Leadership, Negotiations and Management (PPHA 58050)
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Course Overview and Objectives

More than ever before, the central role of a leader is to formulate a firm's objectives, organize to achieve those objectives, and convey such in a form attractive to employees and other stakeholders, whether investors, customers, partners, or politicians. The leader and leadership team have point responsibility, but middle managers too are expected to play a role, and most certainly expected to shape their personal business responsibilities to broad organizational strategy.

Leaders are less often trained to perform these responsibilities than they are simply expected to meet them. This course is about bringing people together to create and deliver value. It is about identifying opportunities in the hurly-burly of everyday life around you, mobilizing resources around opportunities, and organizing to deliver on opportunities.

In any situation, there is a social organization comprised of players with divergent but not infrequently complimentary interests. Principles of social organization indicate how best to coordinate those interests to create value. In the first weeks of this course, we introduce these principles and their application, with a particular emphasis on using social network analysis to better understand how to coordinate personal contacts across diverse groups in an organization, coordinate employees within and between functional groups, and coordinate activities across markets and society more broadly. A strategic leader knows alternative principles of organizing and when to optimize for one or another. Using social networks as our framework, we'll address the key questions: How do I work with other people to identify valuable opportunities and how do we mobilize to make it happen?

In the later class sessions, we move into the domain of negotiations as we explore how to execute strategy through persuading other flesh-and-blood humans to work with us towards our objectives. You will become more effective negotiator by developing your "tool kit" of negotiation tactics and strategies. You will learn from an extensive set of negotiation experiences in class, practice your skills, and benefit from feedback. In the early class sessions, we introduce basic negotiation concepts and tactics. We will focus on specific aspects of the negotiation process that are important to many negotiation situations, such as obstacles to effective communication at the bargaining table, the maximization of multiple interests, and tactics for coalition building.
Pedagogical Approach

We use a blend of theory, cases, negotiation exercise, and discussion of practice. The theory is important – it puts structure on an area of management that is often poorly understood and often managed by intuition. Not only does theory make your thinking on this topic more structured and rigorous, but it helps you to uncover general principles that can be applied in your business or new settings that you will face later in your career. The theory is complementary but distinctly different from more traditional approaches from economics and psychology. The cases are important because they give us a common set of examples to discuss, bring added complexity, and help you understand implementation of the ideas.

Class Readings

You do not need to read large quantities of academic literature to be informed for our class discussions. The idea is to introduce you to a set of ideas without bogging you down in the academic literature. You do, however, need to come prepared for the case discussions and/or negotiation simulations (depending on the week), and being well versed on the case or the negotiation simulation will often require you to familiarize yourself with supporting readings. Supporting readings consist of additional case studies and/or portions of academic journal articles and book chapters. For journal articles, concentrate your reading on the introduction and conclusion sections, and skim the data and methods sections if interested.

All readings are available online via the course website on Canvas except for the two required texts:


Copies of the lecture slides will be available on the course website following each class week. I will not provide hard copies of these slides for you.

Negotiation Exercises

In certain weeks, you will take part in a negotiation exercises. For each exercise, you will be assigned a particular role for which you will be given background materials, instructions, and (often) confidential information to aid you in your preparation. You will be paired with one or more negotiating partners. Typically, you will spend the first part of each class negotiating these cases. The second part of each class will be spent on debriefing and analysis.

Our discussion will often focus on how different strategic choices (and interpersonal skills) drive relative success at the bargaining table. The cases do not involve real payoffs to the participants, of course, but past students have relished the opportunity to test their effectiveness and to try new techniques they learn in the course. It is far less costly to try a new strategy that fails in the classroom than it is to try a new strategy that fails in the boardroom. Because everyone will be negotiating the same case, which will then be extensively discussed, you will get a chance to see something that is seldom visible when you negotiate – how well you might have done had you negotiated differently.
We will record everyone’s results so you can compare the outcome that you negotiated with the results obtained by other people in your same role. These tracked results are not factored in course grades; they are meant only to give you a sense of your effectiveness in a variety of negotiation settings and to learn from your experience. You will find that you are more skillful in some situations than in others.

Whether you negotiate the “best” outcome or the “worst” will not affect your grade in the course, but your faithful and creative preparation and participation are essential, as is the quality of the insights that you draw from the negotiating experience and the course readings. Failure to prepare for and carry out an exercise would not only adversely affect your own learning, but would deny valuable experience for fellow students with whom you’re paired. Thus, your conscientious preparation and actual presence in the section for which you are registered is a primary requirement of this course.

As you negotiate with your classmates, keep in mind that you should never simply give in to your counterpart, even when you are negotiating with someone you know and like. Doing so would produce a poorer result for you and would deprive them of a legitimate test of their skills. As with a tennis match among friends, playing vigorously and intelligently does more for everyone’s game, and is much more fun.

Grades and Grading Policy

Grading in this course has five components:

**Class Preparation and Participation** (20%): Your class participation grade will be based on how conscientiously and insightfully you prepare for and discuss the cases and/or carry out the assigned negotiation exercises including the preparation sheets where appropriate (not your scores in the exercises themselves). Missing a negotiation or failing to contribute to the discussion of the readings and exercises will have an adverse effect on your class participation grade.

**Case Quizzes** (10%): To ensure—or at least strongly encourage—preparation for in-class case discussions, there will be case quizzes at the start of class sessions #2 and #3. Each quiz will be brief (10 minutes), and consist of one or two short questions (often but not always those listed in the syllabus). The quizzes will involve no books, notes, or computers. The University of Chicago Honor Code should be borne in mind. Blue Books will be provided for you.

**Reflection Reports** (25%): Before the start of Class #5 and #9, you must submit a typewritten reflection report (no more than 1200 words a piece; *include a word count at the bottom of the last page*). The reflection reports (also an individual exercise) are a vehicle for you to synthesize on an ongoing and cumulative basis the lessons and analytical insights you want to retain from your experience. More details will be given in Class 3.
The Change Pro Simulation® (10%): The Change Pro Simulation® is an interactive and realistic computer-based learning tool. You will be assigned to groups of 4-6 individuals and will complete this simulation as a team tasked with convincing as many of 24 top decision-makers as possible to “adopt” an enterprise-wide initiative and agree to support its implementation within the division. Accomplishing this task is particularly challenging as participants will have no hierarchical power over the division’s top leadership team and will have to rely on their own social capital to succeed.

Final Group Paper (35%): In lieu of a final exam, I ask that you get together in a group of between three and four students and collectively analyze an interesting negotiation that at least one group member has actually participated in outside of class. Papers should be no more than 12 double-spaced pages. Your paper should focus mainly on analysis rather than mere description of the negotiation, and should draw upon various class themes including the social capital toolkit you developed in early part of the course. Each group should only submit one copy of their final paper.

All assignments will be submitted electronically via the Assignments link on the Canvas course Web site. Any assignment time-stamped after the start time of the class in which it’s due will receive a score of 0.

Students in this class are required to adhere to the standards of conduct in the Honor Code and the Standards of Scholarship of the University of Chicago.

The approximate schedule week by week follows on the next pages, listing all readings including case assignments. Please read it carefully and plan ahead for the quarter. Email us if you have any questions.
**Class 1 - Creating Value: The Social Capital of Innovation and Top-Line Growth**

**Overview:** The shift to less hierarchical organizations has triggered a shift from vertical chains of command to horizontal lines of cooperation. Leaders in the public and private sector have a choice between two strategies for adding value: Brokerage is a strategy for creating value; closure is a strategy for delivering on a known value stream. This session is about the first strategy: brokerage. It is about successful leaders who read organizations and markets to figure out what to do, and who to involve in getting it done. Such leaders have social capital. This session is about what it means to have social capital, and how having it is linked to growing the topline (new customers, new products, and new processes). We will introduce the counter-point to brokerage; namely closure, but will keep the deep-dive for another class session.

**Reading:** There is nothing to prepare for this first session, however, the brokerage argument and much of the evidence in this session is discussed in Chapter 1 of Brokerage and Closure.

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**Class 2 – Harvesting the Advantage of Brokerage and Introducing Closure**

**Overview:** If you have an original idea, there is no budget for it. If there is budget, someone already had the idea. For the same reasons that network brokers have a competitive advantage in detecting rewarding opportunities, they have an advantage in finding resources by reading the interests of people who have budget. This session is about people harvesting the advantage of brokerage. We’ll discuss two cases, one a short video (and a fairly brief HBS case) on John Clendenin, who grew from his initial unfunded idea a successful group within Xerox, and a second on Charlotte Beers, who famously turned around the fortunes of advertising icon Ogilvy & Mather. The cases will be an occasion for us to talk about the process by which brokerage creates value and some of the issues attendant to working with brokers. We’ll then shift, and talk more about closure with a view to setting us up for next week’s discussion on getting the balance right between the two forms of social capital.

**Case:**
- Managing Xerox’s Multinational Development Center (Abridged) – HBS Product # 9496047
- Charlotte Beers At Ogilvy & Mather Worldwide (A) – HBS Product # 495031

The Beers case can be found on the course website. Put yourself in Charlotte's position as head of Ogilvy & Mather. Please read the case, and come to class with answers to the following questions:

i. How would you describe the market in which Ogilvy & Mather operates when Beers takes over the company? Drawing on your knowledge of business and corporate strategy, list some key factors that characterize the market.
ii. How would you describe the condition of Ogilvy & Mather when Beers takes over?

iii. Beers succeeds in turning Ogilvy & Mather around. List three initial steps she takes to turn the company around, describe the most critical step in her turn-around strategy, and explain why you think that step is the most critical.

*Reading:* Chapter 2-3 of *Brokerage and Closure*

### Class 3 - Finding the Balance between Brokerage and Closure

*Overview:* Dense connections within cohesive groups provide a deluge of information, especially on the common enemy that so often helps define such groups, and improper response leads to colleagues correcting, cautioning, or ostracizing the offending party. So people turn to one another for quick, “appropriate,” interpretations of events. In their social construction of events, people drag one another into groupthink, dependence, and rigidity, which creates the need for strategic partners. This session is about how it happens, its potentially terrible consequences for businesses as well as individuals, and how to manage it.

The leadership styles associated with brokerage and closure were introduced separately because they involve such different social mechanisms. Now that the two network mechanisms are introduced, we can get down to the realistic task of working both mechanisms simultaneously. People are neither Robert nor James, but a mix of both. How that works is the topic for this session. I will use knowledge management as a vehicle for class discussion. Knowledge is information in social context. In contexts where information adds no value, it is noise (Lord Chesterfield: “Dirt is matter out of place”). Where it adds value, we call it knowledge, and much of this course is about leaders moving information from places where it is routine to places where it is valuable. This session is about moving knowledge across market and organization boundaries — a core competence in the strategic leader’s skill set.


*Reading:* Chapter 4 of *Brokerage and Closure*

*Case:* Joline Godfrey and the Polaroid Corporation (A) – HBS Product # 9492037

*Case:* British Petroleum (B): Focus on learning – Stanford GSB Product # S-1B-16B

Please read the BP case and come to the session with answers to the following questions:

i. How do “peer assists” contribute to BPX’s ability to learn? How is a peer assist an act of network brokerage?
ii. How do “peer groups” contribute to BPX’s ability to learn. In particular, what incentives are in place to encourage managers to transfer knowledge?

iii. How would you move BPX’s learning capabilities to other parts of BP, or to other companies?

Class 4 – Value Claiming - Part 1 of 2

Overview: This week we begin learning how to better negotiators in order to persuade other flesh-and-blood humans to work with us towards our objectives. This initial session on negotiations will focus on situations in which each party attempts to enlarge his or her share of what is taken to be a fixed pie. We introduce basic concepts and tactics, with a special emphasis on the cognitive aspects of negotiation.

Reading: James Sebenius Essentials of Negotiation (1993)

The Sebenius note introduces the framework we will be developing in the next couple of weeks. Some people see negotiation primarily as a joint problem-solving process that can lead to win-win solutions. Others view bargaining mostly as a power game in which threats and preemptive moves often prevail. Try to take an objective look at your own negotiation tendencies. Do you regard yourself mostly as a “value creator” or a “value claimer” – and would people with whom you negotiate share that view of yourself?

Negotiating Rationally (Chapters 1-4)

Negotiation: Plural-Sunset (Fishbach)

Roles: Mr. Smith of Sunset Telecommunications or Mr. Brown of Plural Wireless

Your role assignments (Smith or Brown) and confidential information will be handed out during our class. You will be given time to prepare your approach to the negotiation. You will then carry out the negotiation with an assigned counterpart.

In this negotiation exercise, as with the others, it is important to keep your instructions confidential. Your purpose is to try very hard, through your negotiating approach, to maximize your surplus over the value of your best unilateral alternative to a negotiated agreement; you will be scored according to the extent to which you do so.
Class 5 – Value Claiming - Part 2 of 2

Overview: This session we further explore situations in which each party attempts to enlarge his or her share of what is taken to be a fixed pie.

Reading: Strategies of Influence (Chapter 7 in Negotiation Genius; Malhotra & Bazerman)

Negotiating Rationally (Chapters 5-8)

Hand in: The Negotiation Style Questionnaire

Complete the questionnaire (which will be made available via Canvas) and calculate your score before class. Email the TA your scores on each dimension 24 hours before we meet for class.

Negotiation: Madsen versus Clayton

Hand in: Preparation worksheet for this week’s negotiation. Submit on canvas before class.

Roles: Bradley Madsen or Clayton Fencing and Roofing

Prepare the case from the perspective of your role and carefully answer the preparatory questions at the end of your case before you come to class. Pairings will be made at the beginning of class.

Class 6 – Value Creation - Part 1 of 2

Overview: In the classes that follow, we explore negotiations that contain elements of both cooperation (creating joint value by “enlarging the pie”) and competition (claiming individual value according to each party’s interests). We identify the potential sources of gains – and why they are often not fully captured. We also analyze the tension between cooperative moves to create value and competitive moves to claim it. This tension is a common feature of negotiation and affects virtually all tactical and strategic choices.

Reading: How to Get Them to Show You the Money (Webber)

Negotiating Rationally (Chapters 9-10)

Negotiation: New Recruit (Neale)

Hand in: Preparation worksheet for this week’s negotiation. Submit on canvas before class.

Roles: Candidate or Recruiter
In this case you will be taking the role of either a recruiter or a potential candidate in a job offer negotiation. As usual, the material you receive describing your role is to be treated as strictly confidential. During the negotiations, you may wish to reveal some of this material to the other side, but the rules of the game do not permit you to show your actual written confidential instructions to your counterpart. It is up to you to decide how to represent your positions. Pairings will be made at the beginning of class.

Prepare the case from the perspective of your role and carefully answer the preparatory questions at the end of your case before you come to class. Pairings will be made at the beginning of class.

Class 7 – Value Creation - Part 2 of 2

Overview: We continue our exploration of negotiations that contain elements of both cooperation (creating joint value by “enlarging the pie”) and competition (claiming individual value according to each party’s interests). This week we increase the complexity dramatically and introduce advanced strategies.

Reading: Women Don't Ask (Babcock & Laschever)

Betting on the Future: The Virtues of Contingent Contracts (Bazerman & Gillespie)

Negotiation: Moms.com (Tensbrunsel & Bazerman)

Hand in: Preparation worksheet for this week's negotiation. Submit on canvas before class.

Roles: Terry Schiller or Kim Taylor

You will assume the role of Schiller or Taylor in the negotiation for a television program, Moms.com.

Prepare the case from the perspective of your role and carefully answer the preparatory questions at the end of your case before you come to class. Pairings will be made at the beginning of class.

Class 8 – Multiple Parties – Part 1 of 2

Overview: As we approach the end of the class, we study multiparty negotiations and explore how the dynamics of these negotiations differ from two-party settings. In particular, we examine the strategic and tactical issues that are essential to any sophisticated building (or destroying) of coalitions.
Reading:  
Credible Commitments (Dixit & Nalebuff)  
Negotiating Rationally (Chapters 12-18)

Negotiation:  
Three-Way Organization (Sebenius)

Hand in:  
Preparation worksheet for this week's negotiation. Submit on canvas before class.

Roles:  
Neptune or Pluto or Venus

You should prepare to negotiate as any of the three parties. You will be assigned the role of Neptune, Pluto, or Venus and your counterparts after you arrive in class.

Class 9 – Multiple Parties – Part 2 of 2

Overview:  
We build on the simple coalitional negotiation introduced last week which a detailed, six-party negotiation with private, public, NGO, and union actors focused around the potential building of a new deep-water port facility.

Reading:  
None beyond the negotiation exercise, so no excuses for being unprepared!

Negotiation:  
Deeport (Sebenius)

Hand in:  
Preparation worksheet for this week’s negotiation. Submit on canvas before class.

Roles:  
Six different roles per group

One person from each group will assume the role of each of Deeport, Unions, Other Ports, Environmental League, Governor, and the Federal Department of Coastal Resources. Your group will have 90 minutes to negotiate. Given the limited span for negotiation, time planning is critical.

Class 10 – The Change Pro Simulation®

Note:  
This class session will utilize a computer-based simulation you will tackle in assigned groups. It is likely that the session will over-run by approximately 30 minutes. Please be prepared for such.

Overview:  
The Change Pro Simulation® is an interactive and realistic computer-based learning tool designed to help team leaders increase their ability to implement change in a complex organization, utilizing not formal but informal influence. Working in small teams (e.g., 4-6 individuals per team), participants will be tasked to convince as many of 24 top decision-makers as possi-
ble to "adopt" an enterprise-wide initiative and agree to support its implementation within the division. Accomplishing this task is particularly challenging as participants will have no hierarchical power over the division’s top leadership team and will have to rely on their own social capital to succeed. You will be assigned to groups of 4-6 individuals and will complete this simulation as a team.

**Student Accommodations**

If you require any accommodations for this course, as soon as possible please provide your instructor with a copy of your Accommodation Determination Letter (provided to you by the Student Disability Services office) so that you may discuss with him/her how your accommodations may be implemented in this course. The University of Chicago is committed to ensuring the full participation of all students in its programs. If you have a documented disability (or think you may have a disability) and, as a result, need a reasonable accommodation to participate in class, complete course requirements, or benefit from the University’s programs or services, you are encouraged to contact Student Disability Services as soon as possible. To receive reasonable accommodation, you must be appropriately registered with Student Disability Services. Please contact the office at 773-702-6000/TTY 773-795-1186 or disabilities@uchicago.edu, or visit the website at disabilities.uchicago.edu. Student Disability Services is located at 5501 S. Ellis Avenue.