

**Diva Case: Metropole's Business Manager**

**Situation**

The situation is critical, the main soprano, Ms. Horne has a throat tumor and it has left the Opera out of a person for the main role. This is a huge problem for the opening of the opera, being the famous representation of *Norma* as the representation selected.

On top of that, we have some numbers that we have to fulfill if we want to survive. Its numbers are:

Concept	Numbers
Capacity	<b>2.000</b>
Price of tickets	\$15 to \$100 ( <b>\$55 average</b> )
Weeks of Norma	<b>6 weeks</b>
Number of representations	<b>18 performances</b>
Breakeven	<b>85% or 1700 seats</b>
Cost of Norma	<b>\$1.600.000 or \$93.500 per performance</b>
Number of Total Operas	<b>7 operas</b>
Number of Performance Total	<b>126 performances</b>
Total profit last year	<b>\$693.000</b>
Average paid gate	<b>90%</b>

That is what comes from the Opera, but little it matters unless we don't disclosure what happens with the main soprano and the secondary.

Primary Role	Salary	Secondary Role	Salary
(5y) Unknown	22.000	(5y) Unknown	10.000
(4y) Maria	35.000	(4y) Unknown	13.000
(3y) Unknown	30.500	(3y) Unknown	16.000
(2y) Unknown	34.000	(2y) Unknown	20.000
(1y) Unknown	41.000	(1y) Maria	20.000
(Now) Horne	45.000	(Now) Secondary	21.000

And at last we need to know what our limit is, what we can offer.

Situation of Metropole	Limit in numbers
Maximum offer to Maria	\$60.000
Maximum offer to secondary	\$40.000

However, a huge salary could have a negative impact in other performance, which could set a pattern.

Knowing all this, we have developed different strategies that could be performed depending on the state of the negotiation. All these offers will be based on different strategies taught in class and written by Dr. Robert Cialdini.

### **The psychology of Persuasion**

In our opinion there are three of the six different persuasion methods that we could use during this negotiation. These are:

- **Linking:** Which will be use at the start.
- **Reciprocation:** Which we will be use just before making the offer which it is best for our interests.
- **Authority:** In case we cannot reach an agreement.

### **Roles.**

We are five different people in the team and each one of us has a role in it. Being the roles like this:

- **Jordi Balagué:** Assistant to the business manager
- **Marc Juan:** Assistant to the business manager
- **Alberto Raventós:** Business Manager 1
- **Jaume Cañellas:** Business Manager 2
- **Manel Lao:** Head of the board

### **Start of the conversation**

At first, we want to know the situation of Maria del Carmen and which is her initial point from were we can build. However, we cannot do that by straight away asking, instead we will need the two assistants to the business manager to make the other team feel comfortable. While doing so we will be using the **Linking** persuasion, by finding links and make ourselves more likeable. In order to do so we will need to:

- **Introduce the soprano:** Italian roots, the star she was four years ago at her peak, and how she has become a legend (making them know how she is not longer at her peak but in an elegant way).
- **Review all the history with the Metropole:** By mentioning the previous year as a key role next to the soprano and finishing with its memorable main role four years ago.
- **Remark how both, the metropole and Maria Carmen have the same team behind them:** Showing off how it is not only one decision maker, is more than one. Mainly following what Julius Cesar said, "*Divide et impera*".

While doing this, afterwards, we will need to discover at the same time some key points:

- **Their number in mind:** It is essential to know how much they are thinking off, how much would they want to get paid.
- **When was the last time she played the main role in Norma:** In order to be able to introduce the reciprocation physiology.

Straight away after this little talk which has to be around 10 minutes, the Business Managers will be introduced. Both of them will be presented by the assistants and both will be introduced as the only decision makers in the negotiation. This last detail is key to show unity and focus the attention from the talk to the serious business.

The main objectives of these managers are to:

- **Push down the cost from what they say:** Either establishing a minimum if the salary asked by the agents of Maria del Carmen which can't be surpassed, or lowering heavily the offer to change the number from which the negotiation could be build up.
- **Regain the lead:** But changing the agent the lead can change to, now we want to lead, we want to be the ones who give the information, not them, and who get others involved more than only one.
- **Make her know that there is a reciprocation with Metropole:** With us, Maria del Carmen can launch her career once again or even for the last time as the lead soprano in Norma, we need to let her know that in a positive way, as well as letting her know that with her, we are showing our clientele that even if we are bigger, we still invest on quality more than quantity.
- **Keep in mind a maximum of 60.000 and a minimum of 35.000:** One established by the board, and the other made by Maria del Carmen when she was at her peak. With Bonuses that are designed like this:
  - **Between 85% and 90%:** \$1.000
  - **Between 90,1% and 95%:** \$2.000
  - **Between 95% and 99%:** \$4.000
  - **100%:** \$10.000

Taking into account if any of these % are reached in any of the days. Seeing how she has lost track from her peak and how there is always someone missing, combined with a secure 85% of people coming, we expect a bonus around \$4.000, something which would be adapted to a maximum of \$56.000 top salary.

In this case we do not think about making a final offer, we prefer to think between the range of where we want to negotiate and how far could we push.

### **End of the negotiation**

At the end, the board member will be introduced, we want authority in the negotiation, and he could bring us that. His objective will depend on the situation:

If an agreement is reached:

- **Close a disclosure agreement:** To avoid anyone from the outside know how much we are paying her, a problem that could lead to an inflation in salaries.

If an agreement is not reached:

- **Close a disclosure agreement.**
- **Introduce a maximum:** A maximum which can't top the \$60.000 nor more than \$5.000 on the numbers the business managers were negotiating.

### **Conclusion**

The final agreement from both parties are:

- **Base salary:** 45.000€
- **Marketing campaign:** Reduced the amount to 5.000€
- **Variable:** 5.000€ if 91% is reached as an average of all the 18 performances
- **Dressing room, private trip and flowers:** it will be included, no price established for the flowers or the rest of the requirements, just the presence of them.

The strategy of dropping the base salary from 60.000€, hour maximum to 45.000€ has been a total success. Same with the marketing campaign and the variable which allows us to secure a bonus in the ticket sales and increase a lot the revenues. In the end, the no price established for the last point give us a lot of room to manage the costs to accomplish those requirements, allowing us to do something similar to what we did to the marketing campaign, dropping the costs of it.

In the end, we are happy how we use different psychology and how everyone played a role in the negotiation, being objective and taking over different proposals, allowing us to achieve the final objective. All of it, using some of the six principles like scarcity, authority, linking...