TEACHING NOTE CAP & MIKEY PRESS

If you are a learner, who is practicing negotiations with a partner, independent of a formalized class – DO NOT READ until after you have negotiated. This teaching note can guide two learners in their debrief of their negotiation experience.

If you are a group facilitator or trainer, using this case in more formalized training, feel free to read to prepare group synchronous discussion prior to participants preparing and executing the case.

SYNOPSIS OF THE CASE

Andy is a librarian at Public University Library and is negotiating with Sara, a sales representative with Cap & Mikey Press, for a small journal package (50 journals). Andy has received an opening offer from Chris that is a 10% increase for a 1-year agreement, 7% for a two-year agreement, and 5% for a three-year agreement. Andy does an in-depth analysis to investigate whether moving to an a la carte purchasing model would be better and determine the value of the package for their institution so that they may determine what is the best option.

LEARNING OBJECTIVES & KEY ISSUES

In this case learners will:

- Learn to identify interests for themselves and the other party.
- Plan strategies including concessions in negotiations.
- Uncover potential avenues for agreement through careful questioning of the other party.
- Decide when to say no and gain experience reacting when you hear no during the negotiation.

TEACHING STRATEGY (FOR GROUP LEARNING)

If this case is being used for group learning with synchronous discussion, form small groups of 2-6 people, where half the group will represent the library and the other the vendor. Give learners a minimum of a half hour to prepare the case. You may want to provide the appropriate side of the case ahead of time so that learners can read at their leisure, before collaborating to form a negotiation strategy. Provide at least 30 minutes for the negotiation to occur with the opportunity as time allows for small group debrief, where the negotiators can reflect on what they did well and what they found challenging. Bring the group back together to reflect on the Questions for Discussion.

QUESTIONS FOR DISCUSSION

GROUP LEARNING

1. Use polling software to record the range of responses.
2. Ask for volunteer where the library negotiated one of the most favorable deals, what happened? How did they approach the negotiation?

3. Ask for a volunteer to share if they reach no agreement, what happened? What were the sticking points? How did it feel to say no and walk away?
4. What did they find challenging during this negotiation?

INDEPENDENT LEARNERS

1. Did you come to an agreement? Why or why not?
2. If you didn't come to agreement, how did saying no feel?
3. What do you feel you did particularly well during this negotiation?
4. What do you think you can improve upon?
5. What would you approach differently (not necessarily because you did anything wrong)?

BACKGROUND READING

Glossary from Data Analysis for Negotiations

EXPERIENCE OF USING THE CASE

For those preparing the library side, sometimes there is confusion over how to interpret Exhibit 3. This exhibit is showing the total cost of different potential combinations of purchasing some journals a la carte combined ILL acquisition of individual articles for journals that were not subscribed to.

To create this analysis, she created Exhibit 2 which calculates cost per use ($/Use) using journal pricing data and the prior year's use and sorted in ascending order. She then numbered the journals 1-50 in ascending order, where Journal 1 had lowest cost per use. Then she calculated what the ILL costs would be for not subscribing to that journal through the package.

To create Exhibit 3, she created journal combinations, which could be purchased through a la carte purchasing or configuring a smaller package. These combinations were created assuming they would buy the journals with the lowest cost per use first. Example combinations: journal 1, journals 1-2, journals 1-3, and so on until purchasing journals 1-50. Then she calculated the total costs for subscriptions in the combination and ILL cost for journals not subscribed to based on the prior year's use.

This analysis allows the negotiator to see the value subscribing to these journals provide and what combinations offer better options regarding total costs than the opening offer presented by the vendor.

ANALYSIS OF THE DATA

VENDOR OPENING OFFER

The vendor's opening offer provided three options:

- 1-year renewal with 10% increase, 2024 price is $15,950
- 2-year renewal with 7% increase per year, 2024 price is $15,515, total contract price is $32,150
- 3-year renewal with 5% increase per year, 2024 price is $15,225, total contract price is $48,000

All options have annual payments, as opposed to paid up front.

Updated license includes a non-disclosure agreement (NDA)

INTERESTS OF LIBRARY & VENDOR

Library Interests	**Why is this important?**	**Vendor Interests**	**Why is this important?**
1. Desire to strike NDAs. 2. Flat collection budget and must cut $100,000 from budget. 3. Providing users access to resources at point of need not just in case to support research, teaching & learning needs.	1. Ensures financial transparency about how funds are spent, which is important as a state funded institution. 2. Must stay within budget guidelines, requiring cuts. 3. Create a more sustainable future ensuring access to what resources are needed while being financially responsible.	1. Keep the larger package. 2. NDA is important to keep in the case of deviations from the initial offer.	1. Easier to manage administratively. Deviations from larger package into smaller, customized package requires a long-term commitment (5 or more years) 2. Customized packages or deals are often uniquely priced for the situation and disclosing this pricing may impact other negotiations. The goal is to maximize pricing according to what institutions are willing to pay. Manager in this case is okay with potentially striking the NDA for deals in presented in the opening offer.

BATNA & RESERVATION PRICE

Below are examples of what this analysis may initially look like when preparing the case.

LIBRARY - IF YOU ARE PREPARING THE LIBRARY SIDE OF THE CASE.

Library BATNA	Library Reservation Price	Predict Vendor's BATNA	Predict Vendor Reservation Price
Moving to a la carte purchasing model and subscribing to journals 1-21. Note that cancelling means creating a clear communication strategy to patrons so they understand why the acquisition model is changing for these journals and assuring that they will still have a high level of service.	$12,180 (cost of individual subscription would be $7,165, and ILL would be $5,015) for the standard package.	Move to open access and focus on charging for APCs. Potentially shift to a transformative agreement model.	$14,500 keeping pricing steady at current year for a one-year deal.

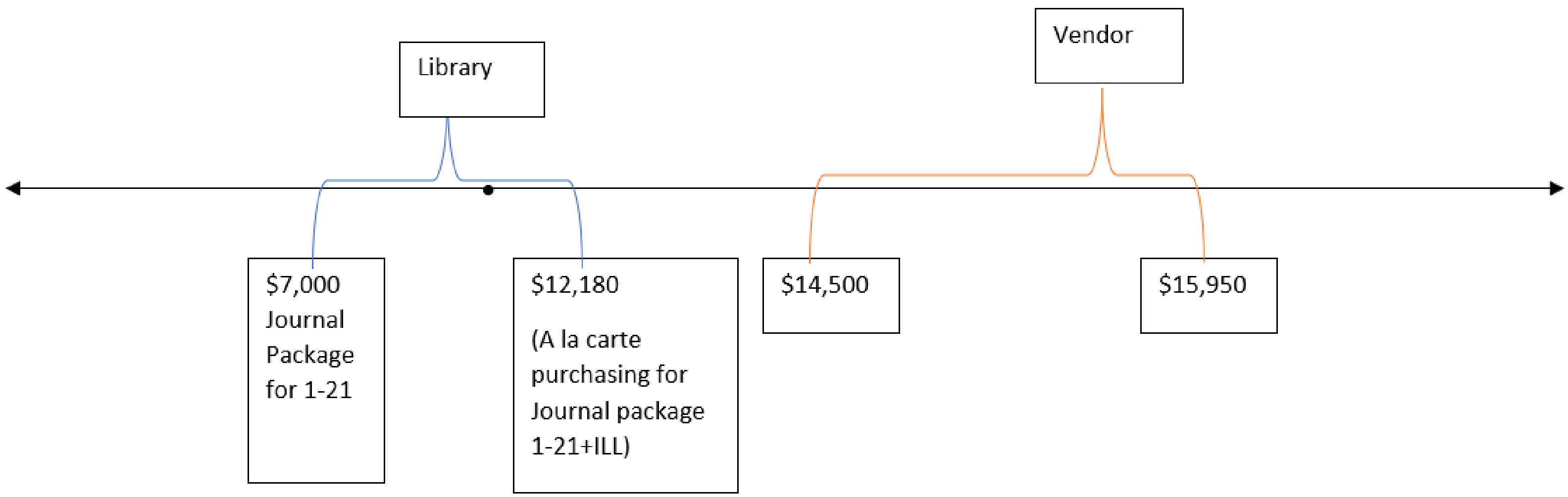
VENDOR - IF YOU ARE PREPARING THE VENDOR SIDE OF THE CASE.

Vendor BATNA	Vendor Reservation Price	Predict Library BATNA	Predict Library Reservation Price
If the agreement isn't met and this trend continues across other institutions the company will need to switch directions regarding publishing models. Move to open access and focus on charging for APCs. Potentially shift to a transformative agreement model. This will take time. The company is already discussing this move, but they won't be able to launch for another 1-2 years.	$6,500 for smaller package of journals 1-20 but must be a 5-year deal with 5% increase per year. $14,500 for standard package for two-year agreement	Moving to a la carte purchasing for a similar budget to current cost. ($14,500)	$14,500 keeping pricing steady for 1-year deal.

ZONE OF POSSIBLE AGREEMENT

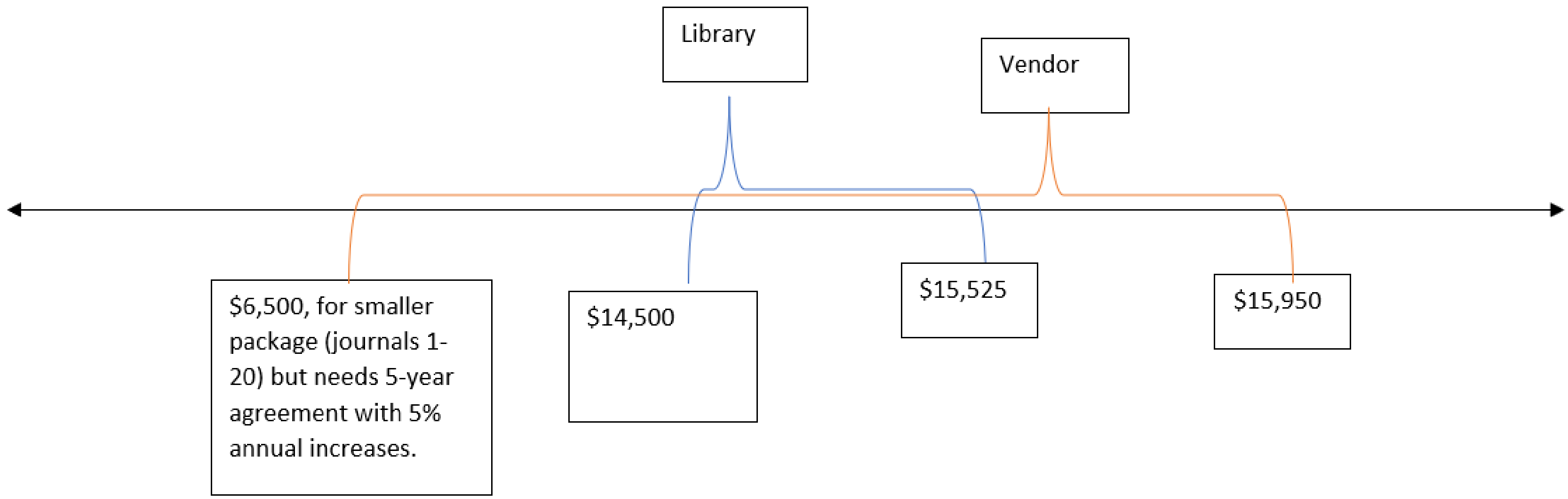
LIBRARY PREDICTION OF ZOPA FOR ANNUAL AGREEMENT:

Going into this negotiation the library predicts that they likely will choose to go a la carte and agreement will not be found for a package.



VENDOR PREDICTION OF ZOPA FOR ANNUAL AGREEMENT

Going into this negotiation the vendor is optimistic that some sort of agreement can be found.



Looking at the zone of possible agreements illustrated above, the library may think that there is no possible way to find agreement, but the process of negotiation may uncover that there is a zone of possible agreement, depending on interests and concessions on both sides (in this case a very long agreement with a 5% annual increase). This may or may not be acceptable. The vendor diagram illustrates how they think that no matter what they may find some sort of agreement. However, that depends on what the deal breakers are for the library. Both sides should create a prediction and then during the negotiation you will alter and change your predicted ZOPA as you uncover more information.

CONCESSIONS

The concessions and when offered outlined below are not prescriptive answers. They are just an example of how you could structure your concessions. You may decide that the NDA will be struck for the agreement for you to sign because it's a deal breaker after considering all your interests. Use your discretion.

LIBRARY

Concession	**When is this offered?**
Multi-year agreement	Smaller package but not longer than the timeline of the publisher is moving to open access if that is in the works. Requires significant price concession.
Smaller package	As long as the agreement is not longer than the current period of time until publisher is moving to open access, must be at least similar in total cost to a la carte purchasing.
5% annual increase on multi-year deal.	Only if initial pricing is significantly less than the current pricing. The value of the package needs to be readjusted to no more than $12,180
NDA (use your discretion if you want to concede this or not)	If you offer as a concession…only at significant price discounts and customized package.

VENDOR

Concession	**When is this offered?**
Keep prices flat at $14,500	If unable to come to other sort of agreement, to keep customer for up to 2 years.
Smaller package (Journals 1-20)	Willing to set up a customized package in exchange for a long-term deal due to increased administrative burden. Deal must be for 5 years or more.
Strike NDA	Only if they accept one of the agreements in opening offer.
Price discounts	Multi-year deals, or willing to pay for entire agreement up front.

LIBRARY OPENING COUNTEROFFER

The opening counteroffer may go something like this:

Andy: Hi, Chris. How was your weekend?

Sara: Hi, Andy. Great I spent it running my kids around to football and band competitions. You?

Andy: I had a quiet one for once. I read Lessons in Chemistry – a great book. I'm so glad you could meet because we need to discuss our future regarding continuing to subscribe to a package with Cap & Mikey Press. As you are probably aware, many academic institutions are dealing with budget cuts, especially with the enrollment cliff affecting everyone and we like many other libraries have not rebounded budget wise from cuts we faced during the Covid-19 pandemic. We have had to make a significant number of cuts in our budget and are looking at potential new models to provide access to resources for our faculty and students. This includes moving to a la carte purchasing at point of need. This year we are making tough decisions with many of our vendors. I've always appreciated our working relationship and hope that if we can come to an agreement, we can continue that relationship. So, I'm going to be frank about what we possibly can do. We might be able to consider keeping the standard package, but the pricing needs to come down to reflect the value we see that it brings to our institution, which is $12,000. We'd also be willing to consider keeping a package if we can create a smaller package. Specifically, I'd like to subscribe to our top 21 most used journals but at a price of $6,500. In addition, we need to discuss the NDA, as a public university we need to provide ensure financial transparency so that requires removal of that term. I'd like to know your thoughts on these options and if we can make this work.

Sara: This is a lot to consider. I have some questions I'd like to ask to clarify your position, is that okay?