

WHAT GOES INTO BOOK DEAL NEGOTIATIONS?

A Twitter thread by **Literary Agent Mandy Hubbard** with Emerald City Literary (www.EmeraldCityLiterary.com)

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I'm updating our agency's negotiation guidelines document this morning. Are you curious what all is negotiated when you're making a book deal? I CAN TELL YOU. A thread:

Usually, an acquiring editor at a publisher sends a deal memo. It generally starts with some gushy bits about the book and what they loved before launching into the actual nitty gritty. They begin with the advance, and the territory.

(BTW our agency handles picture books, chapter books, middle grade, Young adult, romance, and SFF. If you write outside those genres, YMMV on some of these deal points!)

THE ADVANCE

Advance is one of those things EVERYONE wants to know, and that varies wildly. Some small pubs or ebook-first lines at big pubs pay a whole zero dollars, and some big 5 deals are for \$500K+. Pretty average first-time advances are \$7500-\$20K.

An important point on your deal memo? HOW is that advance divided up? It used to be always halves (half on signing the contract, half on delivering your fully edited book.) That's why it was an ADVANCE. Now it's common to get 1/3rds (on-signing, on delivery, and on pub day).

Good agents will review and negotiate this payout, if needed! Especially when a pub offers 1/3rds or 1/4s. (With 1/4, the final payment is on the paperback pub. But if the hardcover bombs, they may cancel the PB edition.)

THE TERRITORY

Okay. So you have advance and payout, but what about the territory? Wee baby author Mandy (pre-becoming an agent) used to see "for world rights" in a deal announcement and that that meant it was a bigger/better/more important deal than others.

I thought "world rights" meant the publisher would publish all over the world, and that's not what that means! It means they bought all the publication RIGHTS, and in most cases they will attempt to *license* the book to be published in other countries & split the \$\$ w/you.

So, your US pub will publish you into North America, sell rights to say, BigGermanPublisher for \$10K, take a share of those funds for their pocket, and then credit the rest of that toward you earning out your advance. It makes the book less risky bcus they can recoup \$\$.

There are actually quite a number of books that can fully earn out their advance before it even publishes, because they do well in foreign territories.

If you hadn't sold those rights to your US publisher, your agent/agency would sell those rights separately for you, and the money goes straight to your pocket on top of your US advance. (minus agency commissions).

Colin D. Smith asks: Doesn't this depend on whether the agency handles foreign rights? Or will any and all agencies deal with foreign rights, even if they don't explicitly state it?

Some agencies have in-house foreign rights, and some agencies use an outside agency like Rights People (or I use Taryn Fagerness Agency). if they have NO plan for foreign rights, RUNNNNN. That is a huge part of this business.

BTW: This is one of those things you should ask when an agent offers representation: How do they handle foreign rights? They should have either an in-house agency or an outside agency that specializes in those rights working on their behalf.

Aside from World Rights deals, the other two types are World English (This would allow a publisher to sell English-language rights for the UK. (Often it's the UK branch of the same pub) Or North American only (so your agent can sell separately to the UK. or Australia, etc).

ROYALTIES

SO that covers advance, payout, & territory. Next they will list out royalties. Hardcover, paperback, ebook, etc. Royalties seem to be a lot more standardized on the adult side of the industry. YA/Kidlit has more variation from pub to pub and deal to deal, so this is negotiated.

Speaking of royalties, you want it based on retail/catalog price of a book-- NOT on "net received" by pub Some smaller pubs, accounting-wise, are only set up to pay on net-received, which is about 50% of a book's retail price. You have to get better royalty rates to compensate.

SUB-RIGHTS & THE SPLIT

Next there's a list of sub rights & the split-- what share of the \$ goes to the publisher and what share goes to the author. This is a major part of the deal memo. Are you giving them MOVIE rights? Are you giving them 50% of your foreign \$\$? A lot of negotiation in this section!

(This part is what scares me about people who just, declare themselves to be agents w/o working at an established, reputable agency first. Do they even KNOW to keep dramatic/merchandising/theme park? That 50/50 on foreign rights is a giant bummer & they should counter?)

This section also includes stuff like apps, graphic novels, audio, calendars, book club (like scholastic buying your book for fairs!), etc.

Kim Baccellia asks: I heard that authors lose money whenever their bk is picked up for book clubs. Is that true?

You only "lose" if u think the scholastic fair buyer would've paid full price for it in retail. For most people that's not the case. Scholastic usually pays your pub a fee (like an extra advance) that is split w/the author. Then they do a low-price print run & pay sm royalties

THE OPTION CLAUSE

After rights is what I consider to be one of the most important deal points: The Option Clause. There are many strategies for the option depending on the author and the publisher and what kind of book it is. your agent needs to know you & your goals before negotiating this.

Some people try for no option clause. I generally think having an option is fair for both parties, as long as it's fully negotiated. An option is kind of like giving the pub a first right of refusal on your next book-- you show it to them before you can shop it to others.

Whenever I think I'm going to offer representation to an author of a previously published book, I ask to see the option, because often pubs start with something really unfavorable, and it can seriously tie my hands.

I've seen awful options over the years. Stuff like "Pub gets to read the authors next project, and can acquire it on the same terms." <-- Say they paid you \$1,000 for a picture book text. If your next is a novel, you just agreed to sell it to them for \$1,000 AND GUESS WHAT.

The new contract for the \$1,000 novel WILL HAVE THE SAME OPTION CLAUSE AGAIN. You kinda just signed a contract to sell the publisher everything forever for \$1,000. And some options even continue after they reject a project (unless it sells to another pub.).

(Again, this is what is so scary about agents who fake-it-till-the-make-it. They can do lasting damage to an author's career.)

A good option clause will be project-specific (to what genre/age group, full length novel, sometimes it's for direct sequels only, etc) and with a very specific time frame. IE, pub gets 30 days to review and offer and if they don't, you're free to go.

Also: be careful about option clauses tied to the publication date of your contracted book. That can often be 2 years or more from when you sold it. If you agree to that, you're stuck twiddling thumbs for years. (And pub dates often get delayed!)

Agents often also add things to negotiate at the deal stage that weren't included. Stuff like how many complimentary copies you'll get, what % triggers the discounted royalties, delivery and intended pub dates, cover/title approval or consultation, etc.

This is where experience comes into play, because what we negotiate up front is often based on what we've found to be harder to get during contracts negotiation. It's best to have an editor agree to certain terms now. A contract specialist's favorite word is no.

MARKETING PLANS

Lastly, authors often think that a deal memo includes marketing plans. Although sometimes pubs do put together jazzy marketing stuff to woo an author, it's generally not part of the deal memo/negotiations. Real marketing plans come MUCH closer to pub date.

I think that's it on what is usually negotiated during a book deal. Did I miss anything? Any myths I can bust or questions?

oh and BTW, the is just negotiation at the deal stage, of a 1-2 page deal memo. The contracts are even MORE FUN! There are even MORE buried things in those! They're usually 10-15 pages long, and sometimes have clauses that are counter to the intention of your great deal points.