EXERCISE -- KOCHI NUTS
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Purpose
1. To explore competitive and cooperative bargaining strategies.
2. To experiment with creative problem-solving.

Activities (total time = 30 minutes, including discussion)
1. You will be assigned to groups of 3 persons: (5 minutes)
   Dr. S.W. Sweeney
   Dr. M.J. Meehan
   Observer (does not participate in negotiation -- but gets to read both roles, observe the discussion and take notes. Observer should wait until the discussion to give input.)
2. Briefly prepare a negotiation plan. (5 minutes)
3. Drs. Sweeney and Meehan will negotiate, with observer taking notes. (10 minutes)
4. When agreement is reached, observer may then give feedback to negotiators.

Negotiation instructions:
1. Drs. Sweeney and Meehan will meet for 10 minutes to discuss a course of action. Observers should enforce time limit.
2. Their objective is to come up with one written proposal -- from the two of them -- to give to Mr. Ivanov. Mr. Ivanov does not want to listen to competing bids from the two. He/she will only entertain one proposal per duo. Only one of the negotiators is to speak to Mr. Ivanov (who is played by the class instructor). If there are multiple sets of negotiators in the class, each should act as if they were the only set; they are not competing with others in the class, though they might be competing with unnamed other buyers.
3. The proposal should include:
   a. What do you plan to do?
   b. What price will you offer M. Ivanov for the Kochi nuts?
   c. To whom and how do you want the nuts delivered?
4. At the end of 10 minutes, the observer will call for a termination of the discussion if an agreement is not yet reached.
5. The observers will report to the larger group regarding how the two negotiators came to an agreement or why they did not. (10 minutes)
KOCHI NUTS -- Role of Dr. S.W. Sweeney

You are Dr. S.W. Sweeney. You work as a research biologist for a pharmaceutical firm. The firm is under contract with the government to do research on methods to combat terrorist uses of biological warfare.

You are about to meet with Dr. M.J. Meehan, who works for a firm with which your firm is highly competitive. There is a great deal of industrial espionage in the pharmaceutical industry. Over the years, your firm and Dr. Meehan’s have sued each other for violations of industrial espionage laws and infringement of patent rights several times. Litigation on two suits is still in process. In fact, you yourself and Dr. Meehan have had some bad feelings about each other because of an incident that happened at a pharmaceutical industry forum a few years ago. You felt grossly insulted by something Dr. Meehan said.

Now you find yourself in Kazakhstan on assignment for your company and have discovered that Dr. Meehan is there also. And you have been informed that Dr. Meehan is urgently seeking to purchase the same agricultural product your firm has sent you to buy.

Recently experimental material developed by American companies under contract with the CIA to combat Japanese terrorists who have threatened to use nerve gas (and apparently successfully used it in the Tokyo subway) were involved in a transport accident near an island off the Japanese coast. The material has begun to leak out of the damaged freighter, but has been contained so far by government engineers. However, they fear that the material will sink with the ship, if a typhoon approaches. That would poison the water for hundreds of square miles and would kill thousands of people. The only known chemical neutralizer of the nerve gas, which you've developed, is a synthetic vapor taken from the outer shell of the Kochi nut, a very rare plant grown only in high mountain plateau locations.

Unfortunately, only 4,000 bushels of the raw nuts were produced in the entire world this season. If you can work fast enough you can synthesize enough of the antidote to stop the gas before the ship sinks. You've been informed on good evidence that M. Ivanov, an agricultural exporter in Alma-Ata, Kazakhstan, is in possession of 3,000 bushels of Kochi nuts. That amount would be just sufficient to neutralize the gas if the vapor is developed and used efficiently. But you need all 3,000 bushels to create any neutralizer. You have been informed that nuts are in good condition.

Apparently, Dr. Meehan, is also urgently seeking to purchase Kochi nuts, and is aware of M. Ivanov’s possession of the 3,000 bushels available.

The US federal government has asked your firm for assistance. You've been authorized by your firm to approach M. Ivanov to purchase 3,000 bushels of Kochi nuts. You have been told he/she will sell them to the highest bidder. Your firm has authorized you to bid as high as $250,000 to obtain the nuts.

Before approaching M. Ivanov, you have decided to talk to Dr. Meehan. You want to prevent Dr. Meehan from stopping you from purchasing the nuts.
KOCHI NUTS -- Role of Dr. M.J. Meehan

You are Dr. M.J. Meehan, a biological research scientist employed by a pharmaceutical firm. You have recently developed a synthetic chemical useful for curing and preventing Rudofker syndrome. Rudofker syndrome is a disease contracted by women of childbearing age. If not caught early enough in the potential mother, the disease can cause genetic mutations in the children she conceives. Recently there has been an outbreak of Rudofker syndrome in the Mid-Atlantic states, and several thousand women have contracted the disease. You have found, with volunteer patients, that your recently developed synthetic serum cures Rudofker syndrome in its early stages. Unfortunately, the serum is made from the meat of the Kochi nut, which is a very rare plant grown only in high mountain plateau locations. Only a small quantity (approximately 4,000 bushels) of these was produced in the world last season. No additional nuts will be available until next season, which will be too late to cure the present Rudofker syndrome victims.

You've demonstrated that your synthetic serum is in no way harmful to the women. Consequently, there are no side effects. The Food and Drug Administration has approved of the production and distribution of the serum as a cure for Rudofker syndrome. Unfortunately, the present outbreak was unexpected, and your firm had not planned on having the compound serum available for six months. Your firm holds the patent on the synthetic serum, and it is expected to be a highly profitable product when it is generally available to the public.

You have recently been informed on good evidence that M. Ivanov, an agricultural exporter in Alma-Ata, Kazakhstan, is in possession of 3,000 bushels of Kochi nuts in good condition. If you could obtain all 3,000 bushels, you would be able to both cure present victims and provide sufficient inoculation for the remaining women in the Mid-Atlantic states. No other region currently has a Rudofker syndrome threat. But you need all 3,000 bushes to make any serum.

You have recently been informed that Dr. S.W. Sweeney is also urgently seeking Kochi nuts and is also aware of M. Ivanov's possession of the 3,000 bushels available. Dr. Sweeney is employed by a competing pharmaceutical firm and has been working on biological warfare research for the past several years. There is a great deal of industrial espionage in the pharmaceutical industry. Over the past several years, Dr. Sweeney's firm and yours have sued each other for infringement of patent rights and espionage law violations several times. In fact, you and Dr. Sweeney had a personal run-in at an industry conference a few years ago. You took Dr. Sweeney's remarks at your presentation as a gross, personal insult.

You've been authorized by your firm to approach M. Ivanov to purchase 3,000 bushels of Kochi nuts. You have been told he/she will sell them to the highest bidder. Your firm has authorized you to bid as high as $250,000 to obtain the nuts.