

## Negotiations on the *Journal of Forecasting*

In 1981, a contract was signed between four professors and a publisher John Wiley (England), to publish a new journal, the *Journal of Forecasting (JOF)*. This contract was to run until December 31, 1984.

The *JOF* proved to be highly successful. Papers in the journal were the second most highly cited of 84 academic journals in business, management, and planning. Sales were also good, with a circulation of 1,700.

Despite the success, relationships between the editors and the publisher deteriorated. Wiley did not think it was profitable to advertise the journal after the first year. As a result, the International Institute of Forecasters, which was started by the same four professors, promoted the journal. Difficulties also arose in that the publisher did not provide adequate copy editing and they consistently missed deadlines (e.g., once they lost an issue “in the mail” for about three months). The matter was compounded because the publisher was lax about responding to mail and phone calls from the editors.

A meeting was held in London in July 1984 and it appeared some progress was made in resolving problems. For example, the publisher agreed to prepare a promotional plan which would call for an expenditure of ten to fifteen percent of resources, an amount to be matched by the International Institute of Forecasters. Contrary to this 1984 agreement, the publisher did nothing about promotion and ignored letters on the subject. Wiley was content to operate without a contract and they avoided communication with the editors.

In December, Wiley sent telegrams to each of the editors suggesting that the contract be renewed on similar terms as previously. In fact, their terms were worse in many respects.

The editors then obtained cost estimates from various sources. (Wiley would not share financial information.) The editors' conclusion on profits (which was not challenged by Wiley) was that Wiley was earning profits of US \$45,090 while the editors (through their institutions) had out-of-pocket expenses of \$17,000 (after receiving \$8,000 for royalties).

The editors pressed for a meeting and such a meeting was arranged in March 1985 in London. One of the editors had recently read a book on negotiation called *Getting to Yes*. This book advised the parties to negotiate principles, not positions.

The editors expected to reach a negotiated settlement, but the bargaining range was wide. For the current subscription level, they received royalties of \$8,000. Two other publishers had recently offered contracts that would pay about \$30,000 for this level of subscriptions. And they concluded that Wiley was currently earning their net profit of \$45,000 for a small annual investment. (Essentially they were printing, billing and mailing the issues.) The publisher did not seem confident that an agreement could be reached. Prior to the meeting they had offered royalties of \$11,000. Although their profits

were high now, they said this was necessary to recover their initial investments from 1981 through 1983.

The editors told the publisher that an agreement must be reached at the March meeting. Otherwise, they would start immediately on a new journal.. They felt that most of the editorial board and 40 associate editors would switch to a new journal, and that most authors would choose to publish with the new journal, though there was some uncertainty about this. There was also concern whether the market was large enough to support two journals. The editors were not particularly anxious to start a new journal because the *JOF* was now so successful, and by English law it seemed that the publisher would be able to retain the name. Starting a new journal would be time consuming and the editors do not get paid for their time. They were willing to compromise at a level considerably below the outside offers assuming that they would have some possibility of covering all their costs in the years to come. They were willing to consider a variety of alternative arrangements, such as buying out Wiley's interest or publishing with Wiley on a joint venture.

### UNAIDED JUDGMENT

Assume the above facts were true. Please record your prediction as to what would have happened.

- 1. No agreement was reached. The editors started a new forecasting journal and the publishers continued to publish the *Journal of Forecasting* with new editors.
- 2. The editors (and their new publisher) bought out Wiley's claims and published the *Journal of Forecasting* with the new publisher.
- 3. A joint venture was formed with Wiley.
- 4. Agreement was reached on the higher level of royalties.

If you select #4, indicate what level of royalties would be paid in 1985? \_\_\_\_\_.

**ROLE PLAYING**  
**Academic Editors' Roles**

Meet with your partner to decide how you will handle the negotiations with the publisher. You will be meeting with the publisher with whom you initially signed the contract and his subordinate, who handles the day-to day publishing decisions for the journal. The two of you have the power to act for all four of the editors.

Please follow these rules:

1. Act as you would act if you were in the role assigned.
2. Improvise as necessary, but be sure it is realistic.
3. Do not step out of your role at any time.

Due to time limitations, you have less than 30 minutes to reach an agreement. When you reach an agreement (or when the time limit occurs if no agreement is reached), end the meeting and then meet with your partner to record the outcome.

\_\_\_\_\_ We agreed      OR      \_\_\_\_\_ No agreement.

We expect that, with more time, the agreement would be

- \_\_\_\_\_ 1. No agreement was reached. The editors started a new forecasting journal and the publishers continued to publish the old journal with new editors.
- \_\_\_\_\_ 2. The editors (and their new publisher) bought out the publisher's claims and published the journal with the new publisher.
- \_\_\_\_\_ 3. A joint venture was formed with the publisher.
- \_\_\_\_\_ 4. Agreement was reached on the higher level of royalties.

If you select #4, indicate what level of royalties would be paid in 1985? \_\_\_\_\_

**Publishers' Roles**

Meet with your partner to decide how you will handle the negotiations with the academic. You will meet with two of the four editors to see whether an agreement can be reached.

*[The rest of the instructions are identical to those for the Academic Editors.]*