

# Case Study

## Settling a business dispute through principled negotiation

### **Background**

Able Advertising\* commissioned Perfect Printing\* to print a high quality brochure for a blue chip client. Perfect Printing was a regular and trusted supplier who had consistently delivered printing at short notice, at competitive prices. The production manager from the Able Advertising briefed the rep from the printers that this brochure had be of a higher quality than the usual standard and that the delivery date was crucial. The value of the order was £35,000.

After the brochure had come off the printing press, the production manager went to check the quality of the printing before it was made up into brochures. The production manager did not like the quality and ordered the brochures to be re-printed.

The new printing was acceptable and the brochures were delivered to the client and everyone was happy.

When Perfect Printing sent their invoice they charged the original £35,000 plus £19,000 for re-printing. Able Advertising was furious since they had made it clear that the quality had to be higher than usual. They argued that the printer hadn't advised them of any extra costs at the time. They refused to pay the £19,000

Perfect Printing argued that the quality was higher and that this was down to personal preference on the day. They argued that they could easily get an expert witness to prove that the printing was to an acceptable industry standard. Furthermore, they argued that they carried out the instruction to reprint even though it messed with their own production schedule because they knew the importance of delivering this brochure on time.

Perfect Printing chased payment and threatened court proceedings through their lawyer when Able Advertising refused to pay.

Able Advertising took advice and was told about mediation as an option.

They proposed this to Perfect Printing who accepted. The case was referred to us.

### **The mediation**

Both the parties were aware of the high cost of litigation in terms of time and money and, although they both wanted to settle, they could not find an acceptable solution.

The underlying problem was that both the production manager and the rep had become locked into a personal dispute about what was acceptable as high quality.

With both of them having to report to their respective managers and not wanting be responsible for the extra costs incurred, it was easier to blame the other.

### **The outcome**

Both sides accepted some responsibility for the extra costs involved in reprinting. They were able to celebrate that the brochures had been delivered on time and well received by the client and, most importantly, the relationship was in tact for the future. Based on the promise of future work they agreed to split the extra costs 60/40. Able Advertising paid 40%

### **Our observation**

Mediation was a logical approach to this case. Businesses often find themselves in disputes which ruin relationships with clients or suppliers. An independent mediator can ensure that settlement is reached with no loss of face on either side.

\*Names have been changed and do not relate to any companies of the same name