

The Artist as Entrepreneur

A Meeting of the Minds

Lesson Description

At some point in everyone's life, they are faced with the need to negotiate. This is an awkward and uncomfortable exercise for many people. In this lesson, students role play a negotiation and cite strategies that were used in the negotiation to create a win-win agreement.

Concepts

Trade
Negotiation strategies

Related Subject Areas

Communications
Economics

Objectives

Students will:

Identify ways in which trade makes people better off
Identify negotiation strategies

Materials

Two copies of Handout 1, *Art Supply Store*
Visual 1, *Strategies to Create Win-Win Agreements*

Procedure

1. Prior to beginning the lesson, choose two students to perform a role play. Assign them parts, and instruct them to read through the script. In performing the role play, the two students should be seated at a table.
2. Introduce the lesson by asking students to define the following words: haggle, quibble, bargain, and dicker. (*Students should recognize that each of these words refer to negotiation, often in regard to price.*) Ask students to relate instances where they have engaged in price negotiations or have witnessed a price negotiation. (*Answers will vary, but students should relate events such as their own negotiation over the price of a car, a barter situation they experienced as a child, watching a parent negotiate the price of a repair, negotiation over the price of an item at a garage or yard sale, and so on.*)
2. Explain that negotiations take place to effect a trade. One principle of economics is that trade makes people better off. Ask students for examples of trades they

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- made either recently or as children. (*Students might have traded baseball cards or lunches as children. As young adults, they may have traded other goods or services with one another, such as trading CDs or trading a CD for help working on a car.*)
3. Ask students if they were ever unhappy with a trade. (*Answers will vary, but some students may indicate that they were unhappy with a trade.*)
 4. Ask students who were made worse off by a trade for details of the experience. Explain that, in these cases, it is likely that they did not have adequate information about the good or service for which they were trading. Emphasize that during negotiations, it is important to gather adequate information.
 5. Explain that students are going to witness a negotiation that takes place at an art supply store. In this scene, Chris is applying for a job.
 6. When the students have completed the role play, ask the following questions of the class. When appropriate, direct questions to the students who played Chris and Manager.
 - What did Chris want? (*a job, decent pay, a generous discount on art supplies, not to ride the bus to work*)
 - What did Manager want? (*an experienced and reliable employee, artists on his staff, to increase sales*)
 - What information did Chris gather from Manager? (*Chris determined the wage rate and the store's discount rate. He also determined that Manager was looking for someone with experience.*)
 - What information did Manager gather from Chris? (*Manager determined that Chris had experience in sales, was an artist, and wanted to work closer to home.*)
 - Initially, what kept Chris and Manager from making a deal? (*the lower hourly wage*)
 - How did Chris and Manager begin to get past that problem? (*Manager acknowledged that no one should be expected to take a pay cut.*)
 - What options did they generate to address the wage problem and satisfy their interests? (*Manager offered raises after three and six months; Chris offered to demonstrate new art materials.*)
 - What would have happened if they had not reached an agreement? (*Chris would continue to ride the bus to his old job, he would continue to receive a low employee discount, but he would work for a higher hourly wage. Manager would*

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miss two opportunities – hiring an experienced employee who would be on time and increasing sales by demonstrating new products.)

- Provide some examples of instances in which the parties demonstrated that they were listening to each other? *(Answers will vary, but students may respond with the following points: Manager empathized with Chris's negative experience in taking the bus; Manager recognized that Chris couldn't be expected to take a pay cut and suggested that they work something out; Chris recognized that the store had policies in regard to wages, so he suggested a plan for raises.)*
 - Describe the final agreement. *(Chris would receive periodic raises and a higher hourly wage when he does demonstrations.)*
 - How did the information Chris gathered from Manager help Chris in negotiation? *(Chris understood that Manager wanted someone with experience and was impressed that Chris was an artist. He used this information to negotiate periodic raises and a higher wage for demonstrations.)*
 - How did the information Manager gathered from Chris help Manager in negotiation? *(Manager ascertained that Chris wanted to avoid a bus ride and was interested in the store's relatively large discount. Manager used this information to negotiate a lower initial wage for Chris.)*
 - In what ways was Chris made better off? *(He got a job closer to home, he got a larger discount, and he got to use his skills in demonstrations.)*
 - In what ways was Manager made better off? *(Manager got an experienced, reliable employee. He got an employee who could bring in business on slow days by providing demonstrations of the art supplies.)*
4. Explain that negotiations take place all of the time between people with many different types of relationships, such as parent and child, buyer and seller, employer and employee, labor and management, Congress and the President.
 5. Define negotiation as the give and take process of bargaining to reach an agreement. Explain that, generally, negotiations are not one-time events. They establish or foster ongoing relationships. That's why a win-win outcome should be the goal. Negotiating is a collection of behaviors combining communication skills, psychology, sociology, economics, and conflict management.
 6. Explain that each party in a negotiation has certain interests. Interests are the goals each party would like to reach. In negotiation, it is important to listen for clues about each others' interests.
 7. Explain that sometimes the interests of each party become obscured by the parties' stated positions. For example, Chris took the position that he would not

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take a pay cut. Manager took the position that all new employees must start at minimum wage. The conversation between the two parties could have ended at the time that each of these positions were made known.

8. Ask students to explain how Chris and Manager got beyond their positions to discover each others' interests. (*Chris listened carefully to all of the things Manager said and asked questions for clarification. As a result, he discovered that Manager's interests were to hire someone who was experienced and reliable as well as boost business on slow days, so Chris asked about periodic wage increases and the possibility of art demonstrations to bring in business on slow days. Manager listened carefully to what Chris said and asked questions for clarification. As a result, he discovered that Chris had an interest in working closer to home, but could not accept a pay cut. Manager offered other benefits, such as a large discount and a higher wage for demonstrations.*)

9. Present the following scenario to the class.

Two children are arguing over an orange. "It's my orange!" screamed one of the children. "No, it's my orange!" yelled the other. Dad enters the room and decides to help the children out by cutting the orange in half and giving a portion to each child. But, neither child is happy. One of the children wanted the orange peel to make marmalade, while the other wanted the pulp to make juice.

10. Ask students the following questions:

- What were the children's stated positions? (*They both stated they wanted the orange.*)
- What was each child's interest? (*One wanted the peel, and one wanted the pulp.*)
- What outcome would have created a win-win agreement? (*One child could have received the entire peel, the other could have received the entire pulp.*)

Closure

Display Visual 1, *Strategies to Create Win-Win Agreements*. Discuss each point in general and then specifically as these strategies apply to the Art Supply Store negotiation.

- Separate the people from the problem. Try to learn how the other party sees the situation. Be aware of emotions.

How did Chris and Manager use this strategy to create a win-win agreement? (*Answers will vary, but two suggested answers are as follows: Manager saw Chris's situation. Chris wanted to work closer to home. Chris saw Manager's situation in that he wanted an experienced salesperson. Both Chris and Manager remained calm and stated their positions and their wants. Neither yelled,*

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pounded the desk, or left in a huff. Remaining calm and focusing on the problem at hand helps move the negotiation along.)

- Focus on underlying interests, not positions. Ask, “What do you really want?” and “Why do you want it?”

How did Chris and Manager use this strategy to create a win-win agreement?
(Answers will vary, but students could respond that Manager recognized that Chris wanted a job closer to home. Chris stated that he really wanted the job. Manager sought solutions to hiring Chris by focusing on his store’s location and ways to improve wages.)

- Invent options that are good for both sides. Try to identify several approaches to solving the problem.

How did Chris and Manager use this strategy to create a win-win agreement?
(Possible answers are that Chris suggested periodic wage increases and art demonstrations.)

- Agree on solutions that will be acceptable to both sides. To minimize the chance of misunderstandings, make the agreement as specific as possible outlining who, what, when, where, and how.

How did Chris and Manager use this strategy to create a win-win agreement?
(Chris and manager specified a time frame for wage increases, the amount of the increase, the store discount, the time frame for demonstrations, and the amount of compensation for demonstrations.)

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Handout 1

Art Supply Store

Chris, an art student, is applying for a job at Rembrandt's Art Supply Store.

MANAGER

So, why do you want to work here at Rembrandt's?

CHRIS

Well, I've been working at Art Supplies & More for about two years – after school and on weekends. But my family just moved, and your store is just a few blocks away from our new house.

MANAGER

That means you could walk to work.

CHRIS

Which is great, because I hate taking the bus. It's always late.

MANAGER

I know...My Employees...Never mind...So, how much are you making at Art Supplies & More?

CHRIS

Six dollars an hour.

MANAGER

That's a problem.

CHRIS

Why?

MANAGER

We start sales people at minimum wage.

CHRIS

But I'm experienced.

MANAGER

I understand, but it's company policy. Everyone gets hired at minimum wage. Everyone. No exceptions.

CHRIS

Then I guess this isn't going to work out, because I can't work for less than I make now.

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MANAGER

I don't blame you; no one wants to take a pay cut.

CHRIS

Well, thanks anyway.

MANAGER

Sure. Good luck. (*CHRIS starts to get up.*) You know I wish we could make this work. I really need another experienced salesperson, someone reliable.

CHRIS

(*sitting down*) And I really want the job.

MANAGER

Let's try and work something out.

CHRIS

Okay. If I started at minimum wage, when could I get my first raise?

MANAGER

After six months.

CHRIS

How about three?

MANAGER

Okay. After three months, we'll make it \$5.50, and after six months, we'll make it \$5.75 an hour.

CHRIS

That's still less than I'm making now.

MANAGER

But you're saving bus money. And our employees get a very generous discount – 40 percent.

CHRIS

Forty-percent? At Art Supplies & More the discount is only 15 percent, which means I can't afford the sable brushes I like to use.

MANAGER

You're an artist. We like that. So, what do you say? Do we have a deal?

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CHRIS

No. Almost. I just had an idea. What if I did painting demonstrations on Sunday afternoons? You know, to show off new products.

MANAGER

Sundays are kind of slow. It might help...Actually, it's a great idea. Deal?

CHRIS

Only if I can get more per hour when I'm doing the demonstrations.

MANAGER

That makes sense. What seems fair to you?

CHRIS

How about \$10 an hour?

MANAGER

Eight.

CHRIS

Eight is good.

(They shake hands.)

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Visual 1

Strategies to Create Win-Win Agreements

Separate the people from the problem. Try to learn how the other party sees the situation. Be aware of emotions.

Focus on underlying interests, not positions. Ask, “What do you really want?” and “Why do you want it?”

Invent options that are good for both sides. Try to identify several approaches to solving the problem.

Agree on solutions that will be acceptable to both sides. To minimize the chance of misunderstandings, make the agreement as specific as possible outlining who, what, when, where, and how.