

ID No.: _____

Name: _____

Birla Institute of Technology and Science, Pilani (Rajasthan)
Second Semester 2016-2017
Comprehensive Examination (Closed Book)

A

Course No. : MBA G506

Max. Marks : 70

Course Title : Negotiation Skills and Techniques

Weightage : 35%

Date : 12/05/2017

Duration : 3 hours

“Get your facts first, then you can distort them as you please.”

– Mark Twain

Part-A (1.0 x 30 = 30.0 Marks)

Note:

- Write the choice number of correct answer(s) in the space provided
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- Partial marks will not be awarded
- No overwriting

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*****END*****

1. _____ makes negotiation a so-called “wicked” learning environment.
 - A. Untrustworthiness
 - B. Ambiguity
 - C. Vanity
 - D. Organized

2. Circle of value approach uses _____ to resolve conflicting interests.
 - A. objective standards of legitimacy
 - B. objective standards of needs
 - C. objective standards of wants
 - D. objective standards of rules

3. Non-negotiable items in a negotiation are often known as _____.
 - A. Standards
 - B. Resistance point
 - C. Bottom Line
 - D. Target Point

4. In situations of great ambiguity and uncertainty, first offers have a _____ effect.
 - A. Strong anchoring
 - B. Weak anchoring
 - C. Strong bracketing
 - D. Weak bracketing

5. In a _____ tactic, a potential buyer may play the seller off against another seller.
 - A. Yikes
 - B. Whipsaw
 - C. YWHTDBTT
 - D. Red Herring

6. Kriegsspiel refers to
 - A. live-action military training exercises
 - B. Deal making
 - C. Bargaining
 - D. Trust

7. Indeterminate pie refers to _____.
 - A. win-win outcomes
 - B. win-lose outcomes
 - C. lose-lose outcomes
 - D. mixed-motive situations

8. A _____ approach focuses on creating value for everyone involved in the negotiation.
 - A. Mutual-gains bargaining
 - B. Distributive bargaining
 - C. Integrative bargaining
 - D. Value claiming/bargaining

9. A _____ offers perspective by managing the alignment of the observer in relation to an issue.
 - A. Frame
 - B. Endowment
 - C. Anchor
 - D. Standard

10. _____ tactic involve asking for everything at once.
 - A. Forbearance
 - B. Bracketing
 - C. Blanketing
 - D. Fait Accompli

11. Regulation strategies for emotions are
 - A. Suppression
 - B. Reappraisal
 - C. Affiliation
 - D. Appreciation
12. _____ school of bargaining ethics considers negotiation as a “game”.
 - A. Idealist
 - B. Pragmatist
 - C. Poker
 - D. Darwinism
13. Excellent negotiators do not rely on _____; rather, they are deliberate _____.
 - A. circumstances, planners
 - B. intuition, planners
 - C. counterpart, manipulators
 - D. experience, planners
14. Which of the following is/are not a forms of power?
 - A. Absolute power
 - B. Relative power
 - C. Total power
 - D. Referent power
15. ‘Immediate context’ in a international negotiation include(s)
 - A. Levels of conflict
 - B. Desired outcomes
 - C. Immediate stakeholders
 - D. Political and legal
16. Edward T. Hall’s “Silent Language” includes
 - A. Relationship
 - B. Time
 - C. Space
 - D. Tolerance for Uncertainty
17. “Take it, or leave it” tactic is also called as
 - A. Boulwareism
 - B. Bland Withdrawal
 - C. Backtracking
 - D. Coquette Principle
18. Which of the following statement is *not* true with regard to power in negotiations?
 - A. Power entails costs and risks
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19. Which of the following is/are applicable of Monochronic culture?
 - A. Prefer prompt beginnings and endings
 - B. Rely on explicit communication
 - C. Sometimes overlap talk
 - D. Take breaks when it seems appropriate
20. Which of the following is/are “non-strategic cues” to recognize deceptive behavior?
 - A. Self-adaptors
 - B. Speech errors
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 - D. Negative Statements

21. Which of the following technique(s) can be used to detect when your counterpart is lying to you?
- Set a trap
 - Triangulation
 - Gather information from multiple sources
 - Ask less threatening questions
22. If you believed in _____ ethics, then you might do whatever was necessary to get the best possible outcome
- duty
 - social contract
 - personalistic
 - end-result
23. Variable(s) considered in dual concern model is/are
- Assertiveness
 - Substance/issue
 - Cooperativeness
 - Relationship
24. The major element(s) of logos are
- Evidence
 - Reasoning
 - Credibility
 - Emotions
25. _____ expresses what would be bad for the other party if you walk away from the negotiation.
- BATNA
 - ZOPA
 - Leverage
 - WIIFT
26. Which is the following is/are forms of deception?
- Bluffing
 - Posturing
 - Evading
 - Spreading rumors
27. Which of the following can be used to address the concern not emotion?
- Role
 - Status
 - Standards
 - Appreciation
28. _____ communication deals with body language
- Kinesics
 - Proxemic
 - Direct
 - Personal
29. Attribute(s) of speech include(s)
- Silence
 - Regularity
 - Quality
 - Rate
30. External Standards can be derived from
- Precedents
 - Records of past agreements
 - Legislation and regulations
 - Expert opinion

*****End of PART-A*****

Part-B (40.0 Marks)

1. List down the counter(s) to be used for the following ploys. **(2.0 x 5 = 10.0 Marks)**
 - A. Exaggerated bluff
 - B. Columbo
 - C. The invisible competition
 - D. Deadline dilemma
 - E. Walkout

2. For each of the following scenarios comment whether they are a negotiation situation? Why or why not, justify your answers? **(2.0 x 4 = 8.0 Marks)**
 - A. A man complains about his neighbors' weeds which are unsightly and encroaching on his garden. The neighbor says 'Yes, I can't seem to get rid of them. Have you any ideas?'
 - B. A man complains about his neighbors' weeds which are unsightly and encroaching on his garden. The neighbor says 'Oh, Sorry. I'll stop doing this and come to clear them straight away.'
 - C. A father tells his daughter to be home by 10 o'clock. She says 'Can't I stay out longer?' He replies 'Oh, all right then, but be back by midnight.'
 - D. A manager asks a subordinate to do a particular task by this Friday. The subordinate replies 'O.K. but we'll have to sit down and agree which other jobs will not get done and how much overtime I can use.'

3. Identify the specific step of "Negotiation Process" (Kennedy's Model) in which the following phrases fall. Justify your answer. **(2.0 x 3 = 6.0 Marks)**
 - A. "I can offer you 10% discount but only because you will take 100 units per week."
 - B. "O.K. We've sorted everything else out; if you just agree to throw in the stereo/audio then we've got a deal."
 - C. You ask your fellow team negotiators "so what you think we should do at the negotiation next week to get the counterpart's approval on the payments?"

4. A couple interested in purchasing a house had almost all aspects of a deal worked out. The agent was aware that the couple would have strongly preferred to make an offer on House B, which had sold in the previous month to someone else and, therefore, had not been on the market when the couple was house shopping. The agent showed the House A, and the couple made an offer on it, which was accepted. Prior to the closing on House A, House B came on the market again, due to set off completely unforeseeable circumstances. The agent was aware that House B was now on the market, but did not inform the couple prior to their closing on House A. It was only following the closing (and after a 7.5 percent commission was paid to the agent) that the agent informed the couple

that House B was now on the market and asked the couple whether they wanted to put their newly purchased House A on the market and purchase House B.

- A. From the buyer's perspective, did the agent was involved in an unethical behavior, why or why not? **(2.0 Marks)**
- B. From the agent's perspective, did he engaged in an unethical behavior, why or why not? **(2.0 Marks)**
5. Larsen Engineering Company (**LEC**) manufactures and sells a variety of special-purpose machine to different industries. Their financial position is sound and average profit margin has been 25%. Bata Shoemakers Limited (**BSM**) has asked for quotations of two models of automatic shoe-polishing machines. LEC has supplied such machines to other customers. BSM has also obtained independently a 'machine performance summary' report. Copies of standard quotations and machine performance reports are sent to Rahul (Marketing Manager- LEC).

Rahul just received the following memo from his MD.

MEMO

FROM: MD

TO: Marketing Manager

I have been reviewing the departmental performance and find that our order book is filled only for 9 months. Lately we have been securing orders only for small machinery; we must concentrate on our large machines such as the shoe polishing machines. You know very well that selling a single AY or AZ model represents an increase of 1 month in our order book.

I hope you will go personally and negotiate with BSM. My contact man tells me that BSM has already negotiated with Jamuna Engineering. We do not know the terms, but BSM people are hard bargainers. Here is the latest information from the production and costing people.

They say they can cut their delivery time to 90 days on AZ, but anything below that would involve considerable rescheduling and give ulcers to the production and materials people. I do not know what it means in rupee terms. Our accounts people say that the margin in our standard quotation is 35% on AZ and 30% on AY. You know how far down you can go on that. Changes in payment terms, delivery and warranty cost us a bundle. So please keep that in mind, especially the liberal credit terms that BSM might ask for, considering their current financial position.

I DO NOT WANT TO A JAMUNA MACHINE AT BSM!

Excerpts from the Brochure

1. We have solved some pretty tough shoe polishing problems. We can solve yours
.....

Jamuna Model BX

For automatic shoe-polishing, nothing works better than a Jamuna. Jamuna machines are designed in collaboration with the famous Korean company, POL-ITCH-SM.

Model BX uses two rotors with 10 arms each, both rotating independently. Shoe lasts¹ are fixed at the end of the arms. Revolving rotors automatically take shoes through a box containing hot glass beads, giving shine all-round the shoe.

Specifications

35,000 shoes/8 hours shift.

Weight of the machine 1.5 tonnes, floor area 2x3 m, one-year warranty.

Service centers throughout India.

New from Larsen: Two models of automatic shoe polishing machines.

Larsen are proud to offer two models of shoe-polishing machines made in collaboration with the world famous CHO machine tools of Japan. We have been the industry leaders for the past 50 years. Our R&D labs have patented a number of new innovations. We remain unmatched in the know-how and technology in the manufacture of shoe-polishing machines.

Model AY

Based on the conventional 'bead box' technique. Shoes on a conveyor pass through a box containing agitated and heated glass heads.

The machine is highly reliable and cost effective. You can use unskilled operators.

Rate: 3,600 shoes per hour.

Model AZ

Based on the latest (patented) and highly successful shot blasting technology. Shoes, fitted on a last, travel on a conveyor through a chamber in which hot glass beads are blasted from different directions.

Rate: 3,000 shoes per hour.

¹ Lasts are foot-shaped frames on which shoes can be fitted.

Bata Shoemakers Limited (BSM)

This is an export-oriented² high quality shoe manufacturing company. Its products are bought by many shoe companies in Italy, Germany and the United Kingdom in large batches. Quality standards required are high, competition is fierce and markets are unpredictable. Quality inspectors from customers in Europe come to the factory periodically and inspect shoes (sometimes 100%). Accepted lots are shipped overseas, branded with the customer brand names and sold to retailers. Rejected lots must be disposed of at a lower profit margin in the Indian market. Quality standards for many attributes are subjective and standards can change (though not drastically) from time to time.

The peak production has reached up to 13,000 pairs per shift, the present level being 6,000 due to a downward trend in the market. The company expects the market to improve in a few months.

The present shoe polishing machine is worn out, barely meets the current production requirements and the quality is deteriorating day by day. In cases of emergency when the machine is down for a long period of time, shoes have to be polished manually (very expensive method). In short, the machine should be replaced as soon as possible. The company's finances are low. A total of three models from two different companies (Larsen and Jamuna Engineering) are available from the market.

Standard Quotations – Summary

| | Jamuna | Larsen | |
|------------------|--------------------------------------|----------------|---------------|
| | Model BX | Model AY | Model AZ |
| Price | Rs. 35,00,000 | Rs. 40,00,000 | Rs. 50,00,000 |
| Terms | 25 % with order, balance on delivery | | |
| Delivery | 120 days | 90 days | 120 days |
| Installation fee | Rs. 50,000 | Rs. 45,000 | Rs. 75,000 |
| Warranty | 90 days on parts & 1 year service | 1 year limited | 1 year full |

| Model BX | Model AY | Model AZ |
|---------------------------------------------------------------------------------------------|------------------------------------------------------------------------|-----------------------------------------------------|
| Slightly uneven shine | Slightly uneven shine | Even shine all over |
| Front part of shoes receives maximum shine, the side slightly less and the back even lesser | Back part of the shoe receives less than the front and sides | |
| Broken Glass beads damage shoes if not checked properly and eliminated. | Broken Glass beads damage shoes if not checked properly and eliminated | Machine automatically eliminates broken glass beads |
| Operating costs | | |
| Rs. 200 per thousand | Rs. 100 per thousand | Rs. 400 per thousand |

² More than 75 % of the total production/outputs are sold in foreign markets.

Summary of Final Offer from Jamuna

| | |
|------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| Model Code | Model BX |
| Price | Rs. 30,00,000 delivered at factory |
| Installation fee | Rs. 35,000 |
| Delivery | Within 90 days |
| Payment | 20% with the order. Balance on delivery or balance to be paid in 12 equal monthly installments after delivery, at 20% interest per year. |
| Service Contract | One year free service calls, free replacements of defective components for 90 days |
| Repairs | After warranty at Rs. 75 per hour plus parts |

- A. Identify the needs, positions and options of LEC. **(3.0 + 3.0 Marks)**
- B. Identify the needs, positions and options of BSM. **(3.0 + 3.0 Marks)**

*****END*****

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Birla Institute of Technology and Science, Pilani (Rajasthan)

Second Semester 2016-2017

Comprehensive Examination (Closed Book)

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Max. Marks : 70

Course Title : Negotiation Skills and Techniques

Weightage : 35%

Date : 12/05/2017

Duration : 3 hours

“The Best move you can make in a negotiation is to think of an incentive the other person hasn’t even thought of – and then meet it.”

– Eli Broad

Part-A (1.0 x 30 = 30.0 Marks)**Note:**

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Set-B

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Service centers throughout India.

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Rate: 3,600 shoes per hour.

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|------------------|--------------------------------------|----------------|---------------|
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| Terms | 25 % with order, balance on delivery | | |
| Delivery | 120 days | 90 days | 120 days |
| Installation fee | Rs. 50,000 | Rs. 45,000 | Rs. 75,000 |
| Warranty | 90 days on parts & 1 year service | 1 year limited | 1 year full |

| Model BX | Model AY | Model AZ |
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| Slightly uneven shine | Slightly uneven shine | Even shine all over |
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| Operating costs | | |
| Rs. 200 per thousand | Rs. 100 per thousand | Rs. 400 per thousand |

² More than 75 % of the total production/outputs are sold in foreign markets.

Summary of Final Offer from Jamuna

| | |
|------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| Model Code | Model BX |
| Price | Rs. 30,00,000 delivered at factory |
| Installation fee | Rs. 35,000 |
| Delivery | Within 90 days |
| Payment | 20% with the order. Balance on delivery or balance to be paid in 12 equal monthly installments after delivery, at 20% interest per year. |
| Service Contract | One year free service calls, free replacements of defective components for 90 days |
| Repairs | After warranty at Rs. 75 per hour plus parts |

A. Identify the needs, positions and options of LEC. **(3.0 + 3.0 Marks)**

B. Identify the needs, positions and options of BSM. **(3.0 + 3.0 Marks)**

*****END*****