

15.067 Spring 2003

Assignment #8

The three founders of WineMaster.com are in the thick of negotiations with a senior management team from HomeBase.com for sale of the company. The issues on the table are:

- The number of shares that the seller's owners will get in the acquirer
- The vesting scheme for the shares
- Whether or not the sellers get a seat on HomeBase.com's board
- Who owns the lawsuit pending against WineMaster.com—still to be determined

You will be assigned either a role as a founder of WineMaster.com or as a member of HomeBase.com's negotiating team. The two teams of three each will try to negotiate a deal that benefits both sides; i.e. creates joint gains for both teams over and above each team's BATNA.

Confidential information for WineMaster.com is identical for all three founders. The founders can, of course, share all WineMaster.com confidential information and decide collectively how to negotiate. Similarly, confidential information for HomeBase.com is identical for all members of the HomeBase.com team and the HomeBase.com team may share it and prepare together.

As you, WineMaster.com, prepare for this next round of negotiations, you recognize that it is critical that you sort out precisely what your BATNA (Best Alternative to No Agreement with HomeBase.com) is. The HomeBase.com team faces the same issue.

Members of the WineMaster.com will share equally in joint gains generated by a successful negotiation. Members of the HomeBase.com team will share equally in joint gains generated by a successful negotiation.

Roles will be assigned and confidential information handed out in the class prior to this negotiation. The negotiation will unfold in class.