

Lecture 8

- Debrief Stakes of Engagement
 - Did you get married?
- Alphexo vs Betton
 - Instructions and Commentary on tactics

Themes

- Balancing objective outcomes and subjective values
- How dual concerns change negotiating tactics
- Enhancing Trust

Reminders

- **Negotiate Alphexo-Betonn in teams of two:**
 - ✓ Two Alphexo negotiators and two Betonn negotiators negotiate together
- **EVERY negotiator fills out the survey**
 1. YES, there will be two (hopefully) identical entries for each role in each Alphexo-Betonn negotiation
 2. Keep a **hardcopy** of your results for reference
- **PICK UP Confidential Information for Winemaster.com**
 - ✓ Two negotiators for Winemaster, two for Homebase

Stakes of Engagement

Stakes of Engagement Difficulties

- The couple's **ability to confront difficult demands cooperatively** (the 'must haves') is reflected in the Process Evaluations
- Those who do not take an interest in their partner's needs often end up with a low Grand Total Score =>
 - in spite of having claimed an impressive share of tangible items!

Affective (Process) Attributes

- Respect
- Trustworthiness
- Understanding of the other's needs
- Openness to future negotiations
- General fondness

Lessons

- Here you MUST:
 - **Assess the relative importance** of objective stakes and relationships in planning negotiation strategy
 - **Assess perceived disagreement** over objective stakes against the importance of a future relationship

Alphexo vs. Betonn Instructions

Creating Value in
Joint Venture Negotiations

Issues

- ***Name:***
 - α - β or β - α or something else
- ***Investment Split:***
 - % to Alphexo, % to Betonn
- ***Venture Location:***
 - Alphexo or Betonn
- ***Facilities Charge:***
 - Paid to one or the other
 - Can be dropped altogether!

- ***Profit Sharing:***
 - Alphexo % share; Betonn % share

- ***Venture Leadership:***
 - Ralph from Alphexo or Beth from Betonn?

- ***Residual IP Rights:***
 - To Alphexo or to Betonn?

Issue Clarifications

- Joint gains on IP rights go in entirety to one party or the other
- **IF** a **Facilities Charge** is agreed upon:
 - Goes to one party only
 - Paid by the JV => Reduces JV profits to be shared
- **Sales restrictions impact:**
 - On JV sales AND
 - On Individual Company sales

Facilities Charge

- Current Deal: \$10M Facility Charge to Betonn
- Can you both do better?

Alternatives

1. The Facilities Charges comes directly off of JV sales, reducing the amount to be shared by the two parties
2. The current deal, pay Betonn \$10M for facilities charges is clearly open for renegotiation
3. Look carefully at alternatives that might help to improve both Betonn and Alphexo's position on this issue

Other Questions

- Can Alphexo acquire Betonn's β -gate?
NO! You will do a Joint Venture!
- Joint leadership? **NO!** One or the other!
- BATNAS = **Current Sales with no
Joint Venture**

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