WISH IN THE PARK
NEGOTIATION

Teaching Note

Wish in the Park is a fairly simple two-party negotiation. It tests participants' ability to learn information about the other side's circumstances and interests, and to achieve distributive gains where there is an enormous monetary ZOPA. The optimal solution for both parties is a simple sale of Wishing Wheels' recently acquired lot to P.T. Pattison, owner of Pattison Stores and its adjacent building. In a nutshell, Pattison Stores' building houses tenant businesses that would be disturbed by Wishing Wheels' planned (noisy) business on the lot and would also suffer from customers' inability to park nearby. In short, if Wishing Wheels is unwilling to sell the lot, Pattison Stores' BATNA is not great. It stands to lose tenants and rent revenues and thus, property value. While Pattison would like to prevent Wishing Wheel's planned use of the lot (renting and trying all manner of electric vehicles, with a mini-track and charging station), its lawyer's legal opinion is that they are unlikely to be able to block a city permit. They might succeed in delaying the project but it will cost considerable attorneys'/experts' fees to try.

Unbeknownst to Pattison, Wishing Wheels has a terrific BATNA. They may indeed be happier buying one of two available lots in alternative, arguably better locations than the one adjacent to Pattison. The lot in question was purchased for $150,000; one of the alternative locations is available for $175,000 and seems better for business.

Theoretically then, the ZOPA is enormous. Pattison's confidential information permits them to buy the adjacent lot for up to $750,000.

As in any distributive problem, the key to claiming as much of the ZOPA as possible is learning - at least considering, hypothesizing, and suggesting awareness - of the other side's BATNA.

In my experience with this case, most students in Wishing Wheel's role fail to think through or make scribbled math calculations for Pattison. They COULD figure out what an average per square foot rent is in a building (use any place, any small city), think about the interests of the named tenant businesses, and realize that these businesses will want easy adjacent parking and many of them will not be happy with noise. Students COULD do some scratch pad math to think about how Wishing Wheels' plan for the property will negatively affect Pattison Stores' rental and thus real estate values. If they do, they are wise to raise this in the negotiation, showing they have some understanding of how this would impact Pattison. Let Pattison try to deny it; they likely won't. Of course, Pattison should also discuss with Wishing Wheels what their business plans are, why this lot, what else might be possible etc. Wishing Wheels may (unwisely) reveal their ambivalence about this lot's location. Pattison could graciously offer to take it off their hands.

Based on my experience teaching this case, it's fair to say that students in Wishing Wheels' role often fail to consider and make scratchpad calculations about how valuable it would be

to Pattison to purchase the lot. Thus, they fail to discover even close to the higher end of the ZOPA. That then becomes the take away: it's worth considering the other side's interests and how this (Wishing Wheels' planned business on the lot) will negatively affect them. Take it another step and do some rough math; do outside research to put possible numbers on how that might translate into a reservation value for the other side. That may become your aspiration, and therefore determine your initial dollar offer/demand. Before any bargaining over the numbers, parties are wise to test their hypotheses about the other's circumstances and seek additional information in initial discussions. Given that students often miss the ways Wishing Wheels' business plan will impact Pattison's rental income and property value, I suggest assigning the role information well in advance, and encouraging students to do research and thinking about sources of strength (and weakness) in preparation for in-class negotiations.