

# **Cultural Differences and Mediation Techniques between Asian and Western Countries**

## **An Italian-Chinese Mediator Priorities and hidden motivations.**

### **The story:**

Mr Mario controls 100% of the Company Lush S.p.a. that produces and retails very high market cashmere mens' wear in Italy with shops in Rome, Milan Venice and Florence. The time has come to look at the world market and Mario has been in contact with Mr Wu who is a very important retailer of top market mens' wear in China is now looking at the European market.

In December 2015 the parties met in Milan and signed a Letter of Intent . The letter of intent specifies that the value given to Lush prior to due diligence is €15.000.000,00 consequently the price for 75% would be The project is that:

Mr Wu will buy 75% of Lush S.p.a. while Mr Mario will continue to hold 25% for five years Mr Wu will provide a business plan for the opening of Lush shops in the main European towns and in strategic markets in China .

Mr Mario will be responsible with staff appointed by him for the production and the design of the shops .

When they meet in December Mr Mario and Mr Wu discuss for two days what the business plan should include. Mr Mario says that he will not open to due diligence until there is a satisfactory outline for the Business plan. Mr Wu undertakes to submit an outline for the business plan by the end of January.

On January 27<sup>th</sup> Mr Wu sends a mail to Mr Mario saying the price is too high. Mr Mario is furious he threatens an action for damages for bad faith in negotiations, he says mr Wu never before objected to the price, and that if he had known that he intended to negotiate the price he would have looked for other partners.

A mediation is opened between the parties when Mr Wu comes to Milan at the beginning of February.

**The discussion** will examine what were the real priorities for the parties, what were the priorities brought to the table , what were the unspoken motivations in the negotiation. The discussion will examine if in fact the Italian and Chinese way of negotiating and treating priorities was different and how.