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Negotiation Management:

A Role Play Approach

Working Paper



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SUPPLY MANAGEMENT INSTITUTE

Negotiation Management: A Role Play Approach

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1 Case Study Description¹

For more than 20 years, John Silver Inc., a medium-sized dashboard supplier located close to London, has delivered dashboards to a large automotive producer with production facilities near Berlin. The relationship has always been good and both accomplished their duties without any major problems or complaints. Recently, the situation has changed. For some weeks the automotive producer has experienced quality problems with the supplied dashboards. A conflict has arisen as neither John Silver Inc. nor the automotive producer feels responsible for this problem. Furthermore, the prices for raw materials have increased and therefore, the supplier demands a higher price for the supplied dashboards. John Silver Inc. is one of just a few suppliers that provide suitable dashboards.

Since the beginning of this year, more and more customers have complained about vibrating dashboards. When driving 120 km/h or more, disturbing noises are audible from the dashboard. The automotive producer has an excellent reputation regarding quality standards and is the market leader in the supreme upper premium segment. The producer is worried about its customers' perception regarding the high quality products and fears that its image will be damaged. Recently the company had similar problems with a supplier that delivered defective parts and believes to be confronted with the same situation again.

The automotive producer is a large organization with a hierarchical structure. Dr. Gonzalez is a young successful purchasing manager and joined the company ten months ago. He is 33 years old and known to be dominant, determined and assertive.

His colleague, Mr. Lebmann, is an engineer and has been working for the company for more than 25 years. He is 57 years old and described as a harmony seeking, conservative and cooperative person, rather introvert than outgoing. His knowledge concerning technical aspects of the project is unquestionable.

¹ This case study is completely fictitious.

John Silver Inc. is an innovation leader in its market and the second largest supplier of dashboards. Just a year ago the company invested a large amount of money to build a new research and development facility.

Dr. Silver is the CEO of John Silver Inc. He is known to be very determined, self confident and sometimes a little fickle. He is 53 years old and plans to visit Berlin on Friday the 25th of May – two weeks from now – for negotiations about new prices and the above mentioned quality problems. Due to the importance of the automotive producer as the company's main customer, he wants to negotiate with Mr. Lebmann and Dr. Gonzalez in person. Mr. Lebmann and Dr. Silver have known each other for almost two decades and so far their relationship has been very good.

Your task is to develop a negotiation strategy including adequate preparation. You should bear in mind that every person has different objectives and that everybody has a different personality. Therefore, you should try to work out a strategy to solve conflicts and to negotiate – if possible – a result which satisfies both parties' needs.

2 Personality Description

The personalities of the persons are different and provide a rather complex and challenging storyline.

The potential conflict among the three men has to be considered as well as the relationships. Carefully read through the description of your character and try to identify yourself with it. It is also important to focus on the overall

situation in order to anticipate how certain situations might put pressure on the characters. Each personality has different strengths and weaknesses, which will become apparent in a stressful situation. Moreover, you should think about different steps in the negotiation process and how the persons might feel and react to them.

As you will see, different personality types will be involved and it is your task to overcome arising conflicts. A careful preparation should enable you to handle these problems.

