**Teaching Note**

**Jubilee Case**

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Overview

Jubilee is a value discovery case aimed at teaching students to explore and understand the other party’s underlying interests and find creative solutions to reach agreements. On the surface, a deal on price appears to be impossible, with a negative bargaining zone or zone of possible agreement (ZOPA). The School Head wants a higher minimum rental price for use of the school grounds (initial reservation price or worst acceptable offer of EUR 200k) than the Jubilee Organizer is willing to pay (initial reservation price of EURO 150k). To bridge this gap, they need to realize the Jubilee Organizer can offer to leave the restaurant constructed for the Jubilee for the school’s trainings (value of EURO 50k to the School Head), offer internships to the vocational school’s students (value of EURO 30k to the School Head), and move the school auditorium to a preferred new location (value of EURO 20k to the School Head), all of which fulfill important interests for the school and allow the School Head to reduce the requested price by up to EURO 100k total. If all three compatible (i.e., shared) preferences and sources of hidden value are found, the bargaining zone or ZOPA becomes positive, ranging from approximately EUR 100k to 150k.

Jubilee is based on the true story of an INSEAD MBA student who organized the Jubilee for his university in the Netherlands. In real life, the respective counterparts (Jubilee organizer and School Head) were able to discover two of the three hidden sources of hidden value (restaurant and auditorium, but not the internships) and reach a deal. They realized they could have created even more value via internships only after the Jubilee, when it was too late to do so.

Timeline

The exercise takes 15 minutes to prepare and around 45 minutes to an hour to negotiate. Students should be told they cannot show each other their role materials, with the exception of the agreement form in the School Head’s role. In addition, they should not go beyond the information given in the roles, or in other words not tell outright lies.

The instructor has the option of asking students to negotiate by phone or email, which should dramatically increase the difficulty of communicating information and finding win-win solutions. If communicating virtually, 1 hour should be allowed for the negotiation (i.e., the upper end of the 45-60 minute span), and it should be emphasized negotiators cannot send each other any aspect of their role materials including the floor plans in the appendices.

The instructor should allow a 10-15 minute break after the negotiation is complete, giving her time to use the outcome forms to create a excel results summary showing whether an agreement was reached or not (agreement vs. impasse), win-win solutions (yes/no on restaurant, auditorium, and internships), final rent prices, and any further details.

Debrief Outline

* In the debrief, the instructor displays the excel results summary table and first asks whether students got a deal or not, and why.
* She should then ask who managed to discover the three sources of value (restaurant, auditorium, internships), and why or why not. The instructor might pick out extreme deals, such as impasses with no value discovery, cases where all of the creative solutions were found, or unusually high or low rent prices, and ask the student pair in question how they came to that result.
* To reach a deal, the negotiators must go beyond surface **positions** (EUR 150k vs 200k for the rental price) and move to **underlying interests** or goals (holding down Jubilee costs and having a great festival for the Jubilee Organizer; meeting the budgetary, space, and educational needs of the vocational school and its pupils for the School Head).  This allows them to introduce creative new options, such as the organiser offering the vocational school’s students summer internships, having the Jubilee team construct a new restaurant and kitchen that serves both their needs and those of the school, and the Jubilee construction crew moving the school’s auditorium to the School Head’s preferred location to reduce long term energy costs.
* The instructor can ask how transparent the parties were with each other. Did they disclose all of the information (*What did you disclose? Which information did you hide, and why?*). She can emphasize the prudence of disclosing information reciprocally (information exchange), rather than full unilateral transparency, to avoid being taken advantage of in a negotiation should the other side play win-lose.
* One or the other negotiators might have employed **decoy tactics**, in other words pretending a compatible preference (e.g., students from the vocational school helping with construction on the Jubilee) is costly for them and trading it for further concessions from the counterparty. The instructor should ask if any students used decoy tactics, or had decoy tactics used against them. The latter illustrates the risks that can come with transparency— revealing a compatible or shared preference might lead to a collaborative win-win conversation with the other side, but may also lead the other side to use that information against you.
* Even once value has been maximized, it must also be claimed. After turning a negative bargaining zone into a positive one by realizing the School Head values the Jubilee restaurant, auditorium relocation, and internship opportunities, the pie must still be divided between the two sides. How did they achieve this?
* In discussing value claiming, the instructor may refer to distributive negotiation concepts such as reservation price (minimum acceptable price), aspiration price or target price (optimistic but at the same time realistic goal), BATNA (Best Alternative to a Negotiated Agreement), and the bargaining zone or zone of possible agreement (ZOPA) between the respective side’s reservation prices. These can be either introduced here or in a preceding, more distributive negotiation exercise such as The Art Case or The Scholarship Negotiation.
* The instructor might note that strong first offers can help a negotiator claim value in single-issue price-based negotiations, but also tend to prevent value creation. She might ask if this happened to any of the negotiation pairs in the Jubilee case. Did any pairs fail to discover value and reach a deal in part because of overly aggressive first offers or counter-offers? Were there any groups where extreme offers almost derailed the negotiation, but they were able to get back on track, and if so how did they turn the conversation around?
* The instructor can ask, how did the negotiations impact the relationship between the two parties? Ideally, we leave the negotiation not just with a good deal on substance (e.g., price and other material issues), but also a good relationship with the counterpart.
* If the Jubilee case was conducted over email or phone, the instructor can note that impoverished communication channels lead to more failed deals, less value creation, and more conflict. When possible, negotiators should try to meet face-to-face to conduct business deals of this kind.

References

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