

Havana Plants

by Jeffrey Sanchez-Burks,

Co-authored with Laura Rees & Cynthia S. Wang

University of Michigan
Ross School of Business



Havana Plants

- Two-party, ostensibly multi-issue, in reality single issue with hidden integrative potential.
- Most often used as introductory or capstone exercise

Havana Plants

- Representatives from “Labdien Enterprises” (a cigar producer)” and “El Jefe Fabrica” (a textile producer), are attending an international trade show in Havana, Cuba, to explore export opportunities for tobacco plants unique to the region.
- Both are faced with negotiating with the Cuban authorities (the Cuban tobacco industry is nationalized) for a limited supply of specific types of plants.

Havana Plants

- Neither party knows what or how many plants the other party is interested in. Thus, an ideal goal of the conversation is for both parties to explore whether the other party has similar business interests in Cuba, and if so, in what capacity.

Havana Plants

- Setting
- Two strangers, attending a week-long trade show, meet at the end of the day decide to check out a local restaurant they read about in a tourist guide.

Havana Plants

- **Ostensible Issues**
 - **Three types of plants sold**
 - **Arriba**
 - **Bajo**
 - **Criollo**

*Ease discussion by referring to plants by their first letter (i.e., A, B & C)

Havana Plants

Timing

- Preparation: 10-15 minutes
- Meeting: 15 minutes
- Context: Informal location
- Debrief

Havana Plants

Discovery

- How did you prepare?
- What were your goals El Jefe? Labdien?
- What did El Jefe find out about Labdien?
- What did Labdien find out about El Jefe?

Understanding positions vs. interests

Positions

Interests

Labdien

- Needs 4000 C plants
- Does not need A or B plants
- Needs to fulfill quota to avoid project being shelved (cost: \$4m)

Labdien

- Interested in C plant leaves for cigar production
- Interested in maximizing profits

El Jefe

- Needs 3000 A plants and 4000 C plants
- Does not need B plants
- Needs to fulfill quota to avoid contract being broken w/ distributor (cost: \$4m)

El Jefe

- Interested in C plant stems for textile production
- Interested in maximizing profits

Typical Outcomes

- 60-70% of pairs will discover the optimal solution of sharing the plants for the needed parts (win-win) Advanced pairs further negotiate logistics for separating parts Both firms split the available quota of plants and both fall short of production needs (lose-lose) Some will impasse and walk away (lose-lose)

Results

		Labdien			El Jefe		
<u>Labdien</u>	<u>El Jefe</u>	<u>Arriba</u>	<u>Bajo</u>	<u>Criollo</u>	<u>Arriba</u>	<u>Bajo</u>	<u>Criollo</u>
Person 1	Person 2	0	0	0	3000	0	4,000

Havana Plants

- Analogous to juice/rind exercises without content of the negotiation priming that metaphor
- Multiple issues (i.e., different plants) provides opportunity for unproductive bluffing

Havana Plants

- Purpose:
 - Illustrate how value-creating negotiation opportunities can unfold in informal contexts.
 - See benefits of starting conversations by seeing others as potential collaborators versus solely competitors
 - Importance of perspective taking
 - Differentiating interests from positions
 - Going beyond satisficing (discover bricolage opportunities)
 - Costs of bluffing

Havana Plants

by Jeffrey Sanchez-Burks,

Co-authored with Laura Rees & Cynthia S. Wang

University of Michigan
Ross School of Business

