



# AI BIZ GURU – Negotiation

## Sample Input Data

### 1. Company Overview

- **Company Name:** ElectroTech Distribution
- **Industry:** Consumer Electronics Distribution
- **Headquarters:** Texas, USA
- **Employees:** 180
- **Annual Revenue:** \$25 million
- **Negotiation Scenario Focus:** Supplier contract renewal and pricing terms

### 2. Negotiation Context

Item

Details

Negotiation Party	CoreTech Supplies Ltd. (Key Electronics Supplier)
Relationship Length	5 years
Current Annual Spend	\$4.2 million
Contract Expiry	December 31, 2025
Upcoming Negotiation Topics	Price reduction, delivery terms, service levels
Previous Issues	Delivery delays (10% of orders late), minor quality issues
Strategic Importance	High – Represents 40% of inventory value

### 3. Key Negotiation Objectives

Objective	Current Status	Targeted Outcome
Price Reduction	Current discount 8%	Target discount 12%
Improved Delivery Terms	10% delayed shipments	98% on-time delivery
Warranty Terms	6 months standard warranty	12 months minimum warranty
Payment Terms Extension	Net 30	Net 45
Exclusive Products Access	None	Priority on new product launches
Defect Allowances	2% free replacement threshold	5% allowance without penalty

#### 4. Negotiation Preparation Checklist

Item	Status
BATNA (Best Alternative to a Negotiated Agreement) Identified	Yes – Alternative suppliers exist
Financial Impact Analysis Completed	Yes – Switching cost estimated at \$300K
Supplier Weaknesses Identified	Overdependence on 3 large clients
Supplier Strengths Identified	Leading in new 5G components technology
Internal Stakeholders Alignment	Sales, Operations, Finance agree on objectives

#### 5. BATNA (Best Alternative)

- **Alternative Suppliers:** TechSource International, SmartSupply Co.
- **Switching Cost Estimate:** ~\$300,000 (inventory validation, training, transition)
- **Time to Switch:** ~6 months minimum
- **Risk:** Potential temporary product shortages if negotiation fails.

#### 6. Negotiation Strategy

Component	Plan
Opening Offer	15% discount requested, Net 60 payment terms

Concessions	Willing to settle for 12% discount and Net 45
Pressure Points	Highlight late deliveries, growing competition
Value-Added Proposals	Offer volume increase commitments for better terms
Walk-Away Point	No worse than 9% discount and Net 30

## 7. Communication Plan

Step	Approach
Kick-off Email	Set tone with appreciation and mention partnership goals
Virtual Meeting Round 1	Present data-driven case for improvements
Written Follow-up	Summarize meeting points, propose formal draft
Virtual Meeting Round 2	Negotiate final terms and close agreement

## 8. Metrics for Success

Metric	Baseline	Targeted Outcome
Cost Savings Achieved	8% discount	12% discount
Improved Delivery SLA (Service Level Agreement)	90% On-Time	98% On-Time
Extended Payment Terms Achieved	Net 30	Net 45

Warranty Extension Secured

6 months  
warranty

12 months  
warranty

## 9. Risk Management

Risk	Mitigation Strategy
Supplier Rejection of Terms	Prepare counter-offers and leverage BATNA
Supply Chain Disruption	Establish backup agreements in advance
Damaged Relationship	Maintain respectful, win-win communication

## 10. Additional Context

- ElectroTech is planning a major product launch in Q2 2025 that depends heavily on reliable supply.
- CEO is willing to personally intervene if negotiation escalates.
- No major litigation history with supplier; prior relationship generally positive despite performance gaps.