

BUSINESS COMMUNICATION



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Short Description

BUSINESS COMMUNICATION

case study

Description

Case 4:

Farsighted Negotiation

Several years ago, when Rakesh wanted to build a house in Faridabad, a property dealer

showed him a number of plots in different sectors. He liked a particular plot of 500 square yards in Sector 9. The owner of the plot, Mr Roshan Lal Sharma, was a non-resident Indian who had taken extended leave to be in India so that he could sell his plot. Before going to Mr Sharma, Rakesh wanted to obtain more information about the owner of the plot to strengthen his bargaining power. Mr Sharma was an engineer, and had been abroad for more than 15 years. He had a house in Delhi. Rakesh believed that it would be easy for him to negotiate the deal with Mr Sharma if they could meet in Faridabad. However, Mr Sharma conveyed his inability to come down to Faridabad because of other commitments that day. The property dealer suggested that Rakesh go to Delhi and finalize the deal. Rakesh was very keen to close the deal the same day. Rakesh along with his two sons, the property dealer, and Mr Sharma's dealer, went to Mr Sharma's house in Delhi to meet him. Rakesh's dealer introduced him and his sons to Mr Sharma.

After the introductions, Mr Sharma excused himself and went into the adjoining

room with Rakesh's dealer, while Rakesh, his sons, and Mr Sharma's dealer waited in the living room Mr Sharma enquired about Rakesh and his family and his interest in Faridabad. They spoke within hearing range of the others. On returning to the room, Mr Sharma kept silent and seemed to want Rakesh to begin the discussion. Rakesh began by praising the plot, especially the location. He told Mr Sharma that he had decided on this plot after taking a look at many different properties. He also explained that he was leaving for Jamshedpur the same night and, therefore, would like to finalize the deal before that. Mr Sharma was happy to hear this. When Rakesh asked Mr Sharma about the price, he did not give Rakesh a straight answer; rather, he put forth a counter-question and asked Rakesh about the prevailing rates and what price he had in mind. Rakesh evaded the question by saying that the rates varied from sector to sector, size to size, and location to location.

Mr Sharma said his dealer knew the price of the plot and should have informed him about it. Rakesh said that the dealer had indeed informed him about the price, but that was higher than the rate prevailing in Sector 9. Mr Sharma said that he would like to know what Rakesh's offer was. Rakesh consulted his dealer and quoted the price suggested by him. Mr Sharma, again, did not accept the price. Rakesh raised his offer by Rs.500 per square yard, and, this time, Mr Sharma readily accepted the offer. Rakesh believed that the deal was completed. However, while Rakesh was turned towards his dealer, Mr Sharma, rather suddenly, raised the issue of payment of the penalty charges for not constructing the mandatory percentage of the approved plan of construction within the stipulated time as prescribed by the Faridabad Municipal Corporation. He insisted that the buyer should bear the penalty charges on the plot. The penalty amount was for three years. Rakesh found the demand rather unreasonable. He tried to convince Mr Sharma that the demand was not logical. He failed to understand why he, as the buyer, should bear the penalty cost. Mr Sharma, however, kept repeating that this was his personal decision and his decisions were not subject to the questions of logic or correctness.

Rakesh's sons also felt that they should not give in to this demand. The two dealers strongly objected to the demand and thought that Mr Sharma was behaving arrogantly and unreasonably. They suggested that Rakesh drop the proposal and said they would help him buy another plot. At this point, Rakesh excused himself and asked the two dealers to step out with him for a discussion. Mr Sharma also left the room. Rakesh came back to the room with a smile and, to every body's surprise, offered the amount he had brought with him to Mr Sharma as advance money, conveyed his decision to accept the penalty cost, and asked Mr Sharma to finalize the deal. Both his sons were surprised at the sudden change in his perspective. However, everyone was relieved that the deal was finally sealed. Within three months of Rakesh's purchase, his plot's price rose to three times what he had paid

for it. By considering the long-term advantages of buying the plot, Rakesh had made a smart decision when he accepted Mr Sharma's offer. Within a year, the house was ready on the same plot. Rakesh and his wife celebrated their fiftieth wedding anniversary with their family, relations, and friends in their new house that year.

Questions:

- 1. Discuss the strategy employed by Mr Roshan Lal Sharma to strengthen his position as the negotiator.**

- 2. Was it impulsive of Rakesh to accept Mr Sharma's terms against the advice of the two dealers and his sons? Discuss.**

- 3. What do you learn about negotiation strategies from this case?**

Details

- 1. Case study solved answers**

- 2. pdf/word**

- 3. Fully Solved with answers**