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# Joint Law-Business Case Study Competition Program

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**Erratum**
article

# CANADA-UNITED STATES LAW INSTITUTE JOINT LAW-BUSINESS CASE STUDY COMPETITION PROGRAM

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## I. CASE COMPETITION DESCRIPTION

### *A. Statement of Purpose*

Following the termination of the Niagara International Moot Court Competition in 2015 due to declining interest, a Joint Law-Business Case Study Competition was inaugurated in 2016. This project provides the Canada-United States Law Institute ("CUSLI") and its supporting institutions with a unique student competition experience that will allow for continued student exchange and participation, as well as the growth of interdisciplinary learning. Hosting the competition in conjunction with the annual conference also increases CUSLI's academic presence to its many practitioner constituents, which is beneficial both to CUSLI Conference attendees (who consistently request greater student involvement) and students from participating schools (who are often underrepresented and benefit from such a networking opportunity). As the centerpiece of the competition the students are our participants and partners; we hope that they will learn from this innovative program and contribute to its current and future success.

### *B. Competition Summary*

*Concept*: This is an interdisciplinary case study competition that will bring together students from graduate law and business faculties to jointly problem-solve a given real-world issue.

*Case*: The case presents two companies (one American, one Canadian) looking to achieve a mutually beneficial business transaction.

*Teams*: Each company will be represented by interdisciplinary teams of four (4), consisting of two (2) Law and two (2) Business graduate students.

*Format*: The competition will have three general phases; negotiation preparation, negotiation practice, and negotiation agreement submission.

*Assessment*: Teams will be measured according to their ability to successfully navigate the complexities of the transactional situation. This will require advocating for their company's priorities while at the same time acknowledging the need for compromise with their negotiation counterparts to create an agreement palatable to both parties.

*Prize*: The team that is found to have most successfully accomplished the above goals will be awarded a prize valued at $400 (shared equally among the team's four participants).

### *C. Competition Background*

*General Concept*: This project was proposed by Dean Ken Jones of Ryerson University School of Business at CUSLI's 2015 Advisory Board meeting. He proposed that CUSLI launch a law-business case study competition that will bring together students from graduate law and business faculties at participating schools to jointly problem-solve a given real-world issue. This year, the problem will be a transactional situation requiring negotiation teams to move forward a proposed business deal.

*Case Competition Model*: The case format is not new, as it has been used for many years in business schools, analogous to the way that Moot Court competitions function in the law school setting. In the business case model, students are placed in teams of two to four students and are given a fact pattern to consider. After discussion and planning, the teams then present their findings and recommendations to a panel of experts in the given field. The experts then rank teams based on their work product and presentation, and give constructive feedback.

*Joint Law-Business Case Competition*: While the case model is common in business schools, a joint case model bringing together Law and Business graduate students responding to business and law cases is a new concept. The case competition model will be modified in this instance to incorporate some elements of the law school Moot Court model, specifically the team vs. team aspect. However, unlike the traditionally adversarial Moot Court model, this case competition will recreate a transactional situation, with both sides trying to "win" by creating a mutually valuable agreement, rather than "win" through legal argumentation. Importantly, this exercise will require Business and Law students to work together as partners to build an information picture, define priorities, and come up with workable strategies that are sound from both a business and legal perspective.

*D. Competition Details*

The CUSLI Joint Law-Business Case Competition will coincide with the opening of 2016's 40th Anniversary CUSLI Conference on April 7th. *The participating Law and Business graduate students are the centerpiece in this process*. The competition will feature teams of graduate Law and Business students from Case Western Reserve University ("CWRU") and Western Law. The following are the core pieces of the competition's form and substance.

- *The Teams*: The competition is looking for four (4) teams of four (4) students (two (2) law and two (2) business students), two (2) from CWRU and two (2) from Western Law.
- *The Case*: The case presents two companies (one American, one Canadian) looking to achieve a mutually beneficial business transaction. Each team, representing one company, will receive a fact pattern detailing each business, negotiation instructions describing the proposed deal's background and requirements from company leadership, and a template agreement for teams to use as a model for their final product.
- *Competition Format*
    - *Negotiation Preparation*: Teams will receive their materials approximately one month before the competition. Students will be expected to carry out background legal and business research to inform their negotiation positions, and meet to discuss proposed strategy. Each team, representing one company as its negotiation team, must determine the company's desired outcomes and negotiation strategy. Preparation is estimated as requiring eight to ten hours.
    - *Negotiation Practice*: Teams will then be assigned a negotiation counterpart, with whom they will engage in negotiations to hopefully come to an agreement. Students will be given an allotted time on April 7th, of no more than one hour and a half, to negotiate and come up with a proposed agreement.
    - *Agreement Draft/Recommendation*: Out of the negotiations, teams will create a proposed agreement, along with recommendations to corporate leadership as to whether the proposed agreement is acceptable, and if not, what further changes may be possible to make it so. Importantly, it is not an absolute necessity to come to an agreement; if there are insurmountable business and legal hurdles for a particular party, it is the team's responsibility to identify and communicate this to company leadership.
- *Assessment*: Teams will be measured according to their ability to successfully navigate the complexities of the transactional situation, advocating for their company's priorities while at the same time acknowledging the need for compromise with their negotiation counterparts

to create an agreement palatable to both parties. Teams will NOT be measured solely on their ability to extract "wins" on every desired business/legal goal, nor will they be measured by the mere existence or absence of a proposed agreement at the conclusion of negotiations. The team that is found to have most successfully accomplished the above goals will be awarded a prize valued at $400 (shared equally among the team's four participants).

## II. CASE FRAMEWORK BUSINESS BACKGROUND

### *A. Canadian Entity*

**Business Name** – North Star Industries ("NSI")

**Business Operations** – NSI manufactures aerospace and rail propulsion systems.

- NSI has subsidiaries in aircraft maintenance and rail maintenance.
- Its research and development ("R&D") departments are involved in next generation high-orbit (space) flight and long distance air transport.

**Market Participation** – Currently active in the aerospace, defense, and transportation sectors:

- *Aerospace Market at Large*
    - Currently, the global aerospace market is being driven by high demand for new commercial transport capacity.[1]
    - High fuel prices recently had a strong negative impact on the sector,[2] and while prices have dropped significantly for the time being, some commentators believe that high prices will likely return due to policy changes from the Organization of the Petroleum Exporting Countries ("OPEC") and/or greater instability in producing regions.[3]
- *Defense Market at Large*

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[1] Randy Starr & Jim Adams, *2015 Aerospace and Defense Trends*, STRATEGY & (2015), http://www.strategyand.pwc.com/perspectives/2015-aerospace-defense-trends [hereinafter Starr & Adams].

[2] Sara Algoe, *How A Rise in Fuel Prices Affect the Airline Industry*, HUBPAGES (Oct. 6, 2015), http://hubpages.com/education/rise-in-fuel-prices-airline-industry, see also Saeed P. Sharif et al., *The Impact of Higher Oil Prices on Airlines Share Price: The Case of Malaysian Airlines*, THE 10TH INTERNATIONAL CONFERENCE ON "U.N. MILLENNIUM DEVELOPMENT GOALS: CHALLENGES AND PERSPECTIVES," 2009, (2011), https://www.researchgate.net/profile/Saeed_Pahlevan_Sharif/publication/228119298_The_Impact_of_Higher_Oil_Prices_on_Airlines_Share_Price_The_Case_of_Malaysian_Airlines/links/00b7d527e416d11619000000/The-Impact-of-Higher-Oil-Prices-on-Airlines-Share-Price-The-Case-of-Malaysian-Airlines.pdf.

[3] Millie Dent, *5 Reasons Oil Prices Are Moving Higher*, THE FISCAL TIMES (Oct. 9, 2015), http://www.thefiscaltimes.com/2015/10/09/5-Reasons-Oil-Prices-Are-Moving-Higher.

- Budget crunches in developed countries have impacted the defense sector, with clients across the board looking for platforms that are less expensive and more efficient.[4]
- Emerging technologies and asymmetric threats are requiring products and capabilities far different than those required by legacy or conventional military platforms.[5]

- *Transportation Market at Large*
  - Transport markets have fully recovered from the economic crisis of 2008-2010. They are stable markets that will see growth opportunities both in new development (Africa) and re-investment (North America and Europe).[6]
  - Ageing rail systems in North America will require nearly ten billion U.S. dollars in updates over the next five years, particularly in updating propulsion systems.[7]
  - Rail propulsion systems in major European markets will also require major overhauls or replacements over the next five years.[8]
- *NSI Market Participation*
  - NSI has strong product placement in the North American, European, and Latin American markets, and is developing market share in Southeast Asia.

**Business Profile** – The company is large, with a strong balance sheet and mature production processes, but possesses limited institutional capability in emerging energy technology.

- *Size*: NSI is a large company with $2.4 billion (CAN) in annual revenue.
- *Capital Investment*: NSI's operations are capital intensive, with extensive production infrastructure.
- *Assets*: $2.9 billion (CAN) in total assets.
- *Net Income 2015*: $285 million (CAN).
- *Ownership*: NSI is a publicly traded company. There is no majority shareholder.

**Prospective Business Partner** – Southern Sun Solutions

*B. United States Entity*

**Business Name** – Southern Sun Solutions ("SSS")

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4 Starr & Adams, *supra* note 1.
5 *Id*.
6 Shyam Raman et al., *Rail Outlook Study 2013-2022: Paradigm Shift Towards Intermodal Mobility Boosts Growth in All Rail Segments*, FROST & SULLIVAN (May 29, 2013), http://www.slideshare.net/FrostandSullivan/rail-market-outlook-20132022 [hereinafter Raman et al.].
7 *Id*.
8 Raman et al., *supra* note 6.

**Business Operations** – SSS manufactures complex components for solar and wind generation.

- It also has subsidiaries in installation and maintenance of wind and solar energy applications.
- Its R&D is involved in creating micro-applications for solar and wind generators.

**Market Participation** – Currently active in the power generation and power delivery sectors:

- *Solar Generation and Delivery Market at Large*
    - Currently, North American wind and solar development is focused on residential and utility applications. Alternative applications have seen more limited development.[9]
    - The North American market has also seen distortion in supply and prices from external competition in residential and utility applications.[10] U.S. and Canadian trade measures have worked to level the playing field to a degree. SSS seeks to increase its market share in alternative applications where overseas producers are less active.
    - The U.S. market in general is also receiving a boost from a five-year Federal Tax Credit that was extended in December spending legislation.[11]
    - The European market is a crowded but stable market based on long-term policy commitments by northern European countries like Germany and Denmark.[12]
    - The East Asian market is a volatile but growing market, as there is less policy support for solar, but fuel costs and need for renewables drives sector growth.[13]
- *Wind Generation and Delivery Market at Large*
    - Currently, wind generation in North America is focused almost exclusively at the utility level.[14] A fraction of the market is

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[9] Solar Energies Industry Associations, *Solar Market Insight 2015 Q3*, SOLAR MARKET INSIGHT REPORT (2015), http://www.seia.org/research-resources/solar-market-insight-2015-q3, see also Daniel Cusick, *Solar Power Sees Unprecedented Boom in U.S.*, SCIENTIFIC AMERICAN ONLINE (Mar. 10, 2015), http://www.scientificamerican.com/article/solar-power-sees-unprecedented-boom-in-u-s/.

[10] Feifei Shen, *U.S. Revises Tariffs and Duties on Chinese Solar Imports*, BLOOMBERG NEWS, (Jan. 2, 2015), http://www.bloomberg.com/news/articles/2015-07-09/u-s-imposes-dumping-duties-on-imports-of-chinese-solar-goods.

[11] Chris Arnold, *Tax Breaks, Falling Costs Are Boosting Wind And Solar*, NATIONAL PUBLIC RADIO (Dec. 29, 2015), http://www.npr.org/2015/12/29/460812946/tax-breaks-falling-costs-are-boosting-wind-and-solar [hereinafter Arnold].

[12] Ryan Wiser et al., *2014 Wind Technologies Market Report*, U.S. DEPARTMENT OF ENERGY (Aug, 2015), http://energy.gov/sites/prod/files/2015/08/f25/2014-Wind-Technologies-Market-Report-8.7.pdf [hereinafter Wise et al.].

[13] *Id*.

[14] *Id*.

devoted to stand-alone generation for on-site residential and industry power production.
    - Growth prospects in North America remain stable but low, as the United States continues to drag its feet on offshore wind projects. Much of the investment has happened at the state and regional levels.[15]
    - The U.S. wind generation and delivery market in general is also receiving benefits from the five-year Federal Tax Credit mentioned above.[16]
    - The European wind generation and delivery market is also crowded but stable, and is based on long-term policy commitments by northern European countries like the United Kingdom and Norway. [17]
    - The East Asian market is largely non-existent outside of China, which is insular and not likely a realistic growth market.[18]
- *SSS Market Participation*
    - SSS is currently focused largely on the North American market, and is a minor player in the European and East Asian markets.

**Business Profile** – SSS is a mid-sized company with limited capital available for investment, but possesses excellent R&D personnel and key pieces of intellectual property ("IP") in innovative solar and wind applications.
- *Size*: SSS is a mid-sized company with annual revenue of $560 million (U.S.).
- *Capital Investment*: SSS has low capital investment needs, as R&D and production of solar and wind generation components do not require extensive physical infrastructure.
- *Assets*: $300 million (U.S.) in total assets.
- *Net Income 2015*: negative $3 million (U.S.). Net income in 2012 was $50 million (U.S.).
- *Resources*: SSS has limited resources based on several past development efforts that did not provide adequate returns, most recently an internal expansion that sought to develop solar applications for electric cars.
- *Ownership*: SSS is a publicly traded company. Person *Y* owns over 50% of the stock, and the company only recently went public with an Initial Public Offering ("IPO") 3 years ago. Person *Y* is averse to selling off any portion of the business and is known to desire keeping SSS's R&D assets, both personnel and IP, under close control.

**Prospective Business Partner:** North Star Industries

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15 *Id*.
16 Arnold, *supra* note 11.
17 Wiser et al., *supra* note 12.
18 *Id*.

## III. EVALUATOR MATERIALS

**General Evaluation Approach**: As evaluators, we would ask that you keep the following points in mind when measuring each team's performance.

In designing the problem, we worked to create a situation requiring the participating teams to address two fundamental issues:

1. Identify points of synergy between the two companies; and
2. Compromise on sticking points wherever possible.

In addressing the above two issues, teams will need to balance the following priorities:

- The need to realize maximum value for their company (given their priorities) while allowing the same for their prospective partner; and
- Protecting the team's company assets while offering tangible benefits to the other party.

*Clarifications*: It is also important to note what we are NOT expecting the teams to achieve in this exercise, given the limited time, resources, and expertise.

- *Efficiency*: Team success should not be measured solely by the number of items covered in the allotted time. For example, a negotiation outcome that only produces one major point of agreement is not necessarily a failure, so long as the teams effectively managed the above issues and priorities.
- *Detail*: This exercise is not asking teams to determine discrete product orders, merger timelines, employee compensation, or other contract deliverables. Rather, it is asking the teams to agree on a set of a half-dozen general principles that will underpin the proposed collaboration (see below for a model agreement).
- *Disagreement and Final Outcome*: If there are aspects that prove more difficult for the teams to problem solve at this juncture, it is acceptable for teams to bookmark those items and move on to other important pieces of the proposed collaboration, so long as both sides agree and commit to further discussion at a later date.

**Negotiation Goals**: The teams have been asked to negotiate general terms on the below topics.

- *Technology*: What technology assets or capabilities will the two parties be transacting in some fashion?
- *Format*: What form will the proposed collaboration take? For example, a merger, joint venture, licensing agreement, product/system sale, etc.
- *Funding*: What sources will be used to fund any capital investment in the collaboration, if applicable? For example, stock issuance, capital contribution from partner company, etc.

- *Risk Allocation*: What arrangements will be made for covering financial and legal risks that might arise from the proposed collaboration? In terms of financial risks, this could include operating losses; for legal risks, it could be product liability, among others.
- *Follow-On Services*: How will later installation, service, and repair of possible new systems produced by the collaboration be addressed, if applicable?
- *Exclusivity*: What is the company's ability to market related products and systems outside of the proposed agreement?

**Specific Evaluation Criteria**: Based on the above two issues and priorities, meshed with the assigned negotiation points, the following criteria should prove useful in assessing each team's performance. As the competition only features two teams, evaluation of each point can be made on a binary comparison; as otherwise stated, which team more effectively dealt with the above defined issues, balanced the competing priorities, and achieved a beneficial outcome for their company?

Business Students:

1. Ability to Determine Synergies: Which team was more effective at identifying ways to create opportunities with existing technologies and needs?
2. Ability to Identify Formats Advantageous to Company Needs: Which team advocated for a resolution that would most fully fulfill their company's goals?
3. Funding: Which team was best able to identify an advantageous funding arrangement?
4. Risk: Which team was best able to identify methods to protect their proposed investment?
5. Services: Which team was able to identify a more advantageous follow-up arrangement?
6. Exclusivity: Which team was able to preserve a more advantageous freedom to market outside the agreement?

Law Students:

1. Ability to identify legal issues that affect each major negotiation goal (technology, format, etc.).
2. Ability to communicate those issues to their business partners and incorporate preferred legal positions into the negotiation.

Both Law and Business Students:

1. Ability to advocate for their position in a measured and reasonable way.

2. Ability to incorporate both legal and business principles into negotiation approach.
3. Ability to compromise when needed, yet leverage compromise to gain other concessions.
4. Ability to be flexible and think creatively.

**Model Agreement**: The below model agreement is an illustration of a possible arrangement in a similar situation.

- *Technology/Product Basis*: Company *A* has product *X* and technology *Y* that have promising applications for Company *B*. *B* proposes that product *X* could be incorporated directly into their supply chain as-is, with significant cost reduction to *B*. *A* proposes that technology *Y*, while not a plug-and-play asset for *B* at this time, could be a key component to a new product similar to those already produced by *B*.
- *Format of Proposed Collaboration*: Regarding product *X*, Company *B* plans to buy product *X* from Company *A* for incorporation into its supply chain. Regarding technology *Y*, *B* plans to license technology *Y* from *A* to create a new product based on existing *B* products.
    - Legal: Within this proposed collaboration, there are several legal principles that may inform the parties' approaches. These principles then also implicate business priorities as well.
        - Intellectual Property Rights: What rights will *A* and *B* have in the new product created by *B* using *A*'s tech?
        - Management Structure: Will *A* have any quality control oversight of *B*'s use of its technology *Y*? Will *A* have recourse if standards are not maintained?
- *Funding/Capital investment*: Etc.

## IV. NEGOTIATION PREPARATION

The following information will serve as a tool for student teams in forming their approaches to negotiation. The concepts and guidelines are not mandatory requirements for team preparation, but serve as useful starting points in conducting adequate planning and preparation for a successful negotiation.

### *A. Planning For Your Negotiation*

**Type of Negotiation**: Before entering a negotiation, your team must determine the type of negotiation with which you are engaging.

- Distributive Negotiation: Also known as "claiming value," "zero-sum," or "win-lose" bargaining, this is a competitive negotiation strategy used in deciding how to distribute a fixed resource.
- Integrative Negotiation: Also known as "interest-based" bargaining, or "win-win" bargaining, this is a negotiation strategy that emphasizes collaboration to maximize beneficial outcomes for both parties.
- Subordinative Negotiation

**Goals**: Your team must also determine your company's specific goals, as well as anticipate the goals of the other party.

- Your Goals: Determine your party's short term and long term goals, and how they fit into your negotiation strategy. Determine which goals are most significant to the success of the overall negotiation.
    - Ideal Outcome: Once you have determined your overall goals, consider the ideal outcome for your company.
- Other Party's Goals: Determine what you anticipate to be the other party's short and long term goals, and how you might be able to work with/around those points to create synergies.

**Agreement Thresholds**: With your negotiation goals in mind, you must determine a bottom line threshold of what you are willing to compromise. This allows your team to anticipate situations that could kill a possible deal.

- Your Threshold: Determine the minimum value that is acceptable for a deal (type and value of goals achieved, for example).
- Other Party's Threshold: You should also forecast what possible minimum value is acceptable for a deal from the other party's perspective.

**Negotiation Strategy**: You should have prepared tools to help you achieve your goals defined above. These may take many forms, including those based on your strengths, and those that appeal to the other party's needs.

- Opening Offers: Have a defined and specific proposal that will set the framework of the discussions around your interests and goals. It is generally useful to reach an agreement quickly on low-hanging fruit before moving on to more difficult or complex issues.
- Possible Counter-Offers: Anticipate and prepare possible proposals in response to the other party's opening positions, if they will likely be substantially different from your own.
- Possible Compromises: Identify areas where your company is willing to compromise if needed in order to reach an agreement on more pressing issues.

**Negotiation Agenda**: Draft a document incorporating the above information, forming it into a roadmap that will help guide your team's discussions during the session. This document will also likely prove to be a helpful basis for your final negotiation outline.

### *B. Conducting the Negotiation*

Please keep in mind the following while you conduct the actual negotiation exercise.

**Evaluation and Measuring Success**: The primary factors on which you will be evaluated are those that demonstrate your team's ability to identify points of synergy between the two companies and compromise on sticking points.

- In general, your team should be balancing the following priorities in achieving your goals:
  - realizing maximum value for your company while allowing the same for your prospective partner; and
  - protecting your company's assets while offering tangible benefit to the other party.
- Your success will not be measured solely by the number of items you can cover in the time that you have. Rather, you will be evaluated on your ability to identify synergies and create solutions by balancing the above priorities, even if your negotiation only produces such a result on a single aspect of the proposed collaboration.
- Detail: This exercise is not asking teams to determine discrete product orders, merger timelines, employee compensation, or other contract deliverables. Rather, it is asking the teams to agree on a set of a half-dozen or so general principles that will underpin the proposed collaboration. A model agreement might mimic the following:

*Technology/Product Basis*: Company *A* has product *X* and technology *Y* that have promising applications for Company *B*. Company *B* proposes that product *X* could be incorporated directly into their supply chain as-is, with significant cost reduction to Company *B*. Company *A* proposes that technology *Y*, while not a plug-and-play asset for Company *B* at this time, could be a key component to a new product similar to those already produced by Company *B*.

*Format of Proposed Collaboration*: Company *B* plans to buy product *X* from Company *A* to incorporate into its supply chain. Regarding technology *Y*, Company *B* plans to license technology *Y* from Company *A* to create a new product based on existing Company *B* products.

- Legal: within this proposed collaboration, there are several legal principles that may respectively inform the parties' approaches. These principles then also implicate business priorities.
  - Intellectual Property Rights: What rights will *A* and *B* hold in the new product created by *B* using *A*'s technology?
  - Liability: What liability will *A* and *B* have in the new product?
  - Management Structure: Will *A* have any quality control oversight of *B*'s use of *A*'s technology? Will *A* have recourse if standards are not maintained?

*Funding/Capital investment*: Etc.

**Disagreement and Final Outcome**: If there are any aspects that prove more difficult to problem-solve at this juncture, it is acceptable to bookmark those items and move on to other important pieces of the proposed collaboration, so long as both sides agree and commit to further discussion at a later date.

## V. NEGOTIATION INSTRUCTIONS

### *A. North Star Industries: Confidential Materials*

You, as North Star Industries' ("NSI") lead negotiation team, have come to learn that:

a. North Star Industries' CEO has identified energy efficiency in NSI's aerospace and rail propulsion systems as an urgent need;
b. this need is driven by recent fossil fuel pressures (and the likely return of high costs), coupled with looming carbon taxation;
c. these market pressures are driving NSI to seek alternative sources of energy to augment or replace existing fuel sources in their propulsion systems; and,
d. to address this need, NSI's CEO desires to increase NSI's ability to incorporate solar and biofuel technology into its propulsion systems.

As you keep in close contact with your colleagues in Operations, you are aware that:

a. NSI possesses several capabilities that can form the basis for any new venture to achieve the CEO's goal. NSI's Research and Development ("R&D") has conducted R&D in:
   1. mixing biofuel-derived propellants in aerospace applications;
   2. long-range, high endurance aircraft using alternative platforms, such as airships and aircraft with high lift and low weight; and,
   3. increased energy/fuel efficiency of rail-based transport systems.
b. NSI possesses top-flight process and production facilities and personnel capable of turning proposed products into scalable products in short timeframes.

As you have been informed by the CEO, ultimately, it is NSI's goal to use the above capabilities to create a strong business line with growth potential that will set it apart from its competitors and create returns quickly.

Based on your prior work and collaboration with NSI's upper management, you know that:

a. NSI's leadership, with your help, has identified three potential partners for NSI in the alternative energy sector;

b. you have conducted exploratory talks with the three potential partners, and have identified Southern Sun Solutions ("SSS") as a possible expansion opportunity, given their expertise in alternative energy generation applications;
c. NSI's leadership desires a business expansion involving SSS to create new products and systems that will make NSI more competitive in the aerospace and transportation sectors; and
d. you have been tasked to conduct follow-up negotiations with the SSS team to develop an outline of what a proposed deal will look like.

In order to prepare for this stage of negotiations, your team has been asked to:

a. research the current and future state of the relevant markets (oil, solar, air, and ground transport);
b. research into the legal principles that affect the core pieces of the proposed agreement; and,
c. prepare a negotiation strategy for achieving your desired goals, including forecasting projected goals of the other negotiating party.

In approaching this particular stage of the negotiation, your team has been given the following directives. Any proposed deal **must** seek to:

a. acquire existing proven technology in solar and biofuel energy generation;
b. quickly create in-house capacity that supports the new initiatives
c. project actionable timelines for project implementation;
d. keep rights to any newly-created intellectual property related to new products and/or systems; and,
e. create products and systems that have marketability for NSI's strong defense sector clients.

At the same time, the executive suite has left open the following points to be dealt with at your discretion:

a. identification of the exact technology areas/products that NSI will be sharing/developing/buying;
b. the format of any expansion program (merger, joint venture, product/system sale, licensing agreement);
c. funding of/capital investment in any expansion program, if applicable;
d. risk allocation, both in terms of capital and legal risks;
e. provision of installation/service/repair for new systems produced by the program, if applicable; and,
f. NSI's ability to market products and systems outside of the proposed agreement.

At this juncture, your negotiations, and the product lines that you hope to create based on those negotiations, will be:

a. a major part of NSI expansion;
b. used to determine if there is enough value in a possible deal to justify moving forward; and
c. the basis for NSI's negotiation strategy to reach a final agreement.

*B. Southern Sun Solutions: Confidential Materials*

You, as Southern Sun Solutions' ("SSS") lead negotiation team, have come to learn that:

a. SSS' CEO has identified product diversification as an urgent need;
b. this need is due to the fact that SSS has a limited product repertoire, and that the established solar and wind markets are becoming increasingly crowded as the technology becomes more widely implemented;
c. these market forces have caused SSS' CEO to look at diversifying the company's product markets from traditional large-scale wind and solar generation products to emerging markets for solar and wind generation; and,
d. to address this need, SSS' CEO desires new development of scalable applications for homes and small businesses, and most importantly for this team, alternative propulsion systems for transportation platforms.

As you keep in close contact with your colleagues in Operations, you are aware that:

a. SSS possesses several capabilities that can form the basis for any new venture to achieve the CEO's goal, including that SSS Research and Development ("R&D") has:
    1. worked to develop solar systems for personal vehicles, usable for all-electric vehicles and hybrid gas-electric vehicles;[19]
    2. worked to develop solar systems for long-range light aircraft and heavy lift airships, successfully testing prototypes with ultra-long range and using little or no fossil fuels; and
    3. worked to develop scaled wind generators for home and small business use to complement solar and traditional energy sources; and

[19] These applications were meant to be implemented in test vehicles with Tesla and Google, but the proposed plan fell through and resulted in a significant loss for SSS.

b. SSS possesses top-tier R&D personnel, as well as intellectual property ("IP") that could underpin new products in micro-applications of solar and wind.

As you have been informed by the CEO, ultimately, it is SSS' goal to use the above capabilities to create business lines with robust growth that will set it apart from its competitors and provide long-term returns for the company.

Based on your prior work and collaboration with SSS' upper management, you know that:

a. SSS' leadership, with your help, has identified three potential partners for SSS in the transportation sector;
b. you have conducted exploratory talks with the three potential partners, and have identified North Star Industries ("NSI") as an ideal partner, given their involvement across most major transport markets;
c. SSS' leadership desires a business arrangement with NSI to create growth areas for SSS' technology in the transportation sector; and
d. you have been tasked with conducting follow-up negotiations with NSI's team to come up with an outline of what a proposed deal will look like.

In order to prepare for this stage of negotiations, your team has been asked to:

a. research the current and future state of the relevant markets (oil, solar, air, and ground transport);
b. research into the legal principles that affect the core pieces of the proposed agreement; and,
c. prepare a negotiation strategy for achieving your desired goals, which includes forecasting projected goals of the other negotiating party.

In approaching this particular stage of the negotiation, your team has been given the following directives. Any proposed deal **must** seek to:

a. maximize SSS' product potential in the newly created markets, both solar and wind, by trying to find multiple possible product synergies with NSI;
b. create opportunities that have substantial long-term growth potential;
c. keep SSS business units intact, as SSS is NOT interested in selling any portion of its business;
d. keep maximum control over existing SSS IP, as SSS is NOT interested in fully transferring existing IP; and
e. prevent, if possible, SSS' products being used in defense applications.

At the same time, the executive suite has left open the following points to be dealt with at your discretion:

a. what technology areas/products SSS will be sharing/expanding/selling;
b. the format of any expansion program (merger, joint venture, product/system sale, licensing agreement);
c. funding of/capital investment in any expansion program, if applicable;
d. risk allocation, both in terms of capital and legal risks;
e. provision of installation/service/repair for new systems produced by the program, if applicable; and
f. SSS's ability to market products and systems outside of the agreement.

At this juncture, your negotiations, and the agreement roadmap that you are working to create, will be:

a. a major part of SSS leadership's determination of whether NSI will be a good business partner;
b. used to determine if there is adequate value in a possible deal to justify moving forward; and
c. the basis for SSS' future negotiation strategy to reach a final agreement.