

PROGRAM ON NEGOTIATION AT HARVARD LAW SCHOOL

AN INTER-UNIVERSITY CONSORTIUM TO IMPROVE THE THEORY AND PRACTICE OF CONFLICT RESOLUTION



General Information

J. Arnold is one of three vice presidents for Human Resource Development (HRD) at Multimode, Inc., an internationally known, American-based, manufacturer and distributor of specialized communications equipment. Arnold has been with Multimode for seven years — moving through the ranks in HRD. Before coming to Multimode, Arnold spent 10 years with one of Multimode's competitors.

Multimode, Inc. has three separate divisions. The original and largest division is Multimode Manufacturing, with 8,000 employees — in plants in seven cities. Multimode Communication Services, the smallest division, with 4,000 employees, is located in four cities. The third division arose when Multimode acquired the subsidiary, Tonepitch Dialers of Canada. Tonepitch has 5,000 employees and operates as a completely separate unit of Multimode with its own management.

T. Boyd is one of two Vice Presidents for Budget and Finance at Multimode, Inc. Boyd has primary responsibility for overseeing the annual budget process. Boyd has been with Multimode for 10 years, holding a variety of posts before becoming Vice President for Budget and Finance last year. Boyd has a reputation throughout the company for being a tough, unyielding manager with unlimited ambition.

Boyd has just finished a detailed review of each department's preliminary budget request for the upcoming fiscal year. Boyd is meeting with the leaders in each department to tell them what the recommendations to J. James, the Chief Executive Officer, regarding next year's budget will be.

Multimode, Inc. has done reasonably well over the past five years, with gross revenues increasing an average of 11% a year throughout the period. Costs, however, have continued to rise at an almost equivalent level. Were it not for the spectacular profits earned by Tonepitch, Multimode would not look nearly as profitable as it does. James has indicated to Boyd that next year's budget expenditures will increase no more than 5%. James also wants overall productivity enhanced.

Arnold and Boyd are about to meet to discuss Boyd's reaction to Arnold's HRD budget request. Despite the guidelines circulated by Boyd (indicating that each department should stay within the 5% cap), Arnold asked for an 8% increase in HRD's budget. Arnold marshalled an incredible amount of information in support of HRD's request, including figures showing that the current fiscal year's HRD budget at Multimode was

MULTIMODE: GENERAL INFORMATION

far lower than comparable allocations in other firms of roughly the same size. Arnold also demonstrated precisely how the increment in funding in HRD would help to increase productivity throughout the company.

HRD has proposed a re-organization based largely on the human resources management model adopted two years ago by Tonepitch. Arnold explained that the 8% increment in funding for HRD was essential to the success of the reorganization.

Most of Boyd's meetings with the Departments have run for less than half an hour. From the rumors Arnold has heard, no one has gotten more than the 5% cap.



RESULTS SHEET

NAME OR TABLE # _____

RESULTS:

1. AGREEMENT: ___ YES ___ NO

2. % INCREASE: ___ 5% ___ 6% ___ 7% ___ 8%

3. BOYD: GET: _____

 GIVE: _____

ARNOLD: GET: _____

 GIVE: _____