

Kukui Nuts



Shirli Kopelman

Teaching Notes | Webinar

Kukui Nuts (Kopelman & Berkel, 2020)

Teaching Pedagogical Overview

Kukui Nuts | 2020

Shirli Kopelman & Georg Berkel

Kukui Nuts

Highlights

- **Engaging Story**
 - Two-party single-issue negotiation with integrative potential
 - The story of the sisters and the orange set in a pharmaceutical setting
- **Memorable Experience**
 - “I couldn’t believe that I missed this profoundly simple solution! It nicely highlighted the challenge of translating theory to practice. I will not forget the take-aways!!!”
 - “Overall, it was a very fun and engaging exercise.”
- **Versatility in Teaching**
 - Works well in a one-hour session
 - Provides context for a three-hour session
 - In person face-to-face or virtual setting

Negotiation Structure & Timeline

Kukui Nuts

- **Structure**

- Two-party single-issue negotiation with integrative potential

- **Setting**

- Informal social situation
- In-person face-to-face or virtual setting

- **Timeline**

- Adaptable to 1-hour workshop | 2-3 hour class session
 - Preparation: 10 minutes
 - Negotiation: 12 minutes
 - Debrief:
 - Works well as a rapid demonstration (15 minutes)
 - Provides context for a facilitated discussion (30-90 minutes)

Pedagogical Goals

Conceptual Overview

- **Conversation = Negotiation**
 - Even a brief informal conversation = An opportunity to negotiate
 - e.g., refreshment break; chat in the elevator
 - Networking at an alumni event opens door to collaborative agreements
- **Negotiation = Exploring Opportunities**
 - Discovery process
 - Transcending beyond a fixed-pie mindset and zero-sum bargaining
 - Imagining possibilities: What if everyone could get 100%?
 - Negotiators who shift from positions to interests/priorities can create value

Inspiration & Historical Legacy

Mary Parker Follett

- **Proverbial Story**

- Two sisters fighting over an orange (proverbial story attributed to Mary Parker Follett)
- Kukui Nuts is inspired this story. To cue deeper learning, we adapted it
 - From two sisters who needed the rind versus juice of an orange to help their mother
 - To pharmaceutical firms who each need a different raw material that could be extracted from a nut

- **Legacy of thinking and contributions to practice**

- “Mary Follett devoted a lifetime to searching for the true principles of organization which would ensure a stable foundation for the steady, ordered progress of human well-being...” (Dynamic Administration: The Collected Papers of Mary Parker Follett. 1940. Editors: Metcalf & Urwick. p. 7)
- “Those who accept integration rather than compromise or domination as the law of social relations will seek the method. The first step in integration is to break up wholes: to analyze, differentiate and discriminate.” (Follett, 1924; p. 165)

Flow of Negotiation Simulation

Agenda

- **Distribute Case**

- Randomly assign participants to roles (iGoz CEO | NussTech CEO)
- Participants read & prepare for a brief conversation (one-page general & confidential information)

- **Negotiate**

- Create an atmosphere of an informal discussion at networking event
 - Class setting: Getting up and standing around room in dyads; white noise allows for a good experience
 - At banquet or keynote: Sitting at tables or in auditorium works well if partner is sitting adjacently
 - Executive Education program: Perhaps during a refreshment break to mimic negotiation setting

- **Debrief**

- Rapid Demonstration
 - 10-15 minute overview of “negotiations = opportunity” (beyond fixed-pie)
- In-Depth Discussion
 - 30-90 minutes facilitated discussion in a workshop or course

Process Recommendations

Kukui Nuts

- **Preparation**

- The negotiation takes about 10-20 minutes to read & prepare
 - Ask participants to refrain from searching the internet for additional information
 - If participants ask who they will be speaking to, highlight the informal networking event (the case is intentionally ambiguous)

- **Negotiation**

- Mimic a networking event
 - If in-person (vs virtual) encourage folding the case in half, so they can look at one another while chatting
- Set a timer for ~12-15 minutes
 - If everyone begins at the same time, the white noise enables focus while everyone chats in the room
- Walk around
 - Listen & observe
 - If no dyad discovers the ideal solution, prod at least one dyad close to the breakthrough (e.g., ask if they need scientific advice and role-play an independent scientific consultant)

Overview of Debrief

Kukui Nuts Debrief Questions

- **What is the resource?**
 - What were you negotiating for? 3000kg white kukui nuts
- **Let's discuss how this resource was distributed**
 - I'm curious if anyone discussed, or "split the pie" of 3000 equally at 1500 – 1500?
 - Sometimes one person gets a bit more... who split the pie of 3000 asymmetrically?
 - Did anyone distribute it 3000-0? or 0-3000?
 - Did anyone not reach an agreement?
 - Did anyone reach an agreement that is not presented here? Could you initially describe it in solely in numbers that reflect the distribution?
- **Conceptual insights**
 - Integrative opportunity
 - Discovery process

Highlights of 2020 Revision

Kukui Nuts

- **2012 Original Version**

- The Kukui Nuts negotiation simulation was distributed by the DRRC in 2012

- **2020 Revision**

- The context was adapted to a university alumni event
- The names of the pharmaceutical companies are: iGoz & NussTech
- The unit of nuts was adapted to 3000 kilograms of white kukui nuts
- The products developed by these pharmaceuticals treat neuroblastoma cancer and facial acne
 - Both treatments are completely fictitious
 - Note that the products have a different sense of urgency that occasionally leads to an altruistic, yet purely-distributive solution
- The component of the nut needed by each firm remains saponin versus phorbol oil

Competitive Landscape and Legal Note

Kukui Nuts

- **Competitive Landscape**

- Intentionally, the Kukui Nuts story is set in a competitive pharmaceutical context

- **Legal Assumptions**

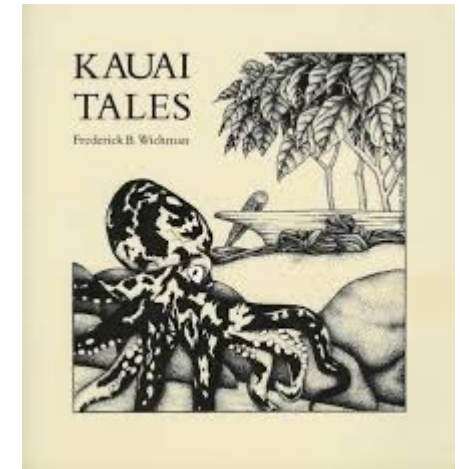
- The exercise may raise questions about whether it is legal for the two companies to talk, or whether this would constitute collusion to reduce the price
 - This is a legitimate reason raised by some students who intentionally do not engage the other party in a conversation about the nuts and related financials
- In this case, cooperation would not constitute a violation of antitrust laws
 - The companies are not competing with one another when it comes to using the object of their cooperation, the kukui nuts
 - “...to compete in modern markets, competitors sometimes need to collaborate. Competitive forces are driving firms toward complex collaborations to achieve goals such as expanding into foreign markets, funding expensive innovation efforts, and lowering production and other costs. Such collaborations often are not only benign but procompetitive” (Antitrust Guidelines for Collaborations among Competitors, 2000, p. 1)

Kukui Nuts: Folklore

A Traditional Story about Kukui Nuts

- **Kauai Tales**

- Book: Kauai Tales by Frederick B. Wichman
 - Eighteen stories gathered and retold with illustrations by Christine Fayé
 - Describe the ancient cultures and societies that flourished on the island of Kauai and were passed from generation to generation through an oral tradition of storytelling
- Story: MA-KA-IHU-WA'A (pages 35-42)
 - A story of how kukui nuts enabled fishermen to return home, when a lamaku served as a lighthouse
 - "A lamakū was set ablaze and stuck in the sand beside the chief. A lamakū is made of strings of oily kukui nuts tied together with a twine made of dried banana leaves. Ten strings are woven around a short pole, forming a cylinder six inches across and four feet tall. The bottom kukui is set on fire and, like a candle, feeds on oil released by the heat. The flame slowly passes from nut to nut, giving bright light and dense smoke."



Teaching Experience

Versatility | Context and Timing

- **Teaching Testimonials**

- “Kukui Nuts worked amazingly well during a keynote luncheon event with 200 participants seated at round-tables, while I presented slides and walked around”
- “I begin my MBA course with Kukui Nuts to demonstrate the fixed-pie bias and frame the course goals. It is a quick experience that allows me enough time to also discuss logistics (for example, the syllabus) during the introductory session.”
- “When I taught Kukui Nuts as the final challenge during the last session, many students were able to reach the ideal solution, which nicely demonstrated their achievements; and yet not everyone got it, which highlighted how challenging negotiations can be beyond the classroom”
- “My students appreciated the clementines that were served as a snack during the launch of the negotiation, particularly when they realized the symbolic meaning during the debrief! The clementines served as a contextual prop and a memory trigger.”

Learning Experience

Experiential Insights | Extraordinary Success and Failure

- **Student Reviews**

- “I couldn’t believe that I missed this profoundly simple solution! It nicely highlighted the challenge of translating theory to practice. I will not forget the take-aways!!!”
- “I was unsure on how much information to share at first and where to begin negotiations. I felt I was too direct and did not settle into the rhythm easily. My partner actually helped me navigate different aspects of the case and we were able to build a solution together.”
- “It was insightful to start the class with an example that demonstrated negotiations are not always about competition. I feel more comfortable in collaborative partnerships and realized my creative skills are actually a negotiation strength!”
- “It was difficult to know what could be shared and what should remain propitiatory knowledge, yet exciting to build a bridge that fulfills both company needs and also use the excess funds earmarked to build development of the family co-op production of kukui harvest growth”
- “It definitely felt like a conversation. I'm a naturally curious person, so I found it enjoyable to ask questions and learn from my counterpart.”
- “Overall, it was a very fun and engaging exercise.”

Enabling Long-Term Learning

Adopting a Mixed-Motive Mindset

- **Transcending beyond fixed-pie mindset**
 - Cooperation *and* Competition
 - Simultaneity challenge (Kopelman, 2014);
 - Exceptional success and failure motivate learning (Quinn, et. al., 2020)
- **Optical illusion reflects need to change mental framework**
 - People intuitively see one side
 - Need to question perception and ponder whether there is another side
 - Image of Duck and Rabbit
 - Made famous by Ludwig Wittgenstein, who attributed it to American psychologist Joseph Jastrow in 1899 (Jastrow, 1899, 1900). However, Jastrow's duck-rabbit cartoon was based on one originally published in Harper's Weekly (November 19, 1892, p. 1114), which, in turn, was based on one that appeared earlier that year in Fliegende Blätter, a German humor magazine published in Munich (October 23, 1892, p. 147)
 - Source: Unpublished "Letter to the Editor" of Trends in the Cognitive Sciences (TICS), originally written by John f. Kihlstrom November 16, 2004. Retrieved February 12, 2021 from: <https://www.ocf.berkeley.edu/~jfkihlstrom/JastrowDuck.htm>
 - Image may help people understand mixed-motive paradox (Berkel, 2021; p. 225)
 - Remember that you don't always see the whole picture in negotiations



Teaching Whiteboard Discussion

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Facilitated Discussion

KUKUI NUTS

white board
discussion

Whiteboard (in person or virtually)

- Emerge the following as you engage in a facilitated discussion
- Use whiteboard

Teaching Notes

- The teaching notes file provides additional information on how to facilitate the debrief discussion of outcomes and negotiation insights from the Kukui Nuts exercise

What is the resource?

KUKUI NUTS

white board
discussion

Is it about money? What resource is “on the table”?

Kukui Nuts

3000kg

Resource Distribution

KUKUI NUTS

white board
discussion

Let's consider the possible ways to distribute a resource

Equal Split

KUKUI NUTS

white board
discussion

The first distribution that comes to mind for many people is an equal, 50%-50% fair, split of a resource

Preparation

- Did an equal 1500:1500 equal distribution come to mind?

Negotiation

- During the conversation was it mentioned?

Agreement

- Perhaps you came to an agreement to distribute the Kukui Nuts
 - NussTech: 1500kg
 - iGoz: 1500kg

Kukui Nuts

3000kg

1500

1500

50%

50%

Asymmetric Split

Perhaps you were trying to get a little bit more...

In preparation, discussion, or agreement

- Did you consider a distribution of kukui nuts in which one side gets more than the other:

2000kg 1000kg

2500kg 500kg

1600kg 1400kg

2900kg 100kg

(many combinations are possible; represent one of these on whiteboard)

Kukui Nuts

3000kg

1500	1500		50%	50%
2000	1000	}	$\frac{2}{3}$	$\frac{1}{3}$
1000	2000			

Dominant: Winner Takes All

Were you trying to get all the nuts?

- Negotiate an agreement that secures all 3000kg for your firm?
- Avoid the topic of kukui nuts during your conversation (no deal)
 - Hop on the next flight to Kauai to secure the entire harvest for your firm?

In preparation, discussion, or agreement

- Did you consider a distribution of kukui nuts in which you get it all?
3000 0

Winner Gives All?!

- Did anyone shift to an altruistic WINNER GIVES ALL distribution?
0 3000

Kukui Nuts

3000kg

1500	1500		50%	50%
2000	1000	}	$\frac{2}{3}$	$\frac{1}{3}$
1000	2000			
3000	0	}	100%	0%
0	3000			

Possible Distributions

Equality

Asymmetry

All/None

KUKUI NUTS

white board
discussion

Distributions	Kukui Nuts			
	3000kg			
Equality	1500	1500	50%	50%
Asymmetric	2000	1000	}	$\frac{2}{3}$
	1000	2000		
All - None	3000	0	}	100%
	0	3000		

Possible Distributions

KUKUI NUTS

white board
discussion

Equality

Asymmetry

All/None

Did anyone distribute the kukui nuts in a way that is not represented on the white board?

- If so, what ***numbers*** did you come up with?
(stories later)

Kukui Nuts

	3000kg			
	3000	3000	100%	100%
Equality	1500	1500	50%	50%
Asymmetric	2000	1000	}	$\frac{2}{3}$
	1000	2000		
All - None	3000	0	}	100%
	0	3000		

Wow

KUKUI NUTS

white board
discussion

Is a 100% | 100% distribution possible?

Appears to violate basic math assumptions...
How can you divide 3000 into “3000 + 3000”?

Kukui Nuts

3000kg

What if 100%, 100%
distribution was possible?

	3000	3000	100%	100%
Equality	1500	1500	50%	50%
Asymmetric	2000	1000	}	$\frac{2}{3}$
	1000	2000		
All - None	3000	0	}	100%
	0	3000		

How Did You Do That?

Invite groups with 3000 + 3000 agreement to share stories...

- Were you just lucky?
- Is there a strategy that would enable you to succeed if you faced a similar situation again?

If you missed it in Kukui Nuts today...

- You might be more likely to remember these insights...

Debrief Slides

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Recognizing Opportunities



Debrief Slides

Kukui Nuts Negotiation | 2020

Teaching Notes

What if?

What if everyone could get everything they need?

Imagining the possibility of distributing resources 100% : 100%

The Perfect Trade

Positions are opposite, but interests are not

- Each negotiator can get 100% of what they need

One person's "*trash*" might be another person's "*gold*"

- The potential to create value exists when there are differences in what negotiators prioritize

Recognizing Opportunities

Conversation = Negotiation

- Even a brief informal conversation = An opportunity to negotiate
(e.g., refreshment break; in the elevator)

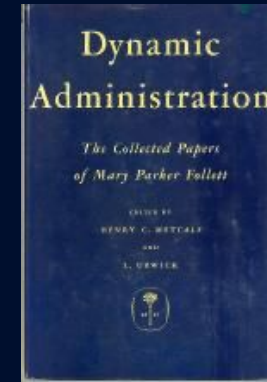
Negotiation = Exploring Opportunities

- Discovery process

Proverbial Story

The Sisters and the Orange

(Mary Parker Follett, 1925; 1940)



- Positions: Opposite
 - “I need the orange”
- Interests: Aligned
 - “To help their mother”
- Compromise
 - Resolved “fight” over the orange by cutting it in half; a “fair” 50%-50% split
- Trade
 - If only they realized they weren’t fighting over an orange... as it turned out in hindsight that one sister needed the juice, whereas the other needed the rind!

Kukui Nuts Negotiation Challenge

We don't necessarily see the possibility of a 100% : 100% distribution

- People are prone to a fixed-pie mindset

We don't realize an informal conversation as an opportunity

- High-level agreements can be reached in informal social settings

Fixed-Pie Bias

Cognitive Bias: People Perceive Resources as Fixed

Negotiation. The word “negotiation”, across cultures and languages cues a zero-sum mindset, where a unit gained by one person reflects a unit loss for the other person

- \$1 the buyer gains is a \$1 the seller loses; and visa versa
- It is called “zero-sum” because the sum of: +1 and -1 is 0, likewise +2 and -2, ...

Research. Fixed-pie expectations lead to suboptimal agreements (Thompson & Hastie, 1990; Pinkley et. al., 1995), which occur due to:

- *information availability errors* (accurately analyzing faulty/missing information)
- *information processing errors* (inaccurately processing valid/complete information)

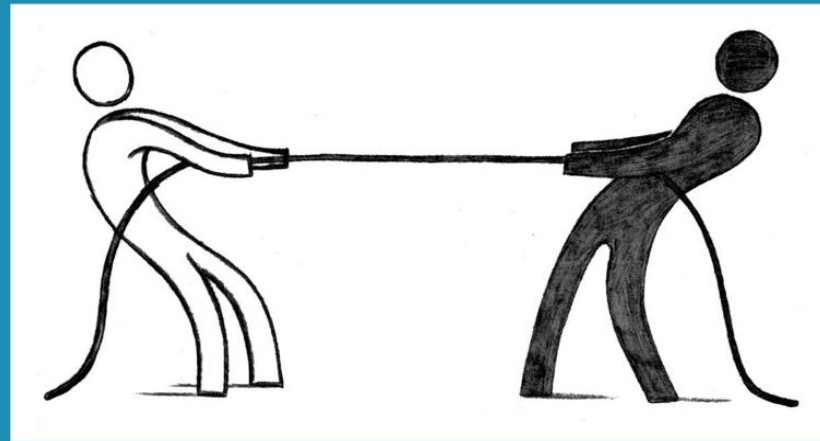
Adopting Multiple Mindsets

Your mindset is informed by thoughts and feelings

- Beliefs
- Cognitive Biases
- Emotional Reactions
- Culture
- Language
- Assumptions & Expectations
- ...

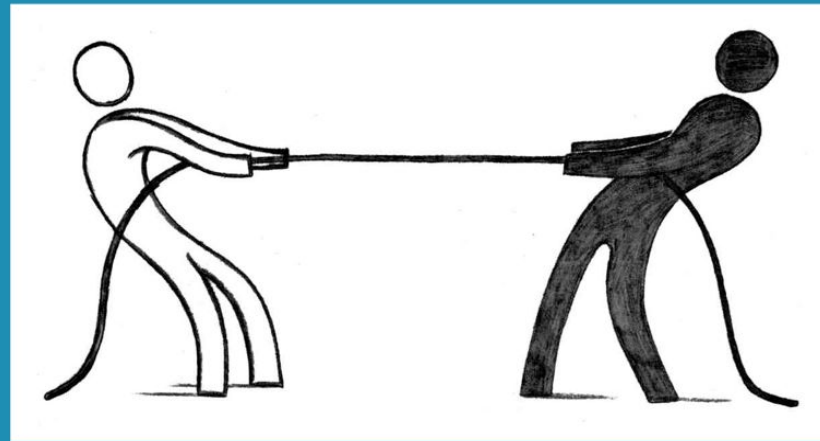
Proactively adopt multiple mindsets to embrace negotiation paradoxes and reframe negotiations in a way that enables strategic flexibility and mindful alignment of emotions in the moment (Kopelman, Negotiating Genuinely, 2014)

Negotiation Ritually Perceived



Kopelman (2014) Illustrator Ruth Gwily

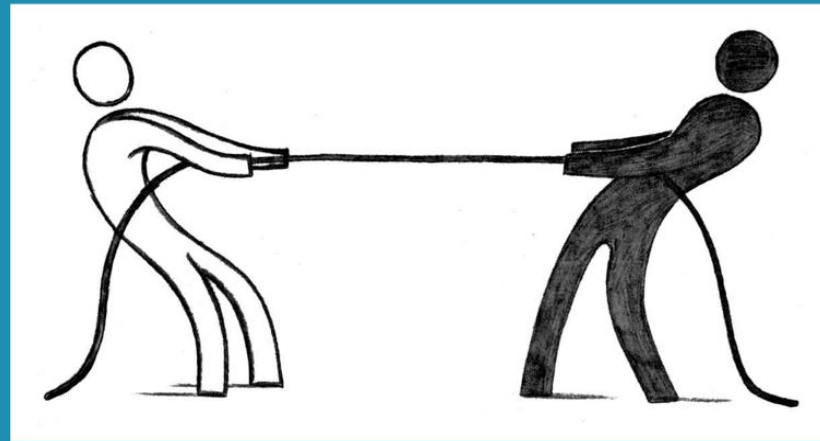
Negotiation Ritually Perceived



Positive Approach?

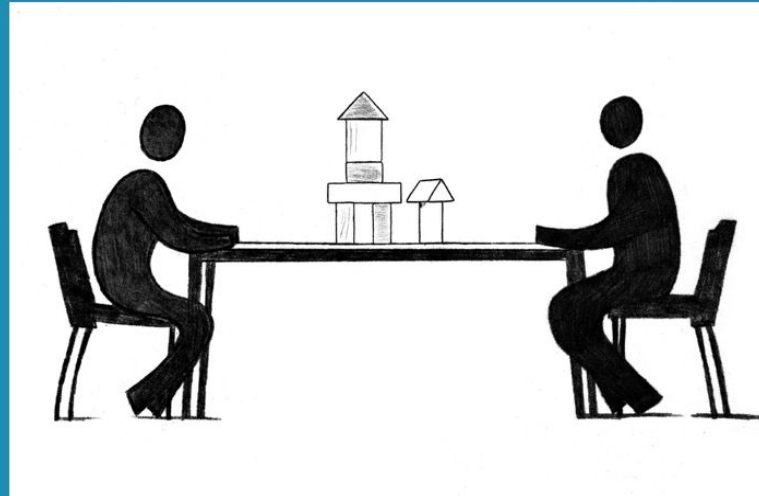
Kopelman (2014) Illustrator Ruth Gwily

Negotiate to What End?



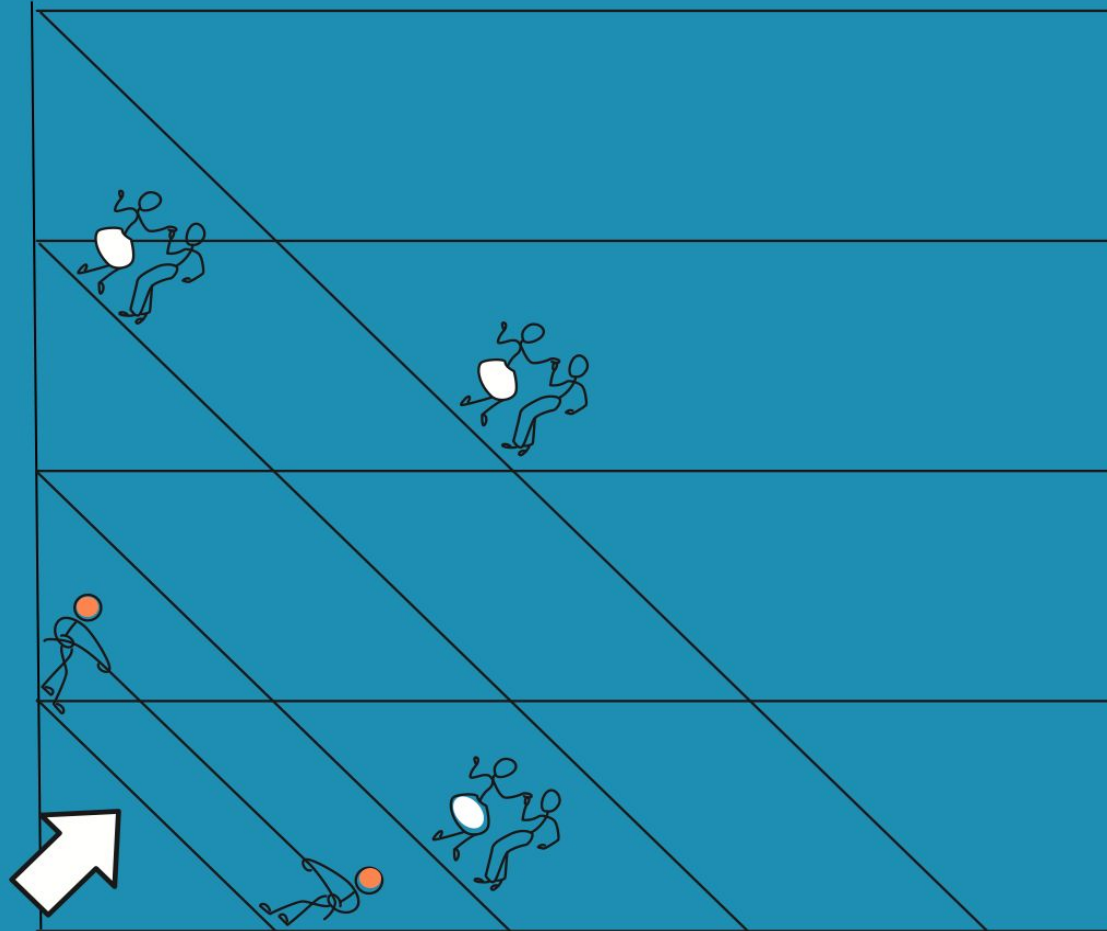
Kopelman (2014) Illustrator Ruth Gwilym

Negotiate to Build What?



Kopelman (2014) Illustrator Ruth Gwily

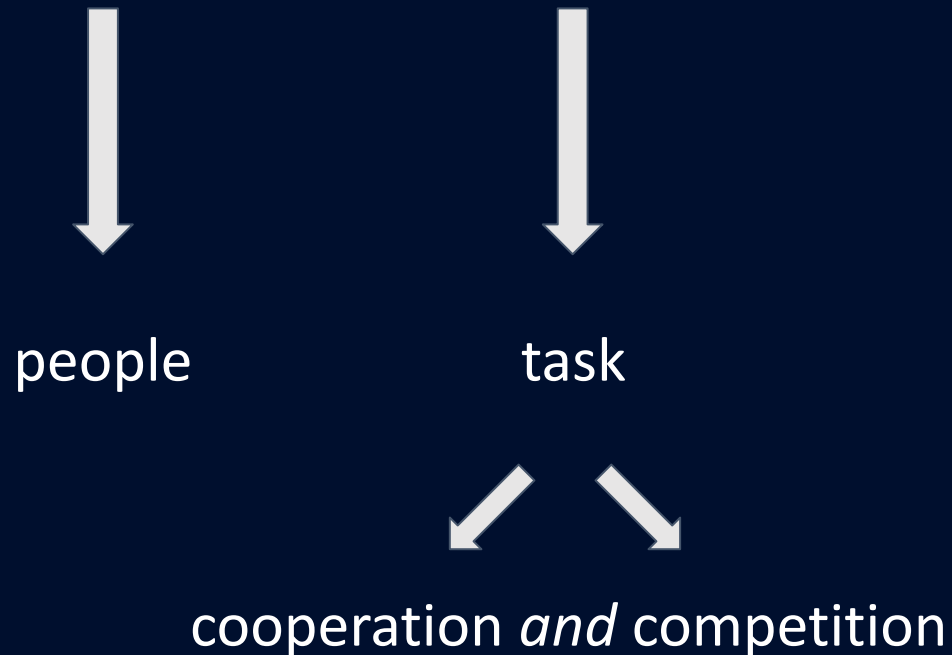
Negotiators as Profit Architects



Kopelman (2014) Illustrator Ruth Gwily

Negotiation:

a **conversation** with **resources** in the mix...



Negotiation defined as decision making:
“a genuine and strategic process of
people working toward sustainable
resource generation and allocation.” p.10

The simultaneity challenge requires being:
interpersonal + task collaborative + task assertive

Kopelman (2014)

Overcoming Fixed-Pie Mindset

Negotiations are potentially variable-sum

Myth. “Probably the most common myth is that most negotiations are fixed-sum, or fixed-pie, in nature, such that whatever is good for one person must ipso facto be bad for the other party. The truth is that most negotiations are not purely fixed-sum; in fact, most negotiations are variable-sum in nature, meaning that if parties work together, they can create more joint value than if they are purely combative.” (Thompson, *The mind & heart of the negotiator*, p. 9, 2020)

Mixed-Motives. Negotiation is a mixed-motive conversation that is potentially non-zero sum (variable sum) in which people have incentives to cooperate as well as compete (Walton & McKersie, *A behavioral theory of labor relations*, 1965; Schelling, *The strategy of conflict*, 1960; Luce & Raiffa, *Games and Decisions*, 1957; Deutsch, 1958).

Positive Mindsets. Proactively adopt a mindset that embraces cooperation *and* competition. Can you imagine holding on to two mindsets at the same time? The “simultaneity challenge” suggests that in negotiations you need to be collaborative and assertive at any given moment (task), while developing a positive connection (interpersonal) with the other person (Kopelman, *Negotiating Genuinely*, 2014).

Co-Creating Value in Negotiations

- Personal Leadership

- You yourself are also a resource: Imagine yourself leading the way by wearing multiple hats that enable being simultaneously cooperative + competitive + relational (*Kopelman, 2014*)

- Resource Analysis

- If only price, zero-sum purely distributive negotiation
- Explore value creation opportunities
 - Unpack negotiable issues
 - Add negotiable issues that meet the interest of both parties
 - Trade if a negotiable issues carries more weight for one of the parties

- Negotiation Process

- Engage in a discovery process
 - Consider “what if” scenarios to explore opportunities
 - Ask “why” questions to shift from positions to interests
 - Develop reciprocal behavioral cooperation and swift trust

Kukui Nuts Reflection

Personal Insights

- What did you learn about yourself?
 -
 -
 -

Conceptual Insights

- What did you learn about negotiations?
 -
 -
 -

Learning from Kukui Nuts



Negotiation Trap

- “It is difficult to appreciate the paradox of value creation and value distribution... We might focus on one side at the expense of the other, and we can lose sight of that other side altogether.” (Berkel, 2021; p. 161)

Similar to an Optical Illusion

- We see one side, not the other
 - Is it a duck or a rabbit?

Original Image: *Fliegende Blatter*, German humor magazine published in Munich (October 23, 1892, p. 147)

Embracing the Paradox Opens the Door to Improve our Skills

- “Realizing that we do not yet have the full picture opens the door to improving our skill again.” (Berkel, 2021; p. 204)

Learning | Memory Trigger

Choose an Object or Image as a Reminder

- Brainstorm ideas of an object or image that will trigger my memory
 -
 -
 -

Be Confident and Open

- What will help me be confident and yet question myself in the future to successfully explore possibilities?
 -
 -
 -

Thank You!



Prof. Shirli Kopelman

shirli@umich.edu

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