

# Contract sports: When it comes to annual contract negotiations, forewarned is forearmed

Prepare yourself early with the facts. *By Patrick Tinney*

**M**any of us in the media business have lived through some fantastic times over the last couple of decades.

In the 1980s, we witnessed “The Housing Bust” in Alberta. At that time, consumers endured super high interest rates, falling home prices, and some owners even saw the value of their homes drop below that of their mortgage balances. Did it have an effect on consumer spending and the retail sector? Certainly. Did the challenges in the retail advertising spend have an effect on the duration and rigor of contract negotiations with media and marketing companies? You bet!

Fast forward a quarter century and you

have our current situation accompanied by almost unheard of consumer and corporate debt in Canada. The economy of our largest trading partner to the south is careening into a recession. Gas has tripled in price at the pumps, which ultimately affects how much of our hard-earned money we actually get to keep. Lenders are getting very cautious about who can borrow and how much they will lend. Oh, and what about “The Big Three,” domestic auto industry, the engine that pulls the Ontario economy and with it, much of the rest of Canada? And the big drop in consumer confidence and retail demand? Truly, a whole slew of ill-timed economic chickens are coming to roost at the same time.

## Blood sport

Annual contract negotiations this year are going to be challenging to say the least! So what is your company doing to get in shape for this potential marathon of bargaining?

Let’s face it; we are all short of time. It doesn’t matter whether you are selling or buying. With global business running 24 hours a day, greater demands on all business people and the impact of technology (both good and bad), time is truly compressed and we’re all desperately short of it. Vendors need to sell more and faster, and buyers need more time to research, consider and decide on their best options. As such, time compression produces and reveals a fairly noticeable drop in civility.

Now, add your spin on your company’s own

economic realities and you really get the picture!

With so little time and so many changes in our current marketplace, some of us need to learn some basic preparation tools before entering into any important negotiation.

## Here are a few tips:

1. Collect useful data and intelligence about the party on the other side (whether the Seller or Buyer) weeks and even months before the actual negotiation begins through casual conversations and regular meetings and not necessarily just those pertaining to the negotiation. In other words, get the other side to talk about its world – including its company goals, growth expectations or competitive challenges.

2. This will allow your side to do a mini SWOT Analysis (Strengths, Weaknesses, Opportunities and Threats) of the other side as well as their (and your) competitors.
3. Research the market to see how general media rates and those of your competitors are going to climb this year. Even with all this groundwork, you are just at the starting point (believe it, or not) where you can start asking probing, high-gain questions of the other side that will build your case in preparation for the negotiating marathon. Stay tuned for Part Two.

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