

Compensation Negotiation in an Industry Setting

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Agenda

- **Talking about compensation *during the interview***
- **What to say *at the time of the job offer***
- **Typical job offer content**
- **Negotiation *content*: What might I ask for *after* the offer ?**
- **Negotiation *process*: How do I ask for it?**

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Talking about compensation *during the interview*

- **The dreaded interview question: "So if we were to move forward to the job offer stage, what would be your salary requirements?"**
 - Don't quote an actual figure
- **-If they insist: Quote a range based on your research**

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Talking about compensation *during the interview*

Initial response: "I am very interested in this position (state why), and if we were to move forward to an offer, I simply hope that an offer will be made for a salary amount that is competitive for my background and experience."

If pressed to name a figure: "Well, for me, the most important thing is to be able to accept a position where I can (name factors that are important to you) and these issues are more critical to me than the exact salary figure. But from what research I have been able to do, it seems like salaries are falling in the mid-to-upper 90's for a position like this, with a major employer and for someone with my general background."

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What to say when the job offer is made

- **Usually the company *calls* you**
- **Listen carefully**
- **Express enthusiasm *and* appreciation**
- **Then simply ask for everything in writing**
- **Important! Do not accept the offer or any terms during this phone call**
- **Important! If it's clear that something important is missing, don't ask about it during this phone call**

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What to say when the job offer is made

"Well, this is really great news. I also felt like there was a great potential fit when I was visiting (X company name) last week, and I really appreciate everything you've done to coordinate this process so far..."

"...Would it be possible to send everything you've just described to me in a quick email? It would be really helpful if I could take a look at all of the details together, and then I'll be able to organize any questions I might have and I'll respond by (specific day), as you requested."

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Job offer content

Specified in a typical entry-level job offer letter:

- Job title and classification
- Start date
- Supervisor
- Salary
- Signing bonus
- Stock option or grant, if pre-IPO company
- Benefits – overview
 - Healthcare
 - Vacation
 - Retirement investment plan
 - Relocation package

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Job offer content

How do entry-level industry salaries work?

- Range within classification
- Target for starting point within range
- “Equity issues”
- Benchmarking within industries
- Tight brackets: If offered \$80,000 you won’t get \$120,000 for the **same** job at that company or elsewhere
- Employers are not “out to get you”
- Why not ask? Often 3-7% increase is possible!

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Job offer content

How do stock offers work?

- Option to purchase stock? Or stock grant?
- Vesting over a period of years, typically 25% over 4
- Questions to ask:
 - What is the strike price?
 - How many shares outstanding?
 - What is the probable IPO or buyout timeline?

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Job offer content

How do cash bonuses work?

- Taxable income
- May include moving expense bonuses
- Questions to ask:
 - When is it being given to you?
 - Is it tied to length of stay at the company?
 - Is there an acceptance deadline attached to the bonus offer? ("exploding" bonus)

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Negotiation content – what might be negotiable?

- Job title and **classification (rarely)**
- **Start date**
- Supervisor
- **Salary**
- **Signing bonus**
- **Stock option or grant, if pre-IPO company**
- Benefits
 - Healthcare
 - Vacation
 - Retirement investment plan
- **Relocation package**
- *What else do you need?*

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Negotiation process: How do I ask for it?

OVERVIEW

- Call on phone, if possible and practical
- Negotiation begins with the person who signed the job offer letter
- Start positive – mention how much you like some aspect of position

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Negotiation *process*: How do I ask for it?

OVERVIEW

- Then a transition/agenda statement: "I have two items to discuss after reading over the job offer letter that you sent."
- Then mention leverage:
 - Best leverage - competing offer
 - Better-than-nothing leverage...stats or competing interviews or anecdotal information
 - Last resort leverage: your own needs

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Negotiation *process*: How do I ask for it?

OVERVIEW

- Then ask for what you want in general terms, not specific number!
- End encouragingly
- Summarize
- Express appreciation and thank the other person for the extra effort

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Negotiation *process*: How do I ask for it?

How to have the conversation

- Step 1: Decide if you will likely accept the job
 - If you want to accept the position, it's normal to ask for something
 - Be honest with yourself about your purpose
 - Does the company need to convince you to say yes?
 - Are you already certain about accepting the job and you just want to take care of yourself in the best way? That's ok!
 - *Do not negotiate to boost your ego!*

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Negotiation *process*: How do I ask for it?

How to have the conversation

- Step 2: Prepare
 - Review job offer letter
 - Prioritize questions and requests
 - Write out discussion bullets for major requests
 - Practice out loud

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Negotiation *process*: How do I ask for it?

How to have the conversation

- Step 2: Prepare
 - Typical list of prioritized items:
 - Start date – one month vs two weeks? Clarify?
 - Salary – target was \$90k vs \$86k, was hoping to start at \$90k based on benchmark data
 - Signing bonus – request \$4k for car and rent to bring total up to original target for first year
 - Ask for explanation of stock plan

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Negotiation *process*: How do I ask for it?

How to have the conversation

- Step 3: Initiate negotiation discussion and requests.
 - Start positive:
 - *“First of all, I wanted to say again how thrilled I am to have received this offer...”*

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Negotiation process: How do I ask for it?

How to have the conversation

- Step 3: Initiate negotiation discussion and requests.
 - Transition statement:
 - *"...I do have a number of questions. These questions run the gamut from salary issues, to start date."*
 - OR
 - *"...I've outlined two main points, along with a couple of clarification questions, concerning the items presented in the email you sent to me."*
 - *"...Is this a good time to discuss these, should we set a time later, or do you prefer to do this by email?"*

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Negotiation process: How do I ask for it?

How to have the conversation

- Step 3: Initiate negotiation discussion and requests.
 - Mention leverage and ask for what you want:
 - *"...Well, my first question is about the salary. The letter you sent specified a salary of \$90,000. I've done some information gathering online and through colleagues in similar positions, and it seems as if the going rate for this sort of position, in the Bay Area and for someone with my background, is more in the range of the mid-90's. Is there any flexibility in the salary level for this position that might bring it closer to this level?"*

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Negotiation process: How do I ask for it?

How to have the conversation

- Step 3: Initiate negotiation discussion and requests.
 - End encouragingly. Summarize. Express appreciation:
 - *"...I understand now why we are locked into the start date and that it needs to remain as it is in the letter you sent. And...I really appreciate your willingness to check on the flexibility around salary for this position, especially since (some reference to earlier conversation) I know it requires circling back to Bob to check on equity issues within the group. I'll be prepared to respond quickly when I hear back from you...I'm really excited about wrapping this up too and appreciate your help in getting together the information that I need to finalize my decision. Is there anything else you need from me at this point?"*

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Negotiation process: How do I ask for it?

How to have the conversation

- Step 4. Wait for counter-offer.
 - Always ask for final agreement in writing
 - Wait for counter-offer email
 - Generally...one major exchange for entry-level jobs
 - Accept the counter offer or politely turn it down

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Wrap up: Principles to follow throughout

- Maintain the relationship
 - Open and close each step with appreciation and enthusiasm.
- Negotiate with integrity.
 - Balance satisfaction with relationship issues.
- Avoid miscommunication when negotiating
 - Clarify in conversation, then get it in writing or write it yourself

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Suggested reading

- Book: "Getting to Yes: Negotiating Agreement without Giving In." Fisher R, Ury W, Patton B. Penguin Books
- Article: "Four Negotiating Tips for Women Executives", Miller L. and Miller J. Wall Street Journal, careerjournal.com

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