

## TOURO LAW CENTER

# Paperclip Negotiation Instructions and Log<sup>1</sup>

Fall, 2016-Revised

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The goal of this exercise is for you to negotiate a series of five or more trades starting with a paperclip and ending with something more valuable. For example, you may be able to trade your paperclip for a pencil, the pencil for a pen, the pen for a book, the book for a CD, the CD for a DVD, the DVD for a rocking chair, and so forth.

The exercise is based upon Kyle MacDonald's One Red Paperclip Project, and his book called "One Red Paperclip." MacDonald bartered his way up from a red paperclip to a house in 14 trades within one year.

On the day of the de-briefing of this exercise, bring to class the last item that you acquired or a picture of it, if it is too big. The class will vote on the most valuable object. During class, we will discuss the negotiation strategies that led to obtaining the most valuable objects, as well as the strategies that did not generate value.

### RULES

1. Conduct at least **FIVE** trades. Your receipt of the paperclip with these instructions does not count toward the five trades.
2. Do not trade with relatives, your significant other, anyone under 18 years old, or a classmates in this class.
3. For at least **three** trades, do **not** disclose that you are doing these trades as a class exercise.
4. For at least **two** trades, you must trade with an acquaintance or stranger.
5. For at least **one** of the two trades with an acquaintance or stranger, you should **not** disclose the exercise.
6. You **cannot receive** any **monetary** payments for a trade (cannot receive cash, checks, etc). **No** trades can include doing **something later** (no IOUs or agreements to perform services later.)
7. Complete the Trade Log after each trade; write the Conclusion when you are done.

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<sup>1</sup> These instructions and log are based on an exercise designed by the Dispute Resolution Research Center, Kellogg School of Management, Northwestern University (drrc@kellogg.northwestern.edu). They were modified and tailored to elicit the lessons in a law school negotiation course taught by Professor Hal Abramson, [habramson@tourolaw.edu](mailto:habramson@tourolaw.edu).

## **INSTRUCTION for REPORT**

Put your EXAM NUMBER on your submission, not your name.

Your **GRADE** will be based on:

A. Trade Log (20 Points):

Your analysis of the log questions-Negotiation Analysis (10 points); What Worked (5 points); and What Hurt (5 Points).

B. Conclusion (30 points): Your answers to the questions under Conclusion.

### **WORD LIMITATIONS**

**Record word counts** at beginning of each Log section and beginning of Conclusion.

**Any words that exceed the word count will not be read or considered when grading your answer.**

For each log trade section: **Maximum** of 300 words.

For the Conclusion: **Maximum** of 1000 words

**Warning:** If your answer sounds like something that could have been written before taking the course, you are probably not applying the insights learned in the course.

#### **A. Trade Log**

Keep track of your trades using the Negotiation Log and carefully record and analyze each negotiation in the comments section of the Log. You should **record in the Log after each trade** rather than waiting until the end of all of the trades.

After your Log entries and analyses, you also are asked to prepare a Conclusion by answering each of the specific questions at the end of the Log. See B.

**ANALYSIS.** Your LOG entries should focus on analysis, NOT on describing the negotiations. You should track the topic headings in the Negotiation Modules and Questions handout, which summarizes key lessons in the course.

Your analysis should use the terms (negotiation vocabulary) learned in the course. When using a term, you should explain the term so that it is clear that you are using the term correctly. For example, when you label your move as a good practice, tactic, or trick, be sure to explain how the move was a good practice, tactic or trick.

Illustrations of dos and don'ts when analyzing.

For example, do not simply say “Sheila traded me something for the paper clip because we are very good friends.” You should analyze why she did based on what you learned in class. Any analysis would consider rapport building and interests of both you and the other person.

For example, do not simply say “After I shared information about the exercise and class assignment, she was willing to make the trade.” You should analyze WHY that information induced her to trade.

For example, do not simply say “I had a weak BATNA so I accepted the offer.” Instead you should explain why you think you had a weak BATNA and how that insight caused you to try to improve your BATNA or lead you to believe you had no choice but to accept the trade. You might say: “Because I had a weak BATNA due to no apparent alternative to trading the paperclip for a pen, I tried to improve my BATNA by exploring other alternatives to the pen offer before accepting the pen offer.”

**Note:** If the other person offers you something without expecting anything in return, you should analyze why the person did this, using negotiation concepts and lessons from this course.

## B. Conclusion

In addition to filling-in the Trade Log, write a Conclusion by answering the questions at the end of the Log.

Item Received (include approx. monetary value)	Date of Trade	First Name of Person You Traded With	Your Relationship to the Person You Traded With [Indicate whether friend, acquaintance, or stranger AND whether disclosed exercise]
0. Highlighter (< \$1)	1/28/xx	Hilary	Roommate-friend/disclosed exercise
<p><b>[278 words]</b></p> <p><b>Negotiation Analysis of the Trade (Example)</b></p> <p>I wanted to make a big jump from the paperclip to something of much greater value. However, I could not justify my trade due to the large objective difference in values. Because I didn't disclose the exercise, Hilary seemed perplexed by my proposals. She refused to trade her book for my paperclip, and my aspiration goal was too high to trade my paperclip for the pencil she offered. We reached a dead impasse over the value of each trade.</p> <p>A week later, I was more desperate to trade. My BATNA was extremely weak with time running out and no promising alternative to this negotiation. I went back to Hilary with an offer: I asked if she would trade two of the yellow highlighters for my paperclip. I also explained that these trades are for a class assignment and then showed her my paperclip, noting that it was nicer and more colorful than most. Hilary laughed because I still had my paperclip, and counter-offered with one highlighter. This time I took it. I had no better option after trying to create one with another person.</p> <p><b>What Worked:</b> We had a good rapport as roommates. I tried to show her how this paperclip might meet her interest in receiving a distinctive paperclip without giving up something of great value to her. She also had an interest in helping a friend with a class assignment. I made an offer for two highlighters, which left space for her counteroffer of one.</p> <p><b>What Hurt:</b> I had a weak BATNA with no alternative to this negotiation, and Hilary knew this. Ultimately, she had little interest in the paperclip. I should have shared the information about the exercise earlier.</p>			
1.			
<p><b>Negotiation Analysis of the Trade</b></p>			

<p><b>What Worked and Why:</b>  <b>What Hurt and Why:</b></p>			
2.			
<p><b>Negotiation Analysis of the Trade</b></p>			
<p><b>What Worked and Why:</b>  <b>What Hurt and Why:</b></p>			
3.			
<p><b>Negotiation Analysis of the Trade</b></p>			
<p><b>What Worked and Why:</b>  <b>What Hurt and Why:</b></p>			
4.			
<p><b>Negotiation Analysis of the Trade</b></p>			
<p><b>What Worked and Why:</b>  <b>What Hurt and Why:</b></p>			
5.			
<p><b>Negotiation Analysis of the Trade</b></p>			
<p><b>What Worked and Why:</b>  <b>What Hurt and Why:</b></p>			
<p><b>If you make more than 5 trades, complete additional entries below.</b></p>			
6.			
<p><b>Negotiation Analysis of the Trade</b></p>			

<b>What Worked and Why:</b> <b>What Hurt and Why:</b>			
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7.

**Negotiation Analysis of the Trade**

<b>What Worked and Why:</b> <b>What Hurt and Why:</b>			
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8.

**Negotiation Analysis of the Trade**

<b>What Worked and Why:</b> <b>What Hurt and Why:</b>			
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**Conclusion (Maximum 1000 words) (30 points):** When you have completed your negotiations and trades, write a two-three page summary of what you learned across the entire series of negotiations. **When preparing your Conclusion, answer these questions using the negotiation terms learned in class and be careful to use the terms correctly.** In your Conclusion, number each answer 1-5.

**Note the word count at the beginning of your Conclusion. Any words that exceed the word count will not be read or considered when grading your answer.**

1. (5 points) How did the understanding of the interests of the other party aid in moving negotiations forward? Please be sure to include one or more illustrations from your trades.
2. (5 points) How did the use of objective standards help you move the negotiations forward? Please be sure to include one or more illustrations from your trades.
3. (5 points) How did your understanding of trades based on you gaining an item that is worth more to you than the other party (trading based on valuing the same item differently) aid in moving negotiations forward? Please be sure to include one or more illustrations from your trades.
4. (5 points) How did your BATNA affect the outcome across your negotiations? Please be sure to include one or more illustrations from your trades.

You will recall that your BATNA (Best Alternative to a Negotiated Agreement) is what happens if you do NOT complete your trade. Your BATNA affects your bargaining power. Your power is based on whether you have a better alternative than the trade under consideration.

Your BATNA is NOT the value of your item. The value of your item is relevant only when figuring out your BATNA. For example, if the item you have is worth \$50, you should trade for something that is worth more than \$50 on the assumption that you can get something worth \$50 by turning to your BATNA and making an even trade.

Your BATNA focuses on whether you can get a better deal elsewhere. If you cannot, you have a weak BATNA and have little bargaining power. If you can do better elsewhere, you have some leverage to ask for more from the person you are negotiating with because if you cannot get it, you can resort to your BATNA (Best Alternative to a Negotiated Agreement).

5. (10 points) Based on this negotiation experience, which techniques were the most effective ones to use and that you are likely to use in future negotiations? Please be sure to include two to three illustrations from your trades.

BE PREPARED TO DEBRIEF YOUR NEGOTIATION EXPERIENCES IN CLASS