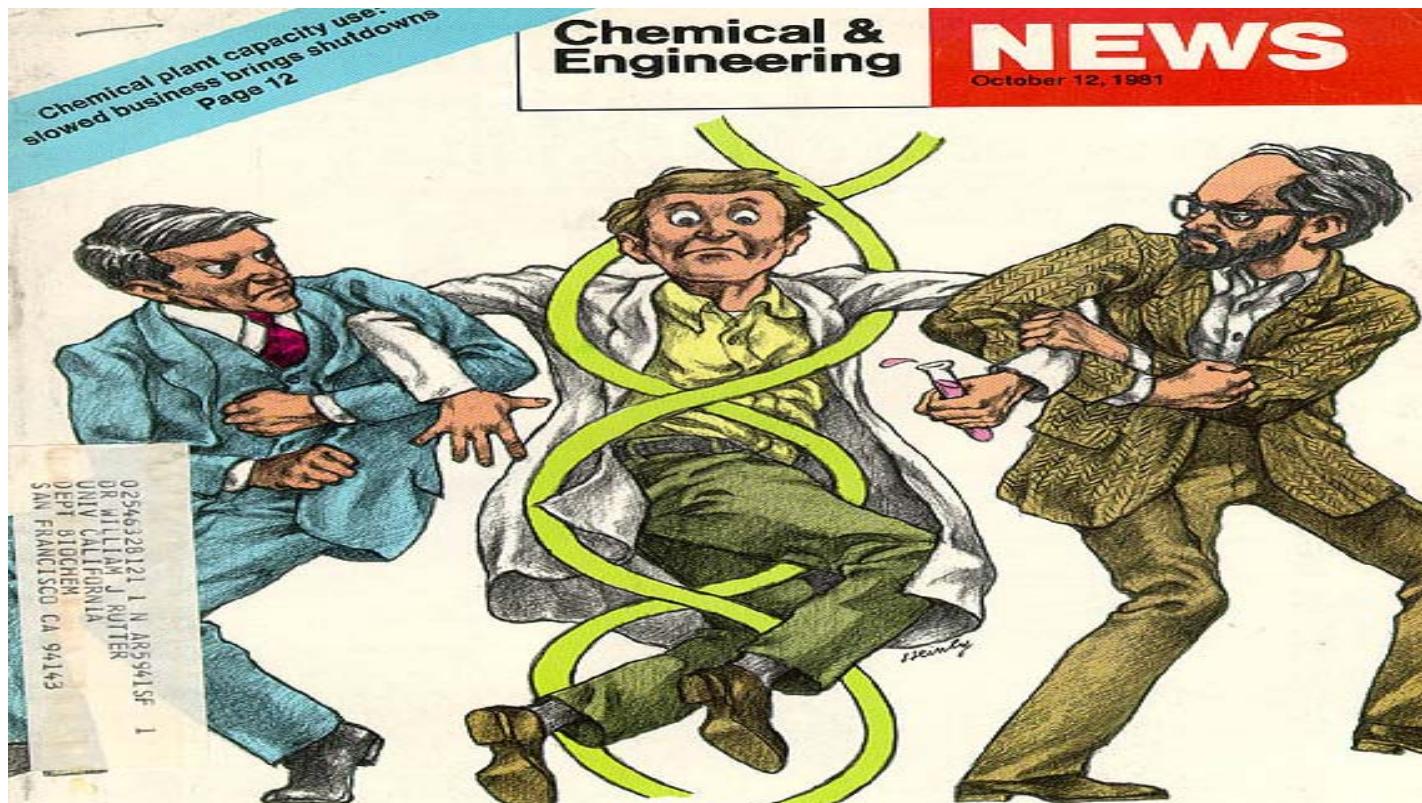


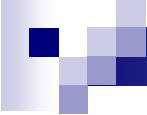
Putting the Organization Back into Contract Design

**Beverly Tyler, North Carolina State University
SMS Cooperative Strategy IG
“Unpacking Organizational Roles in
the Contract Design Process”
September 18, 2016**

How We Got Here

- Interest in the challenges of contracting
- Sponsored research agreements





Who I Am and How I Contract: The Effect of Contractors' Roles & Responsibilities on the Evolution of Contract Structure in University-Industry Research Agreements

Bercovitz & Tyler (2014) OS

Monitoring Terms -

H1: PI-Co History

Access

-0.494 *

Reporting

-0.283 *

H2: Univ-Co History

0.394 *

0.446 +

IP Terms

H1: PI-Co History

Allocate

Publication

-0.518 **

-0.130

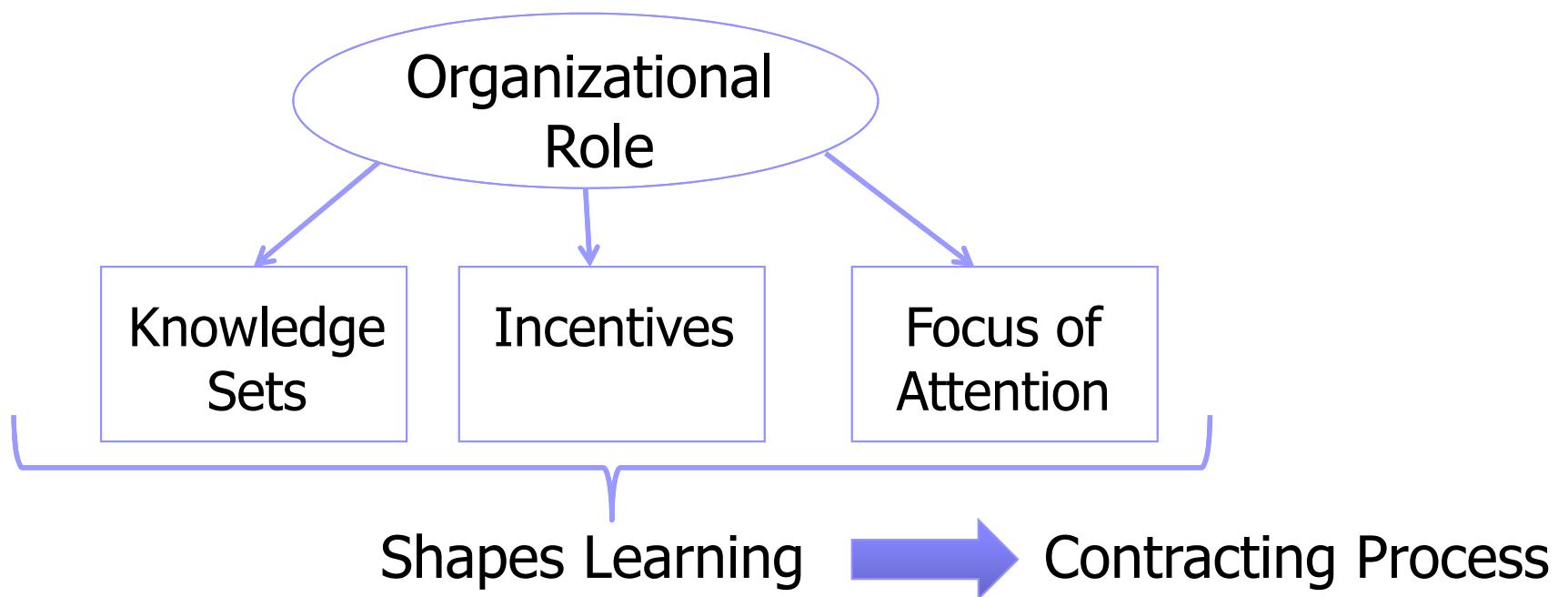
H2: Univ-Co History

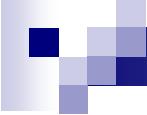
0.678**

-0.159

How We Got Here

Key Insights





Behavioral Theory of the Firm

Cyert & March (1963)

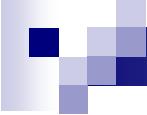
Recognized the problem of collective goals and goal-oriented information processes within organizations

Argued individuals have goals, collectives of people do not

Individuals identify with the goals of subunits & their role

RQ - What is the effect of organizational structure on the goals actually pursued in an organization?

RQ - What is the effect of roles on contracting goals of parties involved in internal multi-party contract design?



18 Interviews in 8 Functions on 3 Continents

Marketing

Sales

Quality

Legal

**Technical
Services**

**The functions and roles
involved in negotiating
and reviewing customer
contracts**

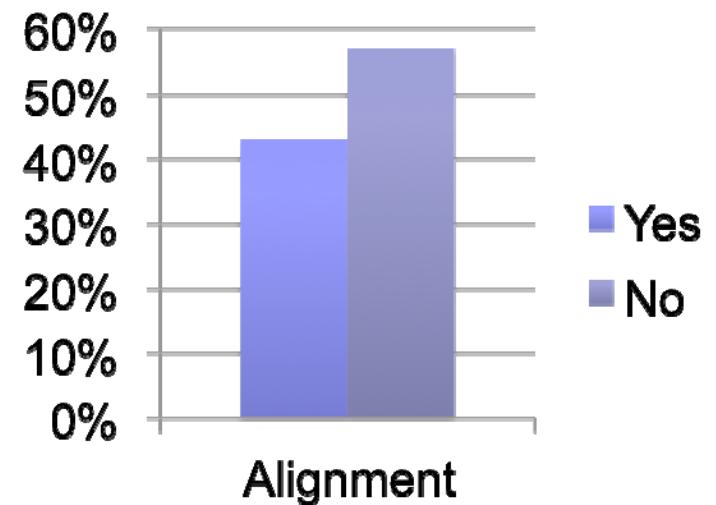
**Supply
Chain**

R&D

Regulatory

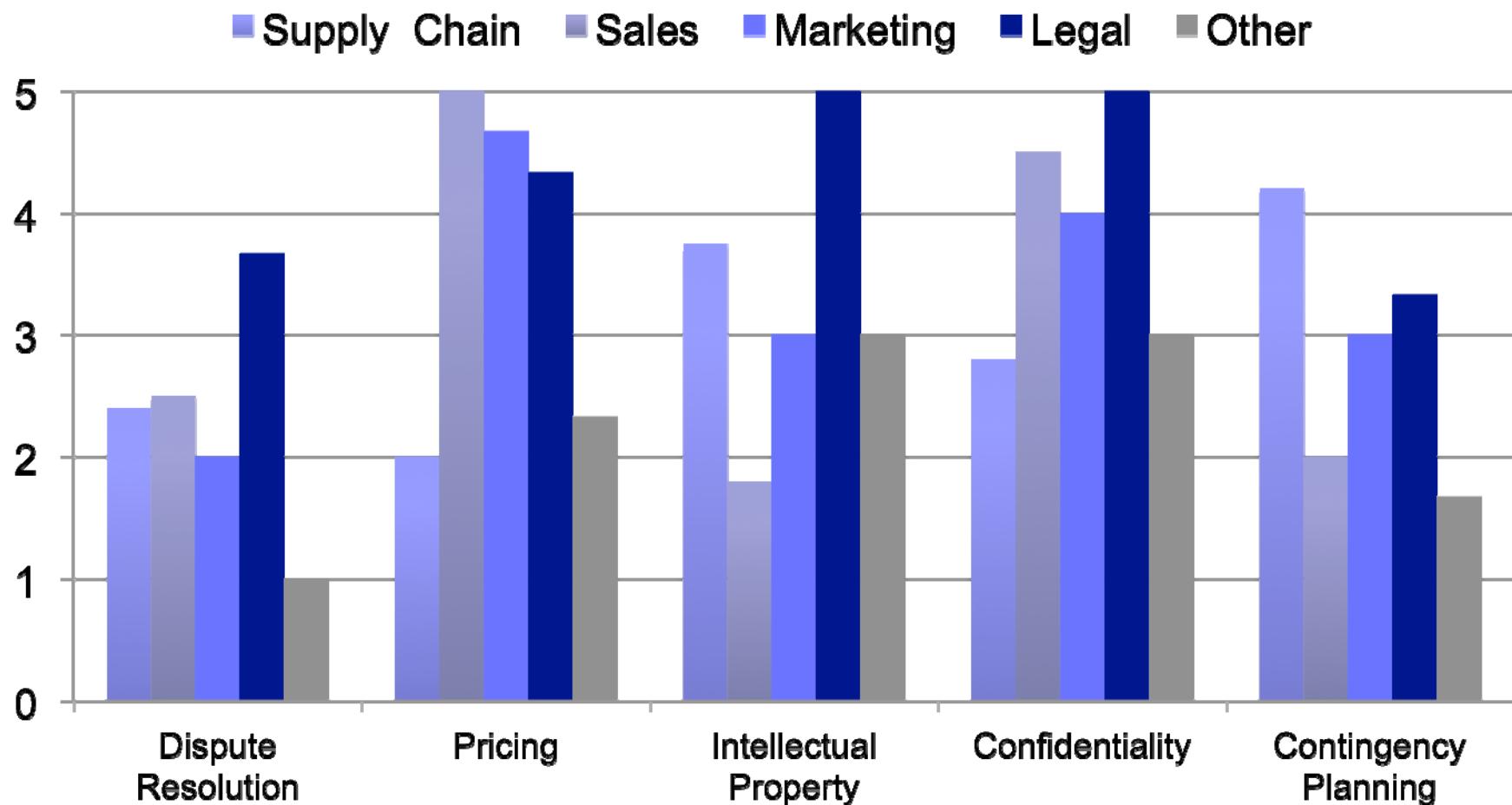
Findings

- Sales, marketing & legal are the primary participants; other functions are specialists with intermittent but essential involvement
- Majority responded that their job description & business targets did not formally include their contracting activities



Findings

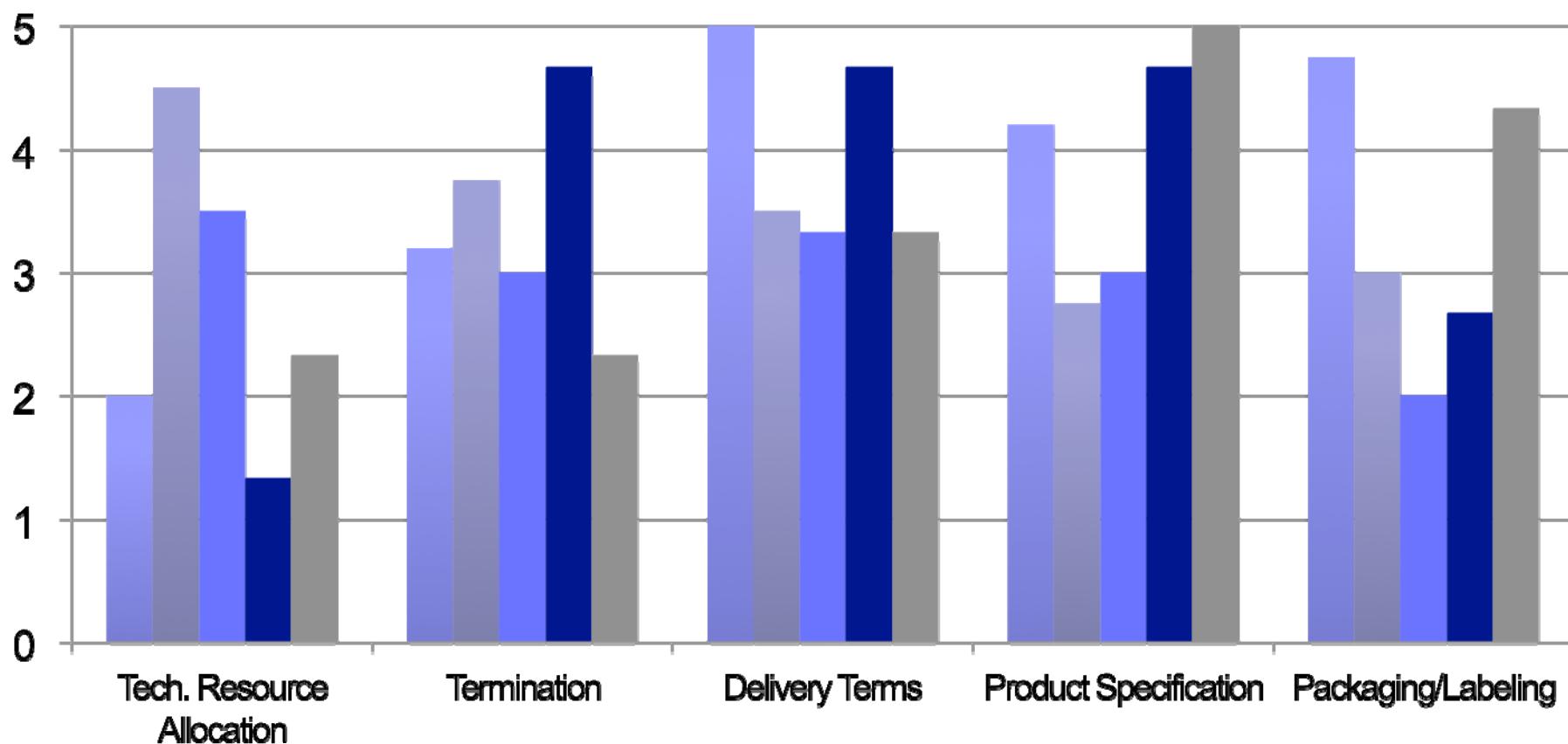
- Functions tend to have specific objectives and focus on clauses important to their job role

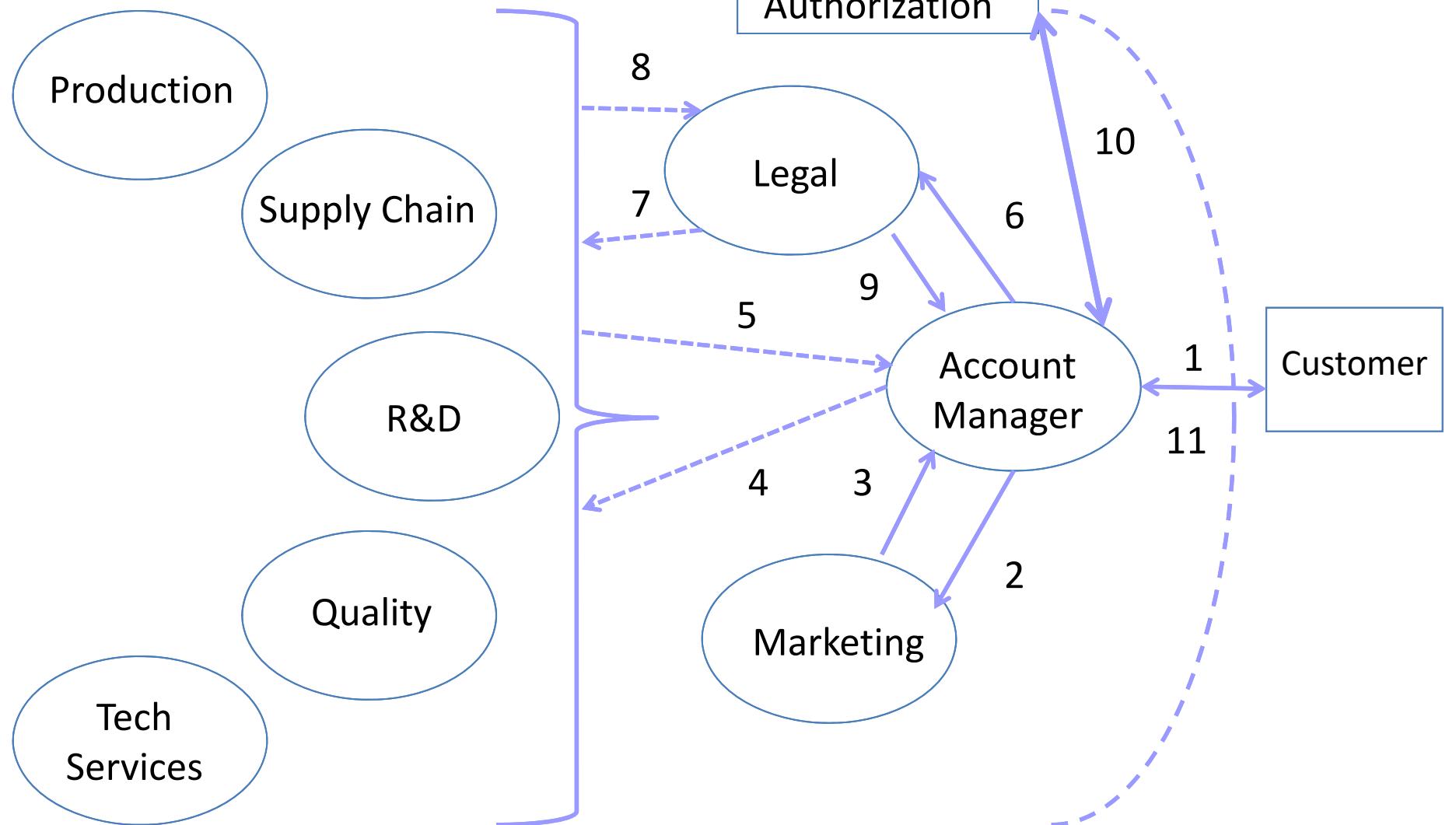


Findings

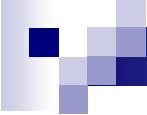
- Functions tend to have specific objectives and focus on clauses important to their job role

■ Supply Chain ■ Sales ■ Marketing ■ Legal ■ Other





Initial Contracting Process



Putting the Organization Back into Contract Design: Questions to Consider

- **What organizational roles (quality, R&D, sales, supply chain, legal, etc.) are involved in initial contract design within firms prior to actual contract negotiations across firms?**
- **What factors limit or expand the number and types of roles involved in initial contract design (strategic partner versus transactional partner, big buyer versus small, technology partner versus modular design passed over the wall)?**
- **How do these factors and roles vary by the industry type of the transacting firms?**
- **What is the best process flow of documentation across these roles and what factors would lead to exceptions or alterations in the process flow?**



Call for research on role involvement in the internal multi- party contracting process