

Module 03 - Intuitive Judgment in Competitive Environments

-Announcement-

“Howdy,

It has been a month since the start of the course. You have learned some valuable topics about intuitive judgment biases and tactics to disarm these biases, under individual and competitive situations. The negotiation project provides a good opportunity to practice the concepts, tools and tactics. Also, you get a real sense of the value of a systematic decision-making process by exercising the term-sheet method.

Your active participation in the group discussions has made a huge difference to the quality of your learning. We made totally about 800 discussion posts in a month. Also, some comments about the targeted Q&A format for group discussions, basically suggesting me to ask questions and you answer, got my attention at the end of the second module. I tried to ask a general question in module three although I still feel hesitated to manage the discussion that way simple because this is an advanced course which in my biased view is for experienced, ambitious leaders.

What distinguish a leader and an average employee is that the former is able to identify what problems to solve, know what questions to ask and can advise others to deal with challenges. So, I want to continue encouraging you all to raise topics and share your own experience. In addition, we have designed many quiz questions, projects and assessments for you. Most of you might want your turns to ask questions. In fact, I notice that your questions are much more challenging and relevant to your work than mine in module three.

May I expect you to keep using the group discussions to challenge your classmates, me and Sam in a constructive way as well as help all of us to learn something new?

Next module will be about decision tree method. The nature of the analytical approach is quite different from the first three modules. We will have to switch gear from qualitative intuitive judgment to quantitative rational thinking. Fortunately, the analytical solver software will do the tree development and math for us. You will enjoy this module.

By the way, my experience is awesome in Saudi which is going through significant changes.

Dr. Xiaomin Yang”

Topic 1 - Module 3 Introduction Duration: about 3 minutes. Download: [Transcript](#)

Topic 2 - Excessive Competition Duration about 2 minutes. Download: [Transcript](#)

Topic 3 - Winners Curse Duration about 6 minutes. Download: [Transcript](#)

Topic 4 - Game Theory Duration about 3 minutes. Download: [Transcript](#)

Topic 5 - Decision Making in Negotiation Duration about 5 minutes. Download: [Transcript](#)

Topic 6 - Two Types of Negotiation Duration about 4 minutes. Download: [Transcript](#)

Topic 7 - Distributive Negotiation Duration about 4 minutes. Download: [Transcript](#)

"You must never try to make all the money that's in a deal. Let the other fellow make some money too, because if you have a reputation for always making all the money, you won't have many deals." J. Paul Getty

Topic 8 - Integrative Negotiation Duration about 7 minutes. Download: [Transcript](#)

"The most critical thing in a negotiation is to get inside your opponent's head and figure out what he really wants." Jacob Lew

Topic 9 - Systematic Negotiation Process Duration about 13 minutes. Download: [Transcript](#)

Quiz 4 Time: 15 minutes [Due: September 20](#)

Topic 10 - Negotiation Simulation Duration about 2 minutes. Download: [Transcript](#)

Negotiation Simulation Materials There are three files in this folder: 1. Background information for Party A which is the buyer of the new product. 2. Background information for Party B which is the developer (seller) of the new product. 3. Recommended term sheet template that you can use to document your business positions and interests, your estimation of your counterpart's positions and interests, as well as the final agreement you reached with your counterpart. Also please feel free to revise the template or develop your own. The background information documents are protected and password will be distributed when the negotiation simulation starts on September 21, 2018. Also, I recommend you complete all of the topics of this module, particularly those about negotiation biases, before starting the negotiation discussions with your counterpart. Deliverables: 1. Complete term sheets including items to negotiate, your positions (desired, acceptable and expected) and interests (weight) of each item, as well as your counterpart's positions and interests that you collect from the negotiation discussions. 2. Reach an agreement with your counterpart and document the agreed terms in the term sheet template. 3. Submit the term sheets that include the above information.

Negotiation Simulation Term Sheet submission [Due: October 6](#)

Submit the term sheets that include the below information.

- Items to negotiate
- your positions (desired, acceptable and expected) and interests (weight) of each item
- your counterpart's positions and interests
- agreed terms

Topic 11 - Negotiation Biases Introduction Duration about 1 minute. Download: [Transcript](#)

Topic 12 - Negotiation Fixed Pie Bias Duration about 1 minute. Download: [Transcript](#)

Topic 13 - Negotiation Framing Bias Duration about 1 minute. Download: [Transcript](#)

Topic 14 - Negotiation Escalation of Conflict Duration about 3 minutes. Download: [Transcript](#)

*"During a negotiation, it would be wise not to take anything personally. If you leave personalities out of it, you will be able to see opportunities more objectively."*Brian Koslow

Topic 15 - Negotiation Endowment Bias Duration about 2 minutes. Download: [Transcript](#)

Topic 16 - Negotiation Self Serving Bias Duration about 6 minutes. Download: [Transcript](#)

Topic 17 - Negotiation Anchoring Bias Duration about 3 minutes. Download: [Transcript](#)

Topic 18 - Improving negotiation Enabled: Statistics Tracking Duration about 3 minutes. Download: [Transcript](#)

Topic 19 - Harvard Negotiation Examples Duration about 17 minutes. Download: [Transcript](#)


Quiz 5 Time: 15 minutes [Due: September 29](#)

Quiz 4

Question

Which of the following factors **DOES NOT** contribute to Winner's Curse?


Answer

- a.
Having access to different information
- b.
Desire to avoid losing the bid in competitive bidding process

- c.
Trying to maximize joint outcomes for all parties involved
- d.
Interpreting the same information differently

Question

Which of the following statements best describe Winner's Curse?


Answer

- 
- a.
A tendency for the winning bid in an auction to exceed the intrinsic value of the item purchased
- b.
Common human tendency to rely too heavily on the first piece of information offered when making decisions
- c.
The apparent increase in value of an object due to owning the object
- d.
Tendency to invest additional resources in an apparently losing proposition, influenced by effort, money, and sunk costs

Question

The term Winner's Curse was first coined in the Oil Industry, when oil companies found out winner of oil bids were losing money from their bids.


Answer

- 
- a.
True
- b.
False

Question

'One person's interests oppose the other's' is a characteristic of:


Answer

- a.
Escalation of Commitment
- 
- b.
Distributive Negotiation
- c.
Integrative Negotiation
- d.
Game Theory

Question

Which of the following is one of the guidelines for Win-Win negotiation?

Answer

- 
- a.
Focus on understanding parties' underlying interests, in addition to positions
- b.
Do not disclose your BATNA and reservation point
- c.
Research the other party's BATNA and reservation point
- d.
Evaluate the Zone of Possible Agreement

Quiz 5:

Question

When both sides assume their interests are in directly conflict and begin their negotiation with a win-lo

Answer



- a.
Fixed Pie Assumption
- b.
Escalation of conflict
- c.
Escalation of commitment
- d.
Anchoring bias

Question

People with negative frames are more likely to make an agreement

Answer




- a.
False
- b.
True

Question

Which of the following can lead to a solution during Escalation of Conflict?


Answer

- a.
Do not disclose your BATNA and reservation point
-  b.
Identify negotiators both can trust
- c.
Research the other party's BATNA and reservation point
- d.
Skip value creation step

Question

Which of the following is **NOT** a method to avoid Self Serving Bias?


Answer

- a.
Try to understand other side's problems and interests

- b.
Focus on your desired outcomes, and use psychological tactics to influence the counterpart to accept th
- c.
React constructively to different opinions, critique and rejections
- d.
Change defensive posturing to mutual problem solving

Question

Which of the following is **NOT** a tactic to build trust?


Answer

- a.
Send in the big guns
- b.
Be patient

- c.
Ask your counterpart to give in their position as early as possible
- d.
Give them a role

Question

To avoid chaos in crisis negotiation, we must establish ground rules and policies before a crisis hits.

Answer

- 
- a.
True
- b.
False