

15.665
Power and Negotiation

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Massachusetts Institute of Technology
Sloan School of Management

Fall 2003

Section A: Wednesdays 1:00-4:00pm

Section B: Wednesdays 5:30-8:30pm

Location: Building E56, Room 270

15.665 “Power and Negotiation”

MIT Sloan

Fall 2003

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Class Meetings:

Section A: Wednesdays 1:00-4:00pm

Section B: Wednesdays 5:30-8:30pm

Location:

E56-270

COURSE OVERVIEW

Negotiation is one of the most important skills you will learn at Sloan. No matter how excellent your ideas or how sophisticated your analyses, most business achievements require the ability to communicate with and influence others. Whether negotiating with your boss, your subordinates, or your colleagues at work; your spouse, your children, your friends, or your enemies, this course will offer techniques and tools to enhance your power and your ability to achieve your objectives.

There are several negotiation courses offered at Sloan, each one with a slightly different content and pedagogy. This course emphasizes a social psychological orientation to negotiation, with a focus on providing you with powerful tools and techniques to achieve your goals. Many of the specific principles and exercises included in the course derive from the fields of business, law, public policy, and education. The focus is on negotiation among the parties themselves, with only minimal attention paid to third-party conflict resolution techniques such as mediation and dispute resolution systems.

Negotiation is something you learn by *doing*. So nearly every class meeting for this course includes a hands-on case study or negotiation simulation designed to enhance your abilities, demonstrate concepts, and/or provide you with opportunities to experiment with various negotiation techniques. Examples are drawn not only from the business sector, but also from life outside work and from current events around the world. Because such a significant portion of this course is experiential, your attendance at every class and wholehearted classroom participation are integral to its success.

Topics will include:

- Distributive bargaining
- Influence and compliance
- Lessons from game theory
- Negotiation ethics
- Mixed-motive negotiations
- Cross-cultural negotiations
- Multi-party negotiations
- Team-on-team negotiations
- Negotiation analysis
- Difficult conversations
- Psychological “barriers”
- Managing emotions

REQUIREMENTS

Weekly Reading Assignments. We have selected some readings relevant to each week’s discussion. Students are expected to complete these readings *prior* to the class under which readings are listed, as lectures and discussions often will presume familiarity with the material in the readings. You should be aware, however, that we may add or subtract reading assignments as we go along in response to the dynamics of the course. Any additional readings will be distributed to you in class at least a week before you will be expected to have read them.

Negotiation Simulations. One of the goals for this class is that you gain a deeper understanding of negotiation, not just by reading, writing, and thinking about it, but also by experiencing it first-hand. Therefore, we have planned a number of cases and role-playing activities related to negotiation. As many of these activities require some understanding of background materials and/or confidential instructions, we will expect you to prepare for these activities before class. Such preparation materials generally will be distributed to you during the preceding week’s class. In some cases, you will undertake negotiation simulations outside of class.¹

Attendance and Participation. Often we will be conducting activities in class that require partnering or grouping of students in advance. Therefore, *attendance at all classes is mandatory*. If you believe that you have extenuating circumstances, please speak with the TA; advance notice is critical. Active class participation in activities and discussions is expected of all students. (Do not worry if English is not your native language, as we will make efforts to accommodate you.) Please arrive promptly so that introductions and instructions to activities do not have to be repeated or delayed. Students who feel uncomfortable speaking in public may ask (during the first week only) for their grade to be weighted more heavily toward online discussion of reading materials (see below) and less heavily on participation in classroom discussions.

¹ A central element of this course will be the production of new information about negotiation. What this means is that some of the classroom exercises will double as research investigations. In many cases, you’ll be asked to complete confidential questionnaires before or after the experience. This also fits the philosophy of the course: Almost all of the exercises you will experience have been studied in previous research projects in former classes, like yours. Students from those classes have contributed to your learning experience. By participating in new research projects, you contribute to the experiences of future students. In every case, these new exercises will also be designed to maximize both learning value and research potential. We’ve had a lot of practice satisfying both these criteria in the past, so don’t worry about experiencing new exercises. They help keep the course fresh. If you would not like the outcomes of your participation in this course to be included – anonymously – in our research database, please approach your instructor after class.

Website Contributions. Over the course of the entire semester, students will demonstrate comprehension of the assigned readings by submitting at least ten substantive contributions to an online web discussion. Students should feel free to contribute to existing discussions (which often will be initiated by the instructor), or to initiate a new discussion with an original idea, critique, and/or thought-provoking question. Content of online discussions will be accessible to *all* students in both Sections A and B combined.

Journal-style Papers. You will be required to submit two journal-style papers, reflecting on your negotiation experiences in the context of cases or concepts from this course. Your journals will be reviewed *only* by your TA and by your Professor. *Papers are due at the beginning of class on September 24 and October 29.* One journal should address Assignment A, and the other should address Assignment B. However, ***you may choose which assignment to submit on the first due date and which assignment to submit on the second due date.***

Journal Assignment A: Consider a real world negotiation experience from your own life. It can be a negotiation you've already completed, one with which you're currently involved, or one you anticipate facing in the near future. It could be a business negotiation, or it could be a negotiation from your personal life. Describe this negotiation as best you can, using the terminology from the course. Provide a prescriptive analysis, again using tools from the course, considering how the problem might best be handled (or might best *have been* handled) from the perspective of *all* central parties concerned. 3-5 pages, double-spaced.

Journal Assignment B: Consider one of the role-play simulations from the course. Describe the situation and behavior of the parties as best you can, not simply by reiterating background information from the case, but by using terminology and concepts from the course whenever appropriate. Describe and critique the behavior of all relevant parties, including your own. 3-5 pages, double-spaced.

Final Paper and In-class Presentation. You will work in teams of four to complete a final project for the course, which consists of a group paper and in-class presentation. Students will be expected to form their own teams. All members of the team will receive the same grade. The final paper will give your team an opportunity to demonstrate what its members have learned by analyzing a present day conflict that has been the subject of media coverage and/or scholarly analysis. We will discuss this assignment in more detail later in the semester. Length: 7-10 pages, double-spaced. *Due November 19 at the beginning of class.* Your team will be expected to deliver a 15-minute presentation of this work at some point during our last two class meetings on *December 3* and *December 10*.

GRADING

Your journal-style papers and your final project (team paper and in-class presentation) will be evaluated according the following criteria:

- Originality of your chosen topic
- Understanding and thorough application of course concepts and tools to your chosen topic
- Demonstrated ability to introspect and critique your own ideas and behavior
- Demonstrated ability to understand the perspectives of others
- Creativity in developing elegant solutions to problems
- Overall quality of arguments and clarity of expressed ideas

Journals or team papers handed in late will result in a penalty of one full letter-grade per day.

Classroom participation and participation in online discussions will be evaluated according to the frequency and quality of your contributions, as judged jointly by the Professor and TA. As noted earlier, attendance at all class meetings is mandatory, except in emergencies.

Your course grade will be based on the quality of your two journals (weighted 15% and 15%, respectively), your team paper (15%), final in-class presentation (15%), and participation in discussions – both in class (30%), and online (10%).

SYLLABUS

READINGS:

You will be expected to buy (or borrow long-term) the following book, which should be available at the MIT Coop:

Fisher, R., Ury, W., & Patton, B. (1991). *Getting to YES: Negotiating agreement without giving in*. Second Edition. New York: Penguin Books.

Copies of all additional required readings (referenced below) are available in your course reader from Copy Tech. *Be sure to obtain the course reader specifically for Sections A & B of 15.665.*

COURSE SCHEDULE AND ASSIGNMENTS:

CLASS #1: September 3, 2003

INTRODUCTION AND COURSE OVERVIEW

Required Reading: None required

Casework: Read instructions for Oil Pricing Exercise (distributed via email) and prepare for the in-class exercise.

Recommended Reading:² Axelrod, R. M. (1984). *The evolution of cooperation*. New York: Basic Books.

CLASS #2: September 10, 2003

DISTRIBUTIVE BARGAINING

Required Reading: “Getting your feet wet” in Cohen, H. (1980). *You can negotiate anything*. Secaucus, NJ: Lyle Stuart, Inc., pp. 31-45.
“Contentious Tactics” in Rubin, J. Z., Pruitt, D. G., & Kim, S. H. (1994). *Social conflict: Escalation, stalemate, and settlement*. New York: Academic Press. Pp. 47-67.
Dawson, “Secrets of Power Negotiation” in Lewicki, R. J., Saunders, D. M., & Minton, J. W. (1999). *Negotiation* (3rd ed.). Boston: Irwin/McGraw-Hill. Pp. 97-107.

Casework: Read, prepare for, and negotiate (outside of class) Buying a House (distributed in class on 9/3/03).
Read confidential instructions for Used Car #2 (distributed in class on 9/3/03) and prepare for your in-class negotiation.
Complete Personal Evaluation Assignment (distributed in class on 9/3/03).

Recommended Reading: Cialdini, R. B. (1993). *Influence: Science and practice*. New York: HarperCollins College Publishers.

² For nearly every class meeting, we provide information on one or more readings (typically books) related to the topics covered in that class. These readings are *not required*. However, if you are particularly interested in the topic for a given class, then you may find it helpful to read that week’s “Recommended Reading.” All of these books should be available for purchase at the MIT Coop.

CLASS #3: September 17, 2003

INTEGRATIVE BARGAINING

Required Reading: Fisher, R., Ury, W., & Patton, B. (1991). *Getting to YES: Negotiating agreement without giving in*. Second Edition. New York: Penguin Books. (Chapters 1-4) Pp. 1-148.

Casework: Read, prepare for, and negotiate (outside of class) Computron Health Systems (distributed in class on 9/10/03).

Read confidential instructions for Sally Soprano (distributed in class on 9/10/03) and prepare for your in-class negotiation.

Recommended Reading: Fisher, R. & Ertel, D. (1995). *Getting ready to negotiate*. New York: Penguin Books.

CLASS #4: September 24, 2003

STRATEGIC BARRIERS

* FIRST JOURNAL PAPER DUE TODAY AT THE BEGINNING OF CLASS *

Required Reading: “Managing the Negotiator’s Dilemma” in Lax, D. A., & Sebenius, J. K. (1986). *The manager as negotiator : Bargaining for cooperation and competitive gain*. New York: Free Press. Chapter 7, Pp. 154-182.

Leritz, “Negotiating with Problem People” in Lewicki, R. J., Saunders, D. M., & Minton, J. W. (1999). *Negotiation* (3rd ed.). Boston: Irwin/McGraw-Hill. Pp. 408-411.

“Is business bluffing ethical? (Abridged).” Edited and excerpted version of article by Albert Z. Carr *Harvard Business Review*, 1968. (HBS Publishing, 1-391-298)

Reitz, H. J., Wall, J. A., & Love, M. S. (1998). Ethics in negotiation: Oil and water or good lubrication? *Business Horizons*, 5p. (HBS Publishing, BH004)

Shell, G. R. (1991). When is it legal to lie in negotiations? *Sloan Management Review*, 32, pp. 93-101.

Casework: Read, prepare for (using 7-elements), and negotiate (outside of class) The Powerscreen Problem (distributed in class on 9/17/03).

Recommended Reading: Ury, W. (1993). *Getting past no: Negotiating your way from confrontation to cooperation*. New York: Bantam Books.

CLASS #5: October 1, 2003

STRUCTURAL BARRIERS I – Power Differences & Multiple Stakeholders

- Required Reading: Fisher, R. (1983). Negotiating power: Getting and using influence. *American Behavioral Scientist*, 27, Pp. 149-166.
- “Negotiating in Groups and Organizations” in Bazerman, M. H., & Neale, M. A. (1992). *Negotiating rationally*. New York: Free Press. Chap 14, Pp. 126-139.
- Sebenius, Sequencing to Build Coalitions: With whom should I talk first? In R. Zeckhauser, R. Keeney, & J. Sebenius (eds.) *Wise Choices: Decisions, Games, and Negotiations* (Boston: Harvard Business School Press, 1994). Pp. 324-348.
- Pendergast, W. R. (1990). Managing the negotiation agenda. *Negotiation Journal*, Pp. 135-145.
- Casework: Read, prepare for, and negotiate (outside of class) Adam Baxter/ Local 190 – 1978 (distributed in class on 9/24/02).
- Read confidential instructions for Three-party Coalition Exercise (distributed in class on 9/24/03) and prepare for your in-class negotiation.
- Read confidential instructions for Harborco (distributed in class on 9/24/03) and prepare for your in-class negotiation.
- Recommended Reading: Susskind, L & Field, P. (1996). *Dealing with an angry public: The mutual gains approach to resolving disputes*. New York: The Free Press.

CLASS #6: October 8, 2003

STRUCTURAL BARRIERS II – Teams

- Required Reading: Ancona, D. G., Friedman, R. A., & Kolb, D. M. (1991). The group and what happens on the way to "yes." *Negotiation Journal*, 7, Pp. 155-173.
- Fisher, R. (1989). Negotiating inside out: What are the best ways to relate internal negotiations with external ones? *Negotiation Journal*, January, Pp. 33-41.
- Casework: Read, prepare for, and negotiate (outside of class) Adam Baxter/ Local 190 – 1983 (distributed in class on 10/1/02).
- Read confidential instructions for Chestnut Village (distributed in class on 10/1/03) and consider meeting with your team (outside of class) to prepare for your in-class negotiation.
- Recommended Reading: None to recommend for today.

CLASS #7: October 15, 2003

PSYCHOLOGICAL BARRIERS

- Required Reading: Stone, D., Patton, B., & Heen, S. (2000). *Difficult Conversations: How to Discuss What Matters Most*. London: Penguin Books. Pp. 1-20.
- Mnookin, R. H., & Ross, L. (1995). "Barriers to conflict resolution." In K. Arrow, R. H. Mnookin, L. Ross, A. Tversky, & R. Wilson (Eds.), *Barrier to conflict resolution*, New York, W. W. Norton & Company. Pp. 3-24.
- Casework: Read, prepare for, and negotiate (outside of class) Casino (distributed in class on 10/8/03).
- Recommended Reading: Stone, D. (2000). *Difficult conversations: How to discuss what matters most*. London: Penguin Books.

October 22, 2003: NO CLASS (SIP WEEK)

CLASS #8: October 29, 2003

NEGOTIATION NORMS I – Relational Norms and Gender Norms

* SECOND JOURNAL PAPER DUE TODAY AT THE BEGINNING OF CLASS *

- Required Reading: Kurtzberg, T., & Medvec, V. H. (1999). Can we negotiate and still be friends? *Negotiation Journal*, Pp. 355-361.
- St John, A. W. (1996). The gender and power mix for managers as negotiators. *Negotiation Journal*, 12, Pp. 367-370.
- Tannen, D. (1995). "The Power of Talk: Who gets heard and why?" *Harvard Business Review*, 11p. (95510)
- Kolb, D. M. (1993). Her place at the table: A consideration of gender issues in negotiation. In J. W. Breslin & J. Z. Rubin (Eds.), *Negotiation theory and practice*, Cambridge, MA: Program on Negotiation Books. Pp. 261-277.
- Casework: Read, prepare for, and negotiate (outside of class) Adam Baxter/Local 190 – 1985 (distributed in class on 10/15/02).
- Be prepared to discuss with a classmate a "difficult conversation" or negotiation example from your own life that is currently in progress or that you're currently in the midst of preparing for.
- Recommended Reading: Carnegie, D. (1936). *How to win friends and influence people*. New York: Simon & Schuster Inc.
- Kolb, D. M., & Williams, J. (2000). *The shadow negotiation: How women can master the hidden agendas that determine bargaining success*. New York: Simon & Schuster.

CLASS #9: November 5, 2003

NEGOTIATION NORMS II – Cultural Norms

Required Reading:

Sebenius, J. K. (2002). The hidden challenge of cross-border negotiations. *Harvard Business Review*, March, 9p. (R0203F)

Graham, J. L. (1993). The Japanese negotiation style: Characteristics of a distinct approach. *Negotiation Journal*, 9, pp. 123-140.

Weiss, S. E. (1994). Negotiating with “Romans” -- Part 1. *Sloan Management Review*, pp. 51-61.

Avruch, K. (2000). Culture and negotiation pedagogy. *Negotiation Journal*, 16, pp. 339-346.

Rubin, J. Z., & Sander, F. E. A. (1991). Culture, negotiation, and the eye of the beholder. *Negotiation Journal*, pp. 249-254.

Casework:

Read Luna Pen (A) (distributed in class on 10/29/03).

Recommended Reading:

Markus, H. R., & Lin, L. R. (1999). Conflictways: Cultural diversity in the meanings and practices of conflict. In D. A. Prentice & D. T. Miller (Eds.), *Cultural divides: Understanding and overcoming group conflict*. New York, NY: Russell Sage Foundation. Pp. 302-333.

CLASS #10: November 12, 2003

Mediation & Dispute Resolution Systems Design

Required Reading:

Rubin, J. Z., & Sander, F. E. A. (1988). When should we use agents? Direct versus representative negotiation. *Negotiation Journal*, pp. 395-401.

“How Mediation Works” in Moore, C. W. (1996). *The mediation process : Practical strategies for resolving conflict* (2nd ed.). San Francisco: Jossey-Bass Publishers. Pp. 41-77.

“Designing and Effective Dispute Resolution System” in Ury, W. L., Brett, J. M., & Goldberg, S. B. (1988). *Getting disputes resolved: Designing systems to cut the costs of conflict*. San Francisco: Jossey-Bass Inc. Pp. 41-64.

Ertel, D. (1999). Turning negotiation into a corporate capability. *Harvard Business Review*, pp. 55-64.

Casework:

Read confidential instructions for Amanda (distributed in class on 11/5/03) and prepare for your in-class negotiation.

Recommended Reading:

Moore, C. W. (1996). *The Mediation Process*. San Francisco: Jossey-Bass Inc.

Ury, W. L., Brett, J. M., & Goldberg, S. B. (1988). *Getting disputes resolved: Designing systems to cut the costs of conflict*. San Francisco: Jossey-Bass Inc.

CLASS #11: November 19, 2003

“Negotiation Jujitsu”: Managing Emotions, Precision Questioning, and Persuasion

*** FINAL PAPERS DUE TODAY AT THE BEGINNING OF CLASS ***

Required Reading: Conger, J. A. (1998). The Necessary Art of Persuasion. *Harvard Business Review*, pp. 84-95. (98304)

Casework: None

Recommended Reading: None

November 26, 2003: NO CLASS (EARLY RELEASE IN HONOR OF THANKSGIVING)

CLASS #12: December 3, 2003

IN-DEPTH ANALYSES OF REAL WORLD CONFLICTS (and possible resolutions!)

*** IN-CLASS PRESENTATIONS ***

CLASS #13: December 10, 2003

IN-DEPTH ANALYSES OF REAL WORLD CONFLICTS (and possible resolutions!)

*** IN-CLASS PRESENTATIONS ***