



MODULE 16

Navigate Salary Negotiation

You have found your next job with:

Method #1

Networking – Get a referral from a friend as “bridge” into a target company

Method #2

Responding to published openings at job boards

Method #3

Working with recruiters

Method #4

Contacting companies directly

An accepted job offer is the conclusion of your job search

When your decision to accept an offer is made, and has been communicated to your new employer, and you have received the written offer, it is time to conclude your search effort in the same professional manner with which it was conducted. The relationships you have developed may continue to be important to your career.

Let any other employers who may have been considering you for a position know that you have accepted an offer.

Send the information on your new work location to all those who supported your efforts. This includes all personal contacts, recruiters, and other interested parties. Be sure to thank them all for their efforts and support. This can be done by email.

Place the information from your search effort in a safe place for future reference. Through the chapters of this book and from your job search activity, we trust that you have learned a great deal in terms of numerous sales, marketing and interpersonal techniques that will prove valuable for your future use.



Learn the rules of win/win negotiating

In reality, our personal wants typically have very little to do with the job offer at hand. A much more relevant question to ask is “what is the fair market value for this particular job?”

Remember it does not matter what you were paid in your last position—you are only “worth” what the marketplace is willing to pay you in your next position. The days of “time and grade” are becoming a phenomenon of the past. Does this mean that you are going to have to settle for a lower salary than previously? Not necessarily. But it does require that you unlearn your past negotiating techniques and learn the new rules of win/win negotiating in our rapidly-changing job market.

Understanding the job offer

The basic framework for evaluating your job offer includes:

- The position offered and its challenges/responsibilities compared to the “ideal” position you described at the onset of your search
- The total compensation package and all of its financial components
- The costs/benefits associated with relocation (if applicable)

Most job offers are first given verbally, with a written confirmation to follow. After receiving your job offer, weigh the pros and cons of the new position and evaluate the following list of criteria. Thoroughly consider each in your analysis of the position, its challenges and responsibilities.

Job offer evaluation criteria

Salary _____

Healthcare coverage _____

Self _____

Family _____

Vacations _____

Retirement fund _____

Bonus _____

Commuting distance/office location _____

Position's long-term potential _____

Degree of responsibility _____

Variety of work assignments _____

Using abilities to the fullest _____

Professional development opportunities _____

Independence _____

Chemistry with supervisors, peers, staff _____

Visibility (decision-making opportunities) _____

Travel requirements _____

Flexibility _____

Personal growth potential _____

Promotion potential _____

Performance appraisal system _____

Company's image and reputation _____

Company's product line/service _____

Company's market stability _____

Are you truly excited about this opportunity?
Can you articulate why?

Make a pros and cons list

Bonus information to consider:

Some companies that have a good history of bonuses paid out will reduce the base and use the bonus to make up the difference. There are two thoughts on this type of offer:

1. The stability and profit success of the company over the past five years is very important.
2. If you feel good about the company ,add the salary and potential bonus together and see if it is a significant increase over what you have been making. Because you are sharing some of the risk with your future employer the offer should be in the neighborhood of 20% or better.

Salary negotiations

In spite of all of this research you conduct, keep in mind that every job will have unique factors that influence the salary level. Geographical location, company size, benefit packages, incentive plans—all of these factors will influence the amount of base salary an employer is willing to pay. Avoid limiting yourself by placing too much weight on salary guides and other reference materials; wait until you have received the final job offer and can review it completely from both tangible and intangible perspectives.

The saying that “everything is negotiable” may or may not be true in the negotiation of compensation. Your ability to negotiate will depend upon a number of factors, many of which are out of your control. Many companies have adopted a “Total Compensation” philosophy that considers not only base salary and bonus but also the benefits package, retirement plans, retirement contributions, employee stock ownership plans and other non-monetary types of compensation. For companies that use the Total Compensation approach, there are many other factors to consider over and above base salary and bonus.

As with any negotiation, it is important that you first understand what information is in the hands of the employer, and try to estimate its significance.

In general, the employer knows:

- An estimate of your most recent compensation
- How long they have been looking and generally how competitive the job market is for individuals with your abilities
- If they have a second acceptable candidate
- Your current employment situation and how long you have been looking
- The flexibility of their hiring salary range

Some companies are more flexible than others. It is important to understand the flexibility of the employer with whom you are dealing. Some negotiating room is most likely available within the negotiating style adopted by the company.

It is helpful to think of companies as adopting either of two approaches:

Structured offer companies

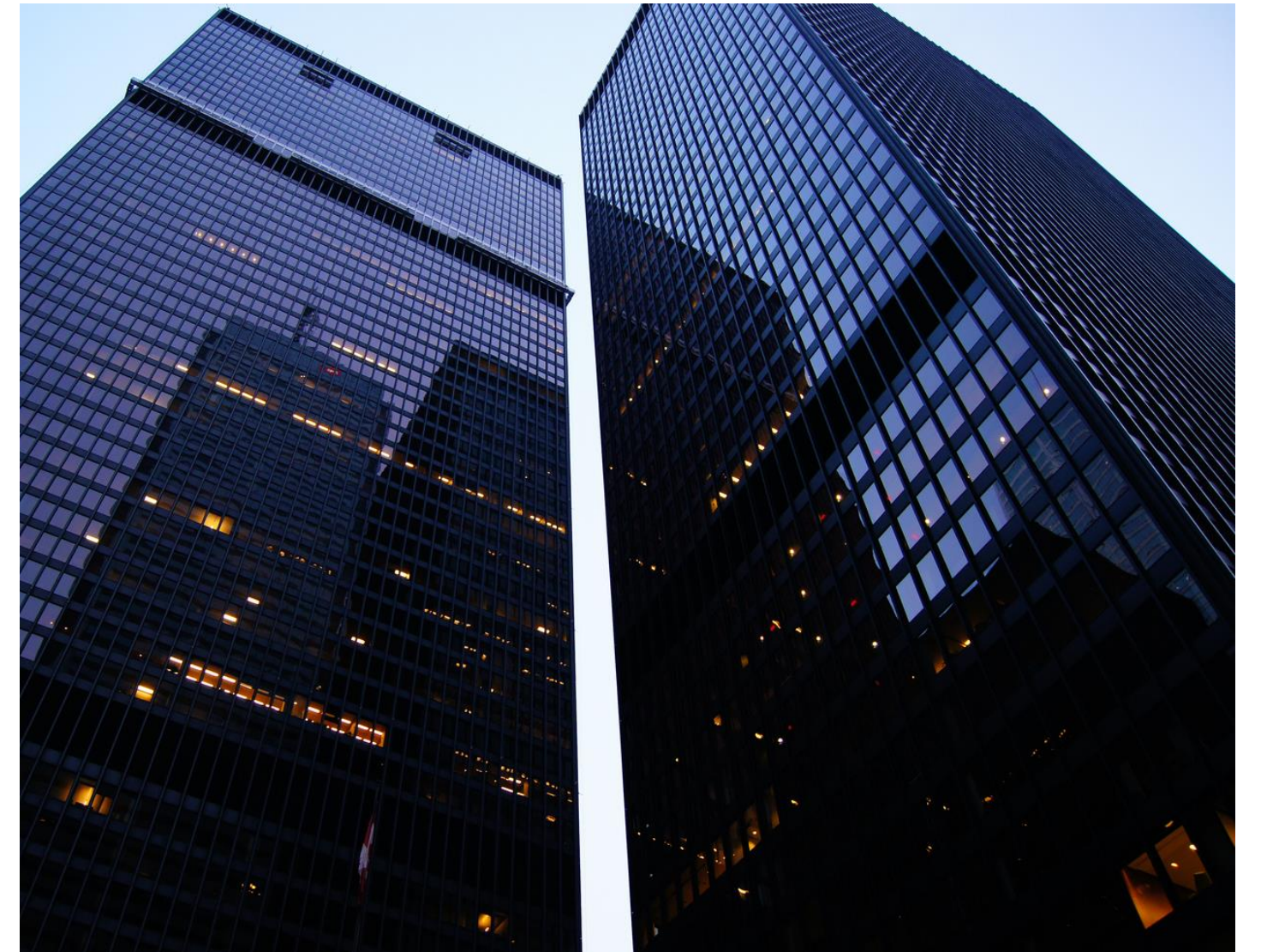
These firms generally have conducted a high level of market research to determine appropriate compensation levels and package composition. They tend to be large and have well-defined salary ranges and guidelines.

They tend to make offers that are in the middle of the salary range so there is limited flexibility for a counter offer. Inside these structured companies the compensation department is thinking two things:

1. We want to start this candidate in the middle of the salary range so we can give raises each year.
2. We don't want to bring a new person on board who is making more than a person already employed with the same job title.

Case by case offer companies

These firms handle candidates individually and bring a broad range of options and flexibility to the table. Traditionally, medium-sized and entrepreneurial companies have adopted this style.



General rules of negotiating:

- Do not negotiate until you have a firm offer.
- Most employers are not trying to take advantage of you. Mutual trust and respect must be maintained throughout the negotiations.
- Avoid being the first to give a definite salary figure. If possible, find out the range.
- On average, a reasonable negotiating goal (if any employer flexibility exists) may be 5% to 15% above the initial offer.
- Be cautious if a more modest offer includes a large signing bonus. This can sometimes indicate that the base salary is not a negotiable item.
- Avoid absolutes and ultimatums. Ultimatums back the employer into a corner and set up the “you push me, I will push you back” scenario. When your future employer pushes back, they may rescind the offer. A more effective approach is to reaffirm your fundamental interest, express thanks for the offer, highlight your concerns and ask a question.

Example: “I am excited about the opportunity to become part of the team and contributing to The Equipment Company’s success, but I have one concern (or one or two concerns) that I’d like to talk with you about. The salary isn’t what I had expected given the demands of the role.” Then say nothing for ten seconds. Most individuals will address the silence by asking what you are seeking or by saying they will go back and “see what I can do.”

This negotiation discussion is also the time to bring up other requests or additions.

- Never bluff. Do not stretch the truth on current salary amounts; it could jeopardize your candidacy.
- Expect a salary reasonable with your experience and market conditions. Do not over (or under) estimate your worth.
- Get the final offer in writing to avoid misunderstandings and before winding down the search process.

The art of effective negotiating

Nobody is born knowing how to be an effective negotiator—it is a learned skill that is honed and developed with experience. What often gets in the way of taking a win/win position in negotiations, however, is the fear of rejection or potential conflict.

Everyone can learn to negotiate effectively for what they want and need.

How one handles money issues is very important, not only in getting the best possible offer, but in even getting an offer at all.

Above all, it's important to remember:

You wouldn't be receiving the offer in the first place if you weren't the person selected as the best candidate for the job. This gives you leverage. Most employers invest a great deal of time and energy in the interviewing process, and are very reluctant to "settle for second best" when their number one candidate makes an attempt, in good faith, to negotiate for more money.

What follows from the above statement is that the serious job seeker should never disregard job openings only because of perceived salary shortcomings.

In many cases, those who take the initiative and interview for positions "beneath them" can build a great deal of value in their candidacy, discuss additional responsibilities for the position, and negotiate up to an excellent compensation package. This leaves a great deal of room for you to take a seemingly limited opportunity and work with the employer to create a job much more suited to your experience and salary expectations.

Keep in mind a few other key points when considering your offer situation.

- Surveys suggest that 85–90% of hiring managers do not make their best offer first.
- The professional standard for most counteroffers is generally 5-15% above the original offer.
- In most situations, it is appropriate to request up to a week to make your decision.
- You always will want to review the offer in writing to ensure no surprises.

In the end, each job offer situation is unique. The final strategy will depend on your leverage, the overall progress of your job search, and your own personal comfort level with negotiating.

In summary, you have received the job offer and congratulations!

Let's review some basic rules that will apply throughout the negotiation process:

- **You can't and shouldn't avoid "talking money."** Although it is generally recommended that you never name your "range" too early on and that you evade the question of money altogether until you have an offer, the reality is your perceived evasiveness could knock you out of the game. Your consultant will help you to be prepared to discuss your salary requirements if this comes up in the interview process prematurely.
- **Never accept the offer on the spot.** The reason for this is two-fold. First, you want the employer to view you as a prudent decision maker and therefore want them to acknowledge and respect the fact that you need time to make this kind of important decision. Express your enthusiasm for the offer, but give yourself some time to think through this important decision and reflect on all of the factors that the job offer would encompass. The second reason for not immediately accepting an offer is to make sure you don't sell yourself short. Most people are so uncomfortable about the money issue that they invariably leave money on the table if they accept the offer as soon as it is made.
- **Negotiating starts the moment you start to interview.** It is at that point that you start to build value for your candidacy. Once you've built maximum value throughout the interview process, you will then have the leverage to negotiate the best compensation package possible when the offer is made.
- **You can always say "no" to an offer.** Certainly you don't want to waste your time or that of the interviewer and go through great pains to get an offer for a job that isn't a good fit. However, the more common occurrence is that people bow out too early in the interview process because they are concerned about being in a position where they have to turn down an offer. Continue to interview for all but the most unlikely positions until the eventual job offer arrives, remembering that it's appropriate to walk away if, after the negotiations, the job still isn't a good match for you.

Statistically, one out of every two jobs will be a newly created position in this decade and the next. As a result, there have never been greater opportunities for candidates to help design their own positions with employers throughout the interview and offer process.

You have nothing to lose—and perhaps the ideal job to gain—if you stay in the game with the employer and remain open to the possibilities.



Negotiation checklist

You will want to be prepared for your negotiation session and plan for it. Review the following list and select items applicable to your situation. In each case, establish targets that represent your needs and goals.

| Items to Negotiate | Importance : 5=critical 3=average 1= least Weight (1-5) | Targets/Needs/Goals |
|-------------------------------------------|------------------------------------------------------------------|---------------------|
| Base salary | | |
| Sign-on bonus | | |
| Individual performance bonus | | |
| Company performance bonus | | |
| Commissions | | |
| Salary review: 3,6,9 or 12 months | | |
| Profit sharing | | |
| Stock options | | |
| Matching funds | | |
| Stock purchase incentives | | |
| Payroll deduction - 401(k) | | |
| Cost of living increases | | |
| Pension plans | | |
| Matching investment programs | | |
| Medical insurance | | |
| Dental insurance | | |
| Vision insurance | | |
| Cafeteria style flex plans | | |
| Prescription drug plan | | |
| Well care benefits (i.e. annual physical) | | |
| Disability insurance | | |

| Items to Negotiate | Importance : 5=critical 3=average 1= least Weight (1-5) | Targets/Needs/Goals |
|---------------------------------------|------------------------------------------------------------------|---------------------|
| Vacation and/or personal time | | |
| Maternity leave | | |
| Child care | | |
| Retiree health benefits | | |
| Sabbatical leave | | |
| Expense account | | |
| Gas, mileage allowance | | |
| Phone allowance | | |
| Parking | | |
| Comp time for late hours/weekend work | | |
| Flexible hours | | |
| Telecommuting options | | |
| Life insurance | | |
| Office (size, location, window) | | |
| Relocation package | | |
| Severance package | | |
| Career transition assistance | | |
| Pre-retirement planning | | |
| Educational tuition refunds | | |
| Seminars/training | | |

Congratulations and you just concluded your job search!

When your decision to accept an offer is made, and has been communicated to your new employer, and you have received the written offer, it is time to conclude your search effort in the same professional manner with which it was conducted. The relationships you have developed may continue to be important to your career.

Let any other employers who may have been considering you for a position know that you have accepted an offer.

Send the information on your new work location to all those who supported your efforts. This includes all personal contacts, recruiters, and other interested parties. Be sure to thank them all for their efforts and support. This can be done by email. You have learned a great deal in terms of numerous marketing and interpersonal techniques that will prove valuable for your future use.