

**Ollscoil na hÉireann, Gaillimh  
National University of Ireland, Galway**

**Semester II Examinations, 2002/2003**

**B.COMM. DEGREE  
B.COMM. (INTERNATIONAL) DEGREE  
B. CORPORATE LAW DEGREE**

**MG 309 BUSINESS NEGOTIATIONS**

**Professor Jonathon Winterton  
Professor Roy Green  
Dr. Mary Quinn  
Mr. Jim Redmond**

**Time Allowed: Two Hours  
Answer Question 1 (obligatory) and One other question**

**Question 1 is worth 50% of total marks; the other question is worth 25%; year's work is worth 25%**

**Question 1.**

Read the General Brief and the Owner's confidential brief in the *M48 Site* case.

Answer all the following:

- a) Write your initial description of this negotiating situation: single issue or multi-issue, simple or complex currency, once-off or ongoing relationship, distributive, integrative or both.
- b) What is the owner's BATNA? How well does it meet her interests, in your view?
- c) What do you think is the developer's BATNA? How well do you estimate it meets their interests?
- d) Drawing on your general knowledge of negotiations, do you see any possibilities for creating mutual gain in this case?
- e) Describe how you would approach this negotiation if acting for the owner, paying attention to what Thomas identified as your orientation, your strategic objectives and the kind of negotiating tactics you would employ.

### Question 2.

Explain three of the following terms and give three examples, one for each of the terms you have selected, preferably original examples, which illustrate how each of the three can effect negotiations: (You may use the same overall negotiating situation or scenario for each of your three examples, but you will need to separately illustrate the three terms you have chosen.)

- Separating the people from the problem
- 'Anchoring effect' in negotiation
- Positions versus interests
- Intra-organisational bargaining
- Distributive bargaining

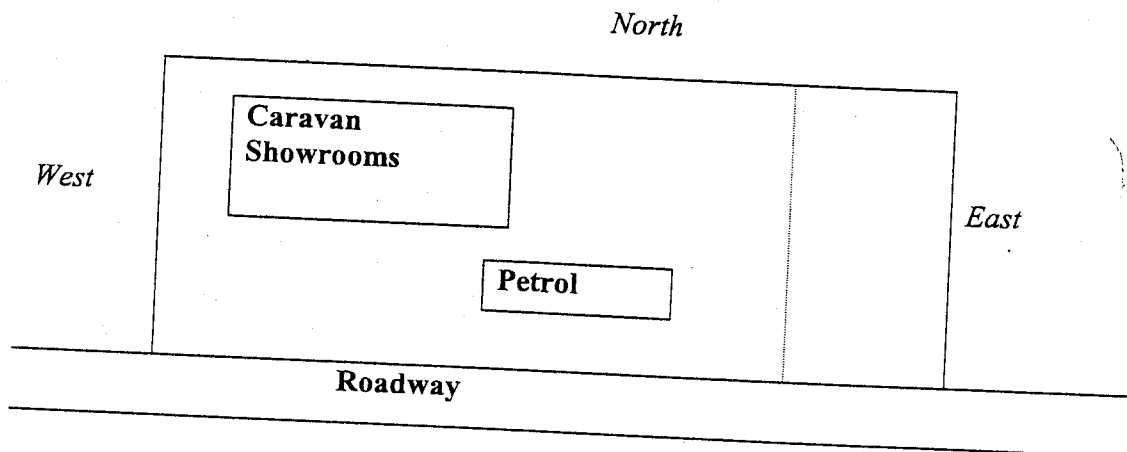
### Question 3.

Prepare a short presentation for a beginner-negotiator which draws on Rackham's (1993) research on the behaviour of more successful and less successful negotiators. You should discuss at least four of the behaviours identified by Rackham which you have found particularly relevant in your study and practice of negotiation.

## M48 Site

### General Brief

1. A developer has identified a potential site for a 'Mega-Burger' roadside restaurant and a 32-bedroom 'Snooze-Inn' lodge-type hotel on the main road that crosses the M48 motorway less than a mile away. There are a number of problems, however, holding up acquisition of the site.
2. First, the owner has been reluctant to sell the site as this would mean her disposing of her caravan business (albeit that the business is somewhat run-down and the site has not been modernised). Second, the local council's planning officials have expressed doubts about the hotel part of the proposal, as they do not think it a suitable development on the site, though they have approved the restaurant in principle. Third, the oil company, which has eight months to go on the five-year lease for its petrol station on the site has indicated to the current owner that it wants to relinquish its lease as soon as it expires because the run-down caravan business and the condition of the site does not attract enough custom to warrant modernising the petrol station.
3. The developer has persisted in discussions with the owner in the belief that these problems can be overcome.
4. The present layout of the site is shown in figure 1 below, with the owner's caravan showrooms occupying the northern boundary and the petrol station sited closer to the road. The eastern part of the site, about half an acre, is currently not built upon, offering potential to relocate the petrol station.



## M48 Site

### Owner's confidential brief

1. You are acting for the owner and you have full authority to make an agreement within your instructions. Your surveyor's estimate of the value of the site to the developer with planning permission is around €500,000. Without planning permission to redevelop, you would value the site at around €110,000. (Much of this valuation would really be in hope of something positive happening on the planning front). The developers made an offer of €410,000 three months ago when they initiated their discussions with your client.
2. For personal and health reasons your client has decided to quit the caravan business and as she cannot afford to modernise the site, she is willing to sell for the right price. She plans to retire to Jersey once this and her other businesses in the area are sold off. Her caravan interests, inclusive of the goodwill, are to go on the market immediately after your meeting with the developer, and your client hopes to sell them to another firm in the area which already has its own premises. If possible, she would like to run the caravan business for another two months, both to help with her sale of it as a going concern and to reach the anniversary of her founding the business 50 years ago.
3. Your client prefers to be paid a large proportion of the agreed price before completion of the sale (which would normally take another five weeks to complete but could be done in as little as three) as she wants to make arrangements for transferring her residence to Jersey, including the requirement that she deposit the Jersey resident's bond of €300,000 which will be due later this month.
4. The developers have so far shown reluctance to pay anything other than a minimal amount until they secure planning permission. The restaurant has been approved by the planning authorities but there is some question mark over the lodge/hotel part of the project.  
What payment arrangements can you make that provide a large enough non-returnable deposit to allow you to sign the contract to-day on your client's behalf with follow-on payments when complete planning permission is obtained? Is there any way by which you could be paid in full before the developer obtains planning permission?
5. The developers also want vacant possession on completion of the payment to allow them to clear the site. This might be a problem if the caravan business is not disposed of by then and there is also the problem of the petrol station lease which has eight months to run. You know that the oil company is not willing to renew its lease. They have already given the client the appropriate notice to this effect, but they may object to moving out before the expiry of their lease unless they are relieved of their rental charge (€2,500 per month) and the costs of decommissioning the filling station and its underground storage tanks (€37,000)

6. Since the application by this developer for planning permission was made public, you have received enquiries from other developers, both in the restaurant/hotel business and in speculative building, as to the possibilities of them making their own bids. So far, none of these enquiries has had sufficient substance to cause you to recommend to your client that she open serious negotiations with them. You know that such enquiries are normal in these circumstances but they do provide you with an alternative, admittedly vague and uncertain, in case this deal fails to move forward to-day.

Source: Negotiate Ltd. 1987

Reproduced from *Kennedy's Simulations for Negotiation Training* by Gavin Kennedy, Gower, Aldershot, 1996