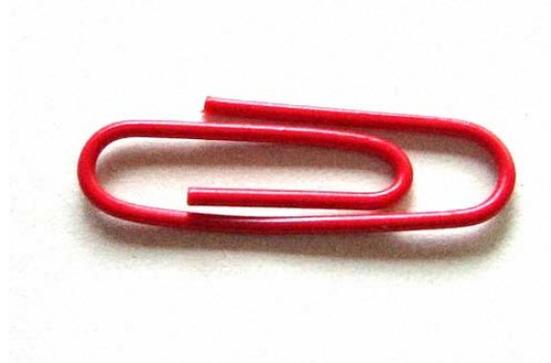


# One Paperclip

By Markus Vodosek & Kyle MacDonald



## DRRC Webinar

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# Acknowledgments

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for the great PowerPoint slides on <http://negotiationexercises.com>

# Materials on DRRC Website

## <http://negotiationexercises.com>

- Instructions
- Teaching Notes
- Template for Negotiation Log
- PowerPoint Slides: Introduction
- PowerPoint Slides: Debriefing

# Why Use This Exercise?

- Familiarize students with basic negotiation strategies.
- Help students apply these strategies in real-life negotiations (as opposed to applying them in role plays).
- Basic negotiation strategies include:
  - Setting goals for the negotiation
  - Taking into account the needs and interests of negotiation partners
  - Developing a BATNA
  - Setting a reservation price
  - Discovering the bargaining zone
  - Framing offers attractively
  - Anchoring offers effectively.

# Overview of Exercise

- Three weeks before the class in which the exercise is debriefed, students receive instructions for the exercise and a large colored paperclip.
- Students are asked to conduct a series of at least five trades that starts with the paperclip and ends with an item that is substantially more valuable.
- After each trade, students enter their reflections on the trade they just completed into a negotiation log.
- Students bring the last item they acquired or a picture of it to the class session in which the debriefing is scheduled. They also hand in their negotiation log.
- Debriefing.
- Duration: 75 min in the classroom, 2-8 hours before class.



# When in a Course Do You Use This Exercise?

- Organizational Behavior course: class session on Conflict Resolution and Negotiation
- Students: undergraduate, MBA, executive
- Potential other uses:
  - First assignment in a course on Negotiation
  - Classes on creativity, goal setting, sales, or entrepreneurship.

# How Do You Teach This Exercise?

- Small group discussion: group members explain the strategies they used to trade up from the paperclip to their last item. Each group nominates the most valuable item within the group.
- Whole class: list the most valuable items from all groups on a board, flipchart, or PowerPoint slide for all students to see. Entire class votes on the most valuable object.
- Award the person with the most valuable item a prize such as a pair of movie tickets.

# What Kinds of Items Do Students Come up with?

Group	Name	Object	Estimated Value
1	Karen	Tablet PC	\$400
2	Will	Donation receipt for computer	\$200
3	Nick	Stereo & 3 haircuts	\$200
4	Joel	Bullhorn	\$150
5	Rebecca	Cell phone	\$300
6	Mark	Used basketball	\$15
7	Harris	G. Loomis fishing pole	\$150
8	Wei	European couch	\$500
9	Adam	Electric guitar	\$40
10	Ben	Office furniture	\$2,300
11	Sahar	Copy & fax machine	\$150

# One Paperclip to a Tricycle (Cohen, 2009)



# One Paperclip to an Xbox with Games (Cohen, 2009)



# How Do You Teach This Exercise?

- Small group discussion: group members explain the strategies they used to trade up from the paperclip to their last item. Each group nominates the most valuable item within the group.
- The most valuable items from all groups are listed on a board, flipchart, or PowerPoint slide for all students to see. Finally, the entire class votes on the most valuable object.
- Award the person with the most valuable item a prize such as a pair of movie tickets.
- After identifying the most valuable item, lead a discussion about different negotiation strategies drawing on examples from students with the most valuable items listed and from students whose items did not make the list.

# Discussion Questions

1. What negotiation strategies did you use in your trades? Which negotiation strategies worked well, which didn't? What enabled you to negotiate for something more valuable?
2. Why are people willing to give you something more valuable compared to what they receive from you?
3. What information did you share with the people you negotiated with? What information did you withhold from them?
4. Over time, did you get better at negotiating?
5. What trades were the most satisfying?

# How Do You Teach This Exercise?

- Small group discussion: group members explain the strategies they used to trade up from the paperclip to their last item. Each group nominates the most valuable item within the group.
- The most valuable items from all groups are listed on a board, flipchart, or PowerPoint slide for all students to see. Finally, the entire class votes on the most valuable object.
- Award the person with the most valuable item a prize such as a pair of movie tickets.
- After identifying the most valuable item, lead a discussion about different negotiation strategies drawing on examples from students with the most valuable items listed and from students whose items did not make the list.
- Conclude with a brief lecture on basic negotiation principles reinforced with examples from the exercise.

# Discussion Topics

- **Goals**

Successful negotiators set goals such as having the exercise completed by a certain date, getting something worth \$500, or targeting a specific item.

- **Interests**

Successful negotiators realized the key to trading up was trading with someone who valued the student's object more than the object they were willing to trade.

- **Reservation Price & BATNA**

As the items that students trade increase in value, students become pickier about the offers they accept (e.g., a student may decide not to trade a cell phone for anything worth less than \$100). Having multiple offers helps students get better items.

# Discussion Topics

- **Bargaining Zone**

Successful negotiators tend to figure out the bargaining zone and do so more quickly than less successful negotiators.

- **Framing**

Successful negotiators frame the trade in a way that is attractive to their partner (e.g., "You're going to miss your deadline if you don't have a stapler to put these materials together").

- **Specific Requests**

Successful negotiators ask for specific items (e.g., "Can I have your extra hole punch? I'll give you a paperclip for it."). Less successful negotiators ask "What are you willing to give me for my paperclip?"

# Discussion Topics

## ▪ Congruent, Distributive, & Integrative Issues

- *Congruent Issues*

One party has an extra external hard drive that she wants to get rid of and the other is looking for an external hard drive.

- *Distributive Issues*

One party wants six soccer balls. However, the owner of the soccer balls wants to hang on to at least four of the balls.

- *Integrative Issues*

One party owns a DVD player and is looking for a potted tree and some soccer balls. The other party needs a DVD player, but has a potted tree and three soccer balls. Trading the DVD player for the tree and soccer balls may be beneficial for both negotiators (a “win-win” agreement).

# Discussion Topics

- **Information Sharing**

Successful negotiators tend to be selective in the information they reveal. Most students reveal initially that they are trading as part of a class exercise. However, as items become increasingly more valuable, this information does not create as much good will from negotiation partners.

- **Experience**

Students get better with each negotiation. When they find a strategy that works well for them, such as targeting people who have surplus items, they try to replicate this strategy in subsequent negotiations.

- **Inexperience**

Inexperienced negotiators tend to assume that their partner has opposite interests and are afraid of revealing too much about their own interests.

# How Do You Teach This Exercise?

- Small group discussion: group members explain the strategies they used to trade up from the paperclip to their last item. Each group nominates the most valuable item within the group.
- The most valuable items from all groups are listed on a board, flipchart, or PowerPoint slide for all students to see. Finally, the entire class votes on the most valuable object.
- Award the person with the most valuable item a prize such as a pair of movie tickets.
- After identifying the most valuable item, lead a discussion about different negotiation strategies drawing on examples from students with the most valuable items listed and from students whose items did not make the list.
- Conclude with a brief lecture on basic negotiation principles reinforced with examples from the exercise.
- **Grade negotiation logs based on a student's level of engagement in the exercise and the quality of his or her reflections.**

# Negotiation Log

- What enabled you to negotiate for something more valuable?
- Which negotiation strategies worked well, which didn't?
- Why was the person willing to give you something more valuable compared to what he or she received from you?
- What information did you share with the person you negotiated with? Why?
- What information did you withhold from the person you negotiated with? Why?
- Over time, did you get better at negotiating? In what way?
- What trades were the most satisfying to you? To the other party?
- At the end of your log in the section titled Summary Comments, write a paragraph emphasizing which negotiation strategies worked best for you across the entire series of negotiations.

# Negotiation Log

Item (include approx. monetary value)	Date of Trade	First Name of Person You Traded With	Your Relationship to the Person You Traded With
0. Marker (\$1)	Oct. 4	John	Co-worker
<b>Comments About the Trade</b> ( <i>Example</i> )	I thought that I needed to get an item for the paperclip that was not as insignificant as the paperclip and that I could trade up more easily. When I saw John walk in with a box of markers, I asked him if he would give me one for my paperclip. He laughed and agreed to the trade. I guess having a specific goal for my trade helped.		
1. Pencil (\$.50)	Oct. 11	Mary	Co-worker
<b>Comments About the Trade</b>	My trade with Mary was a Distributive Negotiation but on a really small scale – she was losing in order for me to gain. In negotiating this trade Mary was willing to give up something of more value, even if she did have a drawer full of paperclips, because she knew it would help me with a school project. I was eager to get the pencil knowing that Jaime, my next trade, has a fetish for mechanical pencils and I knew she would be willing to trade for it.		

# What are the Traps to Avoid When Teaching This Exercise?

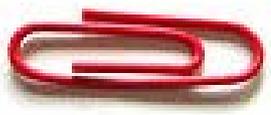
- A few students may find the exercise childish or silly. Solution: award an attractive prize (e.g., movie tickets or \$20 for undergraduates; \$50 for MBAs; \$100 for execs) or hint at high-value items in previous courses (such as a pick-up truck).
- If you plan to award a prize, be sure to announce this to the class when you introduce the exercise.
- Many students will only describe their trades and fail to reflect on how negotiation principles apply to them. Solution: prod students frequently to apply negotiation principles from their readings.
- If you plan to grade students' negotiation logs, be sure to announce this to the class when you introduce the exercise.
- Remind people to trade, many students wait until the last minute before they start with the exercise.
- Many students feel uncomfortable approaching others to trade with. Addressing this issue in class may alleviate the discomfort somewhat.

# Kyle MacDonald's One Red Paperclip Project

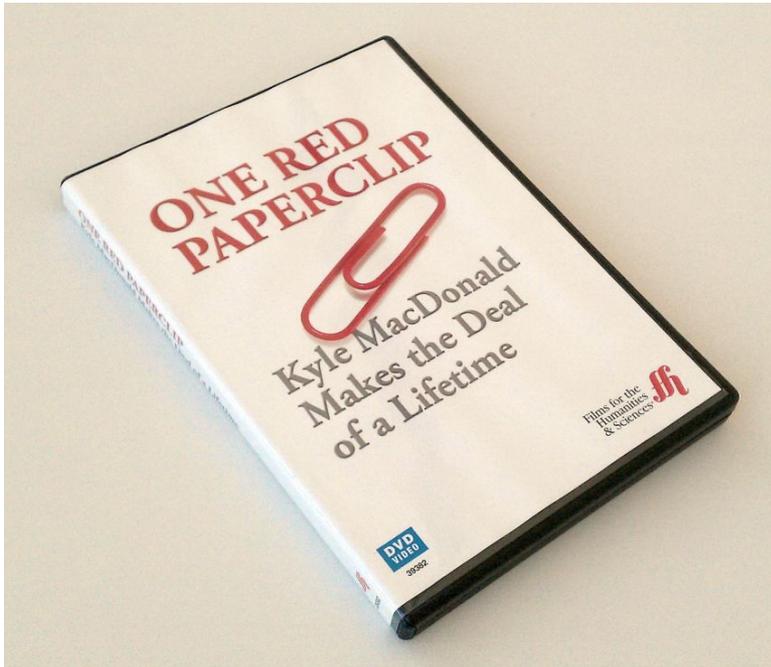
- Exercise inspired by Kyle MacDonald who set out on July 12, 2005 to barter his way up from a red paperclip to a house. He accomplished his goal within 14 trades on July 12, 2006.
- Check it out on <http://oneredpaperclip.blogspot.com> (about 10 mio visitors since 2005).



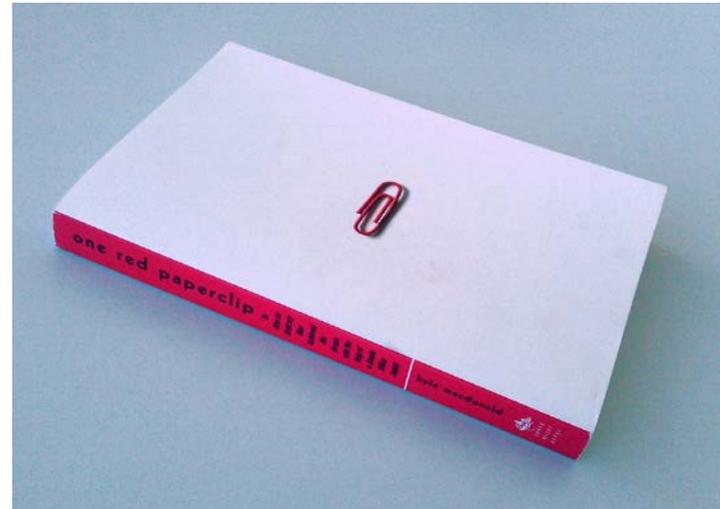
# Kyle MacDonald's One Red Paperclip Project



# Kyle MacDonald's One Red Paperclip Project



CBC Broadcast



Kyle's Book

# Contact

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