

HSF- NLU DELHI INTERNATIONAL NEGOTIATION COMPETITION, 2018

Preliminary Round 1

THE RUB OF THE GREEN

Negotiations between

GREENWHEELS LTD. (“GreenWheels”)

&

PIONEER MOTORS LTD. (“Pioneer”)

Negotiation Plan for

PIONEER MOTORS LTD.

Submitted by

TEAM CODE: 25

GOALS

To maintain the contractual arrangement and the good relationship with GreenWheels in a manner favourable to the interests of GreenWheels and our own commercial interests.

INTERESTS AND OBJECTIVES

PIONEER MOTORS LTD.

- To sustain the 4 years contract with GreenWheels and renew the same.
- To ensure the timely repair of most of the damaged cars.
- To bring a management shakeup & launch innovative products to gather positive media attention.
- To convince GreenWheels to purchase at least 25-30 % of our shares.

GREENWHEELS LTD. (*likely*)

- To secure the sponsorship deal with the Olympics committee as the official Taxi partner of the Tokyo Olympics 2020.
- To provide excellent service during the Tokyo Olympics so as to leave a good impression of GreenWheels throughout the world, which will later help them expand their business outside Asia.

PIONEER LTD.

Strengths

- The quality of the products is better than those of its competitors.
- The success of CarbonFree™ technology has effectively reduced the carbon emissions of fossil fuel-based vehicles.
- CityTaxi has indicated their interest in acquiring Pioneer's business at an attractive price.
- The good relationship between the companies has been sufficient to resolve previous issues.

Weaknesses

- The threat of potential development of electric cars may lead to a further decline in the number of clients.
- Pioneer has received negative media attention recently.
- The repairs team of Pioneer is significantly smaller than its manufacturing team.
- Apex Partners are likely to sell their 25.1 % shareholding in Pioneer within the next 3 months.

GREENWHEELS LTD.

Strengths

- Three-quarters of GreenWheels' taxis are eco-friendly which makes them extremely popular among its customers.
- With the use of CarbonFree™ technology, it has helped in reducing carbon emissions
- They provide cheaper services to the customers of its Green Taxis as a result of tax waiver.

Weaknesses

- The operations and popularity of GreenWheels is limited to Asian countries.
- Higher demand and limited number of Green taxis has resulted in higher average waiting time for its customers.
- High dependency on Pioneer for the supply of quality Green cars.

NEGOTIATION AGENDA

- To continue with the current contract and procure further contracts with GreenWheels.
- To discuss with GreenWheels regarding the purchase of some of our shares.
- To reach an amicable settlement with GreenWheels regarding the repair of the damaged cars.
- To discuss other ideas feasible to the commercial interests of both the parties.

NEGOTIATION STRATEGY

Our most important goal is to maintain the contractual arrangement with GreenWheels. We shall attempt to minimise the losses suffered by them due to the defective cars prior to the Tokyo Olympics 2020. We are willing to repair half of the defective cars and outsource the repair of the rest which will be completed before the outset of the Olympics. Further, we are willing to compensate GreenWheels for any losses incurred due to the defective cars in Tokyo for the month of May 2020 subject to the possibility of them purchasing the remaining 150 cars as a part of the current agreement. This will make sure that their business is not affected much while the defective cars are repaired and they are able to secure the sponsorship deal with the Olympics Committee. We understand that GreenWheels may favour negotiating on a few terms of the supply agreement and we assert our willingness regarding the same. To maintain our exclusive relationship with GreenWheels, we would like to discuss the possibility of selling 25-30% of our shares to them. This will not only provide them with decision making powers in the Company, but also give them a chance to consider an expansion into the markets of the U.K and Europe subsequently (keeping in mind that the 2024 Olympics will be organised in Paris). However, it is subject to signing a new 4 year supply agreement.

DIVISION OF ROLES

Mr. Lewis Lancole, the CEO of Pioneer is the lead negotiator and decision maker. He will propose ideas and solutions which will compliment Pioneer's interest but at the same time be a win-win situation for both the parties.

Pioneer's Counsel is present in the negotiation in an advisory role and takes care of all the legal aspects to ensure that the interests of Pioneer are secured.

BATNA

PIONEER MOTORS LTD.

To proceed with the proposition of CityTaxi taking over our company.

GREENWHEELS LTD. (likely)

To make a deal with AutoTech for the immediate supply of 250 cars so as to secure the sponsorship deal.

WATNA

PIONEER MOTORS LTD.

To recall all the defective cars from GreenWheels and repair them bearing the overhead costs for the same.

GREENWHEELS LTD. (likely)

To bear the repair costs of 125 cars repaired by Pioneer and carry on with the current agreement of purchasing 150 cars.

THE END