SELLER INSTRUCTIONS

For the purpose of this exercise assume that you are the representative of a wholesaler of school supplies. You are to meet with the representative of a regional chain of office supply stores, who wants to purchase calculators, pencils, and notebooks.

It is your job to sell supplies. Based on your cost and the sale price it is possible for you to compute potential profits. Naturally you are attempting to sell these supplies at as high a price as possible so that your profits will be high. Assume that there are nine possible offers on each supply and that your profits for each price would be represented in the attached table. As you can see, on the left there are nine letters. Each letter represents a price at which you could sell these three supplies. Price "A" is the cheapest and price "I" is the most expensive. Since the greater your selling price the greater your profits, your profits would be greatest for price "I" and smallest for price "A". The actual price is not important and can be referred to by letter, but the profits **(your performance bonus)** are important, they are listed in the table. Thus, if you could sell calculators at price "I" you would make $0.28, if you could also sell the pencils at price "I" you would make $0.41, and if you also sold the notebooks for "I" you would make $0.68, for a total profit of $1.37. On the other hand, if you were forced to sell the calculators at price "A", you would make no profit at all. Assume that variations in prices are possible, that is, you don't have to sell the three supplies at the same price.

You must come to an agreement on one letter for the calculators, one letter for the pencils, and one letter for the notebooks. But you don't have to have the same letter for each of them. You will be making offers for all three items at one time, it is like making a package deal.

The buyer has a profit sheet like yours. He has the same nine options as you, but with different values attached to them. All that you can be certain of it that he will be attempting to buy the three supplies at as low a price as possible.

You are free to exchange any information during this bargaining. Although you are not allowed to exchange profit sheets, you can exchange information from the sheets. This information need not be truthful. Naturally, your company wants to make as much profit as possible.

SELLER 4

Calculators		Pencils		Notebooks	
A	$0.00	A	$0.00	A	$0.00
B	$0.04	B	$0.05	B	$0.09
C	$0.07	C	$0.11	C	$0.17

D	$0.11	D	$0.15	D	$0.26
E	$0.13	E	$0.20	E	$0.34
F	$0.17	F	$0.26	F	$0.43
G	$0.20	G	$0.31	G	$0.52
H	$0.24	H	$0.36	H	$0.59
I	$0.28	I	$0.41	I	$0.68