

NLU DELHI – HSF INTERNATIONAL NEGOTIATION COMPETITION 2016

National Law University, Delhi

PRELIMINARY ROUND 2: *Space Race*

NEGOTIATION PLAN FOR RICKETY MARTIN PLC

STRENGTHS AND WEAKNESS OF PARTIES

Strong Points for Rickety Martin

1. Rickety Martin, a listed Company, is a leading player in the international defence sector and ranked among the Top 100 companies in the world.
2. Our strong reputation with clients around the world is likely to give us a market almost anywhere and in any sector.
3. We have large cash reserves that secure our ability to invest in the future projects.
4. Our Materials and Design division has pioneered development of new light weight and versatile material which could transform production in the aerospace sector.

Weak Points for Rickety Martin

1. The defence sector decline of the past year has caused our revenue figures to fall by 12%, the results of which are due to be released in 6 weeks time.
2. The incident of weapons manufactured by Rickety Martin being found in Munraya, a country subject to an International Arms Embargo, has appeared in the News.
3. There is strong competition in the market from key competitors looking to diversify and collaborate with the aerospace sector

Strong Points for Space Rex

1. The aerospace sector is the natural choice for expansion of defence business due to transferability of materials, skill and expertise. Space Rex, an innovator and revolutionary in the Aerospace sector, is suitably placed for collaboration.
2. Space Rex has developed a unique and cost effective innovation called FANGS which finds potential application and use beyond the Aerospace Sector.
3. Space Rex has a strong brand image and is renowned for being a responsible company

Weak Points for Space Rex

1. R&D costs and production challenges have left Space Rex struggling for resources and created the need for financial assistance.
2. In the competitive aerospace market Space Rex needs to maintain strict confidentiality to protect IP rights relating to FANGS.
3. FANGS does not as yet have any identified buyers or a confirmed ready market.

RICKETY MARTIN'S NEGOTIATION STRATEGY

The Aerospace and Defence Sectors are a natural choice for expansion, thus placing Rickety Martin and Space Rex favourably suited for collaboration. The strategy for this Negotiation Session will be to build upon the several potential synergies that have been identified between the parties in terms of long term vision. Our opening objective would be to gain the Confidence of Space Rex. We will stress on a mutual importance given to brand image and reputation by clearing the air regarding the Munraya Incident and assure Space Rex that no complications will arise. It will be important to understand other interests and needs of Space Rex. For this, information gathering will be the key to arrive at a mutually beneficial JV. The discussion as of now places us in a position to generate multiple options and utilise them to create a win-win situation.

DIVISION OF ROLES AND TACTICS

Rickety Martin's MD has been delegated the job of lead negotiator and decision maker. The MD will attempt to find common ground between party objectives and use them to make decisions that complement company interests.

Rickety Martin's Counsel will take on an advisory role. The Counsel will deal with the legal and financial dimension to the Joint Venture. Counsel will ensure that the rights and interests of Rickety Martin are secured.

INTERESTS AND OBJECTIVES OF PARTIES

Rickety Martin's Interests and Objectives

1. To Finalise Terms and Conditions of JV with Space Rex within 6 weeks time.
2. To maintain an equal number of directors on the Board of Directors of JV
3. Introduce a buy-out clause in the JV for resolution of deadlock in decision making.
4. To be assured that FANGS will be ready for commercial sale within a 4 year period.
5. Identification of potential buyers and a ready market for FANGS.
6. Involvement in project management and oversight of day-to-day operations.
7. Acquire a degree of aerospace know-how and sector specific expertise.
8. Obtain an exclusive supply agreement for Materials and Design Division

Space Rex's likely Interests

1. Obtain financial assistance and Research and Development support for FANGS.
2. Safeguarding and maintain confidentiality of IP rights relating to FANGS
3. Uphold brand name and reputation as a responsible company.
4. To maintain an equal number of directors on the Board of Directors of JV
5. Provide for Third Party financing of future needs in the JV.

BATNA FOR PARTIES

Rickety Martin's BATNA

Rickety Martin's reputation, cash reserves, and strong client base around the world gives us the opportunity to look for other Aerospace manufacturers, or even other sectors of manufacturing as we can almost certainly avail of a potentially ready market.

Space Rex's likely BATNA

Space Rex, being a revolutionary in the aerospace sector has the option to collaborate with another financier from among Rickety Martin's key Competitors who are also looking to invest in the aerospace sector.