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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 may not 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 PAIGE TURNER'S AGENT

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 you, an up and coming agent, to hammer out a deal with the representative from Bestbooks. Your experience tells you that the negotiation between you and Bestbooks 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

You would like to keep Paige on as a client, and you realize that the best way of doing this would be to get the best possible deal from Bestbooks and thereby establish yourself as a top-notch negotiator. Ideally, a successful negotiation will result in a contract that will be favourable to Paige on each of the 8 above mentioned points. You can evaluate your success in the negotiation process with Bestbooks 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 Paige. Issues that are concerned with money (royalties, signing bonus, advance, number of print runs of 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! Signing bonuses are so common you shouldn't have to negotiate for them (in fact, Paige has already decided how to spend this money -- that is why the advance is also important).

The type of contract that Paige will have with the publisher is also important. Writers have become like sportstars; the value of their contracts tend to go up as they switch from publisher to publisher, although this needs to be weighed against the uncertainty that may also be involved in a switch. Basically, Paige wants to only write 2 books for Bestbooks in order to have the freedom to leverage publishers against each other in the future. Finally, Paige would rather spend time writing new books rather than promoting this book. Paige finds book promotion to be a boring, redundant task -- good books do not need promotion, and Paige is a great writer!

Your goal is to obtain the highest possible score. You will have 30 minutes to negotiate a contract and it is quite probable that Paige would throw one of those famous temper tantrums if no contract would result from the negotiations.

Confidential Success Table for Paige Turner's Agent

	<u>Term in Contract</u>	<u>Points</u>
Royalties	15%	6000
	13%	5000
	10%	4000
	7%	3000
	5%	2000
Contract signing bonus	\$25,000	5000
	20,000	4000
	15,000	3000
	10,000	2000
	5,000	1000
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	100
	30	200
	25	300
	20	400
	15	500
Number of books	6	500
	5	1000
	4	1500
	3	2000
	2	2500
Advance	\$ 0	0
	5,000	1500
	10,000	3000
	15,000	4500
	20,000	6000
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	5000
	4	4000
	3	3000
	2	2000
	1	1000

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)

Dominant Conflict Approach (from pre-class inventory)



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