

Introduction

Adapted from true events, Fillmore Lawns is a large real estate deal with several stakeholders. It is a complex multi-party, multi-issue negotiation exercise. Instructors can teach this exercise as a single- or double-round case.

Over the course of this exercise, students practice multiple skills:

- **Building Coalitions:** Practicing the basics of forming and strengthening coalitions in complex, multi-party negotiations.
- **Process Strategies:** Learning different ways to organize the process of the negotiation, exploring the impact of different decision rules and voting structures.
- **Sequencing:** Utilizing different sequencing strategies for approaching strategic partnerships and coalitions.
- **Changing Dynamics:** Navigating changes in power dynamics between voting rounds and different coalition compositions.
- **Reputation & Trust (Round 2, optional):** Managing an ongoing relationship with negotiation counterparts across a series of votes and separate interactions (i.e., multiple “Rounds”).

Timing

For preparation, students can read the materials before class, but 20-25 minutes could be provided for individual preparation. Round 1 of the negotiation takes 75 minutes. If students will also complete Round 2, provide an additional 15-20 minutes for students to read the Round 2 materials (located in the Instructor Packet zip file) and prepare. Round 2 of the negotiation takes 50 minutes. This can be done in a single, long class session or across two shorter class sessions.

Placement of the Exercise in a Course

Fillmore Lawns is a multi-party negotiation and is best used later in a course as a capstone exercise. Students would benefit from already being familiar with multi-issue negotiations, quantified scoring systems, and tradeoffs between issues.

Administration

Role Assignments

Divide the students into groups, with six participants in each group. Prior to the class, assign each student one of the roles and distribute the information for each role. At the beginning of class, it can be helpful to “set the stage” for the students, briefly recounting the different roles and explaining that the negotiation is a deal for a large, complex real estate agreement.

The negotiation must have six parties to run correctly. If the number of students is not equally divisible by six, it is better to have some students pair up within roles than to use a group with fewer than six parties. The instructor should answer questions about the material or value calculations in private.

Setting

Coalition-building is an important component of the exercise. Therefore, the participants should be provided with a space that also allows for one-on-one side conversations. In person, this may mean reserving a few additional breakout rooms or letting students know they can use the classroom or hallways for side conversations. For virtual classes, assign each group to a virtual “breakout room” on platforms such as Zoom to ensure that they can communicate with each other directly without the other groups seeing their messages.

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Voting Rules

Before sending the students to their rooms, inform them that you will come in to take Official Votes at key times.

Suggested “Official Vote” Times

Round 1: Vote 1 (15 minutes), Vote 2 (40 minutes), Vote 3 (75 minutes).

Round 2: Vote 1 (20 minutes), Vote 2 (50 minutes).

- During the negotiation, participants can take as many informal votes as they would like, but only the Official Votes by you (as the Governor) count.
- Official Votes are anonymous. In practice, the groups will likely discuss how they intend to vote or how they did vote. However, they are not required to disclose their votes to the group.
- At each vote, use the Round 1 Scorecard or Round 2 Scorecard to record the proposition details that Stellar Cove has presented to the group for an Official Vote, and **anonymously** record a “Yes” or “No” vote for each member. In person, you can use paper ballots on which the students write their role and vote before handing them over to you. Virtually or remotely, ensure you have a means for students to privately message you their role and vote.
- Everyone must vote. Even if the answer is “No,” everyone must submit an anonymous vote.
- Over five “Yes” Votes: If Stellar Cove and four other parties vote “Yes,” the proposition passes. There is no need to continue to discuss or vote again. This can occur on any vote.
- Four or Less “Yes” Votes: If the proposition has less than four “Yes” votes—or if Stellar Cove does not say “Yes”—the proposition fails. The participants must continue to negotiate until the proposition passes or the last vote.

Optional: Round 2

This exercise can be run as a one- or two-round negotiation. In Round 1, the six parties include the current mayor, Mayor Gabriel. For Round 2, a new mayor has been elected (Mayor Angula), and the political landscape has changed. A new negotiation issue has been added to the table (IIF Funds). This allows students to deal with a) changes to a multi-party landscape in which a party they previously interacted with is replaced with a different person or entity, b) having to revisit a previous deal as the interests of the parties at the table must change to incorporate the new issue, and c) face issues of trust and reputation as some of their behavior in Round 1 may influence how their counterparts in Round 2 react to them. The major changes are:

- **New Mayor.** The group composition changes for Round 2, and the participant who was Mayor Gabriel in Round 1 is reassigned a new group in Round 2. This person becomes the newly-elected Mayor Angula. The other five parties remain the same for each of two rounds of negotiations.
- **IIF Funds.** A new issue has been added to the negotiation. This is meant to illustrate to students that changes in the political landscape can shift other issues as well.

It is best to debrief both Round 1 and Round 2 together. You may choose whether to keep the second round a “secret” when introducing this exercise. If Round 2 is secret, students may behave more aggressively under the impression that they will not have to interact with these counterparts again; a surprise Round 2 thus helps students learn the importance of ethical negotiations and maintaining a positive reputation. In real life, there are situations where single negotiations end up being more extended interactions. These lessons can also be emphasized in a class that discloses Round 2. Whether Round 2 is kept a secret or disclosed to students, it is important to tell them **NOT TO DISCUSS OR DEBRIEF THE CASE** with each other until after Round 2.

Details of the Exercise

In Fillmore Lawns, students take on one of six roles in a simulated real estate investment deal in a fictional city called Newpoint. The ambitious development project would remodel a 60-acre lot of abandoned property, located between the city’s two wealthiest neighborhoods. In addition to the real estate developer, Stellar Cove, there are several other interested groups that must be considered for a successful deal. These six parties and the issues are described in the general information section of each role. In brief, the parties are:

1. Stellar Cove is a real estate development company in Newpoint.

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2. Green Living Collective is a grassroots organization focused on public-use green space and low-income housing for residents.
 3. The Illium Group is another real estate development firm that is worried about losing business to Stellar Cove's new project.
 4. Mayors Gabriel and Angula are the mayors of Newpoint in Round 1 and 2, respectively.
 5. Newpoint Planning Commission (NPC) is a community organization that helps ensure the city stays culturally vibrant and prosperous.
 6. Our Backyards is a community organization composed of local residents whose homes would border the new Fillmore Lawns development project.

Debrief

To debrief the class, enter the final deals from each group in the excel file (which has its own instructions included in the first sheet). The instructor can focus on a number of different topics.

The role materials lay out the goals of each party, and you can refer to the document detailing the Set of Viable Agreements to explore what options groups had to reach a deal. It should be noted that Stellar Cove is incentivized to get consensus approval (with a 20 point bonus for doing so) and that Illium is highly incentivized to sink the deal (with a 300 point bonus for doing so). It is worth discussing how awareness of these bonuses played into the strategic decisions of Stellar Cove and Illium, respectively.

Discussion questions:

1. *Did you build coalitions? How did they influence the negotiation?*

Discuss the importance of building a coalition and how the students were able to construct successful deals. If some groups result in an impasse, discuss why they were not able to reach an agreement.

- Coalitions. Coalitions can be made up of individuals, organizations, or nation-states. Coalitions tend to be a mixed-motive situation: there are incentives to cooperate and to compete. You might ask students how they made their coalition stronger and less likely to break apart due to the better offers of other non-coalition members in the negotiation.
 - There are a number of strategies students might employ to strengthen their coalition. Examples: Make the cost of not joining salient; emphasize points of agreement or shared positions; select coalition members based on their reputation for honoring commitments; build interpersonal relationships beyond the negotiation; make offers that cannot easily be refused.
 - Students may also be faced with a coalition whose goals are opposed to their own. In this case, they may wish to attempt to block or break the coalition. Examples: Emphasize or maximize perceived strategic or philosophical differences within the coalition; control the voting and communication processes to reinforce differences and make it harder for coalitions to form without interference.

2. *When voting, were you in the majority or minority?*

Discuss with students what it felt like when they were voting with the majority or voting with the minority. How did the anonymous voting influence the dynamic? Did they ever vote one way but say they voted another way? Did they ever suspect other parties in the negotiation from doing so?

- Decision Rules & Voting. The decision rules used in multi-party negotiations can have a significant effect on the outcomes. Students should never go into a multi-party negotiation without knowing what the decision rules will be and which parties will support their propositions. This often means thinking about the interests of all the other parties and talking to people ahead of time. Strategically proposing a decision rule is an attempt to influence the outcome of the negotiation.
 - Majority or Consensus. For example, you may want to suggest "majority vote" if you have a large coalition or "consensus vote" if you do not have as many votes in your favor. Students can be asked to imagine what the outcome of Fillmore Lawns would be if a consensus vote was required for it to pass; Illium could sink the deal instantly. This is why minority opinion holders in multi-party negotiations benefit from consensus voting.
 - Public or Private Voting. Similarly, whether you are in the majority or minority affects whether a public or private vote is in your favor. A private vote might be preferred if you are a minority vocal group or if you want to seek novel solutions. A public vote might be better if you are in the majority, as social pressure would push individuals on the fence toward the majority stance.

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3. *What was your strategy for approach in Round 2, and how do you think the interactions in Round 1 affected the interactions in Round 2?*

Students must decide how to maneuver within the disruptions of power that occur between Official Votes, between different coalitions compositions, and between Round 1 and Round 2 (optional).

- Reputation. Reputations are formed from first- and second-hand information and experiences, and are often more extreme than the person they represent. If a person develops a reputation for being agreeable in previous interactions, that positive belief will encourage more cooperation in the next negotiation. Similarly, if a negotiator's reputation is negative, that may have a deleterious effect on future negotiations. This is an important, but under-appreciated element of real-life negotiations.