

PROGRAM ON NEGOTIATION AT HARVARD LAW SCHOOL

AN INTER-UNIVERSITY CONSORTIUM TO IMPROVE THE THEORY AND PRACTICE OF CONFLICT RESOLUTION



Confidential Instructions for Kofi Mwenchena

After completing your joint MBA-LLB degree at a leading English university and returning to Ghana, you took on Fie as your first client six years ago. You managed to secure her a substantial deal with a top international club team and have worked with her to obtain top marketing deals with two leading multinational companies. You did all of this at a significantly reduced rate because you were both relative unknowns when you were starting out, and because you wanted to work with a player from your native country. You have sacrificed a great deal for Fie, moving to Brazil when she signed with Ipanema and working long, stressful hours to advance her career. You feel like you have helped make her career a success. She was the first Ghanaian player to sign a multi-million dollar contract with an international club team, and you are responsible for that historical negotiation. Moreover, you secured Fie's first advertising contract – with Teikoku Sport, for \$15 million – even though your contract with Fie didn't even contemplate advertising deals. (All you got in exchange was Teikoku's standard 1% fee and a \$100,000 bonus from Fie).

You have been extremely upset with your deteriorating relationship with Fie over the past few weeks. You have felt disrespected and under-appreciated. The last time you spoke to Fie, you simply expressed your interest in obtaining a significant raise now that your contract has expired because you know that you have been working at a reduced rate. While other player-agent contracts are not readily available, you know from your studies and encounters with other agents that you have been underpaid. You have recently signed contracts with two other players in the South American League. These clients each are paying you 10% of their compensation; however, they are making \$2 million and \$3.5 million/year respectively – significantly less than Fie. With all of your work on various aspects of Fie's career, you deserve to make more. You also want to negotiate bonuses based on your ability to sign her with a top club, and would like a cut of any future advertising deals you negotiate. (Fie's only other advertising deal besides Teikoku Sport was a \$25 million contract with Maccabi Wireless – you didn't see a penny of that deal because Maccabi negotiated directly with Fie, but you'd certainly like to be involved in any future advertising deals).

When you read about Fie approaching another agent, you were furious. You are not aware of the specifics of those talks, but you are worried that the agent has proposed to

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work for less than you would like to accept. You do not want lose Fie because she has helped you succeed in your career. It would affect your image in the football community and would make it more difficult for you to attract clients in the future. In any event, it's highly unlikely that you would be able to find another client with anything close to Fie's earning power, at least in the near future – most of the top players have locked in their agents by now.

You have been extremely busy with the two new players you just signed, but you have continued to prioritize Fie's looming contract negotiations. You have been flying around South America meeting with representatives from the top club teams to discuss their interest in Fie. You know that there are several teams interested in her, but you also know that it will be difficult to sign her with one of the top three teams due to salary caps and other circumstances. The highest salary offers are likely to come from the Asian club teams, but you are trying to respect Fie's desire to play in South America. There are only a few teams with openings at the striker position and the budget to afford a player with Fie's salary expectations. Her stock has fallen recently with her poor performance in the South American tournament, but she is still regarded as one of the best goal scorers in the world.

You need to finalize your contract with Fie as soon as possible given that official free agent negotiations begin next week. Though you've been exploring Fie's options with numerous clubs on an informal basis already, some teams are not even willing to do that because of the recent press suggesting that you may not be representing Fie in the future. It's crucial for both your career and Fie's that you wrap this up – though you do want to make sure you don't enter into a wildly below-market contract like the last one.

It's difficult to gather information about player-agent contracts because they are largely confidential. Based on your contacts in the field, you know that player-agent contracts range anywhere from 1% to 12% of player compensation. High-performing agents with lots of club connections typically command the higher end (10 – 12%, such as you negotiated with your new clients), while inexperienced and lesser-known agents are typically compensated at the lower end (1 – 2%). At the same time, agents representing top players are sometimes willing to accept a bit less than they otherwise would, both because of the prestige of representing those players (and the extra business that comes along with that) and because those players are likely to make sufficiently high salaries to make even a small cut quite lucrative. It's hard to say what's a fair deal with Fie: on the one hand, you've helped Fie get to where she is in the international football scene, and you're now a well-known agent in your own right; on the other hand, Fie is an international star and plenty of agents would want to represent her for next to nothing. You'd like to continue to represent her if you can negotiate a fair deal, but you don't want to get taken. You have a large extended family back in Ghana to support and you're certainly not willing to continue working for only 3%.

Prepare for your negotiation with Fie.