

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

PART II: The FURD MEERKAT – Cooperative Negotiations Approach Exercise  
Mr. Mark Onmee, the BUYER 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 Two of a Two Part negotiations exercise. It provides additional information to see if sharing certain information with the car dealer might result in an option that is better than what you might come up with on your own.

Role: You are a buyer that would really like a new car – you spend a lot of time on the road and your current car is wearing out. You want this sale to be more than “just about price”. Yes, you want a good deal, but you also want to satisfy your transportation needs and come up with some innovative ideas so that both YOU and the DEALER will be satisfied. You intend to ask lots of questions and treat the dealer as a partner in the process, instead of an opponent. Assume you have reasonable trust with this dealership and think they are overall a very good company to do work with. You have bought your current two cars from this dealer and are satisfied with their sales and service.

Background: Your name is Mark Onmee. You are married with two young kids and 2 cars. The other car is a 2002 Honda van. You just paid it off. Your daily driver is a 2002 Furd Tannus 4-door sedan. It has served you well, but it has been giving you some minor problems as of late (all fixed by your trusty mechanic), but you are looking for a new car. Your mechanic says the Tannus has about 8,000 or so miles left before the transmission will give out (it runs fine now, but the car has a history of transmission failure at the 140,000 mile point, your odometer is reading 130,000).

It gets ok gas mileage (22 miles per gallon)

You are self-employed – you are a computer technician and systems troubleshooter. Your major customers are regional retailers and warehouses. In the last few years, you have logged over 20,000 miles a year on your car (almost 2,000 miles a month), so reliability and decent mileage is important (your future contracts will require you to keep up this driving trend). Your current Tannus has two important “creature comforts” as well; a satellite sound system and a driver lumbar support (eases the discomfort on your lower back on some of those long trips).

Your car dealer sells five brands of cars. You are looking at a new 2011 Furd Meerkat sedan – red with a grey interior. You love these colors, as they are your “school

colors”. The sedan has almost all the things you want (but, it is missing a satellite radio and the standard seats don’t have the lumbar adjustment that your trusty Tannus has).

The “price” on the “no hassle” tag for this “special” Holiday weekend sale is \$24,000.

The Meerkat gets 33 miles to the gallon and has a 5-star safety rating. It also has a good warranty (7 years / 70,000 miles).

Some things that you might think about as you look over this car.

a. The old Tannus has a satellite radio system. It’s less than two years old, an aftermarket system that was easy to install (you did it at home in two hours) and is still running flawlessly. It uses the factory speakers – still sounds great!

b. The lumbar support system was a dealer installed option, but it is a “universal fit” item that can be put in ANY Furd seat. In fact, when you bought the lumbar support (cost you \$350 installed) from Maleficent Motors, they said it could be removed and installed in any other Furd car for “almost nothing” (i.e. 1 hour of shop labor and no parts needed).

c. You are coming into a MAJOR bonus from one of your customers. He will award it you upon contract completion (60 days from now). It’s worth \$10,000 and after paying off all your credit card debt (your priority is to pay off those bills FIRST); it’ll leave you with \$2,000 left over.

d. You already have a buyer for your old Tannus – your trusty mechanic wants it as a “parts” car – although the transmission is about to go, he knows ALL the other parts on the car (engine, suspension, steering, body panels) are near perfect and he has LOTS of customers who drive a Tannus and could easily part out the car at a profit. He’ll take it off your hands for \$3,500, but can’t pay you today – but will have the money together in 120 days. A quick check of the Blue Book value (retail) of a 2002 Tannus is \$3,000. The wholesale value / trade-in value is \$2,000.

e. With the above two sources of cash flow in just a few months, you could actually pay a bit more for upgrades to this Meerkat, but you’d have to wait 3 to 4 months for the money and then buy the car – but the car might be gone by then. If you wait those 3 to 4 months, your Tannus will reach 136,000 to 140,000 miles – in the heart of the “danger zone” where your trusty mechanic predicts transmission failure.

e. You’d really like an extended warranty (10 years and 100,000 miles), but you’ve heard they are very expensive – like \$1,200 extra. You’d be willing to pay as much as \$700, but only if they include all factory recommended maintenance during the warranty period – you don’t have much free time with your current job and want to spend it with the family, not doing oil changes or taking it to “Hippo Lube”. You had a bad experience there two years ago with your wife’s car.

Action / Deliverable: Here comes the car salesman... make a deal.