

CANADIAN NATIONAL NEGOTIATION COMPETITION 2020

Confidential Information for the Institute's Representatives

The Institute is excited about the possibility of hosting the special exhibition planned by Exhibition Group. If a mutually satisfactory relationship can be established, that bodes well for future exhibitions and the Institute's reputation.

Any agreement reached should reflect the Institute's goals, needs and interests. However, those goals, needs and interests may be in tension with each other—and some of them may also be in tension with EGI's goals.

First, the Institute faces competition from the expanding and increasingly savvy entertainment sector, including events promoted by EGI. It wants to respond to such pressures without losing sight of its ideational goals.

Second, it is concerned about the right mix of admission fees. Should it charge special fees for this exhibition apart from its regular fees? If so, will this make the total fees too high for certain groups, such as schoolchildren? And what is the appropriate fee vis-à-vis other educational or entertainment alternatives, such as to maximize revenue goals?

Third, the Institute is concerned about the overall experience and scientific integrity; for example, it doesn't want to simply herd visitors through the exhibition, factory-style, and it wants to ensure that all exhibits are fact-based and not overhyped. Similarly, any merchandise that is sold should be tasteful and educational.

The parties have had some direct discussions about these things and have organized their concerns and issues for discussion as follows:

1. Revenue and Expense Allocation

Considering EGI's contributions, III is willing to let EGI have the lion's share of net income from the special exhibition. It considers net income to be the difference between (i) gross revenues from all sources directly related to the special exhibition (including sales of tickets, special exhibition catalogues, official merchandise, books, magazines, and other media) and (ii) all shared expenses related to the special exhibition (including expenses relating to the above items and any additional expenses such as may be required for additional set-up or staffing). III would like to see the revenues deposited to a separate account, from which the shared expenses would be paid, followed by a division of the remainder according to an appropriate percentage split. III thinks that the split should be in the range of 60:40 and 70:30. That is, EGI should get between 60% and 70% of the net income. Allocating more than 70% to EGI would cause III to rethink its involvement in the project.

The Institute wants to see "shared expenses" relating to the special exhibition to be defined as broadly as possible, and to include:

- exhibition design
- production, installation and removal

- marketing and promotion expenses
- exhibition catalogue
- insurance, permits, licence fees
- additional utilities for extra hours of operation
- costs relating to graphics and signage
- costs of exhibition maintenance
- store design
- merchandise development and production
- visitor services
- additional security and custodial staff
- legal fees relating to the agreement

The Institute thinks that it would help to have contractual language defining “shared expenses” to encompass these and any other legitimate expenses that might arise, so as to minimize the possibility of any disputes.

2. Ticket Prices and Number of Visitors

The Institute is open from Tuesday to Sunday, 10:00 to 17:00, except Thursdays, when it closes at 20:00. It charges \$17 for general admission for adult non-members and \$10 for students and seniors. Children under 12 are free, and general admission is by donation on Thursday evenings. Special exhibitions are usually priced separately: the last one had an entry charge of \$25.50 for adults, \$15 for students and seniors, and \$5 for children under 12. A basic membership for general admission is \$120 annually for an individual and \$200 annually for a family. At the time you buy a basic membership, the special exhibition is free. III is considering higher membership levels (for example, one that includes free access to all special exhibitions); it is also considering raising general admission prices, which would in turn trigger changes in the overall membership pricing structure.

The Institute wants to price the special exhibition to maximize the benefits of hosting, both to the public and III, while minimizing the financial risk to III if the exhibition is not successful.

Taking all of this into account, III is considering the following pricing structure for EGI’s special exhibition: (i) \$38.25 for adult non-members; (ii) \$22.50 for students and seniors; (iii) \$7.50 for children under 12; and (iv) free admission to the special exhibition if a basic membership is purchased at the same time as the special exhibition. III would be open to considering special group rates; indeed, it wants some admissions for the special exhibition to be set aside for school groups each week at no cost or at a substantially reduced cost. It would also consider extending its hours of operation during the special exhibition.

The Institute proposes to use timed-entry tickets for the special exhibition to enhance the experience and manage flows between peak periods (e.g., weekends) and off-peak periods; it is open to any reasonable proposal in this regard.¹

¹ See, e.g., Smithsonian National Museum of African American History & Culture, “Visiting NMAAHC in 2019,” <https://nmaahc.si.edu/visit/visiting>.

3. Advertising and Marketing

III recognizes Exhibition Group's strengths in advertising and marketing and is willing to let it take the lead on these roles with respect to the special exhibition. However, because its name and logo will be involved, III wants the right to approve all advertising and marketing. In general, museums, galleries and institutes have ultimate control over what happens with their names, logos, and trademarks in ventures like this.

4. Merchandise Sales

A major revenue source is likely to be exhibition merchandise—collectibles, media, books, stationery, t-shirts, games, and so on. III proposes that there be a separate store or sales area for merchandise related to the special exhibition. It would like to design the products and product mix or at least be able to approve all products; in particular, it wants to be able to prohibit the sale of merchandise it reasonably deems to be inappropriate.

5. Exhibition Design and Presentation

Regarding signage and labelling for the special exhibition, III expects that it will reflect a joint effort and consensus between the parties. However, the signage and labelling should be "museum quality," a high professional standard. Text needs to be legible, accurate, tasteful and educational.

6. Dispute Resolution

The Institute has had success with mediation when it comes to disputes with donors, artists and others, and wants some kind of dispute resolution process in its agreement with EGI. It has learned that even minor disputes can turn into larger ones if left unresolved.

7. Additional Information

You may provide additional non-self-serving information and details consistent with the facts stated above and in the General Information for Both Parties.