



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 organization'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, mobilizing resources around opportunities, and organizing to deliver on opportunities. In short: this course is about getting things done.

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 capital social network analysis as our central 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 leaders and managers 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. 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 also 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:

Rob Cross and Robert J. Thomas, *Driving Results Through Social Networks* (San Francisco: Jossey-Bass, 2009)

Max Bazerman and Margaret Neale, *Negotiating Rationally* (New York: Free Press, 1994)

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 (10%): 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.

Negotiation Preparation (10%): In certain weeks you will be asked to complete a negotiation preparation sheet, sometimes in class and otherwise before class. These will be graded on a check, check plus, check minus scale heavily biased towards a check.

Reflection Reports (30%): Twice during the quarter 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 (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.

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 5-6 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. 50% of your grade for this component of the class will be based on your team’s score and the other 50% on a 1-page, individually prepared, summary of your experience and learnings from the simulation.

Final Group Presentation and Paper (40%): In lieu of a final exam, you will complete a group assignment where you will (1) craft a presentation that you will deliver in class, and (2) write a paper due at the end of the quarter. The presentation and paper will collectively analyze an interesting negotiation and management challenge that at least one group member has actually participated in outside of class. Both deliverables should focus mainly on analysis rather than mere description of the negotiation, and should draw upon various class themes including the social capital toolkit developed in the early part of the course. You will

present your slides in class as a group and are asked to provide the slides 24 hours before your presentation.

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.

Week 1 - Creating Value: The Social Capital of Innovation and Top-Line Growth

October 1, 2019

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, it won't hurt to have started reading *Driving Results Through Social Networks*

Week 2 – Harvesting the Advantage of Brokerage, Introducing Closure, and then Getting The Balance Right between Brokerage and Closure

October 8, 2019

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 multiple cases, including an HBS case on John Clendenin, who grew from his initial unfunded idea a successful group within Xerox, and a couple of video cases. 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 and on getting the balance right between the two forms of social capital. We will also talk about other applications of social capital, including controversial ones mentioned in *The Verge* reading noted below.

Case: Managing Xerox's Multinational Development Center (Abridged) – HBS Product # 9496047

Reading: Ensure you are making progress reading *Driving Results Through Social Networks*. Please plan to have finished the book by week 7 or 8 when you will need to incorporate these ideas in your final presentations and papers.

“Palantir has secretly been using New Orleans to test its predictive policing technology” by Ali Winston in *The Verge*

Week 3 – Value Claiming - Part I of 2

October 15, 2019

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: *Bradford Development: Negotiating a Linkage Agreement*

Bradford, an old New England industrial city, is experiencing an economic boom. The city has recently adopted a ‘linkage agreement’ policy, requiring developers to make once-off payments to the city to offset infrastructure and housing costs. Curry Corporation (‘Curry’) is the first developer to propose a major project under the new administration. After meeting with all the appropriate municipal agencies and citizen groups, the only major issue left unresolved in the proposed project is the appropriate size of the linkage payment that Curry should make to the city.

Roles: *Municipal Negotiation Specialists* or *Curry Corporation Representatives*

Your role assignments (Municipal or Curry) 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.

Week 4 – Value Claiming - Part 2 of 2

Note: there is no class session on October 22 as John needs to travel that week

October 29, 2019

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.

Week 5 – Value Creation - Part 1 of 2

November 5, 2019

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.

Week 6 – Value Creation - Part 2 of 2

November 12, 2019

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.

Week 7 – Multiple Parties – Part 1 of 2

Note: We will be meeting on November 26, the Tuesday before Thanksgiving, even though your other class in EMP doesn't meet on the Thursday of that week due to the holiday

November 19, 2019

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: *Social Services: A Three-Party Exercise*

Allied, Benevolent, and Caring Services are three nonprofit social service providers competing for state social service funding. The state funding agency has decided to increase its annual budget but will provide additional funds only to a consortium of two or more providers. Each provider must decide whether to cooperate with the other providers in order to pursue state funds, and if so, how these funds should be divided among the cooperating providers.

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

Roles: *Allied or Benevolent or Caring Services*

Week 8 – Group Presentations

Note: This is Thanksgiving week and we will be meeting for this class!

November 26, 2019

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.

Hand in: You'll submit a ppt/pdf of your slides 24 hours before start of Week 8 class session and will present your slides in class. More details will be given in class.

Deliver: In-class group presentations of your final projects

Week 9 – Multiple Parties – Part 2 of 2

December 3, 2019

Overview: We build on the simple coalitional negotiation introduced in Week 7 with 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 Deepport, 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.

Week 10 / Final's Week – The Change Pro Simulation®

December 10, 2019

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., 5-6 individuals per team), participants will be tasked to convince 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. You will be assigned to a group and will complete this simulation in that pre-assigned group.

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.