

BASE SURVEY

1. Your email address:

2. Your first name:

3. Your last name:

4. Your MIT ID:

5. What is your Role?

- Homepage
 Winemaster

6. What is your BATNA? (calculation: Number of Shares x \$50 per share). *Hint*: Use a Decision Tree. There are currently three counter offers with different probabilities of occurrence. There will be three branches in your tree. Work backwards from the definitive offer (page 2 of both cases).

(Entry example: enter 1.0 for 1 million dollars)

\$

7. In the space provided, describe how you calculated your BATNA

8. Is the current deal attractive to you?

- Yes
 No

9. If you are Homepage, what is the MAXIMUM number of shares that Homepage can offer: Assuming No board seat, immediate vesting, and without acceptance of liability to Homepage.

If you are Winemaster, what is the MINIMUM number of shares that Winemaster can accept: Assuming No board seat, immediate vesting, and liability to Homepage.

Hint Answer = BATNA/\$50 per share

Answer format: 500,000 shares = 500000

shares

10. Now, if Homebase assumes liability;

If you are Homebase, how many shares will Homebase reduce its original offer price (in terms of shares)

OR

If you are Winemaster, how many MORE shares will you require from Homebase (in terms of shares)

Hint: Cost assuming liability / \$50 per share = incremental number of shares

For present value of the cost of assuming the liability refer to page 4

Entry format: 500,000 shares = 500000

shares

11. If you are Homebase, what would be Homebase's gain if the deal shifted from immediate vesting to 2nd year vesting?

If you are Winemaster, what would be Winemaster's cost if the deal shifted from immediate vesting to 2nd year vesting?

Give your answer in terms of number of shares.

Hint: 2nd Year Vesting Discount * \$50/share = New \$/share

Gain for Homebase = \$50/share - New \$/share

Cost to Winemaster = \$50/share - New \$/share

Entry Format \$50/share = 50

\$ /share

12. If you are Homebase, what is the maximum number of shares that Homebase can offer: Assuming No board seat, 2 year vesting, and without acceptance of liability to Homebase.

If you are Winemaster, what is the MINIMUM number of shares that Winemaster can accept: Assuming No board seat, 2 year vesting, and without acceptance of liability to Homebase.

Hint: BATNA / (Share Price Calculated in Question #11) = # of shares

Entry format: 500,000 shares = 500000

shares

THE KEY TO THIS PREPARATION EXERCISE IS TO THINK OF EVERY NEGOTIATING POINT IN TERMS OF # OF SHARES.

I.E. HOW MANY SHARES IS THIS COST WORTH?

GOOD LUCK!

MIT OpenCourseWare
<http://ocw.mit.edu>

15.067 Competitive Decision-Making and Negotiation
Spring 2011

For information about citing these materials or our Terms of Use, visit: <http://ocw.mit.edu/terms>.