

**General Course Information:**

HRMG 7462-001-20041.HRMG Managerial negotiations  
8:30am 4:30pm  
BTBA room RTBA

**Instructor Information:**

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**Reading Materials:****Required**

- **There are three required texts:**

- 1) Roger Fisher and William Ury, Getting to Yes, (Penguin, 1981)
- 2) Max Bazerman, Judgment in Managerial Decision Making, (Wiley, 2001)
- 3) John McMillan, Games, Strategies, & Managers, (Oxford Press, 1992)

You should read Getting to Yes as soon as possible; it contains insights and lessons that permeate the course and are worth learning early on. While we will cover only five of the ten chapters in Bazerman, you might find the other chapters interesting. They are relatively short and should help improve your general decision making skills. McMillan clearly and intuitively explains game theory's most important concepts. It contains many interesting examples that illustrate the benefits of strategic thinking. These books are available at the Columbia University Bookstore. Copies of these books are also on reserve in the Business School Library.

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**Course Description**

Negotiations is the art and science of creating agreements between two or more parties. This course has two purposes. First, we will discuss and apply theories developed as guides to improving negotiating. (That's the science.) Secondly, students will develop and sharpen negotiating skills by negotiating with other students in realistic cases. (That's the art.)

Since negotiations occur in all kinds of organizations, and in many functional areas within an organization, we will discuss a wide variety of examples. Most of these

examples are cases students will actually negotiate. The cases are the heart of the course. Many cases will be negotiated in class; you should come thoroughly prepared to do so. You will be randomly assigned with a partner(s).

I urge you to read the cases in advance and think about them before negotiating. Preparation will generally get you a better deal (though not always, of course). Furthermore, when you are negotiating in a large group, failing to prepare can hurt the entire group.

Several of the cases will be graded. Here's how: Typically a student will play one of two or more roles in a case--buyer or seller, for example. The numerical performance of a student who is assigned to be a buyer will be compared with only the performances of other buyers. Let  $x$  denote the numerical measure of our buyer's performance. The buyer's score for  $x$  is given by the following formula:

$$\text{score}(x) = \frac{x - \text{lowscore}}{\text{highscore} - \text{lowscore}}$$

The lowest buyer score will be assigned a value zero and the highest buyer score will be assigned a one. All other scores are between zero and one. Adding all of your scores across the graded cases will determine your aggregate case grade. Your aggregate case grade will constitute 25% of your course grade.

It is absolutely crucial that you participate in the negotiation cases. Missing a case costs you an opportunity to learn, and disrupts the careful balance and pre-assignment of negotiation partners. If you miss a case without having a good excuse in advance, you will earn a score of -.25. Participating and doing poorly is always better than not participating at all.

There are three additional rules about the cases: (1) The written background you will receive in each case 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. We also have found that people who made up facts do not learn to negotiate. Lying gives them a strategic advantage (of debatable ethicality) which enables them to do well without facing the risk of severe legal and reputational penalties, and without facing up to the more fundamental and difficult aspects of negotiating. (3) Many of the cases will involve multiple issues. The number of points a participant receives for each issue will depend on his or her role in the case. You should never reveal your point structure to the other participants in the negotiation. This rule will be made more clear when we get to the relevant cases in the course.

## Journals

Another 25% 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. Journal entries must be typed. They only need to be a page or so for each negotiation (double spaced, so we can make margin comments), but feel free to write more. Journals will be collected twice during the semester. Your score on the first collection will represent 25% of your total journal grade. The first grading is meant mostly to give you feedback on how your journal might be improved.

## **Paper**

In addition to the cases and the journals, you will also be required to write a term paper (25% 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. There is class time scheduled at the end of the semester for people to describe their papers.

## **Method of Evaluation**

### Breakdown of Grades:

Cases	25%
Journal	25%
Paper	25%
Class participation	25%