

MODULE

Next-Level Negotiation

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In this module.

Separating Sales from Creative [01]

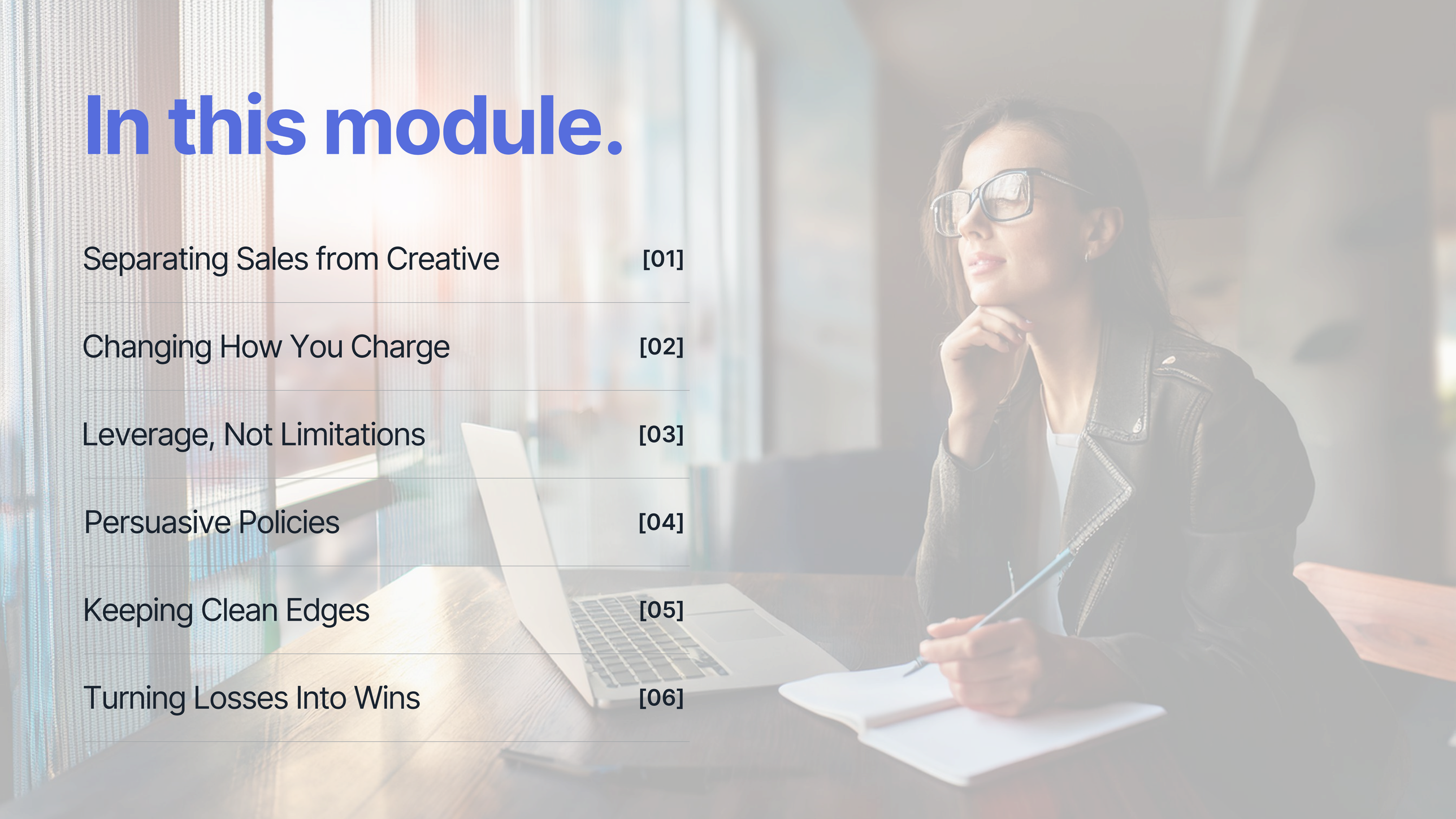
Changing How You Charge [02]

Leverage, Not Limitations [03]

Persuasive Policies [04]

Keeping Clean Edges [05]

Turning Losses Into Wins [06]

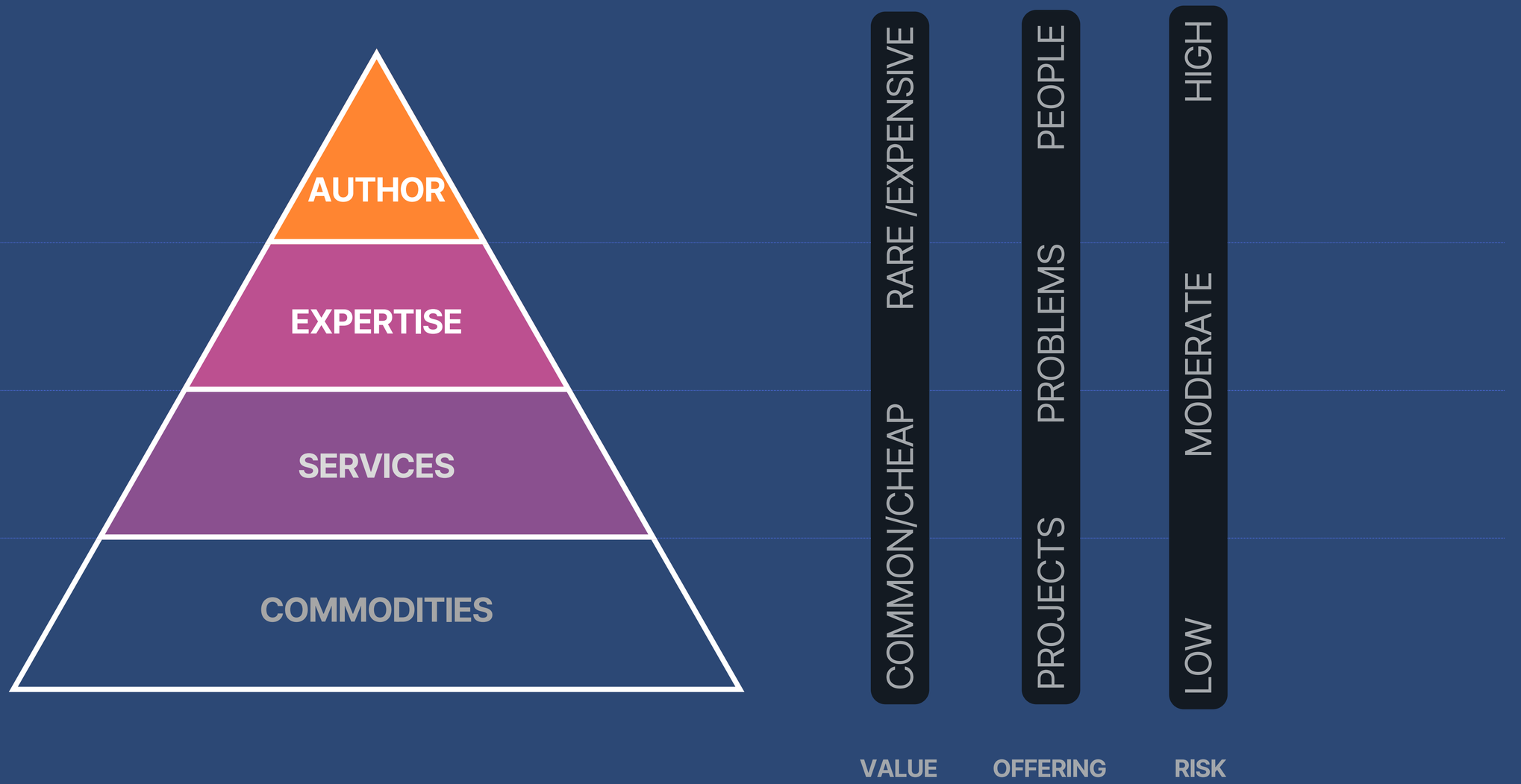




Review

OVERCOMING EPHEMERALIZATION

Overcoming Ephemeralization





01 Separating Sales from Creative

Separating Sales from Creative

Sales + Creative = 👎



Separating Sales from Creative

Sales + Creative



EXECUTIVE PRODUCER
“BAD COP”



CREATIVE DIRECTOR
“GOOD COP”



02 Change How You Charge

To change how much you charge, change how you charge.

How You Charge



SERVICES

TIME & RATES

“The Technician”

EXPERTISE

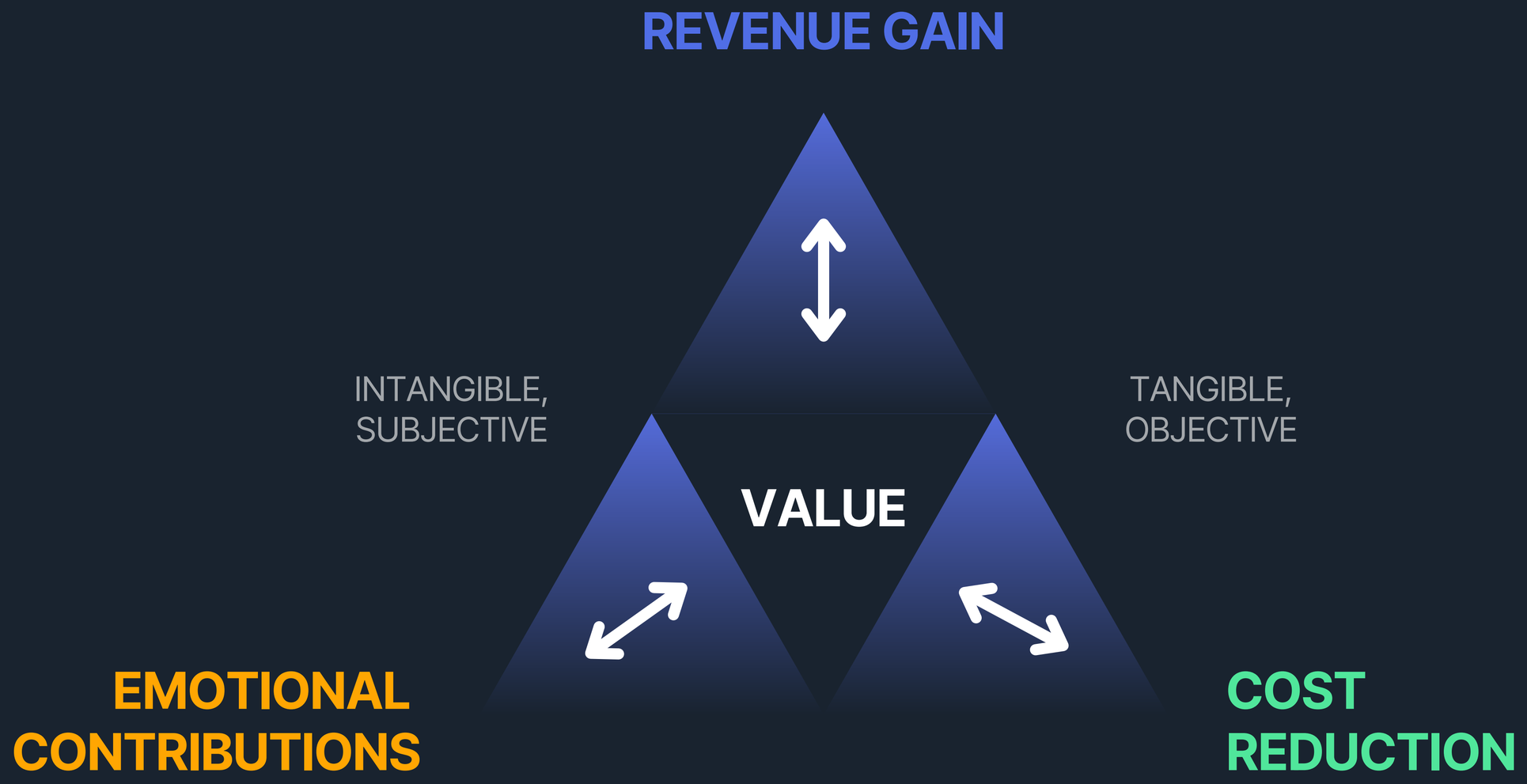
DELIVERABLES & PROJECTS

“The Fixer”

RESULTS

PERFORMANCE

“The Solver”



Source: “Value-Based Pricing” by Harry Macdivitt and Mike Wilkinson

Selling the Intangibles

PRESERVATION OR PROMOTION? MEET YOUR CLIENT'S DEEPER NEEDS

→ **PRESTIGE**
Awards, glory, fame, recognition...

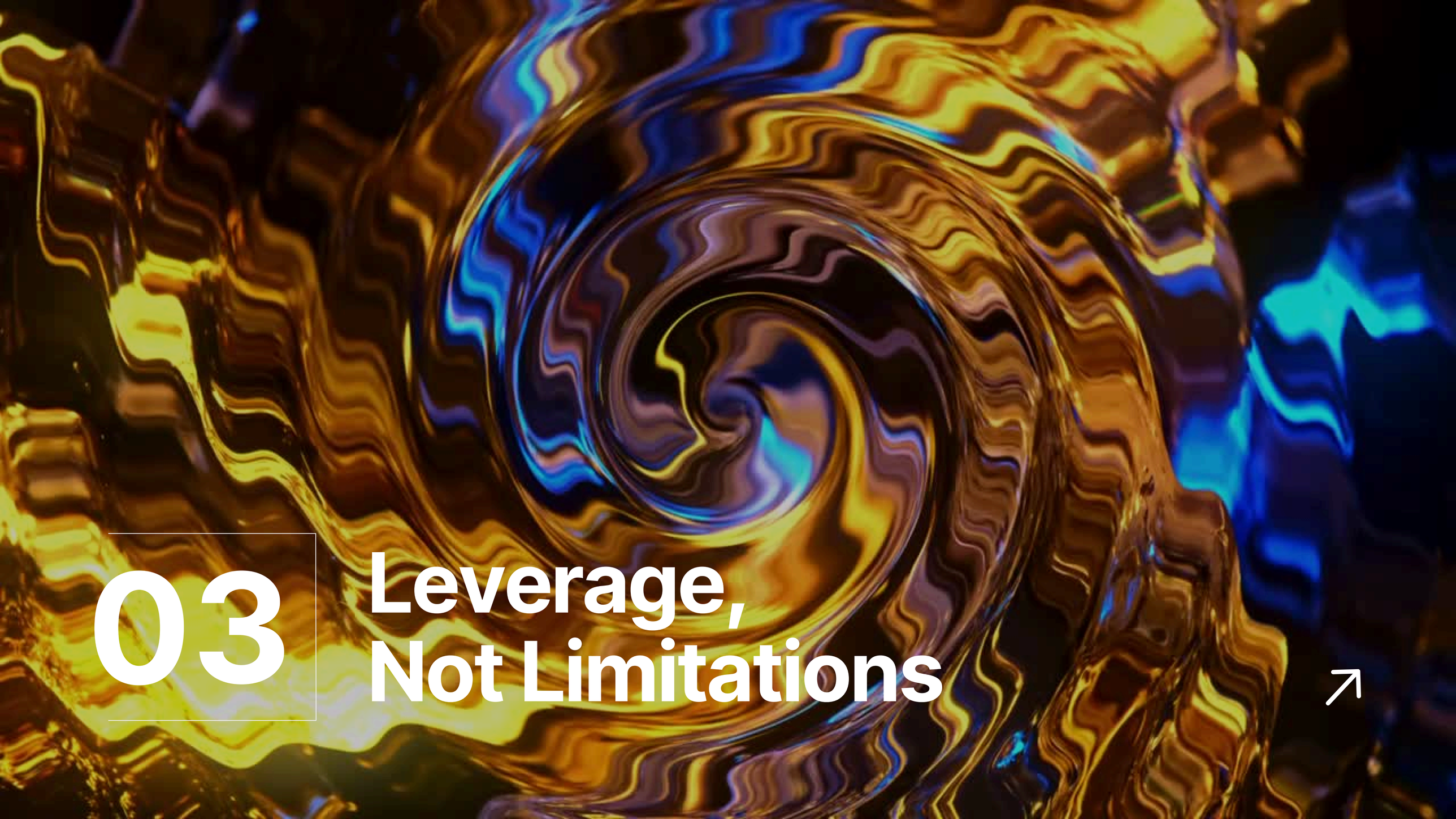
→ **RISK AVOIDANCE**
Insurances, backup plans, guarantees...

→ **SIMPLICITY**
One-stop shop, all-inclusive, turnkey...

→ **PEACE OF MIND**
Case studies, reputation, dedicated personnel...

→ **SELF-ESTEEM**
Growth, progress, opportunity, credit...

→ **PERSONAL GAIN**
Promotion, industry attention, connections...



03 Leverage, Not Limitations



In client relationships, your only real leverage is your ability to withhold your expertise.

Experience teaches.

- Owners and creatives are weak negotiators. Are you both?
- Everything is negotiable.
- It’s only awkward if you’re awkward.
- Let sales do the talking, i.e. the “bad cop.”
- Always be willing to walk away.
- The best antidote to a bad client is a full sales pipeline.

8 examples of leverage.

1. Minimum Engagement
2. Discount the Next Project
3. Bundling
4. Phased Engagement
5. Redefine the Deliverables
6. Leverage Existing Contracts
7. Reference the Industry Standard
8. Avoid an Impending Crisis

WE ARE NOT BUILT FOR SMALL PROBLEMS



1. Minimum Engagement

“We would love to work with you on this! However, you should know that our minimum engagement is _____ .”



2. Discount the Next Project

“If you are really serious about all that ‘future work,’ great. Pay full price for this project and I’ll agree to discount the next project (after you have established good credit).”



3. Bundling

“Since you have so many needs, I recommend we bundle this project with several of those upcoming projects...”

WE REMOVE FRICTION BY REDUCING THE RISKS



4. Phased Engagement

“I know you’re nervous committing to this budget, so to make this painless let’s break the project into phases. We can start with a Phase One for $X...”



5. Redefine the Deliverables

“You know what? Deliverables A, B, and C are not going to solve your problem. Let’s remove those to save time and money (and/or discuss adding X, Y, and Z instead...)”

WE KNOW OUR CLIENTS' SECRETS



6. Leverage Existing Contracts

Clients assume you do not have access to more favorable, existing contracts to which they recently (and perhaps reluctantly) agreed.

WE LEVERAGE OUR KNOWLEDGE



7. Create an Industry Standard

Even if no standard exists, you can assert your superior knowledge and maintain your status as the expert: “The industry standard is _____, which we follow for good reason.”

WE HELP CLIENTS BE DECISIVE



8. Avoid an Impending Crisis

“After reviewing (document), our (bad cop) said (terms) don’t work for us, so we had to put a pause on production. Let’s get this resolved quickly so we don’t jeopardize the deadline!”

The Power of a Deadline

AS A DEADLINE APPROACHES, THE CLIENT'S POWER DECREASES AS THEY MUST (1) NEGOTIATE IN GOOD FAITH WITH YOU, OR (2) START OVER WITH A NEW PROVIDER.

KEEP IT VERBAL: ***"Sorry but this (term) still won't work. Remember what we discussed previously? Please let me know what you can do. My team is underway and I'm doing everything I can to keep us on track..."***

Lay the foundation in advance by raising objections early and often, well in advance of final negotiations.





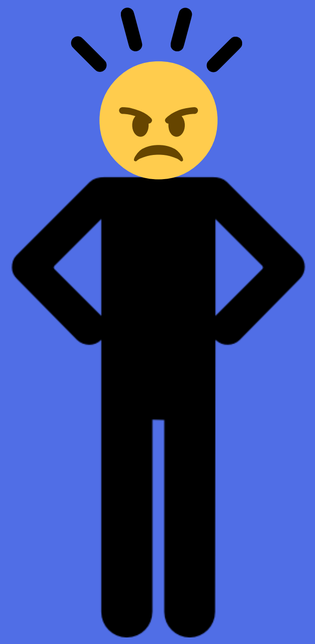
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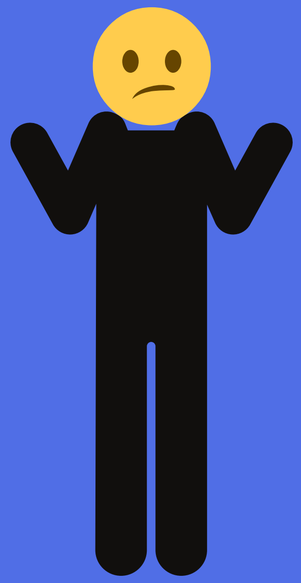
04 Persuasive Policies

A Superior Dynamic

THE COMMON
(WEAK) NEGOTIATION



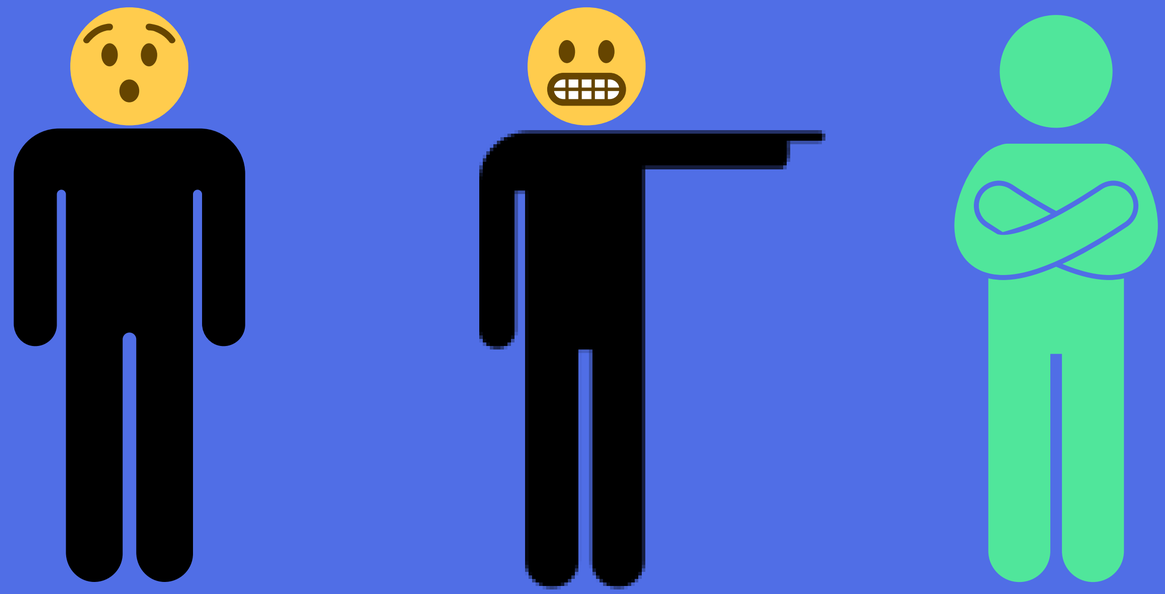
CLIENT



YOU

A Superior Dynamic

THE PERSUASIVE
(STRONG) NEGOTIATION



CLIENT **YOU** **THE POLICY**

RIGID
EXTERNAL
STANDARD

HOMEWORK

Witness the persuasive power of a rigid external standard.



"IT'S BEYOND MY CONTROL"
SCENE IN *DANGEROUS LIAISONS*

PERSUASIVE POLICIES

Although it may be painful to admit…

When clients resist negotiating in good faith, they are silently telling you:

- “This is not important.”
- “We don’t value your expertise.”
- “We have other options,” e.g., “You’re the third bid.”

PERSUASIVE POLICIES

Flip the script. With a smile on your face, say…

We have a policy...

Our minimum engagement is $X.

We have a policy...

We cannot take on unpaid work to help our clients make money.

We have a policy...

Our creative can only be presented live to decision makers.

We have a policy...

Our proposals are valid for X days.

We have a policy...

Prepared Project Files are provided at additional charge.

We have a policy...

We are unable to begin work without a signed PO or SOW.

We have a policy...

We retain copyrights until full payment has been received.

STRATEGY [01]

PERCEPTION IS REALITY

When you say, “Sorry, I can't do that,” you appear unhelpful and disagreable. Instead:

YOU: “Sounds great! However, our company has a policy…”

You maintain the appearance of being helpful yet constrained by powers beyond your control.

STRATEGY [02]

CREATE AN EXTERNAL STANDARD

Your goal: create external standards which you reference during the negotiations so you do not appear unhelpful.

YOU: “I’m doing everything I can to help!”

This positions you as helpful person who is fighting on behalf of the client to find a solution.

STRATEGY [03]

WAIVE POLICIES AS NEEDED

Once a strong relationship with a client is established, waive policies as needed.

YOU: “Good news: we can make a one-time exception to our policy, if you agree to _____ .”

This is a powerful win-win bargaining tool.

STRATEGY [04]

PROJECT FILES

When client insist on project files, label the deliverable “Prepared Project Files.”

Instead of providing myriad (or legally problematic) source files, these are thoughtfully flattened project files the client can actually use.

Client requires everything? Consider a full buyout fee or licensing.

STRATEGY [05]

REMIND THEM. THEN REMIND THEM AGAIN.

One job of Producers is to inform the client of all potential issues, far in advance. Again and again.

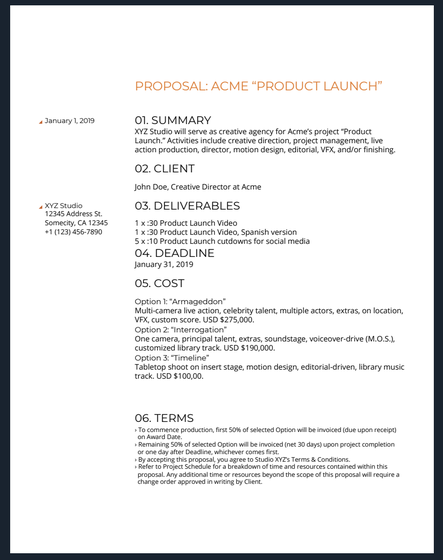
Good Producers plan. Great Producers anticipate.

When a project is awarded, have a kickoff meeting where Sales is present, making everyone aware of what was promised and all relevant nuances.



05 Keeping Clean Edges

Keeping Clean Edges



PROPOSAL: ACME “PRODUCT LAUNCH”

January 1, 2019

XYZ Studio
12345 Address St.
Somecity, CA 12345
+1 (123) 456-7890

01. SUMMARY

XYZ Studio will serve as creative agency for Acme’s project “Product Launch.” Activities include creative direction, project management, live action production, director, motion design, editorial, VFX, and/or finishing.

02. CLIENT

John Doe, Creative Director at Acme

03. DELIVERABLES

1 x :30 Product Launch Video
1 x :30 Product Launch Video, Spanish version
5 x :10 Product Launch cutdowns for social media

04. DEADLINE

January 31, 2019

05. COST

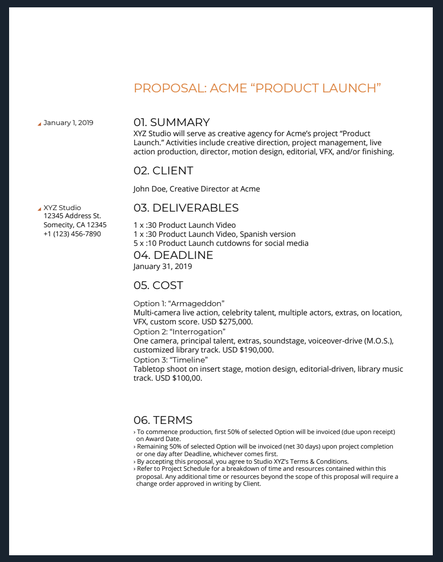
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Option 3: “Timeline”
Tabletop shoot on insert stage, motion design, editorial-driven, library music track. USD $100,00.

06. TERMS

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- By accepting this proposal, you agree to Studio XYZ’s Terms & Conditions.
- Refer to Project Schedule for a breakdown of time and resources contained within this proposal. Any additional time or resources beyond the scope of this proposal will require a change order approved in writing by Client.

ONE PAGE
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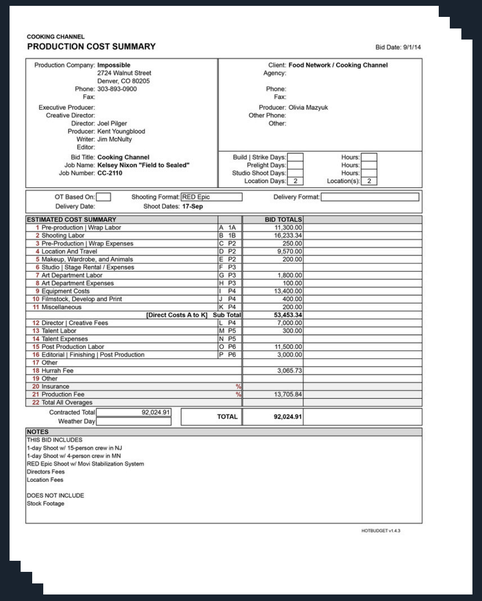
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ONE PAGE
PROPOSAL



COOKING CHANNEL

PRODUCTION COST SUMMARY

Bid Date: 9/1/14

Production Company: **Impossible**
2724 Walnut Street
Denver, CO 80205
Phone: 303-893-0900
Fax:
Executive Producer:
Creative Director:
Director: Joel Pilger
Producer: Kent Youngblood
Writer: Jim McNulty
Editor:
Bid Title: **Cooking Channel**
Job Name: **Kelsey Nixon “Field to Sealed”**
Job Number: **CC-2110**

Client: **Food Network / Cooking Channel**
Agency:
Phone:
Fax:
Producer: Olivia Mazyuk
Other Phone:
Other:

Build | Strike Days: Hours:
Prelight Days: Hours:
Studio Shoot Days: Hours:
Location Days: 2 Location(s): 2

OT Based On: Shooting Format: RED Epic Delivery Format:
Delivery Date: Shoot Dates: **17-Sep**

ESTIMATED COST SUMMARY			BID TOTALS
1 Pre-production | Wrap Labor	A	1A	11,300.00
2 Shooting Labor	B	1B	16,233.34
3 Pre-Production | Wrap Expenses	C	P2	250.00
4 Location And Travel	D	P2	9,570.00
5 Makeup, Wardrobe, and Animals	E	P2	200.00
6 Studio | Stage Rental / Expenses	F	P3	
7 Art Department Labor	G	P3	1,800.00
8 Art Department Expenses	H	P3	100.00
9 Equipment Costs	I	P4	13,400.00
10 Filmstock, Develop and Print	J	P4	400.00
11 Miscellaneous	K	P4	200.00
[Direct Costs A to K]	Sub Total		53,453.34
12 Director | Creative Fees	L	P4	7,000.00
13 Talent Labor	M	P5	300.00
14 Talent Expenses	N	P5	
15 Post Production Labor	O	P6	11,500.00
16 Editorial | Finishing | Post Production	P	P6	3,000.00
17 Other			
18 Hurrah Fee			3,065.73
19 Other			
20 Insurance	%		
21 Production Fee	%		13,705.84
22 Total All Overages			
Contracted Total 92,024.91	TOTAL		**92,024.91**
Weather Day			

NOTES

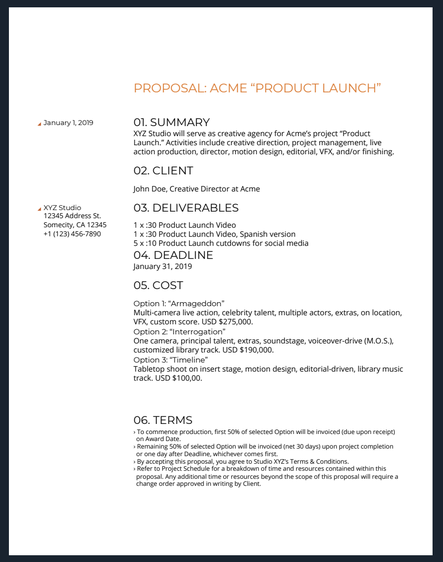
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1-day Shoot w/ 4-person crew in MN
RED Epic Shoot w/ Movi Stabilization System
Directors Fees
Location Fees

DOES NOT INCLUDE
Stock Footage

HOTBUDGET v1.4.3

PARTIAL BREAKDOWN
(IF REQUIRED)

Keeping Clean Edges



PROPOSAL: ACME “PRODUCT LAUNCH”

January 1, 2019

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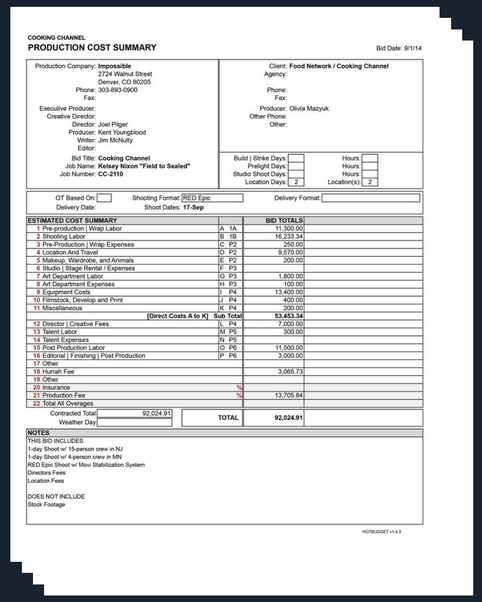
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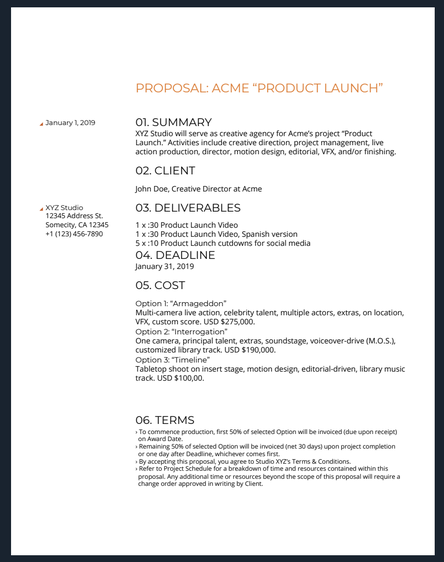


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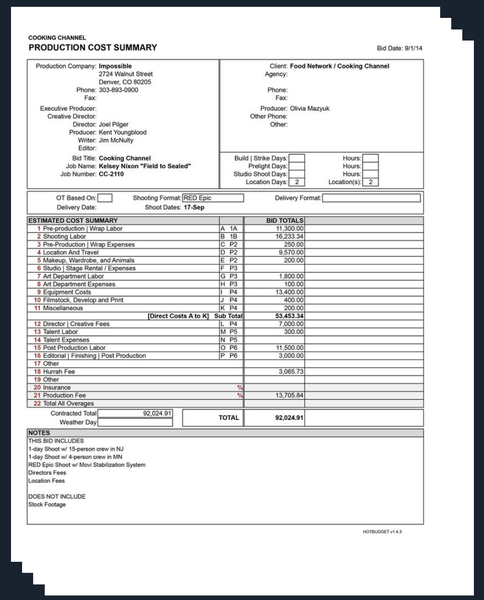
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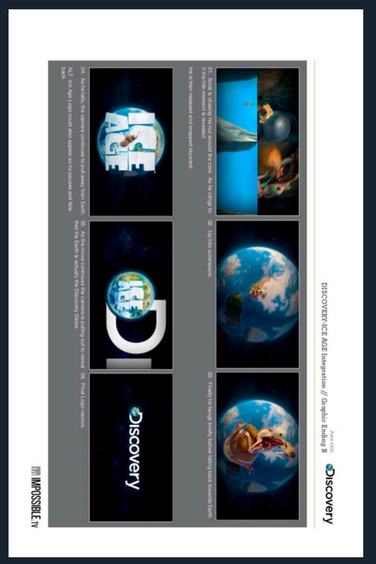
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Delivery Format:

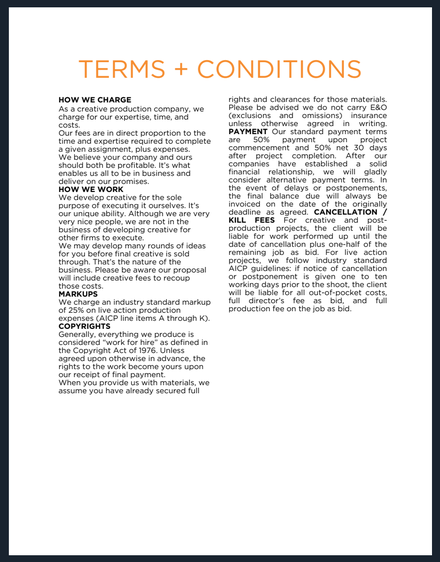
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HOTBUDGET v1.4.3





TERMS + CONDITIONS

HOW WE CHARGE
As a creative production company, we charge for our expertise, time, and costs.
Our fees are in direct proportion to the time and expertise required to complete a given assignment, plus expenses.
We believe your company and ours should both be profitable. It’s what enables us all to be in business and deliver on our promises.
HOW WE WORK
We develop creative for the sole purpose of executing it ourselves. It’s our unique ability. Although we are very very nice people, we are not in the business of developing creative for other firms to execute.
We may develop many rounds of ideas for you before final creative is sold through. That’s the nature of the business. Please be aware our proposal will include creative fees to recoup those costs.
MARKUPS
We charge an industry standard markup of 25% on live action production expenses (AICP line items A through K).
COPYRIGHTS
Generally, everything we produce is considered “work for hire” as defined in the Copyright Act of 1976. Unless agreed upon otherwise in advance, the rights to the work become yours upon our receipt of final payment.
When you provide us with materials, we assume you have already secured full rights and clearances for those materials. Please be advised we do not carry E&O (exclusions and omissions) insurance unless otherwise agreed in writing.
PAYMENT Our standard payment terms are 50% payment upon project commencement and 50% net 30 days after project completion. After our companies have established a solid financial relationship, we will gladly consider alternative payment terms. In the event of delays or postponements, the final balance due will always be invoiced on the date of the originally deadline as agreed. **CANCELLATION / KILL FEES** For creative and post-production projects, the client will be liable for work performed up until the date of cancellation plus one-half of the remaining job as bid. For live action projects, we follow industry standard AICP guidelines: if notice of cancellation or postponement is given one to ten working days prior to the shoot, the client will be liable for all out-of-pocket costs, full director’s fee as bid, and full production fee on the job as bid.

ONE PAGE PROPOSAL

PARTIAL BREAKDOWN (IF REQUIRED)

THE CREATIVE (MAINTAIN CONTROL)

TERMS & CONDITIONS (UNRELATED TO PROJECT)



06 Turning Losses Into Wins


LOSING THE NICKELODEON PITCH

LOSING THE NICKELODEON PITCH

This was the most amazing email I’ve ever received! I just went to my entire team and told them “We have to work with these guys!!! Now.”



CYNDI AT NICKELODEON

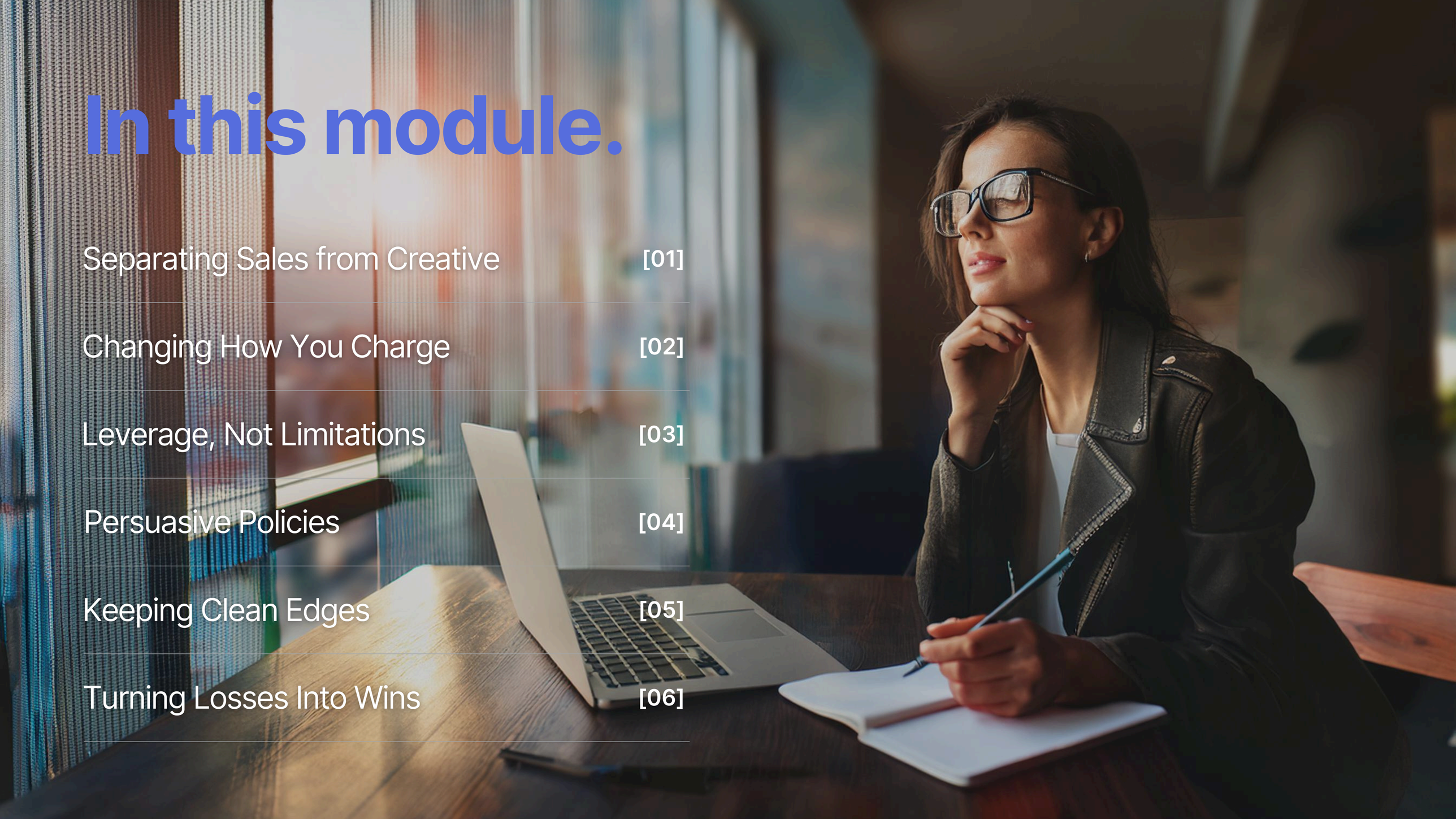


Turning Losses Into Wins

- Remember, you can’t win them all.
- Be a magnanimous loser.
- Seize the moment: ask for the candid advice that you can’t get otherwise.
- Look forward to a future project.

Win the client, not the project.

In this module.



Separating Sales from Creative [01]

Changing How You Charge [02]

Leverage, Not Limitations [03]

Persuasive Policies [04]

Keeping Clean Edges [05]

Turning Losses Into Wins [06]