

HSF – NLU DELHI INTERNATIONAL NEGOTIATION COMPETITION 2017

Preliminary Round 2

THE LION'S SHARE FOR ICON ENTERTAINMENT

Negotiations Between

ICON ENTERTAINMENT PTY LTD (“ICON ENTERTAINMENT”)

&

BLUE LION PTY LTD (“BLUE LION”)

Negotiation Plan for
ICON ENTERTAINMENT

Submitted by
TEAM CODE 19

GOALS

To secure an equal partnership, in terms of finance, with Blue Lion in a Joint Venture (“JV”) to co-manage the Shell, and ensure Blue Lion’s commitment of future financing in the project.

INTERESTS & OBJECTIVES

ICON ENTERTAINMENT

1. To partner with Blue Lion in order to invest in and co-manage the operations of the Shell.
2. To secure an equal financial commitment from Blue Lion towards the JV along with the assurance of future financial commitment towards the project.
3. To generate interest in the Shell among the public and make it one of the popular entertainment venues in Australia.
4. To have control over the management, operations and finances of the Shell.

BLUE LION (*likely*)

1. To look for new brand investment opportunities, specifically in an entertainment venue like the Shell.
2. To secure ownership, management and significant control over the operations of the Shell.
3. To explore options of promoting itself as a modern brand among the youth.
4. To partner with Icon Entertainment in order to cement its position in the Australian energy drinks market and additionally establish itself in the soft drinks market.

STRENGTHS & WEAKNESSES

ICON ENTERTAINMENT

Strengths

1. Icon Entertainment is experienced in managing a wide variety of entertainment venues.
2. It is a subsidiary of a well-known real estate company.
3. The Shell has a large capacity, good connectivity, modern facilities and the potential to become one of the popular entertainment venues in Australia. In addition, the side plot also has the potential of being developed into an outdoor entertainment venue.

Weaknesses

1. Icon Entertainment has failed to generate substantial interest in the Shell so far.
2. It requires substantial capital investment for the Shell so that its holding company, Icon Limited, can focus on expanding into projects.

BLUE LION

Likely Strengths

1. Blue Lion is Australia’s most popular energy drinks company.
2. It has a modern and youth-oriented image with a very strong brand value.
3. It has experience in hosting

Likely Weaknesses

1. Blue Lion is reluctant to financially commit 50% towards the JV.
2. Its new soft drink range is relatively new and has not proven itself in the market.

entertainment events.

4. It has a web-streaming service that may add value to the potential partnership.

NEGOTIATION AGENDA

1. To explore ideas to harness the potential of the Shell as an entertainment venue.
2. To discuss the number and type of events Blue Lion plans to host at the Shell, and to discuss its utilization of the side plot.
3. To discuss the ownership, decision-making, operational, and naming rights of the Shell, and its side plot.
4. To discuss the terms of Blue Lion's immediate and future financial contribution towards the Joint Venture.

NEGOTIATION STRATEGY

In light of Icon Limited's immediate need of finance and Shell's need for capital expenditure, we shall attempt to form a JV where Blue Lion commits to equal financial investment and secure future financial commitment for the Shell. However, we would like to begin the negotiation by discussing the naming, operational and decision-making aspects of the JV; and we would be willing to compromise to a certain extent on these aspects in order to secure equal financial commitment from Blue Lion. As Icon Entertainment's investment into the JV, it is willing to contribute a 30-year lease of the Shell that is estimated at US\$ 125 million and we want Blue Lion to commit equally in the form of cash. We are willing to enter into an exclusive supplier agreement for Blue Lion's energy drinks, as it would be beneficial for both parties. We are also willing to negotiate the number of events Blue Lion can hold in the Shell subject to its investment in the JV, but we would want to retain the power to decide which other events are conducted at the Shell, throughout the year.

DIVISION OF ROLES & TACTICS

Icon Entertainment's COO, Martina Middleton, has assumed the role of lead negotiator & decision maker. Her role would be to attempt to find common ground between parties' interests and utilize them to make decisions that compliment Icon Entertainment's interests and create a win-win situation.

Icon Entertainment's counsel will take on an advisory role, who will deal with the compliance and financial dimensions of the proposed Joint Venture and ensure that the rights and interests of Icon Entertainment are secured.

BATNA & WATNA

ICON ENTERTAINMENT

BATNA

To look for another investor and form a strategic partnership, in order to invest in and jointly operate the Shell.

WATNA

To sell the Shell immediately at the prevailing market rate in order to raise capital for Icon Limited's expansion plans.

BLUE LION

Likely BATNA

To look for an alternative venue to invest in and promote its brand.

Likely WATNA

To abandon its idea of investing in an entertainment venue and continue with its current sponsorship model.

END