

BUYER INSTRUCTIONS

Your job is to buy the items below at the lowest price possible. As you can see, on the left there are nine letters. Each letter represents the profit you get were you to sell a unit. Price “A” is the cheapest price and price “I” is the most expensive. Since the lower your buying price the greater your profits, your profits will be greatest for price “A” and the smallest for price “I”.

The actual price is not important and can be referred to by the letter, but the profits per unit are important and are listed in the table. Assume that variations in prices are possible, that is, you don’t have to buy the three items at the same price.

You must come to an agreement on one letter for the iron, one letter for sulfur, and one letter for the coal.. 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 seller has a profit sheet like yours. They have the same nine options as you, but with different values attached to them. All that you can be certain of is that they will be attempting to sell the three materials at as high a price (closest to ‘I’) 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.

YOU WILL ONLY GET A PERFORMANCE BONUS (\$1) IF YOUR SUM PROFIT PER UNIT IS AT LEAST \$0.78.

<u>Iron</u>		<u>Sulfur</u>		<u>Coal</u>	
A	\$0.60	A	\$0.36	A	\$0.24
B	\$0.52	B	\$0.31	B	\$0.21
C	\$0.45	C	\$0.27	C	\$0.18
D	\$0.37	D	\$0.23	D	\$0.15
E	\$0.30	E	\$0.18	E	\$0.12
F	\$0.23	F	\$0.13	F	\$0.09
G	\$0.15	G	\$0.09	G	\$0.06
H	\$0.08	H	\$0.05	H	\$0.03
I	\$0.00	I	\$0.00	I	\$0.00