THE ART OF NEGOTIATION

It is difficult at times to know whether or not to accept a job offer. If you’re at or near a state of desperation, you instinctively want to accept the first offer an employer makes.

The fact is, if the employer has decided they want you, they usually understand and accept that compensation is potentially an issue. Just remember that you have options and don’t sell yourself short.

Other than monetary considerations, there are other things to consider when negotiating the total compensation package.

IMPORTANT OPTIONS TO CONSIDER

You need to decide if the opportunity matches your skills, provides adequate challenges; is in an environment you would like to work; is an opportunity for growth; is in a location you want; if the schedule allows you the lifestyle you want, and what your relationship would be between you and your prospective new employer.

Each situation is unique. Parts of successful negotiations have common threads, but a successful negotiation must consider the personalities involved and the amount of knowledge each side has of the other.

Information you need to make a satisfactory decision may include:

- Start date
- Job title and associated responsibilities
- Salary, overtime and compensation
- Bonus structure
- Tuition reimbursement
- Vacation and parental-leave policy
- Life-, medical- and dental-insurance coverage
- Pension plan
- Travel requirements
Since it is premature to discuss salary early on, make certain that you have discussed how to avoid the salary issue with your advisor. Avoiding early discussion of salary may not be possible, but whenever it is possible, avoid the topic.

These issues should have been covered during the interview process or when the first offer is made. If you’re uncertain of any of the information, you cannot assume that everything will fall into place. Double check to make sure you understand the entire package you are being offered.

Most people dread negotiating salary and benefits, but handling the money questions doesn’t have to be difficult. The more you think about these questions in advance, the easier it will be for you to answer them. We will walk you through the process.

Every negotiation is unique. While there are common elements to each successful negotiation, each circumstance, employer and relationship is different.

_There are several key elements that should be in place from the start. It is important that the prospective employer knows little about your salary expectations. The old saying, “he who quotes a number first loses” applies to negotiation. In the end, both parties must feel that they have won something or that the end result is fair._
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In the beginning, job expectations are not yet defined. Responsibilities may not be clearly laid out and the scope of the position may not be completely divulged, so all of the elements that would determine the position’s value are not yet known.

Never attempt a salary or benefits negotiation until you’ve received an offer. If you do, you’ll appear to care more about money than about putting your skills to work for the company. Your goals during the interview process are uncomplicated: (a) prove to the interviewer that you’re well-suited to the job as you understand it and (b) make sure that you feel comfortable with the prospect of performing the job and working in the environment the company offers.

Never say agree to or reject an offer when you first receive it. Always ask for time to consider the offer. You will need time to consider your options. You will want to think about ways to increase the offer without over-stepping your boundaries.
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AVOIDING THE SALARY QUESTION

Since it is premature to discuss salary early on, make certain that you have discussed how to avoid the salary issue with your advisor. Avoiding early discussion of salary may not be possible, but whenever it is possible, avoid the topic.

What to say when asked about salary requirements.

“I wasn’t prepared to discuss salary at this early stage. Could we postpone that discussion until a later time?”

“I’m certain that your company pays a fair wage for the expectations of the job we are discussing. I’m sure that when the time comes, salary will not be an issue.”

“I do not yet know enough about the responsibilities of the position; I would prefer to hold off on the salary issue until I have a better idea of the full scope of the position.”

“I didn’t prepare to discuss salary today. We haven’t yet established whether or not I’m the right fit for the position.”

“It’s salary will be important to me down the road. I think that for now, as I’m sure you’ll agree, how well I fit the position is the most important issue and salary is a secondary issue.”

If you are forced to voice a salary expectation, be prepared to talk about an overall salary package. Consider your previous salary package’s worth, including bonuses, stock options, 401K and perks.

Also be prepared to talk in broad salary ranges. Don’t allow yourself to get boxed in to a narrow range that may disqualify you for the position. Remember, you can always turn the offer down later.
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LEARNING THE SALARY RANGE

Next, you need to learn what the salary range will be for the new position. There are several ways to learn this; sometimes it is only a matter of asking, “What is the salary range for this position?”

Again, your advisor will work with you on the appropriate methods for determining salary ranges, if salary is not disclosed up front.

When someone does provide you with a salary range, always speak to the upper end of the range. For example, if someone gives you a salary range of $120,000 to $150,000, you might say, “$150,000 is in the right area, I am comfortable with going forward.”

Other key phrases are:

“$150,000 is near where I expected to be. Can you tell me about the bonus structure for this position?”

“I was hoping that the range might be a little higher, but I am comfortable with moving forward.”

Review the salary questions area of the interview section and get your advisor’s input on handling specific situations that you encounter.
THE ART OF NEGOTIATION

DETERMINING VALUE

How do you know how much you are worth?

Value

Value can be determined by a number of factors—previous income, previous person in the position, salary surveys and the perception of your value to others.

The truth is that perception is the leading factor in determining value. Anyone can tell you what they think you are worth. Salary surveys will tell you what others who are currently employed are making in their positions. You may have a salary goal or an income need, but the fact remains that the market place determined your worth, and it is usually based on perceived fit and perceived value.

It is up to you to demonstrate the best fit so that you can demonstrate the highest value. Your ability to articulate your skills, build rapport and develop chemistry is the key to maximizing your income potential.

Be aware that the person you are negotiating with does this all of the time. You only negotiate your own value on rare occasions.

There are a number of things that may be negotiated. Review this section for negotiable compensation and benefit issues that you may want to consider when offered a position.

Remember to always involve your advisor, from the first interview, for help negotiating your offer.
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NEGOTIATION TIPS

The next few pages contain tips on negotiating. These tips can help lead you to a successful negotiation if you follow their advice closely.

Know what you are worth

Supplement the information that the organization provides by searching journals and newspapers for articles about the company and, if possible, by talking to current employees. Try to get objective comments—not, for example, information from someone recently fired by the company. Alumni of your college or university who hold similar positions or who are employed by the same organization may be an excellent source of information.

Another good way to find out the going rates for someone in your position would be to do a search on the major job boards for similar positions and see what other employers are offering. You can also visit a website like Salary.com or Careerjournal.com to help you determine salary ranges for the position.

Environment

What about the environment you’ll be working in? Does this company give the impression that they offer you the comfort, challenge, and excitement you seek? Look at your office or workstation. Does this space offer the privacy you need or is it in proximity to other staff? Does it have the right amount of space and lighting? Do you have the opportunity to interact with others?
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NEGOTIATION TIPS

Don’t be first to bring up salary

Never bring up pay issues during the first interview unless you are asked by the interviewer. The main goal of a first interview is to make them want to bring you back for a second interview. When they want you, you can negotiate more from strength later on in the process. You should discuss strategies with your advisor on avoiding salary questions early in the process.

Salary and Benefits

Remember that your salary is only a part of the reason for your decision to work for someone. It is likely that the environment you choose is the most important factor. Remember too that benefits can make a difference in your total compensation package. Health insurance is becoming more and more expensive and, while typically difficult to negotiate, when interviewing with small and mid-size companies, you may be able to negotiate part or all of your benefits. Health insurance is perhaps the most important benefit to consider. You will also want to consider other health-related benefits such as life insurance, dental insurance and disability insurance. When the time comes, you should seek further counsel on this from your advisor.
Know what’s expected of you

By knowing what the decision maker expects of you in the position, you will have a much better understanding of what you will be doing; this will give you a much better idea about what types of compensation to seek. For example, if the employer sees your position leading to director down the road, and you are interviewing for the manager level, you can ask for more salary up front, since you’ll probably be doing the work of a director from the beginning.

Decide what you are willing to negotiate

Would you be willing to trade $2,000 in base salary for an extra week of paid vacation? Do you really want stock options and a 75-hour work week or the comfort of 9-5 hours and 15-minute commute? Knowing what is most important to you before an interview will help you in both the interview process and salary negotiation process.

Be prepared

Know how to respond to, “What are you making now?” What you make now includes many different facets of compensation such as base salary, bonus potential, paid vacations, tuition reimbursements, car allowances, differing health plan costs and much more. Do your homework! Know what your true compensation is before the interview.

What are you leaving behind?

Are you leaving a bonus on the table? What about 401K matches? Are they the same, or do they differ? Can you get the hiring company to make up for these with a sign-on bonus, a guaranteed performance bonus of some sort or other provisions to “make you whole?”
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NEGOTIATION TIPS

**Negotiate a severance clause**

Depending on your level in the company, you may be able to negotiate a severance package up front. While this may be harder for an individual contributor than for someone in management, it is still a point to address. And yes, it is hard to discuss your departure from the company before you’ve even started, so don’t dwell on this point in the negotiation process.

**Everybody needs to win**

The best negotiations are when it’s a win-win for both parties—when each side feels they’re getting what they want. The company gets a great new employee who will provide solutions to existing issues, and you get a new job where you can contribute and where you are compensated fairly and correctly. If you are working with a third party recruiter, let them do the salary and compensation negotiations for you since they can broach subjects that you can’t and can help keep the negotiations on a pleasant and even keel. After all, you have to begin working with the employer on some Monday morning in the future anyway.

**Do you have a deal breaker or a deal maker?**

Realize that, in most cases, you can only go back with one maybe two counter proposals. So you need to know what your “deal maker” is. What is the one item they can offer you that will make you say yes or that you **must** have in order to work for this company?

**Now, get it in writing**

Typically known as an offer letter or letter of intent, most all companies will provide one if you ask. This letter is a confirmation of the deal that the two parties have struck laying out all the points in writing, so there are no disagreements down the road. The document should be signed by an officer of the company and include all the details: base salary, bonus potential, options, vacation, relocation package, etc.
THE ART OF NEGOTIATION

NEGOTIATION TIPS

Be patient and think your decision through.

Once you are offered a position, the hard part is over. You may now feel uncomfortable about negotiating for a salary, but this is normal. The tables are turned in your favor. You have what you want. Until you say yes to the offer, the burden is on the employer. He or she has put a lot of time and effort into finding the right candidate and has decided that you are the person. If you say no, the interviewer will have wasted a lot of energy and may have to go back to square one to find another candidate.

Never say agree to or reject an offer when you first receive it. Always ask for time to consider the offer. You will need time to consider your options. You will want to think about ways to increase the offer without over-stepping your boundaries.

If you approach it the right way, you shouldn’t worry about anyone withdrawing his or her offer and showing you the door if you have the courage to ask if the company’s offer is flexible. The worse case might be that the employer tells you your salary is set by company policy and there’s really no room to negotiate. More than likely, the interviewer will tell you that they can’t give you an immediate answer and will have to get back to you.

Salary negotiation is usually expected. That doesn’t mean that you can name your own salary and that the employer will either accept it or not. It means that you are ready to hear what the company has to offer and consider it. For negotiation to be successful, both parties have to reach a mutual agreement. If you should be successful at winning yourself the salary you want but, in the process, alienate your future boss, trouble is certain. If, on the other hand, you set realistic expectations and realize that you may not get everything you want, you’ll probably do just fine.

Be very enthusiastic about everything. Be very positive; except when your monetary needs are not where you want them to be. At that point, remain silent until your potential employer comes up with a better alternative or solution.
THE ART OF NEGOTIATION

NEGOTIATION CHECKLIST

If you can think of it, you can negotiate it.

Note: Some of these things may or may not apply, according to the circumstances and level of your position.

NEGOTIATING THE TOTAL COMPENSATION PACKAGE

Direct Compensation

THE JOB ITSELF
  o Job description
  o Starting date
  o Job title
  o Scope of authority

SALARY
  o Base salary
  o Incentive-based bonus
  o Signing bonus
  o Sales commission
  o Severance pay
  o Consulting fees (after termination)
  o Employment contracts

Indirect Compensation

FINANCIAL BENEFIT COMPENSATION
  o Matching investment program
  o Medical insurance
  o Mortgage funds
  o Pension plan
  o Profit sharing
  o Stock options
### The Art of Negotiation

**Negotiation Checklist**

**Time Off**

<table>
<thead>
<tr>
<th>Vacation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of days first year</td>
</tr>
<tr>
<td>Number of days in subsequent years</td>
</tr>
<tr>
<td>Reimbursed unused days</td>
</tr>
<tr>
<td>Supplemental vacation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Paid Holidays</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number per year</td>
</tr>
<tr>
<td>Flexibility of usage</td>
</tr>
<tr>
<td>Personal holidays</td>
</tr>
<tr>
<td>Compensation/unused days</td>
</tr>
<tr>
<td>Carryover of accrued days</td>
</tr>
</tbody>
</table>
# The Art of Negotiation

## Negotiation Checklist

### Health and Wellness

<table>
<thead>
<tr>
<th>Medical Plan</th>
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</thead>
<tbody>
<tr>
<td>- Dental plan</td>
</tr>
<tr>
<td>- Eye care</td>
</tr>
<tr>
<td>- Counseling</td>
</tr>
<tr>
<td>- Deductible</td>
</tr>
<tr>
<td>- Percentage reimbursed</td>
</tr>
<tr>
<td>- Choice of care providers</td>
</tr>
<tr>
<td>- Annual physical exam</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Insurance: Life, Disability or Accident</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Size and scope of benefits</td>
</tr>
<tr>
<td>- Insurance benefits after termination</td>
</tr>
<tr>
<td>- Accidental death and disability pay</td>
</tr>
<tr>
<td>- Life insurance</td>
</tr>
</tbody>
</table>

### When Travel is Required

<table>
<thead>
<tr>
<th>Company Travel</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Company car</td>
</tr>
<tr>
<td>- Car allowance</td>
</tr>
<tr>
<td>- Car insurance</td>
</tr>
<tr>
<td>- Expense accounts</td>
</tr>
<tr>
<td>- Airline travel</td>
</tr>
<tr>
<td>- Hotel accommodations</td>
</tr>
<tr>
<td>- Travel insurance in addition to life insurance and accidental death</td>
</tr>
<tr>
<td>- Insurance protection for personal liability during execution of job duties</td>
</tr>
</tbody>
</table>
## The Art of Negotiation

### Negotiation Checklist

#### Moving

<table>
<thead>
<tr>
<th>Relocation Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>o Moving costs</td>
</tr>
<tr>
<td>o Hotel and travel costs for employee and family</td>
</tr>
<tr>
<td>o Mortgage assistance and brokerage fees</td>
</tr>
<tr>
<td>o Installation of drapes, carpets and appliances</td>
</tr>
<tr>
<td>o Company purchase of home</td>
</tr>
<tr>
<td>o Closing costs</td>
</tr>
<tr>
<td>o Family house-hunting trips</td>
</tr>
<tr>
<td>o Incidentals</td>
</tr>
<tr>
<td>o Lodging between homes</td>
</tr>
<tr>
<td>o Mortgage prepayment penalty</td>
</tr>
<tr>
<td>o Mortgage rate differential</td>
</tr>
<tr>
<td>o Real estate brokerage fees</td>
</tr>
<tr>
<td>o Shipping of cars, boats or pets</td>
</tr>
<tr>
<td>o Utility hookups</td>
</tr>
</tbody>
</table>
### Negotiation Checklist

**Assistance Programs**

**Professional Assistance Programs**
- C.P.A. and/or tax assistance
- Financial investment planning
- Legal services

**Educational and Financial Assistance**
- College tuition (continuing education)
- Specialized training (specific to your job)
- Costs of participation in association meetings or programs
- Short-term loans
- Counseling for employee or family (substance abuse, financial problems, etc.)

**Other Negotiable Items**

**Professional/Trade Association Memberships or Dues**
- Certification or license costs reimbursed
- Costs of participation in association meetings or programs

**Club Memberships or Dues**
- Health/golf/tennis clubs
- Luncheon clubs
- Facilities available to families

**Company Product Discount Programs**
- University tuition grant for dependent children
- Other non-company consumer product or “plus” programs
Your appearance and demeanor are important throughout your career. They are especially important during the interview and offer stages.

Remember that the purpose of your job search isn’t salary negotiation; it’s finding suitable employment with a company that offers opportunity for growth and that the fit is good. If your starting salary isn’t what you hoped for, but the job presents the right opportunity, think about the possibility of commanding a higher salary after you have had the opportunity to prove yourself more valuable.

Should the salary or benefits fall far short of your realistic expectations, despite all your efforts to negotiate, nothing says you have to take the job. Don’t make the mistake of accepting a position with which you’re fundamentally unhappy, unless it is a matter of survival. Trust your instincts. If you’re dissatisfied with the employer before you start working for them, don’t fool yourself into believing the situation will improve after you start.

Many people are afraid to put themselves on the line and negotiate. It is important to remember that how you conduct yourself during a negotiation often influences your employer and impacts how you will be treated while employed by the company. Remember, have no fear, but don’t overstep your boundaries.

Never reveal your personal salary requirements until the time is appropriate. It is considered rude to talk about money right off the bat. It is important to let your employer know that your primary goal is to be an asset to the company.

Remember, have no fear, but don’t overstep your boundaries.
THE ART OF NEGOTIATION

NEGOTIATION SUMMARY

DISCUSSING DOLLARS

When you discuss monetary needs too soon, it gives your employer the wrong impression and may cancel out anything positive you may have already said. Bottom line: talking about money too soon is a very bad idea.

Make sure that you do not lie about or embellish your present income. It is very easy for a company to check the validity of your claims. Often, an employer will ask for a W-2 or a tax return to confirm your claims.

WHAT IS THE RIGHT OFFER?

How will you know how much to expect? Just remember to do your homework. Explore your resources for information about the job and the pay. The alumni of your university in similar positions may also be reliable sources of information. When you do your homework, you will have an idea of the type of pay and benefits you should expect.

Make sure you set realistic expectations. Look at the current job market for this industry and/or job function. Consider your own professional experience and how much you really know about the industry.

When you are applying for executive-level positions, typically, your negotiating power is much greater. This negotiating process is not always fast. Some companies require a good deal of red-tape for approval.

After listening patiently to the specifics of the offer, you’re probably expecting a higher salary, greater benefits or something else. Its fine to let them know your thoughts. However, you must remain professional and non-confrontational at all times. Find out if the offer is firm. When you learn that there may be room for negotiation, have a specific figure in mind. If the interviewer does have the ability to haggle, they will probably ask you for a specific figure that would persuade you.