

CASE 4-3 Sales Negotiations Abroad for MRI Systems

International sales of General Medical's Magnetic Resonance Imaging (MRI) systems have really taken off in recent months. Your representatives are about to conclude important sales contracts with customers in both Tokyo and Rio de Janeiro. Both sets of negotiations require your participation, particularly as final details are worked out. The bids you approved for both customers are identical (see Exhibits 1 and 2). Indeed, both customers had contacted you originally at a medical equipment trade show in Las Vegas, and you had all talked business together over drinks at the conference hotel. You expect your two new customers will be talking together again over the Internet about your products and prices as they had in Las Vegas. The Japanese orders are potentially larger because the doctor you met works in a hospital that has nine other units in the Tokyo/Yokohama area. The Brazilian doctor represents a very large hospital in Rio, which may require more than one unit. Your travel arrangements are now being made. Your local representatives will fill you in on the details. Best of luck!

[Note: Your professor will provide you with additional material that you will need to complete this case.]

Exhibit 1

Price Quotation

Deep Vision 2000 MRI (basic unit)	\$1,200,000
Product options	
• 2D and 3D time-of-flight (TOF) angiography for capturing fast flow	150,000
• Flow analysis for quantification of cardiovascular studies	70,000
• X2001 software package	20,000
Service contract (2 years normal maintenance, parts, and labor)	60,000
Total price	\$1,500,000

Exhibit 2

Standard Terms and Conditions

Delivery	6 months
Penalty for late delivery	\$10,000/month
Cancellation charges	10% of contract price
Warranty (for defective machinery)	parts, one year
Terms of payment	COD