

NLU DELHI – HSF INTERNATIONAL NEGOTIATION COMPETITION 2017

National Law University, Delhi

TEAM CODE: 11

NEGOTIATION PLAN FOR: Blue Lion

In the matter of:

Blue Lion Pty Ltd. (“Blue Lion”)

&

Icon Entertainment Pty Ltd. (“Icon Entertainment”)

Strengths and Weaknesses of Parties

Strengths of Blue Lion

- Brand Image and Presence: Blue Lion stands to be the most successful energy drinks company, with established brand image as a drinks company worldwide.
- Youth Brand Image: Blue Lion's targeted branding and promotion has successfully established a young and cool image which strongly affiliates to its product range.
- Event Management Expertise: Blue lion has vast experience of hosting live entertainment events, moreover such fact is acknowledged by Icon who is optimistic of Blue lion's contribution.
- Media Support: Blue Lion is capable of not just organising crown pulling events on ground but also possesses the ability to capitalise upon its streaming service for extended audience engagement.

Perceived Strengths of Icon Entertainment

- Unique Structure: Primarily a real estate company, holds a structurally unique property in Melbourne named "Shell".
- Shell's Operational Advantage: Shell, a live entertainment venue, is well equipped with modern facilities, good transport link and a potential capacity of 60,000 people.
- Diverse Avenues: Shell, holds an indoor entertainment venue alongside a vacant property, adjacent, which is opportune for outdoor events, if developed.

Weaknesses of Blue Lion

- Limitations: Blue Lion's has restricted its stake sale to an approx 30%.
- Strategic Differences: Icon Entertainments expectation of significant capital injection does not suite Blue Lion's strategy.
- Product Promotion: Blue Lion requires a new medium for youth engagement for its existing product line and its new launches.

Weaknesses of Icon Entertainment

- Urgent Fund Need: Icon Entertainment requires raising funds at the earliest, by way of divestment, for the purpose of newer investment in properties, exploiting momentary lower prices.
 - Operational Failures: For reasons of it being new and other operational shortfalls, Shell is not perceived as a leading entertainment venue. Thereby not attracting much needed attendance at hosted events.
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Interest and Objective

Interest and Objectives of Blue Lion

1. *Interest Acquisition*: Blue Lion wishes to strengthen its brand outreach by way of acquiring strategic stake in an entertainment venue business, which would allow it to resonate its brand among the youth.
2. *Strategic Stake*: Blue Lion wishes to set an arrangement wherein, while acquiring a limited stake of around 30%, it would get substantial operational control, and thereby it may add value for itself and for the venture by way of its expertise in hosting live events.
3. *Financial Exposure*: Blue Lion wishes to limit its financial exposure to the proposed venture to an approximate value of US \$ 60 million.
4. *Naming Rights*: Blue Lion wishes to secure naming rights for a 5 years period with specific preference for the name “Blue Lion Arena”, highlighted clearly by way of physical branding apparatus.
5. *Plot Development*: Blue Lion wishes to direct its investment in the venture towards the development of the adjacent plot into a venue hosting Skateboarding and BMX events.
6. *Discretion for own events*: Apart from regulation and control over all events held at the venue, Blue Lion wishes to secure complete discretion over its proposed 30 events.
7. *Exclusive Supplier agreement*: Blue Lion wishes to enter into an exclusive supplier agreement with respect to sale of its energy and soft drinks.

BATNA & WATNA

BATNA for Blue Lion

- Blue Lion may continue its existing operations, and may look for Brand Investment Opportunities. Entertainment

WATNA for Blue Lion

- May be difficult to find a unique property, which is under operational stress.

BATNA for Icon Entertainment

- May attempt selling each interest and assets in pieces.

Negotiation Strategy

The Blue Lions’ motivation to invest and Icon Entertainment’s willingness to liquidate its interest partially, complements each other’s objects. There shall be an attempt to rationalizing the proportion of stake and its valuation to suite Blue lion’s limits and comforts while drawing an arrangement that secures- substantial to full operational control over factors of interests. Moreover, with respect to the remaining strategic rights and interest (including but not limited to Naming and Development rights and Exclusive interests) they may be secured by way of tactical barter in return for non-monetary commitments, streaming services and (remainder) funds. While doing so, a package deal shall be intended, fulfilling their need for cash and securing our interests in the most cost effective manner.