

ALPHA BETA ROBOTICS

NEGOTIATIONS

Confidential Information for Mediator/Facilitator

You are a consultant with a special interest in international business contracts. Through the state trade office you have done some work with the two companies involved in today's negotiation -- Alpha Robotics, Inc. and Beta Robotics, Inc. Your work with both companies involved local issues unrelated to this negotiation. Now, however, they are considering entering into a robot manufacturing and marketing relationship. The CEO's of both organizations have made a commitment to this partnering arrangement and they have each selected a negotiating team. They also agreed that it would be useful to have a facilitator assist in the negotiations. You were agreed to by both entities.

From your experience in dealing with Beta Robotics, Inc. you know that Betans generally exhibit behaviors which are characterized as "formal", "unemotional", "passive", "indirect", or "patient". They also tend to behave collectively, and have a strong sense of group loyalty.

Alphans, on the other hand, generally exhibit behaviors which are characterized as "individual", "informal", "impatient", "direct", "emotional", and "aggressive".

You have been told that Alpha Robotics, Inc. wants to become a global full-service supplier of automation equipment and systems. You have also been told that Beta Robotics, Inc. wants to boost its overseas sale of robots, particularly in Alpha. You have been advised that preliminary talks between the two companies resulted in tentative agreements that: 1) a licensing arrangement will be established to last for seven years; 2) initially Alpha Robotics, Inc. will receive fully assembled Beta Robotics, Inc. robots from Beta Robotics, Inc.'s current model lines to be sold under the Alpha Robotics, Inc. name; 3) later on Alpha Robotics, Inc. will begin to assemble robots using Beta Robotics, Inc. technology and components; 4) the agreement will be non-exclusive, meaning that Beta Robotics, Inc. can enter Alpha Robotics, Inc.'s markets directly at any time and can also enter into relationships with other firms in Alpha.

Five issues that still need to be decided include:

1. The number of different models that Beta Robotics, Inc. will provide to Alpha Robotics, Inc.
2. The number of Beta units to be imported and/or produced under license by Alpha each year.
3. The matter of technology sharing.
4. The royalty rate.
5. The dispute resolution clause. (In their preliminary talks, Alpha Robotics, Inc. indicated that it wanted a contract provision that all disputes would be resolved by final and binding arbitration.)