

Middle East Technical University
Department of Business Administration
Fundamentals of Negotiation for Non-Business Majors

Course Code: BA 312 0402

Course Name: Fundamentals of Negotiation for Non-Business Majors

Semester Offered: Spring 2009

Prerequisite: All Senior and Master Students, except Business School's students

Lecturer: Mehmet Ataman

Course Description:

Managerial success requires agreement and collaboration with other people. This is certainly true for transactions between suppliers and customers, and between investors and start-up companies. It also applies in settling lawsuits, resolving labor problems, forging joint ventures, and crafting strategic alliances.

Since other stake-holders do not have the same interests, perceptions, and values that you do, negotiation skill is needed, professionally and personally. This course is aimed at enabling you to become a more effective negotiator. Effectiveness at the bargaining table requires many things, including:

- ★ The ability to create value and execute deals that others might overlook;
- ★ The strategic skill to acquire your fair share of what is negotiated;
- ★ The ability to avoid common mistakes made by negotiators;
- ★ The perception to understand your own ethics, and the ethics of others;
- ★ The ability to work with people whose backgrounds, expectations, and values differ from your own; and
- ★ The capacity to reflect and learn from your experience.

Effectiveness requires analytic vision and interpersonal understanding. The ability to identify key stake-holders, their interests, and leverage is essential, yet even the most ingenious strategy will fail if not artfully implemented. By the same token, being very persuasive does little good unless it is in service of a carefully conceived plan.

This course provides you with the opportunity to learn how to analyze negotiations at a more sophisticated level. It will give you the opportunity to identify your strengths as a negotiator and to work on your weaknesses. More fundamentally, the course will provide a conceptual framework to diagnose problems and promote agreement, both outside and inside your organization.

Course Objectives

The objective of this course includes improving your ability to

- ★ Negotiate effectively
- ★ Analyze negotiation situations
- ★ Develop a strategic plan for effective negotiation
- ★ Gain an intellectual understanding of negotiator behavior
- ★ Develop interpersonal strategies for increasing your social capital
- ★ Increase your emotional intelligence
- ★ Gain confidence as a negotiator

The purpose of this course is to understand the theory and processes of negotiation and power of social capital so that you can negotiate successfully in a variety of settings. This course will provide you with the opportunity to develop skills experientially, understand useful analytical frameworks, grasp how social capital is created and destroyed, and appreciate the role of emotion in many negotiation situations.

Course Format:

While we will study traditional business school cases in some of our sessions, the heart of the course is a set of interactive negotiation exercises and simulations. These exercises have a dual purpose. First, they will give you hands-on experience with negotiation. You will learn first by actually negotiating, and then by stepping back to compare your approach and results with those of your classmates. You can test your analytic skills and experiment with new techniques. Special preparation and follow-up assignments and reading materials will encourage you to draw practical lessons from your personal experience. You will also have the chance to exchange feedback with your classmates in a structured way.

The exercises also illustrate the key elements of our systematic approach to negotiation analysis. Our first simulation will involve a two-party, price-focused negotiation. We will then move on to progressively more complex situations involving a broader range of issues, multiple parties, and internal-external relationships. Debriefing the exercises, we will examine the range of agreements that people reached, and then identify the key drivers of success. We will see why, for example, some pairs of buyers and sellers agree to a low price while others settle much higher, even though both pairs were given the same initial instructions. We will also see why some people reach agreement while others, in identical situations, do not. Comparing your own results with the class's collective experience will demonstrate the economic, psychological, and social dynamics that animate the negotiation process.

Required Texts:

Essentials of Negotiation. Roy J. Lewicki, David M. Saunders, J. W. Minton. 4rd ed. Irwin/McGraw-Hill, 2006. *This book will be used extensively in the course*

Readings: Outside reading articles will be distributed as a reading package in the beginning of the semester by the instructor.

Materials:

Handouts: The role plays and case activities in this course require extensive handouts. All necessary handouts will be distributed before each class by the instructor.

Recommended Reading:

Though not required for this course, the following books are recommended for those who have an on-going interest in negotiation:

- ★ [*Judgment in Managerial Decision Making*, Max Bazerman, \(Wiley, 2002\)](#)
- ★ *Smart Choices*, Hammond, Raiffa, and Keeney, (Harvard Business School Press, 1999)
- ★ *The Mind and Heart of the Negotiator*, Leigh Thompson, 2nd ed., (Prentice-Hall, 2001)
- ★ [*Getting to Yes*, William Ury, 2nd Ed. \(New York: Penguin, 1991\)](#)
- ★ *Negotiation: Reading, Cases and Exercises*, Roy J. Lewicki, David M. Saunders, J. W. Minton, 4th ed. (Irwin/McGraw-Hill, 2003)
- ★ *Bargaining for Advantage*, G. Richard Shell, (Penguin Books, 1999)
- ★ *Influence: The Psychology of Persuasion*, Cialdini, (William Morrow, 1993)
- ★ *Bargaining for Advantage. Getting Dispute Resolved*. William Ury, Jeanne Brett, Stephen Goldberg, (Jossey- Bass Pub., 1988)
- ★ *Negotiating Globally*, Jeanne Brett, (Jossey Bass Pub., 2001)
- ★ *The Manager as Negotiator: Bargaining for Cooperation and Competitive Gain*, Lax and Sebenius, (Free Press, 1986)
- ★ *The Art and Science of Negotiating*, Howard Raiffa, (Harvard University Press, 1982)
- ★ [*Beyond Winning: Negotiating to Create Value in Deals and Disputes*, Robert Mnookin, \(Harvard University Press, 2000\)](#)
- ★ *Negotiate to Win*, Alan N. Schoonmaker, (Prentice- Hall, 1989.)

Attendance and Grading Policy:

Students are expected to attend **all classes** and to participate in all case exercises and class discussion. In short, attendance is ***mandatory***. This intensive, active student participation is critical to the workings of this class. Each student's ability to gain value from this course depends on every other student's wholehearted contribution and commitment. Moreover, in-class exercises will not work if the key parties are not present. Therefore, students who have heavy schedules or other heavy personal or professional obligations in this semester should consider whether they can make a commitment to this class.

If you are going to miss **any class** you should notify me at least one week in advance. Part of your grade in this course depends on how well you attend and contribute to the class:

Attendance [*] :	26%
Class contribution <i>not participation</i> :	26%
Midterm I:	14%
Midterm II – Take Home:	14%
Final examination:	20%

Please keep in your mind: Each absence: (-) 4 points

Policies and Procedures for Negotiation Exercises:

You will take part in a series of exercises or simulations in this course. The instructions and confidential information for them will be distributed. Other people will be assigned different roles, and therefore will get different confidential information.

Typically, you will be asked to read the background information for the upcoming negotiation, privately plan your strategy, and then meet with your assigned counterpart to try to negotiate an agreement. Sometimes there will be a pre-negotiation assignment. There will always be a post-negotiation reading. At a minimum, one person in your particular pairing must report the outcome on a course debriefing session; other information may need to be submitted as well.

Do not show your confidential instructions to others, before, during, or after the negotiations. In the real world, they would not have access to your confidential information unless you give it to them. Showing this information would compromise the negotiation experience for all concerned. By contrast, when you are actually negotiating with your assigned party, you may discuss as much or as little of your information as you think is appropriate. Whatever you say or do, you should be prepared to explain your negotiation behavior in class. We hope there will be spirited – and useful – debate about ethical questions of fairness and disclosure that arise during your negotiations.

In these simulations, you only know the information provided to you. To the extent that you convey facts that you do not know to be true, you are lying. Please note, we are not guaranteeing that the other side will not deceive you. Unfortunately, deception exists in the world, and it may exist in your simulation. We are simply clarifying that if you make up facts, you are lying, not editing the case.

It should be understood that everyone is trying to achieve as good an outcome as they can, consistent with their particular instructions. Your skill will improve if you are matched with excellent opponents. Someone who takes it easy on you does you no favor. By the same token, there is no obligation to come to agreement in any of these exercises. If you believe the other side is being unreasonable or unfair, you are free to declare an impasse and walk away from the bargaining table. You should be prepared to explain your decision in class.

Outcomes in negotiations are not a factor in grading. While we expect that people will strive to get good deals, success in this regard will be its own reward. Someone who has paid the highest price in a given negotiation will not be graded any differently than someone who paid the least. As noted in the syllabus itself, however, failure to diligently prepare for and carry out the negotiation would be a serious matter.

We encourage you to keep track of your own outcomes and to compare them to the group results that will be presented in class. It is extremely unusual for anyone to get an above average outcome in all of the exercises, but some people tend to do better than others. While it may be a bit discouraging to discover that you are not in that group, I hope that you will search hard for explanations. It is far better to confront such issues in this setting – where the stakes are low and the opportunities to learn are high – than in real world negotiations, where losses, financial and otherwise, can be truly painful.

You can reach me: via mehmet.ataman@kbb.com.tr Tel: (312) 615 3620

I check my electronic mail several times per day and I am always willing to answer questions by email. To make an appointment, send me an email message saying when you want to meet and what it is about. I will confirm to our meeting schedule.

Office hour: Every class day 9:³⁰- 10:¹⁵; *please by appointment.*

Class – By – Class Outline:

Class No	Date	Time	Topic	After Class Reading
1	24.2.2009 Tuesday	10:15-13:00	a. Introduction b. In Class Exercise	Learning with Cases
2	3.3.2009 Tuesday	10:15-13:00	Coffee Contract (The case materials will be handed out)	a. Essential of Negotiation: Ch 1 b. Consider Both Relationship and substance When Negotiating Strategically by. G. Savage, J. Blair, R. Sorenson
3	10.3.2009 Tuesday	10:15-13:00	Texoil (The case materials will be handed out)	a. Essential of Negotiation: Ch 2 b. Preparing for Negotiation by B. Scott
4	17.3.2009 Tuesday	10:15-13:00	Salt Harbor (The case materials will be handed out)	a. Essential of Negotiation: Ch 3 b. Winning at the Sport of Negotiation by K. Aaronson
5	24.3.2009 Tuesday	10:15-13:00	Star (The case materials will be handed out)	a. Essential of Negotiation: Ch 4 b. Deception and Mutual Gains Bargaining: Are they Mutually Exclusive? by R. Friedman, D. Shapiro
6	28.3.2009 Saturday	10:15-11:30	Mid Term I	
7	31.3.2009 Tuesday	10:15-13:00	Summer (The case materials will be handed out)	a. Essential of Negotiation: Ch 5 b. Power of Talk: Who Gets Heard and Why by D. Tannen
8	7.4.2009 Tuesday	10:15-13:00	Ocenia! (The case materials will be handed out)	a. Essential of Negotiation: Ch 6 b. The Nature of Power by K. Boulding

Class No	Date	Time	Topic	After Class Reading
9	14.4.2009 Tuesday	10:15-13:00	New Car (The case materials will be handed out)	a. Essential of Negotiation: Ch 7 b. Six Basic Interpersonal Skills for a Negotiator's Repertoire by R. Fisher, W Davis
10	21.4.2009 Tuesday	10:15- 13:00	Mid Term II - Take Home A Power Play for Howard	Class Discussion: A Power Play for Howard
11	28.4.2009 Tuesday	10:15-13:00	Computron Pharmaceuticals (The case materials will be handed out)	a. Essential of Negotiation: Ch 8 b. The Negotiation of Settlements: A Team Sport by J. Zack
12	5.5.2009 Tuesday	10:15-13:00	College Town Apartments (The case materials will be handed out)	a. Essential of Negotiation: Ch 9 b. Global Negotiating: Vive les differences! by S. Frank
13	12.5.2009 Tuesday	10:15-13:00	Architectural Design (The case materials will be handed out)	a. Essential of Negotiation: Ch 10 – Ch11 b. The Negotiation of Settlements: A Team Sport by J. Zack. c. Negotiating with a Customer You can't afford to lose by T. Keiser
14	26.5.2009 Tuesday	10:15-13:00	Bullard House (The case materials will be handed out)	a. Essential of Negotiation: Ch 12 b. The Negotiation of Settlements: A Team Sport by J. Zack.

Final Examination:

June, 2009 (????Tentative Schedule !!)

Important Reminder!!!

**Middle East Technical University
Department of Business Administration
Rules of Academic Honesty
February 2005**

Cheating: All university, faculty, and department principles on academic honesty will be strictly enforced. The usual consequence for academic dishonesty is failure in the course and additional disciplinary action. Examinations are individual and are to be completed without unauthorized outside assistance. Persons observed cheating during examinations will automatically receive a failing grade in the course. Homework assignments are individual, unless otherwise specified by the instructor, and are to be completed without unauthorized outside assistance as well. Persons observed cheating in their homework assignments will receive a score of zero for the portion of the semester grade that is allocated to such assignments. In addition to the consequences above, the instructor will initiate disciplinary action against the student(s) involved in academic dishonesty.

Plagiarism: The instructor assumes that students will do their own work. By placing their names (individual or team) on assignments, students are affirming that the contents are their original work. Ideas should be stated in the student's own wording. Violation of this provision will be considered as unethical behavior, subject to disciplinary action. If you have any doubt about the use of a specific material, see the instructor ahead of time.

Civility in the Classroom: Students are expected to assist in maintaining a classroom environment which is conducive to learning. In order to assure that all students have an opportunity to gain from time spent in class, students are prohibited from using cellular phones or beepers, eating or drinking in class, arriving late or leaving early without prior permission, or engaging in any other form of distraction. Inappropriate behavior in classroom shall result in, minimally, a request to leave class.

Examination Rules: Students must present a valid METU Student ID before they can be allowed into the examination rooms. Those students who cannot present this ID will not be allowed into the examination room under any circumstances. Cellular phones must be turned off and stowed away during the examinations. Students whose phones are observed to be turned on and/or not stowed away will receive a score of zero for the examination.