

GoRed Records

GoRed Records is looking to sign its fourth musical artist since its inception in 2012. Recent studies show that rap music is growing at a much faster rate than any other genre, except country music. You have scouted out many acts over the past few months and are extremely interested in signing Freaky Freddy to a recording contract. Freddy would be your first rap artist and hopefully open the way for the signing of other rap artists. Freddy has been operating under his own record label (FreakyTown Records) for the past two years. You need to convince him that signing with you will be more financially lucrative for both of you than if he continues to operate under his own record label. You are willing to offer him a three-year deal in which Freddy would earn \$2 million per year plus 5% from all of his music – including music sales, concerts, guest appearance, etc. Freddy must be exclusive with you for three years. You are willing to offer up to \$3 million per year and no more than 10% from all of his music. You want and need an upcoming rap artist – but are willing to pursue other musicians if Freddy becomes unreasonable. The relationship is important to you as you hope it will be a long-term one.

Other signed musicians from GoRed Records

Musician	Signed	Years	Amount per year: Base salary	Amount per year: % of sales	2013 Total Music Sales	Total Amount earned by artist in 2013
Ricky Fiesta	2012	3	\$ 2,000,000.00	5%	\$ 25,000,000.00	\$ 3,250,000.00
Cowboy Ronnie	2012	3	\$ 2,200,000.00	5%	\$ 38,000,000.00	\$ 4,100,000.00
Sister Sledgehammer	2012	3	\$ 2,300,000.00	7%	\$ 51,000,000.00	\$ 5,870,000.00

Plan your strategy and negotiate with Freaky Freddy.

Student Name: _____

Negotiated with: _____

Case Study _____

Elements of Negotiations – Worksheet

Parties	Alternatives	Interests	Options
Who are the parties?	What are our Alternatives?	What are our interests?	What are possible options?
Communication			
What questions do we want to ask?	What are their Alternatives?	What are their interests?	
Legitimacy (Standards and Norms)		Relationship	
What objective criteria might help us evaluate options?		(A) How is it now?	What topics need to be discussed before we can commit? Terms?
What messages do we want to send?		(B) How would we like it to be? What can we do to move from A to B?	What level of commitment are we willing or authorized to make at this meeting? -final agreement -schedule another meeting
<ul style="list-style-type: none"> • Leverage: Do you have any? If yes, what is it? 			
**Final Outcome/Terms of Agreement:			