

Offers and Negotiations Overview

You will receive an Offer!

Your hard work at researching companies, targeting the right positions, mapping your resume to each position and being prepared to interview well should ultimately result in one or more job offers. Evaluating these offers carefully will help you choose the position that's best for you—one where you can experience job satisfaction and growth. With careful analysis, you can determine whether it's time to negotiate, accept the offer as presented or move on to other opportunities. Time spent learning to be a good negotiator will help both now and with future job changes.

Negotiations

An opportunity to negotiate exists when two parties come together to exchange services. Neither party might get exactly what he or she wants, but through discussion and compromise, the two parties come to an agreement on the terms and conditions under which they will do business. It involves open and honest dialogue, flexibility and the ability to avoid making quick judgment about the other party's intentions.

In negotiating a job offer, you will work with the company to reach an agreement on the compensation package and other attributes of the offer, with the basis being what the company is willing to reward you for your skills, knowledge and experience. This should not be an antagonistic situation because it is in the best interest for both you and the company to come to a mutually beneficial agreement. The goal is a win-win for both you and the company.

Rules to Remember When Negotiating

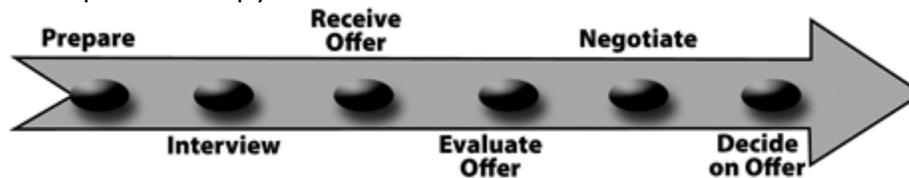
- ✓ Sell when you're selling (during the interview process); negotiate when you're negotiating (*with the offer in hand*).
- ✓ If you can't or aren't willing to walk away from the deal, you're not negotiating—you are begging.
- ✓ Don't negotiate for the sake of negotiating—negotiate from a position of strength. Why should they offer you more money? Be specific and have data to back you up. Personal reasons, such as needing more salary to help support your family, do not create a position of strength.
- ✓ Don't take the process or obstacles personally and don't bring emotion into the negotiations as it will derail the process.

Your success is dependent on:

- ▶ Your preparation
- ▶ Improving your negotiating skills
- ▶ The market conditions

Offer and Negotiations Process

The process starts before you even begin interviewing. This chapter will explain in detail the following steps in the offer and negotiations process to help you be successful.



Prepare Before Receiving Offers

Know Your Goals. The preparation that you do before beginning to interview and thus receiving offers will pay off when you receive the offer and decide to negotiate. Knowing your goals and actually writing them down before receiving the offers will allow you to evaluate offers more rationally than emotionally. Very often, the situation becomes emotional once an individual receives an offer, and all reason can fly out the window.

There are both tangible aspects to your future job (salary, benefits, job responsibilities), intangible aspects (work environment, company values) and a blend of tangible/intangible (location, flexible work schedule, co-workers). Identify what is important to you in your future job and create as long a list as is appropriate for you. Go back and review your values. What do you want to incorporate into your list? Here's an sample table that you might use. As you list your criteria, rank your importance for each as high, medium or low.

Criteria	High	Medium	Low	Criteria	High	Medium	Low
Autonomy				Manager/Supervisor			
Benefits				Managing Others			
Challenge				Mental Stimulation			
Company Values				Opportunities to Advance			
Co-workers				Personal Growth			
Flexibility				Physical Work Environment			
Helping Others				Prestige			
Independence				Public Contact			
Job Responsibilities				Recognition			
Lifestyle				Salary			
Location				Security			
Low Stress Level				Teamwork			
Making Decisions				Variety			

Now, look at your list. Depending on the number you marked high or medium, you might have to go back and prioritize even further. The more honest you are in analyzing this list, the better you will be positioned to decide on offers once you begin to receive them.

Keep tomorrow in mind. Remember that some positions will pay off in the future due to the experience you are gaining or the prestige of having the company's name on your resume. While these alone are not deciding factors for accepting an offer, you should keep them in mind as they relate to your long-term career goals.

Know Your Salary Requirements Now

Salary does not necessarily correlate to the value you add to the company or the contribution you make to society. It is simply the amount the market will bear to pay for your services, which include your skills, knowledge, attributes and experience. Before learning what the market will bear, you need to know two key points for your salary consideration. Your "target point," which is your ideal salary, and your "resistance point," which is your minimum salary that you are willing to accept.

Resistance Point

Calculate your future budget requirements including taxes, loan repayment and savings and decide on the minimum salary that will support your budget. As well, decide on the minimum salary that will make you feel fairly compensated. Make sure it is realistic with the type of job and the location (cost of living); recognize that you might have to "pay your dues" based on the type of career transition you are making or the future career moves you might want to make. From both your budget and minimum fair compensation calculations, decide what to establish as your resistance point.

If an employer is unable to meet or exceed this amount, you might want to keep looking for other offers. There is no point in accepting an offer if you think you will not be able to afford living with that salary or will be unsatisfied with the compensation.

Target Point

Calculating your ideal salary involves knowing what is considered typical compensation and benefits for this level position in the industry. Your research should include:

- ⊙ Identifying salary averages for your industry and your geographic area of interest.

Things to Know Before Interviewing

Know the Job Requirements

Before going into an interview, review the specific requirements for the job. Consider:

- a. Skills, especially hard skills or technical skills
- b. Knowledge or subject matter expertise
- c. Years of experience
- d. Other measurable qualifications

Evaluate how you match these requirements and where you might fall on a scale ranging from minimum to average to maximum. See below on the employer's approach to salaries.

Understand the Employer's Approach

Remember, the salary is based on the amount the market will pay for your services. Most companies establish salary ranges for positions based on standards for the industry and location. The company wants to hire and retain good employees, so it is in its best interest to hire you at the fair market value and not pay you less than other employers.

Companies determine where an employee falls in the salary range based on experience and any special knowledge and skills. They determine where you fall in relation to the midpoint, moving you closer to the minimum for less experienced individuals or closer to the midpoint for more experienced individuals who will hit the ground running and who need little training.

Also understand that some companies will be less likely to negotiate than others. Examples include:

- ✦ Companies with a formal MBA hiring program may have very little room for salary negotiation. They want to bring all new hires in at the exact same salary and will not negotiate.
- ✦ Some companies may tier their offers, based on things such as which MBA program was attended or when the offers were extended.

Handling Questions During the Interview

Desired Salary

Avoiding the mine field of giving salary figures to your potential future employer is difficult. Below are some practical conversations to help you.

1st Deflection

Company: "What kind of salary are you looking for?"

You: "Salary is not really my first concern. I'm really more interested in the people, the opportunity and the job itself."

2nd Deflection – Answer a question with a question

Company: "What range did you have in mind?"

You: "What does a job like this typically pay within your organization?"

Then you say: "Well, I really had in mind a little more than that, but as long as you can offer the market rate, I'm sure this won't be a problem for us."

3rd Deflection

Company: "No, really, what will it take to bring you on board?"

You: "It seems a little early to be negotiating the terms. We've discussed that my interests lie in the position itself and being fairly compensated for my experience level. Can we come back to this when you are ready to make me an offer?"

Use ranges—Ranges de-personalize and de-fuse

You can use ranges to get around naming a specific number.

- > "Depending on where I was assigned, I guess I'd expect to make somewhere between \$80,000 and \$90,000 based on the average salaries within this function or industry."

You could then also answer a question with a question: "Do you think your offer would fall within those parameters?"

- > "From my research, it seems to me that logistics managers earn somewhere between \$75,000 and \$90,000, depending on size of company, scope of responsibility and geographic location. I'd be happy with a competitive offer within industry norms. I'm sure this won't be a problem for us."

> Start Dates

Before the interview, think about your availability to start. It should be realistic for you (place to live, moving, establish local services) as well as realistic for the needs of the employer (when does school end, when is the start date for the company's new hire group, how late is too late to start). Be prepared to talk about the start date if it is discussed.

Some Signs of an Offer During the Interviewing Process

- The interview lasts longer than planned or additional people are added to the schedule that day—a sign that you are seen as a serious candidate.
- You receive a second or third round interview that involves more people, especially senior-level individuals or key decision makers.
- You are interviewed by the work group that you will work with.
- You have to complete assessments or tests for the company, often online.
- The interviewers seem to start selling the company and the position to you more than the typical interview.
- The company starts talking specifically about the compensation package and may begin asking you serious questions about your expectations.
- They ask for references or want you to take a drug test.

Receiving the Offer

I Just Received an Offer, Now What?

Don't accept the offer immediately.

Even if you feel certain that you will ultimately accept the offer, take the time to review the offer in its entirety first.

Company calls and makes an offer:

- ▶ Thank the person for the offer and mention that you are grateful and flattered to have been selected.
- ▶ Explain that you are interested but as this is an important decision you'd like to have an opportunity to review the total compensation package and ask questions. Then, ask for the company's timeline.
- ▶ Now is a good time to negotiate an extension if you know you need more time. (See below.)
- ▶ Ask for the offer in writing as well as information regarding the benefits. Tell the person you'll get back to him or her once you've had a chance to review the information.

Get it in Writing

Try never to negotiate without a written offer.

Don't discuss a salary prior to receiving a verbal or written offer if at all possible—often the first person to name an exact figure has already lost the advantage!

Evaluating the Offer

Review your Goals

Return to earlier in this chapter to review your goals for your post-Owen career. As you compare individual job offers, how does each job offer compare to your overall goals? Revisit the ranking/priorities for your criteria to see if there are any changes or new considerations.

Analyzing Offers

In addition to your personal goals, thoroughly consider other aspects of the position and the company, such as:

- Needs and problems of the organization
- Decision-making patterns
- Advancement and promotion opportunities
- Wage structure and salary range
- Staff morale
- Education and training opportunities
- Political environment
- Impact of employment in the organization on your family

Develop a list of pros and cons for each offer and compare them. Once you decide on the offer that you want, it is time to negotiate or accept the offer.

- ✓ Set up a decision matrix to evaluate your offer or offers.
- ✓ Look at your priority list and rate the opportunity against that list.
- ✓ Know the “must haves” versus the “nice to haves” and negotiate accordingly.
- ✓ Review all aspects of the total compensation package, including flexibility in start date, vacation, performance evaluation system, etc.
- ✓ Keep in mind your long-term goals and how this opportunity fits within those goals.
- ✓ There is no “one right job”—don’t put added pressure on yourself.
- ✓ You will never have all of the facts necessary to make a decision!

Comparing Job Offers

Use the chart below as a starting point to help you analyze and compare offers.

- + List your criteria or factors from the offer that are important to your decision. (Below is only a sample outline).
- + One approach is to put checks in the column if the offer meets that criteria. Another approach is to weigh how well the offer fulfills that criteria, on a scale of 1 to 5.

Criteria or Offer Factor	Offer/Option 1	Offer/Option 2	Offer/Option 3
Salary			
Location			
Company Values			
Flexibility			
Future career moves			
Boss			
Job & responsibilities			
Variety			

Negotiations

Accepting the Offer as Presented

Every situation is different, and you might be inclined to accept the offer as it was presented for various reasons, some of which might be:

- ✓ You are very happy with the offer and it meets your requirements.
- ✓ The economy or job market might be such that this is your best option, given your research and advice received.
- ✓ Time is running out based on your career action plan (need for income, loans coming due, time to move forward on a decision).

Remember: There is absolutely nothing wrong with accepting an offer as presented. Companies do not “expect” you to negotiate.

Why and When to Negotiate

You negotiate an offer to get fair market value for your skills, knowledge and experience or to address other elements of the offer that are important to you. For starting salary, negotiating is important for future earnings because future raises are based on your starting salary. However, it is unwise to negotiate purely for negotiation’s sake. Sometimes job seekers think a hiring manager expects them to negotiate or that salaries should be negotiated as a general principle. Although companies respect employees who can articulate the value that they bring, you can quickly alienate hiring managers if you are inappropriate or overzealous in your approach to negotiating.

When should you negotiate?

When you really want the job and the initial offer falls short of your pre-established acceptable range, put a realistic counterproposal on the table and support it with sound reasoning. You should always negotiate an offer if you know you would not accept the original offer if the company holds firm. Some points on this:

- a. There is only ONE time to negotiate: between the time the company presents a formal offer, preferably in writing, and when you say “yes” or “no.”
- b. Negotiate only when you are seriously considering the offer.
- c. Begin negotiating after you have taken time to review the offer in writing and have researched what the market will pay for your services in the position—sooner rather than later near the deadline.

When not to negotiate.

Not every offer should be negotiated. If it is an acceptable offer, don’t negotiate for more money. You might risk losing the offer altogether. When NOT to negotiate:

- ⊗ If you plan on saying “no” regardless of what is negotiated.
- ⊗ Negotiating is not a way to drag out the process and give you more time to make a decision. If you want an extension, then negotiate that in advance.
- ⊗ Don’t wait until the last day before your offer expires to negotiate.
- ⊗ If you are trying to offset shortcomings in other areas such as job content, location, culture, etc. No amount of salary will buy satisfaction in these other areas.
- ⊗ If you are unwilling to take the ultimate risk that the company might say “no” or might revoke the offer.
- ⊗ If the offer falls within or above your predefined acceptable range and meets all your “must haves.”

It is unethical to negotiate a higher salary with a company you do not want to work for in order to leverage another company’s offer.

Ask yourself: Will I accept the negotiated offer?

Do not negotiate an offer that you have no intention of accepting. If you negotiate and the company meets your requests, there may be a valid assumption on their part that you will accept. You've told them how much you want the job. They've met your needs. Why wouldn't you accept? If you have multiple offers, pick the job you want, and, if needed, negotiate the offer to get it to where you want it. Few things upset a company more than when they meet the negotiation requests of a student, and then the student needs time to decide and/or turns down the offer.

What to Negotiate

Typical aspects to an offer include:

Income related

- > Base salary
- > Signing bonus
- > Relocation costs
- > Bonuses based on performance and/or profit sharing
- > Stock or stock options

Benefits related

- > 401(K) or retirement type plans
- > Medical, dental and vision benefits
- > Life insurance, accidental death insurance and disability benefits
- > Vacation time
- > Extras such as car allowance or company car, health club membership, pretax dollars for child or elder care

Dates

- > Response date
- > Starting dates

Negotiable aspects of the offer

The starting salary is just one item that can be negotiated, although a company's Human Resources policies may dictate what else can and cannot be negotiated. A rule of thumb is that income-related items and dates are negotiable; benefits are not typically negotiable as they are often fixed by company policy. Here are some things to consider:

- > Response date
- > Start date
- > Salary level, bonuses and additional compensation (e.g., stock options)
- > Expedited performance review (**if the starting salary cannot be negotiated**)
- > Relocation expenses
- > House hunting expenses
- > Job duties
- > Job title
- > Location and office space
- > Vacations, holidays, sick leave (typically only for more experienced individuals being recruited into higher level positions or for smaller companies without fixed HR policies)
- > Travel
- > Overtime work
- > Flexibility of working hours
- > Medical, life and other forms of insurance (typically not negotiable for larger companies)
- > Maternity/Paternity leave
- > Educational participation programs
- > Company expectations for performance in the first year
- > Car allowance (typically within jobs that require travel)

With Whom to Negotiate

The person you negotiate with is situational, so here are some suggestions:

- ✦ Negotiate with whoever sent you the offer or any person the company designates...but keep everyone in the loop.
- ✦ Negotiate in person or over the phone—NOT by email (unless asked to do so).
- ✦ Remember that you will have to work with the people you are negotiating with and that you may be negotiating with someone for a higher salary than he or she receives so BE THOUGHTFUL!

Plan your Negotiation

Plan out your negotiation before doing it and make your notes about the key issues to discuss. Every situation will be different, but follow the suggestions here to start.

Arrange a call or meeting to discuss the aspects of the offer. On the call or in the meeting, you start the negotiating process:

- ✦ Always start by stating the things you like about the offer and the company. Start on a positive note!
- ✦ Acknowledge the total compensation package—not just the base salary when negotiating.
- ✦ Use questions and avoid statements that might be seen as demands.
- ✦ Always begin with base salary negotiations—then proceed throughout your list of priorities.

Order of Negotiations:

1. Base Salary
2. Additional Compensation (performance bonus, share options and grants)
3. Signing Bonus
4. Relocation
5. Start Date
6. Vacation Leave
7. Special Circumstances (wedding or other special occasion to impact your first six months on the job)

The exception to this rule would be if your priorities don't match this ranked order—e.g., if a special circumstance is more important to you than base. But always remember that future increases will be based on your starting salary.

Win-Win Language and Techniques

- + Maintain a positive attitude and focus on the positive results you are trying to achieve.
- + Keep it congenial because you plan to work there and possibly for this very person.
- + You're solving the problem together:
 - "I really had in mind more than that. What can we do?"*
 - "How can we bring these numbers closer together?"*
 - "I was really hoping that the base salary would be higher based on the market value for this position; are you aware of any wiggle room?"*
- + Don't overestimate the power of silence! *"I really had in mind more than that."* Wait 20 seconds and see what happens. Listen more than you talk.
- + Try to keep the conversation short and to the point as most mistakes are made when the conversation draws out and we try to fill silence. Get in and get out!
- + Don't use rigid language or bluff.
- + Don't try to get everything or you may lose your "honeymoon" period with the company.
- + Don't appeal to your personal need; appeal to objective standards only.
- + If you have options, don't overplay them as it can create a hostile environment and the company may tell you to take the other offer.

Here is a sample “live” conversation lead-ins (NOT voice mail messages):

“Hello, I am calling to follow up on your employment offer that we discussed last week. As I mentioned to you then, XXX is one of the companies that I have been interested in and after learning more about the position during my site visit, I am confident that my knowledge and experience will allow me to make some immediate contributions to XXX. I would like to discuss the compensation package that I have been offered. While it’s a very generous offer in many respects, I have collected information from various surveys and sources that indicate the starting salary for this type of position is \$XXXX. I’m very excited about the prospects of working with your company, and I’d really like to work something out with you.”

Follow Up

- ✓ Write everything down!
- ✓ Send email summaries after each negotiation to document changes in the offer package.
- ✓ Thank the person for his or her assistance in the negotiating process.
- ✓ Stay in touch between now and the decision date.
- ✓ Don’t discuss the specifics of your negotiations with other employees or students.

**Do not make a spontaneous decision during the meeting.
Do not accept or reject the offer or the new conditions decided upon during the negotiations.
Wait for follow-up.**

Accepting or Declining an Offer

If You are Declining

You may inform the employer by phone or in person, then formally decline in writing, remembering to keep your correspondence professional and relationship friendly. You may look for future jobs with this company.

Know why you are declining and be prepared to explain; the company may ask! Please do not use a poor excuse, especially if it is a condition of which you were well aware (e.g., geographic location). Turning down a job because it is located in Atlanta is a poor reason from the company’s perspective. You knew it was in Atlanta throughout the process; if that was a problem, why did you proceed that far in the process with them?

If You are Accepting

You may inform the employer by phone or in person, then formally accept in writing, confirming any new terms to the offer.

Follow Up with Network Contacts and References

It is very important to follow up and thank the individuals who have assisted in your job search. Notify them of your plans and express gratitude for their assistance in serving as a reference and providing leads, advice or other contacts. It is a professional gesture and will be appreciated and remembered should you need to contact these individuals for your next job search or career move. Identify those contacts that you would like to maintain in the future and create your plan to stay in touch with them.

Company Expectations

After you accept the job offer and before your first day on the job, make sure you are aware of the needs of the company. Some companies expect you to provide them with a final official transcript, health or other tests, a current passport or a security clearance. If relocation is being covered, make sure you have these details.

***By asking the right questions and communicating with your new employer,
you will transition smoothly to your new job.***