

Slash and Burn

Exercises

Negotiation Skills

Win/win negotiations are based on trust and a common goal. This exercise is specifically designed to:

- Demonstrate the cost of win/lose negotiations
- Identify strategies for initiating win/win negotiations

Method

1. You will need six nickels for this exercise.
2. Tell the group you are going to auction off six nickels and want to see who can do the best job of “winning.” You will need three volunteers: two for the bidding, and one to keep track of how much the two parties pay for each nickel.
3. Explain the auction rules as follows:
 - Each nickel will be auctioned off separately.
 - Each party will take turns starting the bidding.
 - The bidding will alternate back and forth until one of the participants declines to bid.
 - Minimum bid is a penny and all subsequent bids must be in full penny increments. There are no maximum bids.
4. Conduct the auction.
 - (a) Hold up the first nickel and ask for a bid from one of the bidders.
 - (b) After the initial bid is given, turn to the other bidder and ask for his/her bid.
 - (c) Continue the bidding process until the nickel is “sold.”
 - (d) Then auction the second nickel in the same manner. However, allow the volunteer who bid second on the first round to bid first this time.
 - (e) Use this same procedure until all six nickels are auctioned.

NOTE: Bids may vary from four to five cents to over a dollar.
5. Tabulate results.
 - (a) Ask the scorekeeper to tally up the results.

NOTE: Most initial auctions end with a win/lose or lose/lose result (e.g., one person getting all the nickels but paying five cents or more for each, or both parties paying more than five cents for each nickel they won).
6. Conduct a second auction.
 - (a) Ask the group if anyone thinks they can do a better job of “winning.”
 - (b) Have two more volunteers participate in the auction. Use the same procedure.

NOTE: Do not explain what you mean by “winning.”
7. Tabulate the results.
 - (a) Ask the scorekeeper to tally the results.

(b) If the auction ended in a win/win (e.g., both parties paying a penny for each nickel), go to Step Nine and discuss the exercise.

(c) If the auction did not end in a win/win, conduct a third auction.

8. Conduct a third auction.

(a) Ask if anyone feels they can do a better job of winning by negotiating with you. Have the volunteer participate in the auction with you.

NOTE: At this point, the group may press you to define "winning." If they do, ask what winning is to them. They will probably respond, "Getting the most nickels for the least money." Agree with this definition (or a similar one). Then ask, "If both parties have the same goal, can they both win?" The group will usually say, "Yes." If they do, ask them for a demonstration. This generally leads to an auction where both party's let each other buy the nickels for a penny. Hence, they both win.

(b) Conduct the auction as before, allowing the volunteer to go first.

(c) When the volunteer makes his/her initial bid, let him/her have the nickel. This is designed to show your good faith and trust.

(d) When it's your turn to bid, start with a penny. If the volunteer raises the bid, let him/her have the nickel. Again, you are showing your willingness to let the other person win.

(e) On the third nickel, again let the volunteer have it for his/her initial bid. Hopefully, the other party will see the method of your madness.

(f) However, if on the fourth nickel, the volunteer raises your bid, raise your bid to a nickel (or higher) to win the nickel. This is your way of showing the other party that there are consequences to not reciprocating.

(g) With the fifth nickel, let the volunteer have it on his/her initial bid. Here you are trying to reestablish the foundation of trust.

(h) On the sixth nickel, bid a penny. If the volunteer raises your bid, escalate the bidding as high as necessary to win the nickel.

9. Discuss the exercise by having the group answer the following questions:

• How did you define "winning"? Responses may include:

- Getting the most nickels
- Not paying much for the nickels I win
- Maximizing my investment
- Not losing

• What factors hindered you from playing win/win (especially the first rounds)? Responses may include;

- Competition—win at all costs
- Unclear goals
- Conflicting goals
- We didn't establish climate and needs before we started negotiating.
- People gave up when they saw they couldn't reach their goals.
- We didn't define "winning."
- No trust

• How do we establish a climate of trust? Responses may include:

- Establish common goals (e.g., get the most nickels for the least amount)
- Demonstrate what's in it for the other party
- Demonstrate your willingness to let other person win
- Show your strength and the possible negative consequences if other party doesn't play win/win.

Remember, win/win requires cooperation (you win) and assertiveness (I win).

- Relate exercise to the participant's job by asking, "How does this relate to our business?"

Notes and Variations

1. This is a self-discovery exercise, so be patient and don't rush the activity. You may have to conduct three or four auctions before the group discovers the learning point.

2. When relating the exercise to the job, be sure to explore negotiations with internal people as well as with customers. Also, explore the impact win/lose negotiations have on relationships (e.g., they generally become lose/lose).

3. This exercise can be used as part of a larger workshop on negotiating or conflict management.