

TEAM: _____

**PART I: The FURD MEERKAT – Competitive Negotiations Approach Exercise
Mr. Mark Onmee, the BUYER ROLE**

**SPECIAL HOLIDAY SALE!
NEW FURD MEERKAT!
“No Hassle PRICE!”
“SPECIAL REDUCTIONS”
“HOLIDAY SALES PRICE: \$24,000”**

The MSRP for this model and options: \$26,250

NOTE: For this exercise, there are no taxes, title fees, document fees, etc.

Objective: This is Part One of a Two Part negotiations exercise. It provides you basic information to work a “deal” on a new car. The objective is to use a competitive approach to negotiations as you try to score a “deal” on a Furd Meerkat.

Role: *Stay in role for this exercise by viewing this situation as a win-lose ordeal.* You need to get this car at or below the spending limit you have set for yourself.

Background: Your name is Mark Onmee. You are married with two young kids and 2 cars. The other car is a 2002 Honda van. You just paid it off.

Your daily driver is a 2002 Furd Tannus 4-door sedan. It has served you well, but it has been giving you some minor problems as of late (all fixed by your trusty mechanic), but you are looking for a new car. Your mechanic says the Tannus has about 8,000 or so miles left before the transmission will give out (it runs fine now, but this type of car, according to factory notices, has a history of transmission failure at the 140,000 mile point, your odometer is reading 130,000).

It gets “ok” gas mileage (22 miles per gallon)

You are self-employed – you are a computer technician and systems troubleshooter. Your major customers are regional retailers and warehouses. In the last few years, you have logged over 20,000 miles a year on your car (almost 2,000 miles a month), so reliability and decent mileage is important (your future contracts will require you to keep up this driving trend). Your current Tannus has two important “creature comforts” as well; a satellite sound system and a driver lumbar support (eases the discomfort on your lower back on some of those long trips).

You go to your local dealer (Maleficent Motors); you have worked with them before and are reasonably happy with their sales and service. However, lately, with the tough economy, some local dealers have gotten a little “hardsell” to help them make their quotas. Maleficent Motors sells three brands of cars, but you really like FURD sedans.

You are looking at a new Furd Meerkat. It has almost all the things you want (but, unfortunately, it has no satellite radio nor does it have a lumbar support driver's seat).

Your "budget" is \$21,000 (this is your TOTAL budget; i.e. you have \$1,000 for a down payment and the ability to finance \$17,000 and you hope to get \$3,000 for the trade-in -- you DO NOT have the dollars to go any higher than that and your credit score won't allow you to qualify for a loan in excess of \$17,000).

The dealer's MSRP is \$26,250, so the dealer has come off considerably from the MSRP-- but then again, who pays MSRP nowadays?

The Meerkat gets 33 miles to the gallon and has a 5-star safety rating. It also has a good warranty (7 years / 70,000 miles).

A quick check of the Blue Book value (retail) of a 2002 Tannus is \$4,000. The wholesale value / trade-in value is \$3,000.

BATNA: You have a "decent enough" Tannus for about 4-7 months before your trusty car goes into the "transmission failure" danger zone. You DO NOT want to be stranded at night in the middle of nowhere with a dead transmission!

Action / Deliverable: Here comes what looks like a "slick" car salesman; you don't recognize him from any of your previous dealings... make a deal.