

Contracts and negotiations

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Abstract

Understanding the concepts of negotiations and contracts is essential to enter the veterinary industry out of veterinary school. The skills of negotiations lead to better offers and benefits, more extended employment, and meeting expectations for young veterinarians. The paper discussion focuses on the negotiation characteristics and process leading to agreed letters of intent and contracts.

Key words: contracts, negotiations, salary, production, benefits

Budgets and networking

As a young aspiring veterinarian or associate, a budget is essential at the beginning of the thought process for a contract and negotiation. The budget allows for estimations and understanding of wants and needs. A budget is an estimation of revenue or income and expenses or costs over a specified period of time; it is compiled and re-evaluated periodically. Budgets are made for a person, a family, a group of people, a business, a government, a country, a multinational organization, or just about anything else that makes and spends money.

As one of the most important administrative tools, a budget serves as a plan of action for achieving quantified objectives, the standard for measuring performance, and a device for coping with foreseeable adverse situations.

Networking is simply the process of building positive, advantageous relationships by connecting with other people. While some people have an easier time making new connections than others, it's important to remember that everyone is capable of networking. There are several ways to connect with others, for example, in-person meetings or online via professional networking or social media sites. Networking is the single most effective way to find a job. Most associate veterinarians discovered their most recent position by networking through referrals or direct contact with a practice manager or owner.

Negotiations

Negotiation is an interactive process between 2 or more parties seeking to find common ground on issues of mutual interest, where the parties seek to make a mutually acceptable agreement or contract. There are 4 basic stages to a negotiation process for veterinarians: preparation, opening, bargaining and closure.

Preparation is the first stage and the most important. To succeed in any negotiation, all the parties must understand each other and establish a rapport. The negotiated information must be gathered, evaluated, and leveraged to realize one's objectives to formulate a plan. A basic rule is that you must spend a minimum of 2 minutes preparing for each minute you plan to spend interacting with the other side. In the process of gathering information, step 1 should be collecting and understanding practice philosophies. For example, what's the point of negotiating an agreement for employment if the parties can't agree on the basics of medical, surgical, anesthetic, pain management, practice management philosophies, and moral, ethical and legal issues before money and benefits? If the parties cannot agree on

moral, management and medical perspectives, there may be no need to pursue negotiations for an employment agreement.

The next step in preparation requires determining your budget and worth in today's veterinary practices to have an educated discussion on salary and benefits. Understanding your worth and gross revenue production potential is especially important as production-base pay can be a driver for some employers. Even when production-base pay isn't a salary calculation driver, it's essential to understand that you must produce for the practice. Additionally, remember that your offer or contract is not just based on salary; several other factors must be considered and negotiated. Recognizing this and how the various benefits measure up against the salary will give you more leverage as you seek a mutual agreement.

The last step in preparation is to consider and understand basic negotiation standards. One of the most important is to attempt to get the other side to make the first move and identify their interests. Identifying their interests first allows you to work from their starting point, especially considering negotiation experience may be in their favor. Always keep the negotiation moving and be cautious not to back yourself in a corner. I have often found this to be a classic cat and mouse game. Lastly, caution must also be taken with offensive or intimidating negotiators or negotiation tactics. It is essential not to react to the situation and seek a polite exit from the negotiation.

The second stage in negotiation is the opening phase. In this phase, the parties usually meet face-to-face, exchange information, and disclose necessary details with the other party. Each party tries to make an impression on the other as they present their cases. This psychological stage is crucial because it sets the tone for the negotiation.

Bargaining is the third phase. At this stage, most of the interaction between parties occurs, and individuals display various negotiation styles and tactics to make their case. During bargaining, the risk of unsuccessful or troublesome negotiations is highest. This stage is usually the most challenging for new graduates; however, proper preparation and some practice in negotiation skills reduce these challenges. To bargain successfully, focus on shared interests and objectives at the start to clear any assumptions.

The final phase of negotiation is closure. Like in a project life cycle, this phase formally seals the deal, binds the parties into the agreement's outcomes, and sets up the letter of intent and contract. A few things to remember: you must always have the best alternative to a negotiated agreement or "BATNA," and if you complete the negotiation, review it to learn lessons on how to achieve better future outcomes.

As stated, the final phase of a negotiation sets up a letter of intent. A letter of intent is a document declaring the preliminary commitment of one party to do business with another. The letter outlines the significant terms and obligations of a prospective deal. This document is important when two parties are initially brought together to hammer out the broad strokes of an agreement before resolving the finer points of a contract.

Contracts

A contract is an agreement between 2 or more parties with a mutual promise(s) that the law recognizes as a duty. Historically, there were 5 legal elements to prove the existence of an enforceable contract. Those elements are an offer, intent, meeting of the minds, acceptance and consideration. However, the elements of the meeting of the minds and intent are commonly incorporated into the offer and acceptance elements, thus, reducing this number to 3. Remember to consider that as a young veterinarian, this discussion isn't limited to an employment contract, but to everyday agreements between you and the client as you offer veterinary service.

In written and oral employment contract settings, the offer element may be made via phone call, email or in-person job interview. In these cases, the offer is often a little more than a discussion of a job with vague terms, but it also could be in the form of a brief letter of intent. Even formal, multi-page contracts sometimes leave terms sufficiently ambiguous since a meeting of the minds is absent. Hence, the importance of negotiations to fill in the gaps.

The element of acceptance is evidenced by either express or implied acceptance. Express acceptance occurs formally when recipients of the offer sign a contract or an estimate for veterinary care. Additionally, a verbal acceptance includes a "Yes, I want you to do all the things we have discussed." Implied acceptance is the parties' actions without any formal exchange of words or written documents. The meeting of the minds and intent is often explained by showing the parties' activities and usually falls within the element of acceptance.

The final element is the consideration that seals the deal or the contract. It's usually proof that the contract exists. The agreement and the parties' actions must provide a benefit to the promisor and a detriment to the promisee. Money is the most common form of consideration; however, exchanging goods for goods or promises for promises is also acceptable for consideration.

By examining the elements of a contract, most people consider the rules for entering or engaging in an agreement along with the benefits. A point of view that isn't often considered for young veterinarians is the exit plan or the cost of exiting a contract. For employment contracts, consideration must be given to the length of the contracts that could limit renegotiations, exit notices to other parties, termination clauses, and the legal consequences of an early exit. One must never forget that the devil is always in the details, and as painful as it is, we must read and understand all parts of a contract before we sign.

