



THE WORLD BANK

# Designing a Teaser Negotiation Skills



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**WB EDIF**

Western Balkans  
Enterprise Development  
and Innovation Facility



# Introduction



Creating an effective  
Company Teaser



To identify your personal  
style in negotiation



# Creating an **effective** Company Teaser

# The **objectives** of a teaser

- ✓ Opportunities are competing for the attention of investors;
- ✓ First look of an investor is to:
  - i. establish what the opportunity is
  - ii. determine if it is worth taking a further look;
- ✓ Limited attention span of reader;
- ✓ Impact of well designed but not too slick layout and graphics.



# Seller motivation

- ✓ Always a key question from buyers
- ✓ Explanation should be given up front
- ✓ Positive reasons:
  - Undercapitalisation
  - Need for management strengthening
  - Retirement due to age
  - Management wants to buy out owner



# Elements of a Teaser

- ✓ Short, 1-3 pages maximum
- ✓ Friendly to the eye, graphics
- ✓ Essentials of the Company
  - Include customers
  - Include finance
- ✓ What the deal proposition is
- ✓ Future prospects



# Typical areas of **weakness**

- ✓ Too much information
- ✓ Poor structure
- ✓ Poor or incomplete financials
- ✓ Absurd forecasts
- ✓ Repetitive
- ✓ No pictures
- ✓ Key messages do not come across:
  - Who are my customers?
  - What is my competitive advantage?

# Making sure forecasts are credible

- ✓ Shorter forecast periods than full business plan
- ✓ Focus on a few key indicators
- ✓ Support forecasts with comments, arguments or third party inputs
- ✓ Rationale for growth rates should be clear



# Balancing structured sections with **freestyle**

- ✓ Combination of sections can be useful when company has to prepare alone
- ✓ Good for preparation of numerous basic snapshots („pre-teaser“)
- ✓ Structured section forced company to fill in
- ✓ Unstructured gives opportunity to give their own narrative

# Creating an **attractive** but **credible narrative**

- ✓ Immediate picture of what company is;
- ✓ Basic table giving a financial snapshot of key indicators and trends;
- ✓ Sense of the company's direction;
- ✓ Competitive advantages of the company come through;
- ✓ All basic contact and other information embedded.

# Creating an attractive but credible narrative

- ✓ Basics are put in gray out of the way in left hand column.
- ✓ Snapshot gives a picture of the company in 2 paragraphs.
- ✓ Competitive advantages are identified and backed up in a summary form.
- ✓ Expansion strategy is articulated and its rationale is articulated.
- ✓ A visual representation of the company's direction is shown to break up the text.
- ✓ The financial snapshot with basic metrics is included in a user friendly table.



## CEE Clean Economic Energy AG

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### CEE AG Snapshot

- CEE AG is a fast growing Vienna based investment management firm which operates a renewable energy portfolio of 300 MW (expected over 700 MW by end 2013) of installed capacity in Central Europe, in the Black Sea Region
- CEE AG aims to becoming one of the leading green independent power producers (IPP) in Central Europe and beyond

### Competitive Advantages

#### Austrian roots

- Vienna optimal business hub
- Austria green energy pioneer
- Stable legal and financial environment
- Gateway to emerging markets

#### Growing Markets

- Increasing global energy demand
- Major economies promote the growth of renewable energy capacities
- Rapid growth and attractive risk adjusted returns in Emerging Markets

#### Technical & Operational

- Foundation of over 700MW of renewable energy assets under management by end of 2013
- Proven risk mitigation framework
- Team with strong track record in wind, solar, biomass

#### Market & Finance

- Deep knowledge of Central European energy markets
- Experience of fundraising and structuring M&A, private equity and project finance transactions

#### Focus & Flexibility

- Management owned company permits rapid decision making and flexibility
- Lean structure with experienced and motivated specialists
- High standards of corporate governance

### Expansion Strategy

- 1 Foundation**  
700 MW foundation of renewable energy assets and a secured project pipeline in some of the most attractive regions
- 2 Technology**  
CEE AG will develop a technologically diversified portfolio
- 3 Geography**  
Starting with its sound foundation in the Central European region, CEE AG will expand further in its core region and beyond
- 4 Co-investment Partnerships**  
CEE AG will act as lead equity sponsor and will work with suppliers, banks, asset managers, family offices, private equity funds and Developmental Financial Institutions; to structure investment opportunities

Evolution of the Portfolio



### Financial Snapshot

€ millions	2010	2011	2012	2013(F)
Net Equity	46.0	115.1	188.3	1,128.2
Total Assets	86.1	507.3	485.3	2,678.1
EBITDA	5.2	8.7	68.1	290.1
PAT	4.6	8.7	34.8	112.5

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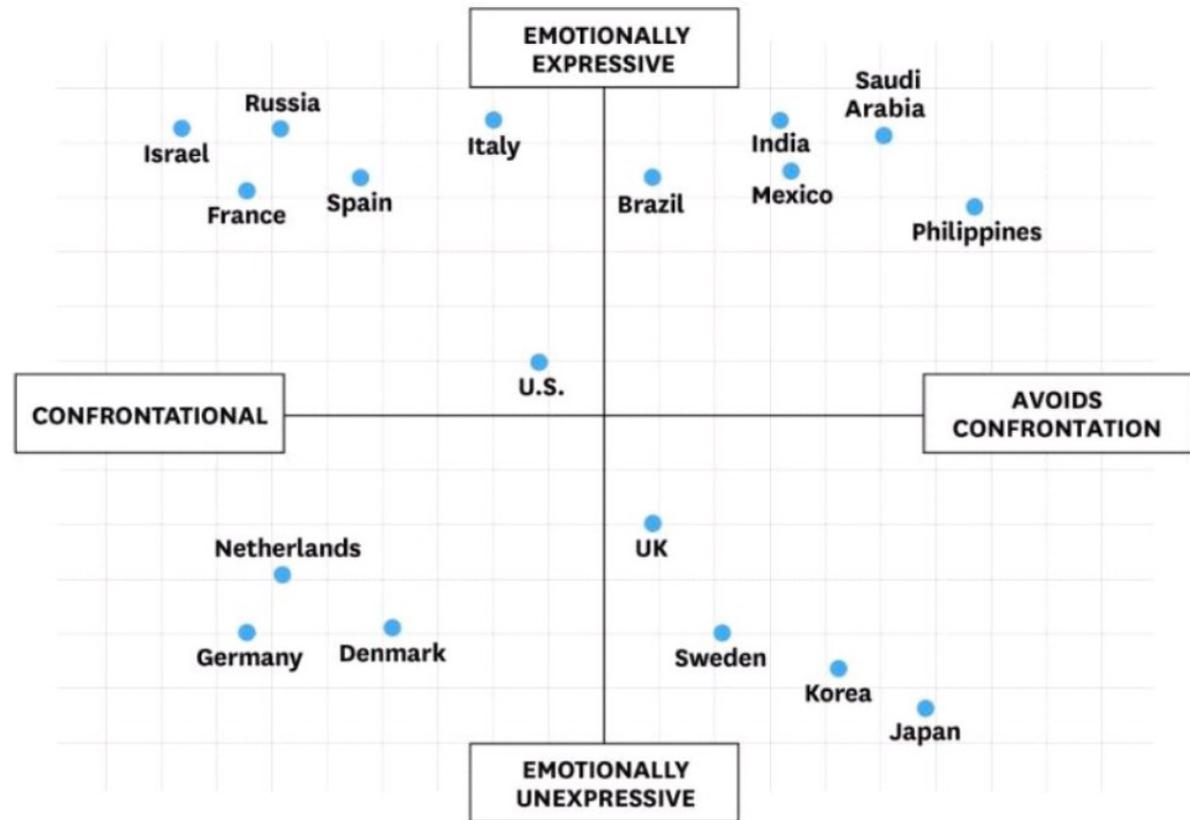


# Negotiation style

# Exercise 1

# Prepare to Face Your Counterpart

The map below sorts nationalities according to how confrontational and emotionally expressive they are. Although negotiators often believe that the two categories go hand in hand that is not always the case



SOURCE ERIN MEYER  
FROM "GETTING TO SÍ, JA, OUI, HAI, AND DA," DECEMBER 2015

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# Negotiating perspective – short term or long term



## Short term negotiation:

parties meet to negotiate a one time transaction. They do not expect to meet again, they are not closely linked within the business community. Examples: buying a car, ebay transaction.



## Long term negotiation:

parties meet to negotiate a transaction with ongoing perspectives. They may be partners subsequently, have ongoing obligations, be connected in the business community. Examples: joint venture, M&A transaction, investors in the same region.

# Negotiation process – 5 approaches



## Compromise

seeking middle ground between parties

## Bargaining

exchange of various items to close deal

## Threat

veiled threat can be powerful tool to extract one way concessions

## Emotion

make other party move through goodwill

## Logical reasoning

most regularly used; requires preparation of evidence

# Cultural specificities and dynamics

## Cultures have own specific styles and stereotypes:

Britain preference for compromise;  
Eastern Europe and Asia threat and emotion;  
Germans logical reasoning;  
Americans bargaining.

## Negotiation is a ritual.

If process is too quick participants may be dissatisfied. Feeling that a good contract cannot be agreed without a contest. Question of appearance or “face”.

# Experienced negotiators understand human nature

- ✓ We like to appear to be popular.
- ✓ We wish to avoid losing prestige (“face”).
- ✓ We will offer concessions at little cost to ourselves at the concluding stage of a difficult negotiation in order to finalise a deal and make the other party feel better.
- ✓ Emotional factors carry as much weight as any single factual component in the careful planning of a negotiation.



# What relationship?

- ✓ Knowing that it is in our best interests to succeed.
- ✓ The participants seek to understand each other's needs and – where there is a difference – negotiate to resolve the areas of conflict that prevent them from achieving the best result.
- ✓ The reconciliation of interest through negotiation calls for the practise of a high degree of interpersonal skill and a thorough understanding of the subject matter.

# The relationship **decision**

- ✓ All of the types of relationship have their place in negotiations.



**Arms length  
(competitive)**

**Cooperative**

**Collaborative**

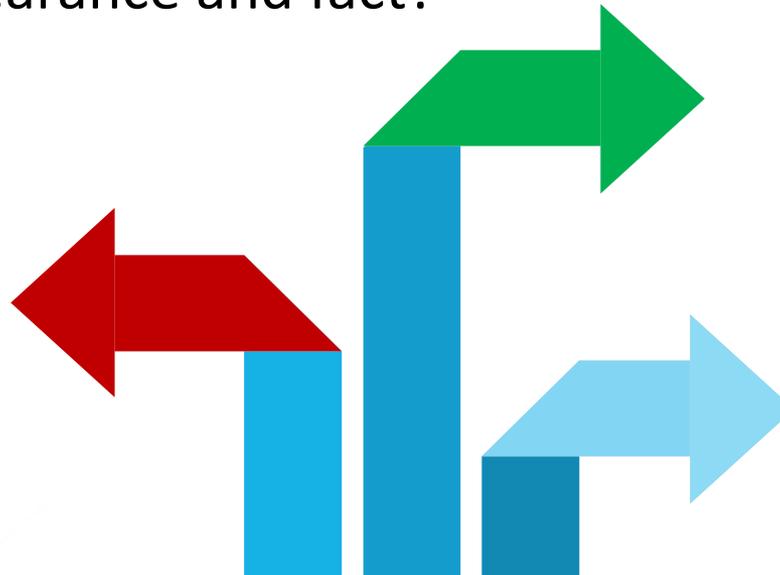
**Partnership**

# Matching the parties

- ✓ Best possible scenario is when the parties share a common belief that each can realise their respective goals through a contractual relationship that supports this aim.
- ✓ Two aspects provide the clue to identifying the clear intention of the parties:
  - **Power:** what is the power balance both from a person-to-person perspective and from the respective business-to-business angles?
  - **Empathy:** can we see and understand how and why the opposing party think and feel the way they do and what drives them?

# Which style?

- ✓ When we observe the other party across the negotiating table we do our best to find out:
  - How they are behaving?
  - The reasons for their behaviour
  - If there are any inconsistencies between appearance and fact?



# Style recognition

Recognising the style employed by the other party allows us to:

- ✓ Feel more comfortable when a particular pattern of behaviour is being exhibited by the other side
- ✓ Keep the discussions from losing progress when talks seem to be getting stuck
- ✓ Gain more information
  - Avoid or break an impending deadlocked situation
- ✓ Better understand the effect of one's own tactics and appreciate those of the other party

# Influences on negotiation style



# Exercise 2