**Negotiation Skills – MGMT 414**

**Fall 2021**

**Class time:** Wednesday 09:40am- 12:30pm

**Class location:** SBS G048 and Online (<https://sabanciuniv.zoom.us/j/7772026805>)

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**“In business, as in life, you don’t get what you deserve - you get what you negotiate.”**

**- Chester Karrass**

**Course Overview**

We negotiate every day—with potential employers, coworkers, roommates, landlords, parents, bosses, merchants, and service providers—determining what price we will pay, the amount of our salary and compensation, what movie to watch, and who will clean the kitchen…all of these are negotiations. Although negotiations are a ubiquitous part of our everyday lives, many 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?

Negotiation is the art and science of securing agreements between two or more interdependent parties who are seeking to maximize their outcomes. This course provides the opportunity to develop your negotiation skills in a series of simulations and debriefings that engage a variety of bargaining processes in the contexts of deal making and dispute resolution. Each simulation has been chosen to highlight the central concepts that underlie negotiation strategy. The course is designed to address a broad spectrum of negotiation problems that are faced by managers and professionals.

Organizational members, in times of complex and rapidly changing environments and technologies, face increasing demands for working effectively with different departments, levels, cultures and organizations. Effective negotiators are able to develop agreements with other people that allow joint work on a variety of complex problems; ineffective negotiators can embroil their departments and organizations in expensive, draining, and destructive struggles that absorb enormous amount of time, energy, resources, and talent. Therefore, a basic premise of this course is that while a manager needs analytical skills to develop optimal solutions to problems, a broad array of negotiation skills is needed for these solutions to be accepted and implemented.

Like any other process, negotiation entails the use of particular tools and skills. Whether the goal is negotiating a contract, convening a work team, or settling union-management disputes, similar communication skills are used and similar tactical tools are employed. How effectively these are used goes a long way towards deciding the outcome of the issue. Studying these tools and skills, and improving their use through a process of practice, feedback, insight and reflection is an essential part of becoming and effective and competent manager.

The course will emphasize developing both intellectual knowledge of approaches to negotiation, conflict and organizational influence and practical skills in applying that knowledge to situations drawn from organizational life. By the end of this course, I want you to be able to demonstrate that you can wisely,

1. handle win/lose (or "distributive") negotiation
2. bridge gaps- where at first it seems like only impasse is possible- using win/win (or "interest-based") negotiation concepts
3. analyze and manage complex negotiations and conflicts with many parties, many issues, and many factions
4. prepare a detailed and effective plan for a difficult business negotiation
5. tell if you've reached a good outcome in a negotiation, using specific measures of success
6. confront someone in a way that improves the odds of actually changing his behavior without destroying the relationship
7. find ways to help organizations reach wise agreements
8. apply your negotiation training in the real world to produce sound results and understand why you got the results you got.

I would encourage you to pursue additional objectives of interest to you, but you are likely to be disappointed in the course if the above objectives are very different from your own. I hope this course will be one of the highlights of your time at Sabancı, and that it will help you handle conflicts and business dealings with confidence and wisdom.

**Course Design**

**Negotiation Exercises:** The course will treat a variety of business situations, including conflict and negotiations between individuals, between departments, across levels and among different organizations. The learning format includes interactive lectures as well as role-playing exercises and simulations, in which you will experience negotiation in a variety of settings – not as onlookers but as actual parties. As we advance in the course, our focus will shift from simple one-on-one negotiations to more complex ones involving many parties, agents, coalitions, and organizations.

We will be negotiating every week. While the class officially meets at scheduled course times, students will be expected to meet with other students outside of class to prepare for and execute certain negotiation exercises. Students should also be prepared to stay a few minutes after class to arrange meetings with other members of the class.

**Preparation for Negotiations:** As classes will typically involve actual negotiation exercises or simulations for students or student groups preparation for and participation in these classes will have a major impact on your learning in the course. You will learn from these experiences only if you prepare them properly. I will, and your classmates should also, expect that you fully prepare for each negotiation exercise and that you arrive to class ready to actively participate in discussion and exercises. If all of you come prepared and are open to learn, the exercises will be lively, meaningful, and, hopefully, fun.

Prior to each negotiation, you are required to submit a planning/preparation document. Also, note that some exercises require students to prepare outside of class as a team, either by phone, email, or in person. More information about these negotiations will be given out in class. **It is not legitimate to look at information from other roles prior to negotiations. Nor is it legitimate to talk about these negotiations with previous students or search more information on it online**.

**Negotiation Debrief:**

We will debrief every negotiation in class. You are expected to participate in these class 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. In debriefs we will discuss what happened and why it happened. We'll discuss strategies that worked and strategies that didn't. If you should use a strategy that didn't work, I will ask you about it and expect you to be open and willing to discuss it in class. These exercises will probably be new to everyone. Thus, people will make mistakes and use inappropriate strategies. By delving into the thinking that led to a particular strategy, we can correct the thinking and not let it interfere with future negotiations. So I'm really not picking on you when I ask you about your strategies. To learn as much as we can in this class, we need to discuss not just what happened but why. These discussions will show how important post mortems are to future negotiation strategies. They also provide us with an opportunity to not only learn a lot about negotiating but also about ourselves.

**Learning:** This course has been designed to foster learning principally by concrete experiences- by *doing,* trying things during negotiations while thinking about the concepts we have read about and discussed. **You should take your roles and the exercises seriously**. You are encouraged to experiment with alternative styles in this ―safe environment. This is where you can lose a lots of money and in retrospect be happy because you will learn a lesson you will never forget! Recognize your strengths and weaknesses and track your individual progress over the quarter. You should try to do well and never demean either the exercises or the people you are bargaining with. You should think about your strategies and work hard to make sure they are appropriate and effective. You should consider the consequences of your actions within the framework of the exercise and what they might be in other situations. Thus, anyone who justifies their tactics by saying “it was just a game” is not benefiting from the course. Many students in the class learn a great deal from their peers in small groups, who are in a position to give advice and feedback based on concrete experience with you as a negotiator.

**Readings:** It is important to do the week’s readings AFTER the negotiation. The concepts will be more comprehensible if you have already experienced them directly and foreknowledge of the concepts could prevent mistakes that are the critical part of the learning process.

**Course Materials**

**Required Textbook:**

Leigh Thompson (2015) The Mind and Heart of the Negotiator, Global Edition, 6/E

Please use the following link to buy it as an e-book:

<https://www.homerbooks.com/urun/mind-and-heart-of-the-negotiator-ebook>

**Highly recommended book:** R. Fisher, W. Ury and B. Patton, *Getting to Yes: Negotiating Agreement without Giving In*. (2nd ed.) New York: Penguin.

A course pack containing surveys, worksheets and topic summaries to accompany the course material will be distributed as a pdf file. It is very important that you attend all classes to get these instructions. Otherwise you won’t be able to participate in the exercises.

# Course Requirements and Grading

Grades in this course will be based on several components, including (a) participation (b) preparation memos (c) negotiation journal (d) real-life negotiation, (e) reputation index (f) research participation.

**Summary of grading components:**

**Component Weight Due**

Attendance & Participation 25% ongoing

Preparation Memos (4x) 20% see schedule for dates

Negotiation Journal Entries (7x) 25% see schedule for dates

Reputation Index 5% Dec 17

Final exam 25% Final exam week

**Total 100%**

**Attendance and Participation (25%):** The quality of this course depends in large part on the participation of its members. Participation grades will be based on quality as well as quantity (attendance). Concise on-target contributions are generally more desirable than verbal diarrhea. Since this course relies heavily on students learning from each other, about one-fourth of your grade will depend on the extent to which you contribute substantially to learning. You will be expected to participate in negotiation exercises both in class and online. You are not graded on the outcomes of your negotiations, but rather on the quality of your preparation prior to the negotiation and your participation in post-negotiation discussions. Please look at the Logistics and Ground Rules at the end of the syllabus for specific requirements for attendance.

**Preparation Memos (20%):** On most class days, you will be asked to turn in a preparation memo for a specific negotiation exercise that we will do in class. The memos are due at the beginning of class, will be graded as a "check-plus" (excellent preparation; 3 pts) "check" (good enough preparation; 2 pts) or "check minus" (poor preparation; 1 point). There will be four (4) preparation memo assignments (please see course schedule for details). The purpose of the Preparation Memos is to encourage strategic thinking about the negotiation and to reinforce the value of planning to successful outcomes. Preparation and reflection about the upcoming negotiation will help instill the thoughts and behaviors you need to negotiate successfully. Memos will enable you to fully understand the nature of the particular negotiation exercise and develop strategies that will maximize your outcomes. Specifically, they will help you prepare fully for the role you will play in each negotiation exercise. For each memo, answer the following questions:

1. What role are you playing? Describe your relationship with the other party. How would you like this relationship to be in the future? What about during negotiation?

2. What are your interests? What are the needs, desires, fears, motivations, etc. that drive you into this negotiation? Why do you want what you say you want?

3. Of your interests, which does the other party share, and which conflict?

4. What interests might the other party have about which you have no preference? What are some ideas you have for coming to an agreement? What objective criteria can you use to support your arguments or substantiate the options you present?

5. Your BATNA, RP, and Target. What will you do if you cannot come to an agreement with the other party? Their likely BATNA, RP, and Target. What might the other party do?

6. What is your strategy? What would you like to know from the other party? What messages would you like to send to the other party? What assurances or steps do you need to ensure that you understand any agreements the same way, and that their terms are carried out?

You should answer all six questions. Each preparation memo should not exceed 2 single spaced pages. Preparation Memos are due at the beginning of class (please submit your memo to SUCourse+).

**Negotiation Journal (25%):** During the semester you will keep a negotiation journal on most weeks. Writing journal entries is a vehicle for you to synthesize on an ongoing basis the lessons that you want to retain from your in-class negotiation exercises. Typewritten entries are completed individually. Each report should focus on exactly one of the in-class negotiation exercises in which you participated. Accept the first and last entries (see below), your journal entries should include three sections: 1) a simple description of what happened, 2) a key insight that you had/learned, and 3) implications that this insight has for how you should negotiate certain situations in the future (see below for more details). This assignment is due every week**.** See below for details:

Your **first journal entry** will be a baseline skills assessment due second week of the course. Write a journal entry that describes and analyzes your approach to negotiation and conflict as it exists **at the start of our course**. The analysis in this entry will give you a baseline for measuring your altered beliefs and improved performance at the end of the course. In your entry, address *all* of the following questions, in the following order:

1. In your opinion, what actions, attitudes, or approaches differentiate "good" negotiators from "poor" negotiators?

2. Complete the following self-assessment exercises in your course pack and report the specific results in your journal entry.

1. Rate Yourself as a Negotiator
2. Negotiation Style Survey

In light of these results *describe* your typical approach to negotiating: about what do you typically think and what do you usually do when faced with a negotiation or with a conflict that could benefit from negotiating? Only describe your approach here; do not criticize it or praise it here.

3. In your own words, *critique* your approach to negotiating: what's right and what's wrong with your approach and why? That is, in what ways does your approach help you achieve important goals, protect you from rotten outcomes, or alternatively, lead you to rotten outcomes or result in missed opportunities?

Your **next set of journal entries** will be about your reflections on the negotiation exercise experiences. You may write about any simulation or exercise which you feel you learned something important from. The objective of this entry is to encourage your systematic thinking about how the ***concepts*** developed in this course (class discussion and readings) were put to use (or not put to use) in your experience. A journal entry that provides evidence of such systematic thinking will be acceptable. Note that the converse is also true. An entry that merely describes what happened will be *un­accept­able*. ***Analysis*** of the events *in terms of the concepts developed in class and in the reading* is essential. Which one should you write about? Pick the ones that were most memorable, infuriating, surprising, or enjoyable to you. Don't just pick one you did well on--some of the best entries have been written by students who found they failed miserably. The key question is this--which one did you get the most out of? You don't need to write a long essay to do well on this assignment. Do write a succinct, insightful memo that discusses your reactions and that considers the applicable concepts. You don't need to give a step by step account of the experience itself except to the extent it helps you write more clearly about what you learned. Although not an exhaustive list, here are a few examples of the type of issues that you could address:

* 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 other exercises, and what new factors did this context highlight?
* What did you learn about yourself from this experience?
* What did you learn about the behavior of others?
* What did you learn about bargaining and conflict from this situation?
* What would you do the same or differently in the future, or how would you like to behave in order to perform more effectively?

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. Typically, people focus too much on narrative (i.e., what happened) and not enough on analysis (i.e., why it happened). The analysis should be 2 double-spaced pages in length (use 1 margins, Times New Roman 12-point font).

Your **final journal entry** will be a re-assessment of your negotiation skills. Before writing this entry, reread your Baseline entry. In this entry you will compare and contrast your current, evolving negotiation approach with your pre-MGMT 414 approach. The purpose is to analyze how your negotiation skills and knowledge have improved.

1. New Insights: What are the three most important lessons you learned about negotiations?

2. New Behavior: What negotiation behaviors do you still engage in? What behaviors do you no longer engage in? What new behaviors have you *already* added to your approach? Why is your new approach an improvement?

3. Weakness: What is still your *single*, biggest weakness in negotiations? What specific and *active* steps could you take to correct it in the future?

**Reputation Index (5%):** The Reputation Index reflects your negotiating reputation with your classmates on the basis of their experience with you over the semester. The Index is a proxy for the long-term effects of reputations created by negotiation activities in organizations, where your future relationships are affected by your past behavior. The Index recognizes that individuals who have reputations as trustworthy and effective negotiators have an advantage in future negotiations, and that, individuals who are seen as untrustworthy or ineffective have a disadvantage. Toward the end of the semester, each one of you will complete an evaluation of other student’s reputation in class. Reputation is affected by actions one takes during negotiation exercises (e.g., preparation, seriousness, aggressiveness, honesty), how one discusses such exercises publicly during class or outside (e.g., candor, insightfulness, relevance), and how much one contributes to other students’ learning (e.g., providing a challenge, providing useful feedback). Every student will be rated by every other student, both on one’s reputation as a negotiator and on one’s reputation as a contributor to class discussion.

**Final Exam (25%):** This exam will test your knowledge of concepts, theories, tactics and strategies of negotiation covered in your textbook and coursepack.

**Extra credit (5%):** During the course I will ask you to fill out some surveys and will collect data from some of the exercises that you participate for academic research purposes. Collected data will be confidential and will not be shared with third parties. You will gain five credits for your participation in the research. If you do not want your responses used for research purposes, please inform the instructor. By participating in new research projects, you contribute to the experiences of future students.

**Logistics and Ground Rules**

I have found that in almost all settings it is best to establish expectations up front. As such, here are some of my ideas on expected behavior and performance.

1. **Attendance** – Woody Allen apparently once said 80% of success is showing up. I agree! This class meets with a different topic and in class exercise each week which is why I ask for a commitment that you come to all classes, barring health or family emergencies. Since there is really no way to make up the experiences we create in class, and since your participation will help your classmates to learn, I will expect you to attend each class. Come prepared, having read all advance readings, and be engaged during class discussions. **You may miss one negotiation exercise without penalty if you provide me with advance notice (48 hours) and, if requested, make arrangements for a substitute to negotiate in your place. If you miss a second exercise, you will lose a letter grade. If you do not provide advance notice regarding an absence or fail to provide a substitute when required to do so, you will lose a letter grade. If you are not in attendance when a role assignment for a case or exercise is distributed, you must make your own arrangements to get this material. There is no courier or mailbox service.**
2. **Punctuality** - Classes will begin on time, and I will make every effort to end them on time. As in all business situations, arrive on time and be ready to go.
3. **Professional Conduct** - This class engenders active, sometimes emotional, dialogue. Be passionate, but also be professional. I expect and welcome open debate, but we must be respectful of the positions of others. Let’s work together to create a positive, professional - and still challenging - atmosphere.
4. You may not show your confidential role instructions to the other parties at any point in time, even after the negotiation. You are free to tell the other party whatever you would like about yourself during the negotiation.
5. Stay in role during the negotiation and do not discuss the case with the other party even after the negotiation is complete.
6. Do not make up facts or information that materially change the case.
7. It is not appropriate to discuss the cases or anyone’s outcomes with people outside of class.
8. Class discussion stays in class.
9. **The Written and Spoken Word** - As future managers, the ability to write and speak well will set you apart from others in the business word. Build these skills early on in your careers, starting here at Sabancı University School of Management. I will look for quality, clarity and depth in your work; avoid generalizations and jargon. Be organized, and use specific examples to back up your points.
10. **Timeliness** - The business world displays a great fondness for due dates and deadlines. Prepare and submit your work on time. Build in slack time in your work processes to accommodate the unexpected. Submissions are due at the beginning of the scheduled class on the syllabus. Late work will not be accepted**.**
11. **Communication** - Talk with me and share your concerns during the course. I can’t act upon something I’m not aware of. Find me by e-mail or phone if you have any questions or open issues. I’ll commit to being responsive.
12. **Academic Honesty** -Learning is enhanced through cooperation and as such you are encouraged to work in groups, ask for and give help freely in all appropriate settings, such as preparing for in-class case discussions. At the same time, as a matter of personal integrity, you should only represent your own work as yours. Any work that you submit to be evaluated in this class (the individual written assignments) should be original pieces of writing, presenting your ideas in your own words. Everything you borrow from books, articles, or web sites (including those in the syllabus) should be properly cited. Although you are encouraged to discuss your ideas with others (including your friends in the class), it is important that you do not share your writing (slides, MS Excel files, reports, etc.) with anyone. Cheating, plagiarism, and collusion are serious offenses that could result in an F grade and disciplinary action. Please pay utmost attention to avoid such accusations.
13. **Good Humor** - Despite all of the “rules” above, there is still plenty of room for creativity and laughter. It is possible to work hard, learn *and* have fun. I encourage you to be creative and enjoy yourself in the exercises and coursework this semester. Have some fun.

**Course Schedule**

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| --- | --- | --- | --- | --- |
| **Date** | **Topic** | **In class activity** | **Readings** | **Deliverables** |
| Sep 29 | Introduction: Why do we negotiate? What is negotiation? | The Elmtree House Negotiation | Thompson Ch. 1 |  |
| Oct 6 | Preparation: What to do before the negotiation? | Energetics meet Generex | Thompson Ch. 2 | First journal entry 1 |
| Oct 13 | Distributive Negotiations: How to divide the pie? | Sugar Bowl  Texoil | Thompson Ch. 3 | Journal entry 2 |
| Oct 20 | Integrative Negotiations I: How to expand the pie? | New Recruit | Thompson Ch. 4  Appendix 4 | Preparation memo for New Recruit |
| Oct 27 | Integrative Negotiations II: Advanced multi-issue tactics | Park Bar | Thompson Ch. 5 | Prepare a scoring system for Park Bar |
| Nov 3 | Establishing trust and building relationships in negotiations | Oceania! | Thompson Ch. 6 | Preparation memo for Oceania! |
| Nov 10 | Emotions in negotiations: The role of gender | Berkeley Bikes | Thompson Ch. 7 | Journal entry 3 |
| Nov 17 | Power, ethics and reputation in negotiations | Kidney Case  Flash of Genius | Thompson Ch. 7 | Journal entry 4 |
| Nov 24 | Principle-agent relationships in negotiations | The Hampstead Houses | Thompson Ch. 9 | Journal entry 5 |
| Dec 1 | Multi-issue and multi-party negotiations: Coalitions | Harborco | Thompson Ch. 9 | Preparation memo for Harborco |
| Dec 8 | Cross-cultural negotiations | At Your Service | Thompson Ch. 10 | Journal entry 6 |
| Dec 15 | Social dilemmas in negotiations | Ultimatum game  Win as much as you can | Thompson Ch. 11 | Reputation index |
| Dec 22 | Online negotiations | Live8 | Thompson Ch. 12  Ebner et al. (2009; to p. 106) | Final journal entry |
| Dec 29 | Final Exam Review Session |  |  |  |