MEASURING NEGOTIATION TRAINING IMPACT: Benefits of innovative technology to measure and improve educational outputs

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Executive Summary

What is the ROI from negotiation training? Are participants implementing what they learn about negotiation best practices? How can innovative technology be used to improve negotiation results?

Over the past 35 years, billions of dollars have been spent on negotiation education and implementation efforts. However, only a small number of these programs have attempted to measure the impact of that investment on negotiation outcomes. Aside from anecdotal evidence, it has been extremely difficult to determine if that investment has resulted in any financial gain or operational improvement for individuals or an organization.

This study evaluated whether Negotiation Planning and Management (NPM) software helps negotiators improve their results. The data were compiled from 250 negotiators participating in the Mt. Spencer negotiation simulation used in the courses at the Thunderbird School of Global Management and Nanyang Technological University. The study analyzed the results from eight MBA classes and two professors spanning three years and compared the results from negotiators using ExpertNegotiator® NPM software to the results from those who did not. The data revealed that:

1. **Training is Not Enough** – *Negotiators using NPM software increased their results by **11.3%** to **17.5%**.*

2. **Plans Improve Performance** – *The more negotiators used the NPM software to prepare their strategic plans, the better they performed; and*

3. **You Can Get a Bigger Pie -** *When both parties used NPM software, they improved their mutual gains by **10.9%** to **17.5%**.*

Overview

Billions of dollars have been spent on negotiation education and implementation efforts by individual students and organizations since the publication of *Getting to Yes* in 1981. However, only a small number of these educational programs have attempted to measure the impact of that investment on negotiation outcomes. Aside from anecdotal evidence, it has been extremely difficult to determine if that investment results in any financial gain or operational improvement for organizations. Now, as the negotiation field reaches a new stage of development, there is a growing demand for tools and techniques that can more clearly measure the true benefit of the learning and development investment made in this field.

For the last two decades, I have been teaching negotiation in an intercultural MBA program at the Thunderbird School of Global Management. As an educator, I have explored many different ways to measure whether students could implement what they learned about negotiation best practices. As the field of negotiation studies has advanced, I have worked with a broad array of learning tools and techniques to help students increase their understanding of this complex subject. I also have sought out and evaluated a variety of new technologies to determine if they could provide practical ways to help measure and improve the impact of my teaching on negotiation performance. Throughout this development process, perhaps the most daunting challenge has been trying to measure a student's proficiency and determine how to use that data to make improvements in the teaching and learning processes.

One of the most common ways that we, as negotiation faculty, have measured the learning growth of students has been to test their understanding of basic frameworks, analysis of case materials, and performance on simulation exercises. While these standard methods have helped us evaluate individual learners, the data they generated suffered from a lack of consistent controls and benchmarks to compare the effectiveness of different teaching tools and techniques across time.

The other general measure of educational benefit has focused mainly on gauging the satisfaction levels that students in both academic and professional education have with the instructor's delivery, materials and entertainment factor. This method completely ignores the measurement of learning outcomes and turns the evaluation process into a "beauty contest" with no tangible data for researchers trying to determine the return on investment in negotiation training.

Because of the difficulty of gathering good data demonstrating the benefits of negotiation training, many researchers have explored other ways to discern how education influences negotiation outcomes. For example, studies have consistently documented how students who believe that negotiation skills can be learned and practiced outperform those who believe these skills are just a "natural" personality trait.

In addition, studies have concluded that superior negotiators are distinctly different from average negotiators because of the quality of their planning, social conduct, and post-negotiation learning processes. Finally, researchers have clearly established that negotiators who use problem-solving techniques of asking questions, exploring options, summarizing, and disclosing information in strategic ways outperform those who do not.

While all of these are valuable findings, they primarily address psychological and procedural issues and do not provide quantifiable data that educators can use to measure and modify their curricula in pursuit of the most efficient and effective ways to teach negotiation.

Study Background

I set out to quantify the benefits of negotiation training by applying a new technology to the old challenges of measuring learning outcomes. My hypothesis was that Negotiation Planning and Management (NPM) software could improve students' performance by providing them with a useful strategic planning tool in advance of their negotiation.

I designed the study so the performance of students with and without access to NPM software could be compared over time.

NPM software is a new developing field that combines negotiation best practices, project management and knowledge management capabilities in one solution. It is designed to help negotiators get better results when making the transition from learning to doing.

In the field of NPM software, ExpertNegotiator has been an early technology leader. The developers invited Thunderbird faculty members to be beta testers of a software release in 2007. We agreed to use the application in a negotiation simulation exercise to track and test student mastery of the subject matter.

We used ExpertNegotiator in eight MBA courses on negotiation. The data were compiled from 250 negotiators participating in the Mount Spencer negotiation simulation used in the courses at both Thunderbird and Nanyang Technological University in Singapore.

This study analyzed the results and compared the scores from negotiators using ExpertNegotiator to the results from those who did not.

There was no cost or compensation involved in the use of the ExpertNegotiator. The students received free access as part of the company's academic use program. Neither Thunderbird nor Nanyang faculty received any compensation to use the planning and management software in their courses.

ExpertNegotiator

The ExpertNegotiator software was developed based on the research and experience of Marty Latz, a Harvard-educated lawyer and expert in the field of negotiation education who has trained more than 60,000 lawyers and business professionals.

The software is based upon the negotiation framework created by Latz and described in his book, *Gain the Edge! Negotiating to Get What You Want*.

The Web-based system provides an efficient and effective way to ensure that negotiators apply the best practices they learn in class to the practical challenges they

face in their negotiations. Using information management forms, decision support tools and collaboration systems, it helps negotiators strategically plan and manage their activities during a negotiation.

The tool also provides new ways to measure the actions and behaviors of negotiators so that educators and business managers can track their performance.

The framework directs users to consider the key elements of the negotiation process including:

- setting goals;
- identifying key facts and interests;
- developing options;
- identifying the counterpart's negotiation style and past strategies;
- evaluating leverage;
- identifying standards;
- designing an offer-concession strategy;
- setting an agenda; and
- evaluating and learning from the results post-negotiation.

The system was launched in beta form in August 2007 and has been available commercially since October 2008. It has been used by a wide variety of clients including individuals, small businesses, universities and Fortune 500 companies.

Negotiation Simulation Exercise

I conducted the analysis of the impact of technology on the students' negotiating performance using the Mount Spencer simulation exercise. This simulation was developed by Professors Susan Brodt (Queen's School of Business) and Marla Tuchinsky (Duke Corporate Education) in 1998.

Mount Spencer involves a negotiation between Pat Lothian, director of marketing, advertising and promotions at Mountaineering Equipment International (MEI), and Jean-Francois Belmont, professional mountain climber. They are tasked with negotiating a climb sponsorship agreement between MEI and Belmont.

The simulation includes 10 issues with five potential outcomes for both sides with a total point value of 25,800. Both students start with zero points and receive points based on how each issue is resolved. A minimum of 10,000 points must be obtained by each side for an agreement to be valid.

Measuring the Results

To establish a baseline, I tabulated the Mount Spencer results from five of my previous negotiation courses involving 63 pairs of students. While these students were introduced to ExpertNegotiator and used it for a different simulation, they did not use it for their Mount Spencer negotiations.

The average scores of this baseline group were:

Average individual score	**17644**
Average combined score	**35287**

Starting with my Spring 2010 courses, I offered the students the option of using ExpertNegotiator on the Mount Spencer negotiation. It was strongly recommended but not required. Of those who used ExpertNegotiator, the average completion percentage was 50 percent (they completed half of the components included in their ExpertNegotiator plans).

When I compared the baseline negotiation outcomes to the results from the students who used ExpertNegotiator to prepare for their Mount Spencer negotiation, I discovered the following improvement in results:

Average individual scores		
Used EN	**18510**	**+11.3%**
Didn't use EN	**17718**	**+ 1.0%**

When compiling the combined scores of both sides of the negotiation, I also separated their results into three groups:

Average combined scores		
Both used EN	**36958**	**+10.9%**
One used EN	**36278**	**+ 6.5%**
Neither used EN	**35430**	**+ 1.0%**

The results show that even using only half of the NPM system capabilities to plan and manage a negotiation can generate an improvement of 11.3 percent in the results. I also discovered that, in addition to improved individual results, the combined benefit resulted in a mutual gain of 10.9 percent on average. The pie got bigger and both parties negotiated successfully for a bigger slice.

In the summer 2010, Latz taught an executive education negotiation course at the Nanyang Technological University in Singapore. The students were required to complete 100 percent of their ExpertNegotiator activities as part of their negotiation preparation, implementation and evaluation.

The results of this mandatory utilization proved to be even more impressive than the voluntary use in my courses. When compared to the baseline group, students in Latz's class increased both their individual and combined scores by 17.5 percent on average:

Average individual score	**18979**	**+17.5%**
Average combined score	**37957**	**+17.5%**

Conclusion – NPM software significantly increases negotiator performance

I evaluated whether Negotiation Planning and Management (NPM) software like ExpertNegotiator helps individuals improve their negotiation performance after training.

The results from eight groups of users spanning three years showed that:

1. **Training is Not Enough** – *Negotiators using NPM software increased their results by **11.3%** to **17.5%**.*

Cohort	*Avg. Ind. Score*	***Increase***	***Completion***
Latz NPM Users	18979	**+17.5%**	**100%**
Walch NPM Users	18510	**+11.3%**	**50%**
No NPM use	17644		0%

2. **Plans Improve Performance** – *The more negotiators used the NPM software to prepare and execute their strategic plans, the better they performed; and*

3. **You Can Get a Bigger Pie -** *When both parties used NPM software, they improved their mutual gains by **10.9%** to **17.5%**.*

Cohort	*Avg. Comb. Score*	***Mutual Gain***	*Completion*
Latz NPM Users	**37957**	**+17.5%**	100%
Walch Students			
Both used NPM	**36958**	**+10.9%**	50%
One used NPM	**36278**	**+06.5%**	50%
No NPM use	35287		0%

The results of this study show that NPM technology increases learning, improves educational outcomes, and provides a measurable gain in the value of the educational investment.

Combining negotiation training and technology in this way provides one of the first opportunities for educators to measure the impact of their efforts. I discovered improvements in both individual performance and mutual gains that provide clear measurements of the value of the training programs and methods.

The bottom line is that using NPM software helped students comprehend and apply the theoretical negotiation concepts more effectively and in ways that are immediately practical and relevant.

I hope that these findings will help educators refine future negotiation courses, develop new training techniques, and employ best practices in the field of negotiation skills development. This study now sets the stage for additional research about the ways in which technology can assist with negotiations that involve participants from diverse nationalities and cultures. Combining training and technology in this way should help educators develop more specific metrics which can be used to measure 'intangibles' such as the quality of the working relationships (i.e. trust and fairness) in the negotiation process. These are ambitious training objectives, but the negotiation field is now much further ahead of where it was only a few years ago because of the findings from this research.