (396-324) and (396-325)

**Preparation:** In the same teams as before, prepare and negotiate the 1985 Negotiation. NOTE: This negotiation is to be done **outside** of class. An additional case (396-326) will be distributed in class as part of the de-brief.