**STRATEGIC NEGOTIATION EXAM.**

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**PROBLEM 1**

1. ZOPA or Zone of Potential Agreement is the bargaining range where the negotiating parties can find an acceptable solution.

Analyzing the maximum the Dry Cleaner is willing to pay and the minimum the customer is willing to accept

**Max Compensation by Dry Cleaner: 20 Euros**

**Minimum Compensation asked by Customer: 90x3 + 60 = 330 Euros**

From Dry Cleaner’s offer and minimum customer’s demand, it is evident that there is **no ZOPA** for this case as there is no overlapping zone for a potential agremeent.

1. BATNA or Best Alternative To A Negotiated Agreement is the alternative a party has in case when there is no agreement.

**BATNA for the customer:** For the customer,the alternative is to sue and hope to get a compensation of 330 Euros. Although it should be noted that if the customer himself is not a lawyer, he would also incur fees to his legal team in this process.

**BATNA for the Dry Cleaner:** For the dry cleaner, the alternative is to defend if the client sues. This brings the risk to pay the entire compensation of 330 Euros in case he loses. Also this damages his reputation irrespective of the outcome.

1. Analyzing the BATNA’s for both the parties it is evident that the Dry Cleaner has more at stake as compared to the customer.   
   Following is the solution which would make sure that the customer is satisfied and also follows the precedent.  
     
   1. **Immediate Compensation:** The dry cleaner offers an immediate partial cash compensation of €150. This amount is more than the initial offer of €80 but less than the customer’s minimum demand of €270, demonstrating a willingness to meet halfway  
     
   2. **Service Credit for Future Dry Cleaning:**

The dry cleaner provides the customer with a service credit worth €200 for future dry cleaning services. This credit can be used over a period of one year.

This credit not only adds value for the customer but also helps maintain the business relationship and encourages repeat business.

3. **Additional Perks:**

As a goodwill gesture, the dry cleaner offers the customer a 20% discount on all future services for the next year, further enhancing the perceived value of the resolution.

This would also indicate that the dry cleaner didn’t budge to the original demand of customer and a middle ground was reached. In this way, the dry cleaner also fosters a long term relationship with the customer.

**PROBLEM 2:**

1. In my personal opinion, the difficulty was that a third party was involved while negotiating. Negotiating will Sally’s agent does not help as it is difficult to understand the true need and interest of the party.  
     
   Also the Opera House has much at stake considering the urgency of the matter. In this case, any information leaked and the rate would soar high as Opera House would lose any leverage that it has in this negotiation
2. **Opera House:**    
   Get information about Sally’s last function. Explain how decline is normal on Opera singers’ careers

Be sure of the reservation value that must not be surpassed

Try to get Sally indicate the offer first  
  
**Sally**Find information on why the lead singer is not performing  
  
Understand what is the BATNA of the opera. Are there any other potential replacements  
  
Prepare counter offers for different scenarios

1. Knowing the BATNA of the other parties and understanding the leverage becomes the key points in achieving a successful agreement. It should be noted that there is very large ZOPA in this case and both parties have a lot at stake. It is just that who realises the leverage and strikes the iron when it is hot. For instance, the Opera might come in the negotiation with some assertive points but the agents would soon realise the need of the Opera through the discussions. So looking for a situation maximising both party’s benefits is the way to go in this case. Creative solutions like supplemental agreements like long term contract with surety of roles could be explored. Also conditional agreements based on the attendance could be thought of. Moreover additional solutions like Joint marketing strategies, advanced make up , social media marketing could lead to maximising collective benefits