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**Role Play**

**Magos and Tala Comics:**

Role of D.W. – Tala Comic’s CEO

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This role play was written by Carmen Ruiz Pozuelo and Alessandro Mazzarini, INSEAD MBA Alumni, and Warren Tierney, Postdoctoral Research Associate at INSEAD, under the supervision of Martin Schweinsberg, Associate Professor of Organisational Behaviour at ESMT Berlin, Horacio Falcão, Professor of Management Practice of Decision Sciences at INSEAD, and Eric Uhlmann, Professor of Organisational Behaviour at INSEAD. It is intended to be used as a basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

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You are D.W., CEO of Tala Comics (TC), the largest and most prestigious comic publishing company in your country, Pozzia. You started your career at TC as an illustrator when you were just 20 years old. Many years later, after transitioning into management and climbing up the ladder, you are now the CEO of the company. Your reputation both inside and outside TC is excellent. Your creative background coupled with your business acumen puts you in a unique position: you are one of the few CEOs in the industry capable of understanding both the business potential of an idea and its artistic merits. The transition across roles made you aware of many things that you did not realize as an illustrator, such as the wide range of implications that come with publishing a new comic. In particular, you now know that comics can have a huge impact on the development of kids. It is therefore important to keep the content and tone in line with their sensitivities.

Your talent is well known in the industry environment as well as to the general public. Public notoriety came with the last two hits from TC: “Salgadinho” for which Northside Pictures has recently started the production of a big-budget motion picture trilogy, and the feminist comic “Carola Me Mola” which targets the younger female audience and raises awareness of gender discrimination. You have made a fortune for TC by selling millions of copies of these and other hit titles. You are often invited to conventions and TV specials, and you have recently received the prize for Super-CEO of the year, a title created for CEOs in the comic industry. During the award ceremony, you barely spoke about yourself and you dedicated most of your airtime to thank your team for the support it provides and the dedication it shows in following Tala Comics’ innovative path.

As a consequence of your successful performance, TC is currently one of the most prestigious and valuable publishing companies in the industry and analysts project further growth in the years to come. To ensure this positive trajectory continues, you personally decide which comic series the company will release. Over the years, you have accumulated a very deep knowledge of your country’s market performance; so much so, that you can accurately predict the possibility of commercial success for each publication.

You are well aware that your success has partly been driven by how you do business and how you treat business partners. You believe that fair play always pays off. For this reason, despite having to go through dozens of new titles every week, you make sure you dedicate enough time to each of them to fully appreciate the messages that authors try to convey. When you spot a promising comic you handle the negotiation personally, always with a calm and welcoming attitude, without criticizing the authors or characters too much and always acknowledging sparks of creativity when you see them. Even the authors of the comics you have rejected appreciated the way you handled the matter and they know that they can come back to you at any time if a great idea comes about (actually, authors that come back to you tend to come back with even better ideas like in the case of “Salgadinho”).

At the same time, however, you have very clear ideas of what works and what doesn’t and you are not willing to put your reputation at stake regardless of how attractive an opportunity may seem to be at first. You are where you are because you are efficient and productive. You are too busy to waste time on opportunities that you believe won’t work. You believe that meetings should be short, efficient and to the point. You rigorously analyze the available data before each meeting to negotiate based on facts and not let instincts or emotions get in the way.

Recently, you have been following a foreign publication which has sold over a million copies per issue for its first five issues in its country of origin, Mazzaland. These kinds of sales figures are unheard of in a country with a population of only 70 million. The comic, called Magos, is creatively visionary, skillfully executed and therefore worth looking into. A couple of weeks ago you decided to schedule a meeting with its creator, B.B., who has rapidly become very famous in his country, Mazzaland. You called him personally to make sure you properly communicated the enthusiasm TC has towards Magos and a potential partnership.

In preparation for meeting with B.B., you have closely analyzed the opportunity of translating and selling Magos in your much larger but also quite different market of 400 million people. You have further discussed the issue with your creative director and the channel manager, as you wanted to be sure not to overlook anything and to be properly prepared to negotiate the deal. Although you recognize the artistic quality of Magos and think it has potential to achieve respectable sales in Pozzia, you doubt that it will be the smash hit it has been in Mazzaland.

Magos tells the story of a young adventurer with the magic power to control fire. The character has humble origins, and thanks to this unique magical ability, he manages to become a hero throughout his planet of Nexus and even travel to the stars. Many adversaries cross paths with Magos but with the help of his best friend, the domesticated goblin Loftos, he is always able to overcome them. The challenges that Magos faces often have clear references to the real life events of Mazzaland. In fact, Magos is targeted at older teens and adults and hence includes sexual content and political references. In your country, comics are targeted toward younger kids and Magos therefore may not resonate with your audience as much. You also believe that Magos’ constant allusions to contemporary politics in Mazzaland will be lost on comic fans from Pozzia regardless of their age.

In Pozzia, comic books are typically read by kids and young teens looking to explore the fantastic. In other words, comics are a way to evade real life, set the imagination free and immerse yourself in an adventurous journey of super-heroes and hidden worlds. The typical comic book reader is not looking for dark humour or subtle political allusions. Thus, you are concerned that Magos is too dark and too adult oriented to be a major commercial hit in Pozzia. Finally, as is the case for most comics, translation will add an additional constraint to the potential success of Magos. With translation, nuances are often lost, and part of the magic surrounding the comic may fade.

Although there is potential to have a beneficial deal for both sides, the Magos team may need to adjust their style and expectations to the reality of your market. To maximize sales, you will have to cut the nudity scenes. You believe that B.B. will be opposed to this idea, but in order for Magos to be a true hit in Pozzia you need to make sure it can reach much more people than just the adult-niche segment.

You have worked with your team to create predictions about the expected sales the unaltered version of Magos, as shown in Exhibit 1. You estimate that sales could range between 2M – 4M copies per issue depending on several factors, some of which are out of your control. Assuming that you will be able to charge a standard price of $7 for each copy, your revenues for each issue will range between $70m – $140m in total. You expect that about 20% of that will be profit.

Exhibit 1

Your Expected Sales For the Current Version of Magos in Pozzia  
(per issue and total sales)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **# Copies (per issue)** | **# Copies (total)** | **Likelihood** | **Revenues (total)** | **Profit** |
| **2 million** | **10 million** | **10%** | **70 million** | **14 million** |
| **3 million** | **15 million** | **25%** | **105 million** | **21 million** |
| **4 million** | **20 million** | **65%** | **140 million** | **28 million** |

As per the numbers above, unless the nudity in the comic is eliminated, you doubt that the individual issues of Magos will break 2 million copies in sales.

Based upon these calculations, the estimated value of the rights to distribute Magos in Pozzia is $17.15M, but of course that is uncertain. You predict that the most likely outcome will be an average of 2 million copies sold per issue, which would yield $14M in profit.

You should use these numbers as the basis for deciding how much you are willing to pay to acquire the rights to Magos. Industry norms dictate that comic creators generally receive between 20% and 40% of estimated profit levels for licensing their intellectual property.

Based on all of this, you have agreed with your team that unless the adult content is removed, you will be willing to pay no more than a hard maximum of $5.6M (40% of $14M). Of course, you would ideally like to pay less than that.

A child-friendly version of Magos with no nudity in it could sell significantly more than your expectations in Exhibit 1, an estimated 3.5 million copies per issue (17.5 million copies total). In that case you could pay substantially more.

\*Your Communication Instructions for this Negotiation\*

Please prepare for your negotiation with B.B. bearing in mind your negotiation style as a Pozzian.

People from Pozzia are known for their distinctive communication style. You should express some or all of them while negotiating with B.B.

* **Be humble**: Pozzians greatly value humility. Despite your high status in the comics industry, you should avoid saying anything positive about yourself. Among Pozzians, people who brag about their achievements make a very negative impression on others.
* **Be indirect:** Pozzians hate conflict and confrontational language. Rather than say “no” and challenge the other person, they prefer to communicate that they disagree using their tone of voice and body language.
* **Be calm**: The Pozzian are known for their calmness and self-control. Pozzians never let emotions interfere with what they want. They try to avoid expressing happiness, disappointment, anger or doubt and instead are incredibly self-composed. It is actually considered to be very rude and unprofessional to express strong emotions during a negotiation.
* **Be timely and efficient**: It is strongly valued among Pozzians to be efficient and productive. Meetings are there to reach an agreement on the issues at hand and therefore all topics not directly related to the negotiation are not of interest to you. You want to reach an agreement in the shortest time possible to dedicate your valuable time to other important matters.

**Note:** If you are negotiating with a teammate or teammates, then you can assume that the leadership responsibilities at Tala are divided amongst you equally.