

15.067 Spring 2003

Assignment #1

As preparation for participating in the Street Streaker negotiation, to be done in our first class,

READ:

The first two chapters (32 pages) of Thompson:

Chapter 1: *Negotiation: The Mind and the Heart*,

Chapter 2: *Preparation: What to Do Before Negotiation*,

Also read “Anchoring and First Offers in Negotiation” (HBS 9-895-070) and “Wheeling and Dealing: The Zirconia GT” (HBS 9-895-013) in your course packet. “Anchoring and First Offers in Negotiation” highlights the important role that (*psychological*) *anchoring* plays in influencing your negotiation counterpart’s perception of what is acceptable to you. “Wheeling and Dealing: The Zirconia GT” case is an amusing illustration of tactics employed by car salespeople to squeeze as much money out of you as possible.

We revisit the advice offered in Chapter 2 often, especially once we begin integrative or mixed motive bargaining (Assignments 5 and beyond).

The “Street Streaker” is a “warm-up” distributive bargaining case. You have another shot at distributive bargaining with the Salt Harbor case.

Questions to think about:

1. How much, if at all, do you think an increase of \$100 in the Seller’s opening demand influences the settlement price?
2. How much, if at all, do you think a decrease of \$100 in the Buyer’s opening offer influences the settlement price?