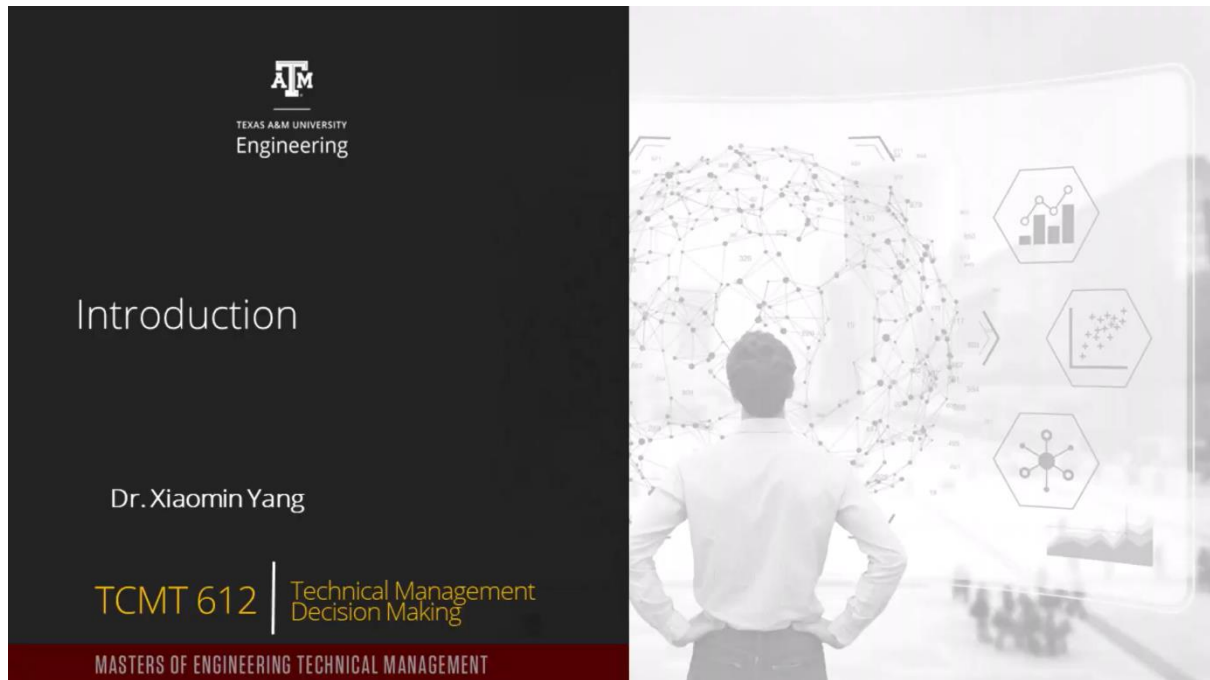


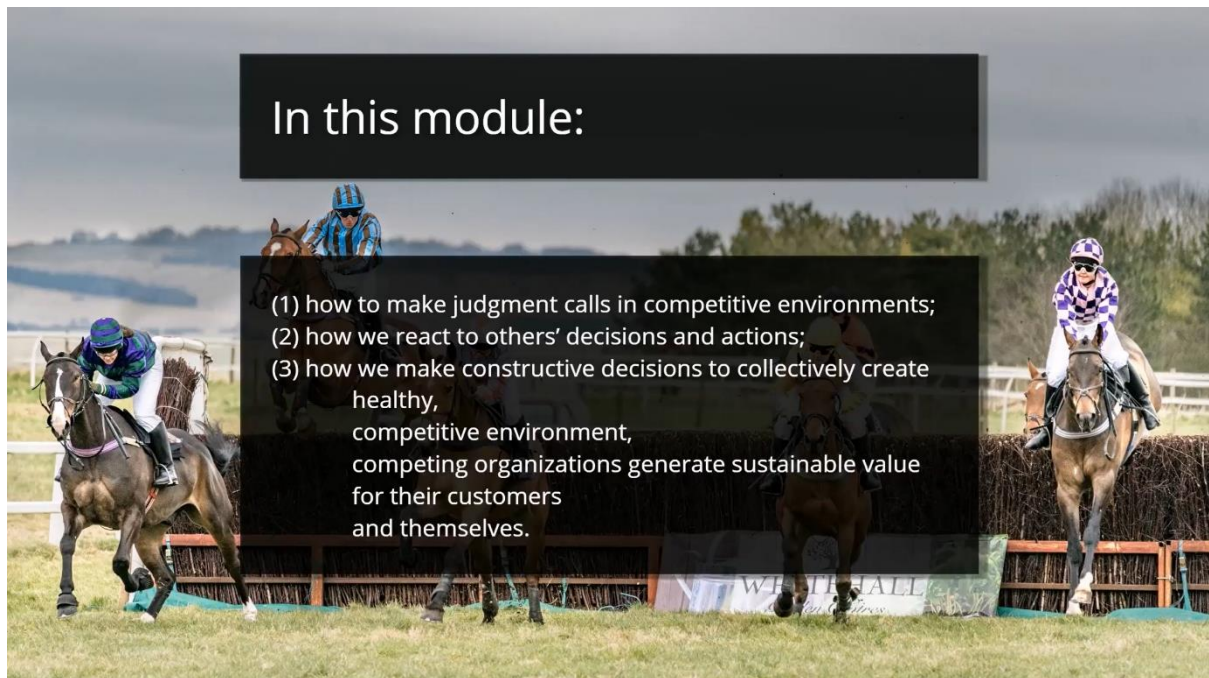
# M3L1. Introduction

## Slide #1



We will now discuss decision-making in competitive environments.

## Slide #2



In this module, we are discussing how we make judgment calls in competitive environments. How we react to others' decisions and actions, and how we make constructive decisions to collectively create a healthy, competitive environment in which competing organizations generate sustainable value for their customers and themselves.

### Slide #3



## Excessive competition

Competition is a healthy means to grow business,  
provides stimulus to innovate, improve, differentiate.

Compete at all costs?

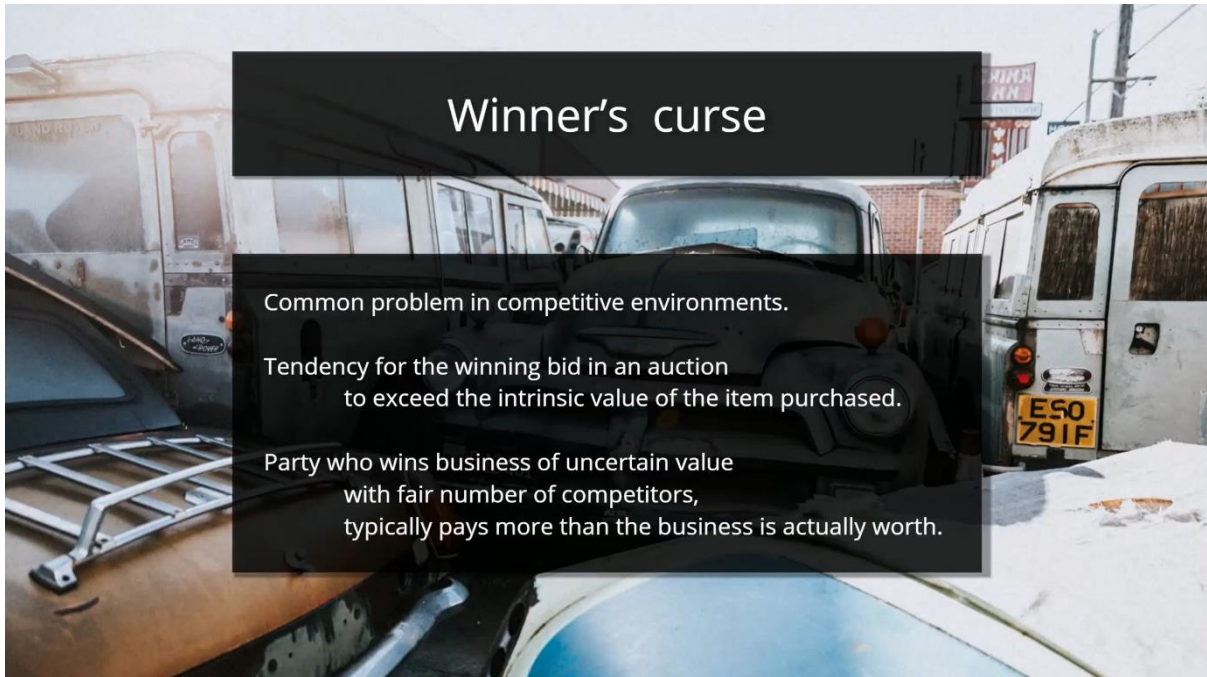
Excessive competition may cause serious harm,  
when losses exceed gains.

Competition is clearly a healthy means to grow business for any company because it provides stimulus for organizations to innovate, improve, and differentiate.

However, does this mean that companies should compete at all costs? The answer is no. There comes a point when excessive competition may cause serious harm when the losses exceed gains.

Sounds like simple common sense, don't you think?

#### Slide #4



### Winner's curse

- Common problem in competitive environments.
- Tendency for the winning bid in an auction to exceed the intrinsic value of the item purchased.
- Party who wins business of uncertain value with fair number of competitors, typically pays more than the business is actually worth.

The winner's curse describes a common problem in competitive environments.

Winner's curse is a tendency for the winning bid in an auction to exceed the intrinsic value of the item purchased.

The party who wins a business of uncertain value with a fair number of competitors typically pays more than the business is actually worth.



**Slide #5**

## Win-win negotiation

- (1) Create value,  
claim value in negotiation.
- (2) Specific behavior biases,  
negotiators may be exposed to  
when interacting with partners.



Also, we are going to discuss a systematic approach to win-win negotiation.

How we create value and claim value in negotiation.

We will also explain some specific behavior biases that negotiators may be exposed to when interacting with their partners.

## Slide #6

### Role-player negotiation simulation

Practice systematic approach,  
structured term-sheet framework  
interpersonal skills  
reach agreement.



Toward the end of this module, we will have a role-playing negotiation simulation to practice the systematic approach, which involves a structured term-sheet framework and interpersonal skills to reach an agreement.