

By Elizabeth A. Mannix

Stockman, Turbo and United are three small firms producing specialized products, equipment and research for the scientific and medical communities. As this has become such a critical, high-growth area, each firm is exploring ways to expand and improve its technology. This step necessarily involves innovations in the Research and Development divisions. As a result, each firm has recently applied for R & D funding from the Federated Science Fund.

The Federated Science Fund (FSF) is a government agency dedicated to funding research in advanced medical technology. The FSF has indicated a willingness to provide funds for the proposed research, but since each firm's request was highly similar, funds will only be provided to a consortium of two or three firms. The FSF will not grant funding to Stockman, Turbo or United alone.

Stockman, Turbo and United differ in their staffs and facilities. Consequently, the FSF feels that they would qualify for different levels of funding, depending on how they organize. The FSF has indicated that the following amount of funds would be awarded, depending on the consortium formed.

Organization(s)	Funds for R & D
Stockman alone	\$0
Turbo alone	\$0
United alone	\$0
Stockman and Turbo	\$440,000
Stockman and United	\$380,000
Turbo and United	\$300,000
Stockman, Turbo & United	\$480,000

Your job is to meet with the representatives of the two other organizations to negotiate the best arrangement you can for your organization. You must not only agree on a particular consortium, but also on

your share of the grant awarded by FSF. You should be aware that a consortium *does not* imply that the member firms will be working on projects jointly; each firm *must* continue to work independently.

This is your first year with Stockman and you are eager to do well. Although the negotiation for this grant is fairly unusual, you have been in similar bargaining situations in your previous job. The criteria used by FSF to determine the different funding allocations to the different consortia clearly reflect the relative strengths of the three firms. Compared to the other two firms, Stockman has the greatest number of scientists and the largest laboratory. It tends to concentrate on basic research, producing a great variety of products. Turbo is the oldest firm. It is mid-sized, and well established. Turbo concentrates on cancer-related technologies, and has a reputation for steady output and reliable products. United Industries is the smallest and newest of the three firms, yet it is known for innovative research. You have heard that United is currently concentrating on AIDS-related research. Stockman is in less need of the funding compared to Turbo or United, however, Stockman does contribute the most to the value of each consortia. Understanding the importance of these different issues, you believe that firms should receive the amount of funding that reflects their strengths, commensurate with their contributions to the consortia.

The total amount of time for the negotiation is 40 minutes. If two of the three organizations wish to speak privately, the third organization may not interrupt during the first five minutes of the meeting. If any agreement is reached, you must draft an agreement form, and it must be signed by all (two or three) *included* members of the consortium.