Overview of Multi-Party Decisions
In many decision-making situations, more than one decision body is involved—perhaps a company and one of its suppliers are trying to agree on contractual terms, or joint venture partners representing four different corporations are attempting to decide what each will contribute and what each will receive for their united efforts. In these cases, there is no sense of common entity; each participant is likely to want different things, and each is motivated to place its interests above those of the others. While all may wish to create value through their decisions, there may be no agreement on how that value will be shared—at least initially. Each will want a larger piece of the pie they create and share together. In this session, we introduce a framework for these multi-party decisions using a competitive-collaborative continuum, with competitive win-lose on one end, where parties compete for fixed value, and collaborative win-win on the other end, where parties collaborate for value creation.

Game Theory Overview
We illustrate how game theory can help participants prepare for competitive and cooperative situations in a disciplined way. We describe where game theory can add value. We also introduce the three C’s of game situations (collaboration, coordination, and competition), provide examples from life and business, and discuss the implications of each.

Strategic Gaming Approach
We discuss how to diagnose a business game situation to identify the best approach. We describe a three-stage strategic gaming approach and how it applies to business. We discuss how to frame and structure games by laying out the options available to all of the key players, several moves into the future, and putting yourself into other players’ shoes and mind to understand how to shape and/or change the game. We describe how to evaluate games, including how and when to send credible signals and how to interpret others’ signals (or bluffs). We also describe how to develop an action plan to shape and play the game effectively, including developing a contingent strategy and complementary tactics.

Business Applications of Strategic Gaming
We present real applications of strategic gaming to illustrate how the approach can be applied to negotiation, competitive risk and positioning, and joint venture and strategic alliance situations.

Case Exercise: Strategic Gaming
Participants work in teams on a case exercise to work through a business problem with game theory. They structure and analyze the game, develop strategic and tactical insights, and discuss possible execution plans.
Industry Experience in Applying Strategic Gaming
Game theory provides a structured analytical approach to think about other player's moves. Its applications have allowed organizations to improve their negotiation strategies and exit "losing games" in a timelier manner. An industry speaker describes why game theory is used in their organization, how it has changed the way they approach decision-making, the benefits they have realized, and lessons learned.

Introduction to Negotiation
We define negotiation and discuss the pervasiveness of negotiation. We discuss the importance of frameworks and tactics.

Case Exercise: Cooperative and Competitive Interactions
Participants work in teams to prepare for and conduct a “prisoner's dilemma”-style negotiation. In this exercise, short- and long-term gains vary, depending on whether players seek a competitive or cooperative strategy. After teams conclude their negotiations, we analyze each team’s performance, focusing on the group dynamics and decision-making processes.

Measuring Success in Negotiations
We discuss how to measure success in negotiations, including outcomes, commitment, and open communication.

Case Exercise: De-Escalating Conflict
Participants prepare for and conduct a one-on-one negotiation to resolve an emotional dispute between parties with a long-term relationship. In this exercise, participants must balance financial, relationship, and reputation interests. After pairs conclude their negotiations, we debrief the exercise and discuss what constitutes “success” in this negotiation.

Dealing with Difficult Tactics
We describe how to diagnose a difficult situation and deal with difficult tactics. We describe various approaches for these situations, such as surrendering, quitting, and changing the game. Participants are placed in difficult negotiation situations and practice applying these methods.

Decision Quality in Multi-Party Decisions
We describe how to apply the principles of decision quality to multi-party decisions. “Full, Open, Truthful Exchange” (FOTE) is a powerful frame to understand joint value-creation opportunities. However, the tactics of information sharing, a relationship vs. transaction frame, threat positions, and the negotiation process often define what share of the value each party will receive.

Case Exercise: Litigation
We present a real application of decision analysis to a litigation situation. We illustrate how this approach can yield valuable insights for negotiation and dispute resolution.
Psychology of Fairness: Dividing the Pie
Participants engage in an exercise to divide value with other parties and determine each party’s “fair” share. We highlight the difference between a purely rationalistic, transactional approach and an approach that emphasizes a relationship frame.

Case Exercise: Applying Decision Analysis to Negotiation
Participants integrate the concepts learned in the course to apply decision analysis to a negotiation situation.