

Negotiation strategy for mergers critical thinking sample

[Business](#), [Company](#)



Preface

The Eurocopter group is a manufacturing and support corporation for the helicopters. It has the largest market share. It is the largest of all in the whole industry with respect to its revenues. Apart from it the Enstrom Helicopter Corporation is also a helicopter manufacturing company, but it is a Chinese owned corporation. Both of these corporations are negotiating for a merger. The Eurocopter is going to be in the lead in this merger. The both of the parties has searched for the agreement instead of capitulate, dispute and fight. Therefore, they need to design a negotiation strategy. They should have the merger plan and strategy for the merger. They must establish guiding principles for the merger (Gates, 2011). The proper merger negotiation strategy must include the following:

- Build a guide of principles
- Define an integration strategy
- Define governance
- Provide training
- Create charter
- Develop a risk mitigation strategy
- Develop communication strategy
- Develop project integration plan
- Develop staffing
- Develop retention plans
- Review cultural due diligence, integration plan
- Execute plans
- Capture lessons learned

- Develop process optimization plans
- Analysis and optimization processes

Purpose

The purpose behind every negotiation is to have an agreement. It will give the desired results of what is coming forth. A very simple process is to take both the parties with the same hands and discuss the interests of both of the parties in the hands.

Main Parties Involved

The Eurocopter Helicopter Corporation bid to take over the Enstrom Helicopter Corporation in order to have the largest merger of the industry. The negotiations in order to undertake this merger involved the negotiations of the business mergers, strategic parties, etc. Many of the notable parties undertook this merger and played their role very actively. They played tactical roles in the negotiations (Thompson, 1998).

Historical & Institutional Context

The Eurocopter group is a manufacturing and support corporation for the helicopters. It has been working in many countries like Germany, Spain, USA, etc. It is largest market share holder among the industries. It is the leading firm of its own kind. It is the largest of all in the whole industry with respect to its revenues. Apart from it the Enstrom Helicopter Corporation is also a helicopter manufacturing company, but it is a Chinese owned corporation. Both of these corporations are negotiating for a merger. The Eurocopter is going to be in the lead in this merger.

Interests of the Parties

The Eurocopter Helicopter Corporation has the interest of capitalizing the core business and its competencies through this merger. It wanted to create synergies. The other interest of the Eurocopter Helicopter Corporation in the merger is to enhance the power in the market. It wanted to increase its share in the market and to share the infrastructure. The other reason behind the merger is to penetrate the market of the China, and the Enstrom Helicopter Corporation is a China-based firm. The other party has its own vested interest in the merger. It wanted to penetrate in the foreign markets and to increase the competition. Both of these companies could together become so powerful that they would get the adverse effect the competitive position (Nieuwmeijer, 1998).

Strategies Adopted

All of the parties involved in the present negotiation is to invent the options for the mutual gain. The both parties are unwilling and contending in order to concede to any of the given demands. The Eurocopter Helicopter Corporation is in the lead position, and it is not willing to forgo any of its interests in terms of price or anything else. They both have a case of high concern for themselves. The Eurocopter Helicopter Corporation wanted to be highly profitable and wanted to overcome the other corporation.

Use of Competitive Strategy

The flexibility is expected from both the parties to be done in order to negotiate a proper way. The difference in the interests proves to be a great hurdle in the way of the negotiations. It gave rise to the competitiveness

between the two parties. They moved towards the competitive strategy of the cooperative strategy, and closed all the doors of possibilities that can be explored in order to solve the problem. The Eurocopter Helicopter Corporation being the giant of the industry sets the pricing strategy for the merger. The strategy has an obvious inclination for the Eurocopter Helicopter Corporation (Gates, 2011).

Framing & Anchoring techniques

The framing technique and the anchoring technique are the one used for the negotiating purposes. Both of the techniques are the psychological techniques that can be used by the negotiator to influence the process of the negotiation. The outcome can be changed with the help of these techniques. The negotiator can use the frames to make a difference and to make the sense of the complex information. It can also help in focusing the main issue.

Role of Trust & Expertise

The negotiating authorities, mainly focus on the expertise and a reputation of the merging corporations. Both of the helicopter corporations are negotiating on the factors of trust, reputation and expertise. The Eurocopter Helicopter Corporation has the reputation of making the best aircrafts in the industry. So the lack of interest is hindering factor in the negotiation process. The trust is the most crucial part in the negotiation process (Churchman, 1995).

Conclusion

The both helicopter corporations have to look ahead of the individual interest and negotiate for the benefit of the overall development of the industry. The companies are the important part of the industry, and their merger would result in the huge chunk of the market. The pricing should be kept in control while merging the companies. The Eurocopter is in a leading position in the process. So it should deal with it more comprehensively.

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