
COUNSELORS' HONOR NEGOTIATION

Teaching Note

Counselors' Honor is a classic "mixed distributive/integrative" negotiation. There's a large dollar ZOPA; neither party has a great BATNA. Their Reservation Prices overlap. There is a few markers of outside criteria for pricing, but none are determinative. You can surely use it to teach distributive negotiation strategies. As is often true in simulations and in life, the facts suggest other ways to create value for both sides. The context also offers a few twists for discussion. The payor – purchasing videography services - is a not-for-profit with a worthy mission. It does have \$ to pay appropriately. Should that matter to the payee videographer, whose business needs funds? As a do-good not-for-profit, should the payor negotiate for the lowest price possible? Should it matter that the videographer has an aspirations to fine art film production (vs. only serving corporations)? In a nutshell: Counselors' College is hosting a fundraiser dinner in a few weeks, with three honorees. There were to be short tribute videos for each honoree. Unfortunately, responsibility for the video project had been delegated to an employee who was caught embezzling funds. After firing the employee, the director learned nothing had been done on the videos. Left holding the proverbial bag, the director lacks sufficient time to accomplish everything for the event. The director seeks to hire a videographer for recording and editing but assumes they (the director) will still have to work with honorees on scripts for their videos to achieve narrative consistency. The director doesn't want to seek help from anyone in the organization or the board, fearing this last minute scramble might negatively assessments of their managerial competence.

The videographer is relaunching a video production company, with a plan to earn income from business videos and eventually to produce fine arts films. Having just returned from extended time out of the country, the videographer has no other significant projects at the moment.

ZOPA on the numbers: \$3,000 - \$25,000

- Counselors' College had budgeted \$10,000 for the videos but would like to pay less. If pressed and confident of the videographer's work, they could add \$5,000 to \$10,000 to get to \$15,000 - \$20,000 (due to savings from the embezzler's salary). They could also take \$5,000 from their library budget, making \$25,000 the upper limit.
- The videographer estimates projects costs at \$3,000. They estimate the market rate at \$8,000 - \$10,000 for a small company, without script work, and as much as \$25,000 or more for a higher end artistic studio.

The hidden fact is that the videographer has a background in English and drama and extensive experience writing scripts. They eventually hope to distinguish their video business from others by offering assistance in scripts and story lines. The director knows nothing of this, and has assumed, unhappily, that they will have to undertake script work with the honorees. If the director learns of the videographer's experience with script writing and narrative, they will be happy to pay more. The videographer will be happy to receive more and to use this talent. Of course, the videographer will also benefit from website endorsements, exposure at the event, introductions to influential board members in the industry, etc.