

# Banquet Planning at Tully LLC

## How Things Stand for Tully LLC

Your firm, Tully LLC, is planning a large banquet for its most important clients in the hope of drumming up additional business. In order to impress your clients, you plan to contract with Frey Entertaining to provide catering and entertainment. However, the quality of Frey Entertaining is unknown to you.

There is a one in three chance that Frey is a high quality firm, in which case its services are worth \$9,000 to you. There is also a one in three chance that Frey is a medium quality firm, in which case its services are worth \$6,000 to you. Finally, there is a one in three chance that Frey is a low quality firm, providing very poor catering and entertainment, in which case its services are worth \$0 to you.

## The Circumstances of Frey Entertaining

The cost to Frey of providing catering services also depends on the quality that Frey provides. If Frey is a high-quality firm, it costs them \$6,000 to provide catering services. If Frey is a medium quality firm, it costs them only \$4,000 to provide catering services. Finally, if Frey is a low quality firm, it costs them only \$500 to provide catering services.

## Bargaining with Frey

Your goal is to bargain with Frey to ensure your highest possible profit. If you and Frey reach a bargain, please record it below.

**Tully LLC agrees to pay Frey Entertaining a fee of \_\_\_\_\_ for catering services provided.**

# Banquet Planning by Frey Entertaining

## How Things Stand for Frey Entertaining

Your firm, Frey Entertaining provides catering services for corporate events, such as banquets. Yours is one of many such businesses, and such businesses vary in quality—you may be a high quality firm with probability one-third, a medium quality firm with probability one-third, or a low quality firm, with probability one-third.

The cost to you of providing catering services also depends on your quality. If Frey is a high-quality firm, it costs \$6,000 to provide catering services. If Frey is a medium quality firm, it costs \$4,000 to provide catering services. Finally, if Frey is a low quality firm, it costs only \$500 to provide catering services.

## The Circumstances of Tully LLC

Tully LLC is planning a large banquet for its most important clients in the hope of drumming up additional business. Tully values high quality catering services at \$9,000, medium quality catering services at \$6,000, and low quality catering services at \$0.

## Bargaining with Frey

You are, in fact, a high quality firm. *You may not show your worksheet to your bargaining partner.*

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# Banquet Planning by Frey Entertaining

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The cost to you of providing catering services also depends on your quality. If Frey is a high-quality firm, it costs \$6,000 to provide catering services. If Frey is a medium quality firm, it costs \$4,000 to provide catering services. Finally, if Frey is a low quality firm, it costs only \$500 to provide catering services.

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Tully LLC is planning a large banquet for its most important clients in the hope of drumming up additional business. Tully values high quality catering services at \$9,000, medium quality catering services at \$6,000, and low quality catering services at \$0.

## Bargaining with Frey

You are, in fact, a medium quality firm. *You may not show your worksheet to your bargaining partner.*

Your goal is to bargain with Tully to ensure your highest possible profit. If you and Tully reach a bargain, please record it below.

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# Banquet Planning by Frey Entertaining

## How Things Stand for Frey Entertaining

Your firm, Frey Entertaining provides catering services for corporate events, such as banquets. Yours is one of many such businesses, and such businesses vary in quality—you may be a high quality firm with probability one-third, a medium quality firm with probability one-third, or a low quality firm, with probability one-third.

The cost to you of providing catering services also depends on your quality. If Frey is a high-quality firm, it costs \$6,000 to provide catering services. If Frey is a medium quality firm, it costs \$4,000 to provide catering services. Finally, if Frey is a low quality firm, it costs only \$500 to provide catering services.

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Tully LLC is planning a large banquet for its most important clients in the hope of drumming up additional business. Tully values high quality catering services at \$9,000, medium quality catering services at \$6,000, and low quality catering services at \$0.

## Bargaining with Frey

You are, in fact, a low quality firm. *You may not show your worksheet to your bargaining partner.*

Your goal is to bargain with Tully to ensure your highest possible profit. If you and Tully reach a bargain, please record it below.

**Tully LLC agrees to pay Frey Entertaining a fee of \_\_\_\_\_ for catering services provided.**