**Real Life Negotiation and BATNA**

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Tracy enters Morgan’s apartment and sees the sofa and wants to buy it but the asking price is more than what she affords. Therefore, the negotiation will be about the price of the sofa. Tracy can begin by greeting Morgan and making small talk in order to create a basis for serious, business-relate talk. Tracy can then ask Morgan to give Tracy some wiggle room in the price of the sofa by promising to pay upfront. It will be likely that Morgan will lower the asking price to a little bit lower than the original price of $800. Tracy can then insist that the used sofa can be fairly sold to her for even lower. It is highly likely that Morgan will provide a little more concession. Morgan will ask for the price that Tracy can afford. It is appropriate that Tracy tells the truth of $400 at this point including her dilemma.

The first option is that Tracy gets Morgan to lower the price to around $600 which Tracy musters by cutting portions out of other expenses. The BATNA in this negotiation will, however, be that if push comes to shove, Tracy asks Morgan to allow her to pay $400 upfront and the rest in monthly installments. Tracy must not let her BATNA be known until there is no negotiable option left. Tracy does not know of the seller’s BATNA. However, a win-win situation for both parties can be easily achieved if Tracy pays the additional funds after $400 in the form of installments. This way Morgan gets the money he wants, and Tracy also gets to avoid having unwelcome guests in her new home. It gives Tracy the time to put together her regular installments and therefore spares her of the embarrassment of buying a sofa of subpar quality.