Bestbooks/Paige Turner Contract Negotiation

This situation involves a negotiation between two representatives: one for an author (Paige Turner) and the other for a publishing company (Bestbooks). This is clearly a competitive situation, but some cooperation is also required. Your challenge is to get the best contract possible for your side.

PROCEDURE:

Step 1: Prepare for the Negotiation (20 minutes)
Read the private material that you have been provided, and prepare your strategy for the negotiation. For example, you might consider what you want your opening to be, how you want to communicate your interests, what your "walk-away" points are (what is the minimum you are willing to accept), etc.

Step 2: Conduct the Negotiation (30 minutes)
Conduct a meeting with the representative from the other side (the person listed on the role assignment page) to try to reach a new contract between Paige Turner and Bestbooks. You <u>may not</u> show your confidential success table to the other party—this information is for your eyes only! Please try to take on the role that you have been assigned, and negotiate the best deal for your client/company.

When (if) an agreement is reached, write down the settlement on the final settlement agreement form (attached – each party should keep a copy, and turn the extra copy into the professor). Agreement must be reached on all eight issues in order for a final agreement to be struck. If you and your partner finish the negotiation early, review your strategies and the process of negotiation. At the end of 30 minutes, report back to the classroom with your final agreement form. If you do not reach agreement, please indicate that on the form, along with your final offers, at the end of the 30 minutes.

Step 3: Information Collection and Debriefing
The professor will gather and record the agreements reached by each dyad. We will then discuss the exercise in class.

ROLE INFORMATION FOR BESTBOOKS REPRESENTATIVE

The nation's greatest best-selling author, Paige Turner, is looking to change publishers and is entertaining the idea of signing a contract with Bestbooks. Paige abhors the business side of the literary world and has asked an agent to hammer out a deal with you, the senior representative from Bestbooks. Your experience tells you that the negotiation between you and Paige's agent will hinge on the following 8 points:

1. Royalties (percentage per sale)
2. Contract signing bonus
3. Number of print runs for the book
4. Number of weeks that Paige has to promote the book
5. Number of books
6. Advance
7. Number of countries where the book will be sold
8. Number of bookclubs that will adopt the book

The president of Bestbooks has stated that it would be great to have the popular Paige join Bestbooks' list of authors, but cautioned that Paige was to be treated like any other author when negotiating a contract. You realize that a favourable contract for Bestbooks would involve giving as little as possible with respect to the above mentioned 8 points. It is imperative that you negotiate a good deal for Bestbooks; the last senior representative was released for being too generous when signing on new authors. You can evaluate your success during the negotiation process with Paige's lawyer by using the success table on the following page.

You will notice that the issues differ in point values; consider the issues with the higher points to be more important to Bestbooks. Issues that are concerned with selling the book (number of print runs for the book, number of weeks that Paige promotes the book, number of countries where the book will be distributed, number of bookclubs that will adopt the book) are quite straightforward: the more the better! Recently authors have started to act like sportstars and have been trying to leverage publishers against each other by changing publishers frequently. Bestbooks has resigned itself to this trend and would rather sign new, high profile writers than try to sign writers to several books (of course in the unlikely event that you could sign Paige to more, that is fine). As far as the advance is concerned, you don't understand why you should agree to both a signing bonus and an advance. To not give a signing bonus would be an insult, so you prefer to resist an advance. Finally, the strictly monetary issues (royalties, signing bonus) come straight from company profits and with the increased competitiveness in the publishing business you need to be as stingy as you can.

Your goal is to obtain the highest possible score. You will have 30 minutes to negotiate a contract and it is quite probable that the president of Bestbooks would quite unhappy if no contract results from the negotiations.

Confidential Success Table for the Bestbooks Representative

	Term in Contract	*Points*
Royalties	15%	1000
	13%	2000
	10%	3000
	7%	4000
	5%	5000
Contract Signing Bonus	$25,000	0
	20,000	1000
	15,000	2000
	10,000	3000
	5,000	4000
Number of print runs for the book	5	3500
	4	3000
	3	2500
	2	2000
	1	1500
Number of weeks that Paige has to promote the book	35	3000
	30	2500
	25	2000
	20	1500
	15	1000
Number of books	6	500
	5	400
	4	300
	3	200
	2	100
Advance	$ 0	5000
	5,000	4000
	10,000	3000
	15,000	2000
	20,000	1000
Number of countries where the book will be distributed	14	4000
	12	3500
	10	3000
	8	2500
	6	2000
Number of bookclubs that will adopt the book	5	7500
	4	6000
	3	4500
	2	3000
	1	1500

Bestbooks/Paige Turner Final Agreement Settlement Form

Issue	Terms Reached	Points for Bestbooks Publishing Rep.	Points for Paige Turner's Agent
Royalties			
Signing Bonus			
Print Runs			
Weeks of Promotion			
Number of Books			
Advance			
Countries Distributed			
Book Clubs			
TOTAL POINTS FOR EACH PARTY:			

Signed

Representative, Bestbooks

Representative, Paige Turner

Dominant Conflict Approach (from pre-class inventory)

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