

# Northern California Association of Law Libraries Newsletter

# YOU WANT WHAT?

## How to Have Fun While Negotiating Contracts

**By: Sarah L. Nichols**

Nobody who knows me would describe me as a cock-eyed optimist, so when I've repeatedly stated that I think the contract negotiation process can be fun, reactions have ranged from smirking disbelief to suggestions regarding the nearest hospital emergency room.

In my role as the Director of Research for a global law firm, I have responsibility for content expenditures amounting to several million dollars annually, mostly invested in online research platforms and digital delivery. Hardly a month goes by without me being in the thick of contract negotiations, and yes, I actually do have a lot of fun.

What I'd like to share are a few things I've learned along the way about how to take out the stress, enjoy the process and, by the way, get what you want. Here are some "rules" I've created from my own experience.

**RULE# 1** Assume that the process will not be adversarial, and don't allow it to be. You and your negotiating partner(s) are at the table to find a mutually satisfactory arrangement, and it can be done. Beginning one potentially very difficult negotiation, I responded to the initial "how are you?" by replying "relentlessly optimistic" which got a laugh and broke the ice, and I believe it set the tone for a positive meeting.

**RULE# 2** Be transparent about your overall objectives and share any must-haves right up front. It's only fair. If your COO has established a cost reduction target and you can't renew a contract at more than a 3.5% increase, say so at the outset. Then the conversation becomes focused on how to get there, with all the give and take.

**RULE# 3** Get to know (and try to understand) your negotiating partner. It's likely they've been trained to assess your type, and it will definitely pay off if you make an effort to do the same. In my experience sales representatives generally have one of six major styles, as briefly described below. Later, I'll expand a bit on how I've worked with each of these styles, because recognizing them and adapting your own approach is absolutely critical to a satisfactory result.

**Relationship Manager:** "how can we make this work for both of us?"

**Best Friend Forever:** "my company pays me, but I really work for you."

**Hardball Player:** "we're the only game in town; if you won't come to terms, it's your loss."

**End Runner:** "I didn't hear back from you, so I contacted Mr. Smith and Ms. Jones in your executive offices."

**Novice:** "I'm new at this, what do you think the terms should be?"

**Rainmaker:** "I ink so many contracts that I can pretty much give you whatever you want."

**RULE# 4** You probably have something that's valuable to the content provider besides dollars. For example, we've helped refine the initial digital offerings of entities that have historically been in the print space. We've given them concrete suggestions on such important things as website look and feel, site navigation and functionality, and how to work out IP authentication for intranet delivered content for the enterprise. Our attorneys have written testimonials for services they feel are essential to their practice areas. We've brainstormed with providers of business and financial information on ways to maneuver into the law firm market. I can say with confidence that we've been able to benefit from having given assistance and usually get favorable contract terms in exchange. Along with the occasional bouquet of flowers.

**RULE# 5** Ask for a few things you're pretty sure you can't get, and be persistent. If I can get a negotiating partner to say "you want what???" and then to get on board with the challenge of trying to make it happen, I'm having fun! Also, some seemingly elusive things that have huge positive impact for you and your organization may actually be easy for the provider to deliver - a lagniappe, if you will. You won't find out if you don't ask.

**RULE# 6** A deadline is never a deadline. Many years ago when I was vacillating about a decision, someone said to me "when you don't know what to do, don't do anything at all." Very simple, incredibly useful. When negotiating a contract, especially if it's high dollar, don't be pressured by an artificial deadline. If you are working on a renewal, and the content provider is satisfied that you are negotiating in good faith, they will extend your contract by a month or two under the same terms while you work out the details of the renewal. If it's a new relationship, they might well extend you some trial passwords; you can continue to build a user base for them while hammering out the terms. Allow yourself the time you need to feel confident about all the details. Make sure you know what you are doing.

Harking back to rule number three, following are a few remarks about my experiences with the different sales styles.

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**Relationship Manager: "how can we make this work for both of us?"**

This person takes a long-term view of the business partnership. He or she is generally invested in understanding your goals and gets great satisfaction from problem solving and possibly cross selling, if working for an entity that has a large product portfolio. Since this person tends to understand the goals and problems of others in your industry or professional services sector, you can generally learn a lot. A successful partnership with a relationship oriented salesperson depends on give and take, information sharing and integrity, and is mutually consultative in nature.

**Best Friend Forever: "my company pays me, but I really work for you."**

I actually feel a lot of sympathy for this person, because generally he or she works at a highly bureaucratic organization that does not empower sales representatives. Best Friends are therefore expected to play by the rules and have to say no a lot. This results in many references to their employer as "they," as in "they won't do that," rather than "we don't provide" or variants on that theme, because they feel hamstrung and are frustrated. Their company becomes the enemy, they confess that they are really in your camp, and it's clear you are meant to bond with them in a united front and just get the deal over with, playing by the rules, as they do. However, I still want the best deal for my firm so that can be sticky. I figure that this person is used to a certain rigidity, so what I do is present my firm's requirements as being equally rigid, and I don't give in, no matter how sympathetic I feel. For a mutually satisfactory conclusion, bonding with a Best Friend over shared pressures often works best, even though chances of getting absolutely everything you want are slim.



**Hardball Player: "we're the only game in town; if you won't come to terms, it's your loss."**

It's hard to imagine that anyone can be the only game in town in terms of content anymore, so this tactic doesn't usually have a lot of teeth. As the purchaser, I will go where I can get the best price, or where I have the most fruitful and enjoyable existing relationship. What people are interested in once the content is available is extra functionality - bells and whistles that amplify ease of use, allow for slick downloading and easy copyright friendly internal redistribution of information, or provide alerts on only the topics they care about. There's more potential for being the only game in town here. I can only invest in bells and whistles a couple of times a year, though, and I'm more likely to take the plunge if I'm negotiating with someone who is nice to me. If they can help me raise my department's visibility, or if they can help my team members build some skills, while giving our clients what they want, that's being nice. If they can't or won't, saying "no thanks" can really be a satisfying experience.

**End Runner: "I didn't hear back from you right away, so I contacted Mr. Smith and Ms. Jones in your executive offices."**

Ouch. Definitely not fun. This person is really a type of "hardball player" but they can make things complicated so they deserve their own category. The good news here is that Mr. Smith and Ms. Jones probably rely on you and me for content purchasing decisions and are at least 90% likely to ignore End Runner. You can then have the satisfaction of saying "don't call us, we'll call you," or more sensibly, you can explain that you have responsibility for a large portfolio of content and services, and that you can't always get back to people same day. I have found it useful to explain my role and confirm that in talking to me, they have arrived at a spot where decisions are made. Once their comfort level is up, you can happily proceed, relying on Rule Number One, having negated the false start. I have been introduced to some terrific resources by End Runners, I will admit.



**Novice: "I'm new at this, what do you think the terms should be?"**

Hmmm. This person is either refreshingly ingenuous, or, well, . . .not. If you are a mentoring sort, negotiating with them can be extremely satisfying, regardless of their motivation, because you will feel as if you have educated them in some way. Be careful not to get carried away by your own imagined brilliance and say too much, though, because that can come back and bite you. If they are genuinely new to the game and are enthusiastic, they will often aid you with Rule Number Five, taking back your requests for the impossible to their management, because they share your optimism. Help them out by not embarrassing them in front of their colleagues on this last point however. You were a novice once, right?



**Rainmaker - "I ink so many contracts that I can pretty much give you whatever you want."**

Negotiations with this person are really fun, because you can both be shamelessly ego involved. A Rainmaker is bound to be competitive, and they've told you up front that they have clout within their organization - it's all down to volume, signing you up, and dispensing a bit of largesse. When you tell him/her that you are known for driving a hard bargain, getting the best possible deal and that you want to look good to your boss as per usual, you'll be understood, and approved of, which is generally a good thing. You can probably get most of your expectations met, including some really good pricing, or a fifteen month contract for the price of twelve for example. A Rainmaker has earned some latitude within their company, and you can reap the benefit if you give them something off which to bounce.

Each time I enter into contract negotiations, I have three objectives: to get the best content and pricing that I can get on behalf of my firm, to learn something that makes me better at my job, and to cement a positive relationship with the salesperson so that they'll feel good about working with me again. I'm grateful to many of the account managers I've met in my current role and at previous firms, because they've taught me a lot. Recently, I was able to provide a reference for a gentleman who sold me a contract for some key business content, and who was making a career move. He's now working for a competitor to his previous firm, and wants to meet with us for a pitch - I think that's going to be fun.