

Andrew Hoffman

Interactive Negotiation Exercise: Dispute with BMW Over the Repeated Failure of Run-Flat Tires

Preface

This exercise is based on a negotiation that took place in the fall of 2018 between a BMW customer and BMW Customer Relations over the continued and repeated failure of Bridgestone Potenza Run-Flat (RF) original equipment (OE) tires. In real life, this was a five-week, seven-round negotiation with BMW. In this exercise, it is presented as a five-round negotiation; four of the original rounds are compressed into two for clarity in the case pedagogy. Though the facts of the exercise are accurate as presented, it is written in the present tense and in the personal form of “you” to more effectively draw the reader into various stages of the decision process.

Introduction

You bought a new BMW 328xi in 2008 because it was the top-selling premium brand in the United States and you wanted a high-end product that would last a long time and be backed by a solid service organization. The 3-series has been BMW’s best-selling model for years, with 112,464 units sold in the U.S. in 2008,¹ compared to total U.S. BMW sales of 249,113.² (In the series name, the second and third digits mean 2.8 liter engine, the letter “x” means all-wheel drive, and the letter “i” means fuel injection.) Your hope is to drive this car as long as possible before buying another one. But you have had tire problems for the ten years you have owned it. The tires are what are called “run-flat,” meaning that your car has no spare tire (this saves room in the car, reduces weight, and lowers costs) but you can drive to the nearest service station if any tire goes flat (see the **Run-Flat Tires box** on p. 3).

The tire issue really comes to a head in 2018 when you – a business school professor – are driving from Ann Arbor, Michigan, to Chicago to deliver a university convocation address. You had decided to drive the day before the event to meet with faculty at 4 p.m. At 11 a.m., 100 miles into the 250-mile trip, the tire pressure monitoring system light comes on, indicating that you have a flat tire. You pull

¹ CarSalesBase.com. <http://carsalesbase.com/us-car-sales-data/bmw/bmw-3-series-4-series/>. Accessed 5 Dec. 2018.

² CarSalesBase.com. <http://carsalesbase.com/us-car-sales-data/bmw/>. Accessed 5 Dec. 2018.

Published by WDI Publishing, a division of the William Davidson Institute (WDI) at the University of Michigan.

© 2018 Andrew Hoffman. This exercise was written by Andrew Hoffman, Holcim (US) Professor of Sustainable Enterprise, a position that holds joint appointments at the University of Michigan’s Ross School of Business and School of Environment and Sustainability. The exercise was prepared as the basis for class discussion rather than to illustrate either effective or ineffective handling of a situation. The exercise should not be considered criticism or endorsement and should not be used as a source of primary data.