

**TEAM:** \_\_\_\_\_

PART I: The FURD MEERKAT – Competitive Negotiations Approach Exercise  
Maleficent Motors, Mr. Ben Stein, the DEALERSHIP NEW CAR SALES  
MANAGER ROLE

**SPECIAL HOLIDAY SALE!**  
**2011 FURD MEERKAT!**  
**“No Hassle PRICE!”**  
**“SPECIAL REDUCTIONS”**  
**“HOLIDAY SALES PRICE: \$24,000”**

The MSRP for this model and options: \$26,250

NOTE: For this exercise, there are no taxes, title fees, document fees, etc.

Objective: This is Part One of a Two Part negotiations exercise. It provides you basic information to work a “deal” on a new car. The objective is to use a competitive approach to negotiations as you try to score a “sale” on a Furd Meerkat.

Role: *Stay in role for this exercise by viewing this situation as a win-lose ordeal.* You need to get this car sold at or above the minimum dealership profit per unit or your owner won’t let go of the car. You dealer has set the mark for per unit profit to be \$2,000.

Background: Your name is Ben Stein. You are a new car sales manager at Maleficent Motors. You can sell 3 brands of cars – a wide line of price and models.

You are married with two teenage kids. You need to make a good paycheck this month – bills are piling up.

You are paid on commission and are currently behind on your monthly and quarterly quota. Times are a bit tough. If your department sells 5 cars today – you’ll make all your dealer’s goals and you earn not only a bonus (the bonus is \$500) but also get an all expense paid beach vacation for you and the family (value: \$1,000). You and the family haven’t had a vacation in over a year.

You are at the end of a 12 hour day – you’ve sold 4 cars.

You don’t know this buyer, but do see that the dealer plate on the 2002 Furd Tannus he just pulled up in is from your dealership. From scanning the Furd service bulletins, you also know this Tannus model and year has experienced transmission problems. A quick check of the Black Book value (clean book) of a 2002 Tannus is \$3,000. The rough book/high miles number is \$2,000.

Mr. Mark Onmee is looking at a new model Furd Meerkat sedan. Nice car, but the color is not a “hot one” and this particular car has been sitting on the lot for 4 months. Dealer floor plan interest to the bank is eating away at the profit margin opportunity on

this vehicle. IF Maleficent Motors has a signed contract on this car TODAY, you gain the \$500 bonus from your dealer. IF the car doesn't move TODAY, you will lose the entire \$500 incentive and the dealer will have to pay another month of floor plan interest to the bank.

The Meerkat gets 33 miles to the gallon. It is also popular with families because of its 5-Star safety rating and good warranty (7 years / 70,000 miles).

The TOTAL sale must be/equal \$22,000 or the car will not turn the minimum profit per unit for the dealership (no "profit" means it doesn't count against your quota – no bonus)

The formula to see if your proposed deal "MAKES" the required \$22,000 total sale (to qualify for the minimum "profit" definition) is as follows:

Car sales price for is \$24,000 (the actual price you agree to sell the car for MINUS the trade-in). The trade-in amount is \$2,000 – subtract that amount from the selling price and your actual sale equals \$22,000. **VERY IMPORTANT: Since your cost to put the car into your inventory was \$20,000, you met the overall net minimum profit per unit of \$2,000.**

Action / Deliverable: Here comes Mr. Onmee...make a deal.