CASE: A SCANDINAVIAN SCARE

Student’s Name

Institution

Course code

Date

**Q1: Why did Conquip send an RFQ with a 10 percent price reduction requirement rather than calling de Winter in for a negotiation? Is there any downside to having run the negotiation this way?**

The Conquip was trying to put a lot of pressure to FD. It could be seen when Conquip sent out the RFP (Request for Quote) to FD about the product. LEIF filter, which it has not been adopted by the Conquip. This kind of pressure operates as an external constraint to FD. Theoretically, the constraints removed what could have been the best option for FD for it to continue negotiation to make an effort to improve the terms of agreement for them to reach a compromise position (Brett, 2014). Failure to have this option forced FD to be faced with two, which they can either agree or refuse on the agreement requested by Conquip. However, this was looking for Conquip as a great strategy until the company realizes that there is no difference, which exists between that and FD might also decide to put on time pressure on them. There could be a point where both sides are faced with the same time deadline. And therefore, the particular case, the case with the greatest power is the one which has several alternatives who could apply the time pressure. But the side which has fewer alternatives has the least power and therefore, should avoid time pressure and have the negotiation completed well before the deadline.

**Q2a. What was the threat embedded in this offer?**

During the negotiation, the De Winter was very suspicious with his office because of the close relationship, which exists between Conquip and FD. De Winter quickly noticed that although Conquip requested for the quotation of the products, many of the products, which are offered by FD were missing from the list. The FD high volume products were not listed to be some of the products which to be supplied and therefore, he treated the Conquip with a lot of suspicions. This made De Winter be more doubtful with the Conquip and concluded that Conquip just wanted the quotation from the products, which is different with what being offered by FD so that it can force price reduction of FF prices.

**Q2b. Why was the offer not credible to de Winter?**

de Winter noticed that the RFQ sent as a frame to FD. Framing is a technique, which people apply to evaluate and make sense of a difficult situation, which can lead to pursuing or can help to avoid a late4r action. However, in this particular case, Conquip made every effort to provide solution and defining its terms of business as well, which was meaningful and mostly based on the best interest of FD. Fortunately, the winter had understood what the Conquip was trying to achieve and they were being framed. However, the fact that De winter understood the framing dynamic being applied by Conquip helped them to take control of the framing process and therefore, the de winter was able to make a business deal out unexpectedly (Lesley Stolz, 2014).

**3. If FD could have reduced prices by the 10 percent requested by Conquip and still have a positive and reasonable margin, why negotiate? Why not just reduce the price to save the business?**

The hugest priority of FILTECH and FD were to maintain long term sales relationship and positive margins. But the purpose of Conquip was to use FD for their advantage to gain lower prices from FF and therefore, FD could not bear the lost to give any false hope. This could be derived based on the fact many information was not given to Conquip. It is noted that the list of interest on the scope of sales was not provided to Conquip and it might have been done knowingly by FD (Baber, 2015). However, realizing that FD came to the negotiation with weak BATNA, de Winter did not want to make concession very fast and easily for them to look weak on the negotiation. A negotiated should be able to accept the proposed agreement if it is much better than BATNA, it can consider withdrawing from the negotiation to pursue the alternative, but he wanted to pursue the agreement. However, by giving such impression would automatically make Conquip think that FD has a good offer, which is a better alternative than FF. De winter has clear reverse psychology of framing towards Conquip, which made him to tactically negotiate with Conquip to a compromised conclusion.

4. **How did Marc de Winter improve his bargaining position at meeting 2? What general negotiation principle did he employ? How well did it work?**

The second meeting was approved because de Winter has established and laid down what could be a positive result when both companies agreed to work together. De winter changed from being position based negotiator to an interest-based negotiator. And this, therefore, open doors for more compromised ideas, which made the two companies agreed on a deal. The interest of Conquip was to reduce the supplier cost so that it could reduce its overhead and increase the margin from sales, while FD was looking for positive margins and a long term business relationship with Conquip. And therefore, both companies took a win-win approach to obtain a solution, when they focus on the beyond the price and understand that both parties have a clear role to play. They can understand short and long term needs of the two companies and therefore, they arrived at a compromised solution when Conquip does not look for options to get the lowest price out when they can get it from FD’s products consistently at a fair price. This can make it get the same product form FD with added value being the sole provider of FD’s products in the market.

# References

Baber, W. W. (2015). Practical Business Negotiation. *https://www.researchgate.net/publication/277871411\_Practical\_Business\_Negotiation*, 2-31.

Brett, J. (2014). *Negotiating Globally: How to negotiate deals, solve disputes and make decisions across cultural boundaries.* New York, United States of America: Jossey-Bass.

Lesley Stolz. (2014). Negotiation Strategies. *Journal of Business Studies*, 2-34.