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**Role Play**

**Magos and Tala Comics:**

Role of B.B. – Magos Creator

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 B.B., a comic creator from Mazzaland who recently became a national celebrity thanks to your hit comic book series “Magos.”

The road to success in the comic industry has not been easy for you. You always had a huge passion for drawing and spent your youth experimenting with different styles. Even at the age of 12, you used to write and illustrate your own amateur comics about your teachers and classmates. Your family lived on welfare and, to help make ends meet, you sold copies of your first comics at school to friends. This experience had a lasting impact on you: your comics made readers happy and allowed you to make some extra money.

From the age of 18 to 22, you attended the art academy in Xandria, Mazzaland’s capital, thanks to a scholarship for gifted young artists. Upon graduation you struggled as a young comic book writer and illustrator for fifteen years, and you mostly worked on other people’s projects to pay the bills. However, you never gave up on your own comic titles and kept working relentlessly (although unsuccessfully) for many years.

Publisher after publisher rejected you, always for the same reasons: the graphics and storyline, featuring nudity and political references, were too explicit and readers “just weren’t interested in this sort of stuff.” They told you in no uncertain terms that you would never succeed with those stories. You continued with your work regardless of their sometimes devastating feedback because you knew that sooner or later the public would appreciate your art.

Just recently your character and comic book series “Magos” became a critically praised smash hit throughout your home country of Mazzaland. Each of the five issues so far has sold over a million copies, an unprecedented feat in a country with a population of only 70 million people. You are especially fond of this particular comic series of yours since the protagonist is a young adventurer with clear parallels to your own difficult teenage years. In some ways he symbolizes how far you have come. The character has humble origins but thanks to his magical power to control fire, he becomes a hero throughout his planet of Nexus and even travels to the stars. Many adversaries cross paths with Magos but with the help of his best friend, the domesticated goblin Loftos, he overcomes all of them.

The adventures of Magos also often have references to real life events in Mazzaland, which resonate strongly with the public. For example, in the first of the Magos issues, the main character is fighting against a despotic ruler who wants to prevent parents from reading nighttime stories to their babies because he fears covert anti-government propaganda. This resonated strongly with Mazzians who, the previous year, had protested in the streets contesting censorship of political content on the internet.

You think of Magos as your masterpiece, a unique creation of sublime art. Nothing quite like it has ever been created and you are immensely proud of the fact that people enjoy reading your stories, especially after all the hardship you have been through. You also feel like it represents the best your country has to offer, with its dark humor, sexuality, and political commentary.

Now that Magos has become a success, comic fans from all over Mazzaland write you on a daily basis. Many fans are even calling for a movie to be created. Your life has taken an unexpected turn and now is the time to dream big: a movie adaptation of Magos, with you as a director of course, merchandising… the sky is the limit!

You feel this recognition is well deserved given all the years of hard work you invested in your passion and your hands-on approach to promoting Magos. When the comic first came out, you personally met with the publishing and distribution agency to negotiate the deal. The comic industry is a tough one and getting the contract right was not easy. You believe that your direct, hands-on involvement on the business end was the key to reaching a successful deal. You remember with pride how you handled your first negotiations with publishers: standing fearlessly by your principles and values and only accepting what was best for you and Magos. You always stressed not only how much Magos meant to you but also its huge potential for the market. When a publisher once attacked your comic, you didn’t hesitate to leave the room. That same afternoon, they called you to apologize. It is your understanding that this extreme commitment to Magos’ integrity is the reason why your publisher finally went ahead and invested in Magos. Had it not been for your passion and dedication to it, the comic wouldn’t be the hit it is today.

Just when you thought that things could not get any better, D.W., the CEO of Tala Comics (TC), approached you to translate and sell Magos in the large overseas country of Pozzia. Pozzia is a much bigger market and is widely seen as the market “to crack” when it comes to comics. You are excited about this opportunity with Tala Comics, but at the same time you don’t want to compromise the artistic integrity of Magos. After all, Magos is a masterpiece of art, based on a unique equilibrium of character personalities, nudity, politics, humor and other nuances. Failing to understand the individual contribution of each and every one of these elements ultimately means not fully appreciating the beauty of the comic. It is your firm belief that the story and graphics of Magos are the key factors in the success of the comic. You have put incredible effort in developing the characters and stories around them and you are entirely confident that the comic, as it stands, will be a success in Pozzia as it has already been a success back home.

You have had previous experiences dealing with interested international partners from other countries and feel they do not really appreciate the value of Magos. In particular, they do not seem to understand the unique stories you write and your artistic vision. However, you’re more optimistic this time, mostly because D.W., the Tala Comics CEO, contacted you personally. D.W. became famous in the comic industry as an illustrator and eventually transitioned into an executive role. A former illustrator, D.W. should understand the artistic merits of Magos and its huge commercial potential. If the deal materializes, this would open a huge new market – Pozzia has a population of four hundred million people – and really push your creation to the next level. Beside this, the comic would be translated into the Pozzian language used by several other countries around the world, thus opening new frontiers for your creation.

You hope Tala Comics will prove to be the artist’s company they claim to be and you really look forward to closing a mutually beneficial deal. While you are eager to start this new exciting collaboration, you want to make sure that all details are worked out properly to avoid unpleasant surprises. You feel that getting to know your future business partners as well as the plans that they have for Magos is your first priority. The discussion about royalties only becomes important if you are a hundred percent sure that Tala Comics values your Magos comic for what it is. You don’t need the money right now so you are in no rush to close the deal.

After Tala Comics asked for a meeting, you met with your accountant and creative partners to discuss what possible valuation your comic might have overseas. Particularly relevant is to understand the number of copies that could be sold, in order to estimate the market value of your intellectual property. Magos has been an unprecedented critical and commercial success in Mazzaland and you are confident it will likewise be a hit in Pozzia. Additionally, you consider the upside potential to be huge, given that Pozzia’s population is six times as big as Mazzaland.

Exhibit 1 shows your predicted total sales for the five issues of Magos. Assuming a price of $7 per issue, this should yield revenue to the buyer between $70M and $140M. As shown, you predict that the most likely outcome is an average of 4 million copies sold per issue, which would yield total revenue of $140M. Of course, there are also other potential sales levels, which you consider less likely.

From these total revenue amounts, the profit attained by the buyer will of course be much lower, given advertising and distribution costs, among other things. You are not entirely sure as to the likely profit margin, but you anticipate it to be between 15% and 25% of total revenue. For example, if each issue sold on average 4 million copies, you would expect the buyer to achieve profits between $21M and $35M.

You should use these numbers as a basis for deciding how much you are willing to accept for 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 decided that you will be willing to accept no less than a bare minimum of $4.2M (20% of $21M). Of course, you would ideally like to receive more than that.

Exhibit 1

Your Expected Sales for Magos in Pozzia (per issue and total sales)

|  |  |  |
| --- | --- | --- |
| **# Copies (per issue)** | **# Copies (total)** | **Likelihood** |
| **2 million** | **10 million** | **10%** |
| **3 million** | **15 million** | **25%** |
| **4 million** | **20 million** | **65%** |

\*Your Communication Instructions for this Negotiation\*

Please prepare for your negotiation with D.W. bearing in mind your negotiation style as a person from Mazzaland.

People from Mazzaland are known for some very distinctive behavioral traits. You should express some or all of them while negotiating with D.W.

* **Be self-confident:** Mazzians believe it is important to project confidence in yourself. Further, you are truly confident that Magos will be a hit in Pozzia as it was in Mazzaland. The quality of the comic and the story is so good that you don’t see how other people could question it and you consider any suggestion otherwise to be a personal insult to your artistic judgment. You feel that owning the rights to Magos should be an honor for Tala Comics and therefore you expect all your demands to be accepted with minimal negotiation.
* **Be direct:** In Mazzian society people are very direct. They prefer to say things bluntly rather than finding a way around with words. They believe that telling things “as they are” is a form of respect and the right way to deal with others both in private and in professional life.
* **Be confrontational:** Mazzians are one of the most confrontational cultures in the world and rarely hide their negative feelings. Any disappointing proposal coming from Tala Comics that fails to respect the value of Magos will make you very angry and skeptical about the good faith of Tala Comics.
* **Take your time:** Mazzians are one of the world’s least punctual societies and typically at least five to ten minutes late to meetings, so you should be late too. Once the negotiation has started Mazzians spend most of the time talking about side interests in an attempt to get to know the people they are dealing with before getting to the substantive issues. You should spend a good amount of time getting to know your counterpart’s views about comics and life before entering into the substance of the negotiation.

**Note:** If you are negotiating with a teammate or teammates, then you can assume that you are all co-creators of the Magos comic.