

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 & Turbo	\$4,400,000
Stockman & United	\$3,800,000
Turbo and United	\$3,000,000
Stockman, Turbo & United	\$4,800,000

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* imply that the member firms will be working on projects jointly;

they will have a great deal of future interaction. However, you will have no future interaction with any firm left out of the consortium.

This is your first year with United Industries and you are eager to do well. You are particularly anxious to avoid being left out of the agreement all together. 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 do not seem to reflect the true potential strengths of the three firms. Relative to the other two firms, United is a young firm with a small staff of scientists and laboratory. However, United has been an extremely innovative firm. You feel that with a financial boost United has the potential to develop some truly critical medical breakthroughs. In fact, one of the United Labs is currently making incredible discoveries that could revolutionize the treatment of people with AIDS. In comparison to United or Turbo, Stockman has the largest staff of scientists and the biggest laboratory. Stockman concentrates on basic research, producing a wide-variety of products. Turbo is the oldest firm, of moderate size, specializing in cancer-related technologies. It has a reputation for steady output and reliable products. United is in definite need of this funding to be assured of its future success, not to mention the benefits to the medical community. Understanding the importance of these different issues, you believe that each firm should receive a share of the funding that is commensurate with its needs.

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.