Salary Negotiations, Competing Offers, and Onboarding for Success
Making the Jump into a Career

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Three Topics Today

- Negotiating Salary
- Juggling Multiple Offers
- Getting Started on the Right Foot
Should You Negotiate at All?

- Employers expect you to negotiate, and are surprised when you don’t try.
- It costs you $1000 not to negotiate.
- All future raises are compounded on your first base pay rate, which compounds impact of negotiating forever.
- Employers esteem your skills higher if you negotiate, further compounding...
Who Negotiates?

- Men negotiate at higher rate, but women who negotiate are equally successful (i.e., get just as high an increase)
- About half negotiate (make sure you are in this half)
The Big Fear

- Employers will withdraw the offer…
- NO EMPLOYER WILL WITHDRAW THE OFFER IF A STUDENT POLITELY TRIES TO NEGOTIATE AN INCREASE IN PAY
Let’s Say That Again…

- NO EMPLOYER WILL WITHDRAW AN OFFER IF A STUDENT POLITELY TRIES TO NEGOTIATE AN INCREASE IN PAY
Three Principles of All Negotiating

1. You never negotiate for salary until you have a job offer (Don’t negotiate until you’re ready to sit down and make a deal)
2. If you can’t walk away from the deal, you’re not negotiating; you’re begging
3. The first person to name an exact figure has lost strategic advantage
What’s It Worth? It compounds!

- Add $4000 to your base salary, and it will affect all future raises.
- $4000 more at 22 = $60,000 by age 62 increased pay (assuming modest 7% raises).
- So it costs you $60,000 not to negotiate in first job!
- A few seconds can earn you $60,000+
Bring Knowledge to the Process

- You have to know market rate for you and for the job…

1. Gossip
2. Career Center
3. Salary & Relocation Calculators

If you don’t negotiate from a position of **knowledge**, it will cost you money
Things Change Every Year

- Salary fluctuates slowly, in trends, but...
- Bonuses change *every year*
- Signing bonuses, relocation allowances, stock options change *every year*

- Only gossip and the career center can give you real-time data on this
How to Talk about Salary in Early Interviews

- Don’t ask about salaries at *their* company and don’t ask what *they* pay.
- Ask: “What would be a competitive salary industry-wide for a position like this?”
- Ask: “What could a person expect to make in a position like this?”
Data Points You Need to Know

- What was median and max offer for your college or university or grad program?
- What was median and high offer nationwide for this particular type of position?

This data is out there, so if you don’t find it, you don’t look so smart…
Sources for Salary Info

- Your career center has last year’s data
- salary.com
- Association Surveys
- naceweb.org (subscription)
- mbacsc.org (subscription)
Two Big Problems with Salary Calculators

- Titles
- Location
Salary Calculators Are Suspect

- Salary calculators collect data from large, high-paying organizations.
- Titles: “Associate” at Wal-Mart vs. “Associate” in i-banking.
- Data skewed in favor of higher pay.
- In short: reality may be a bit more modest.
Relocation Calculators

- Is $40,000 in Tulsa more than $50,000 in Dallas, or $60,000 in San Francisco?
  - [www.homefair.com](http://www.homefair.com)
  - [www.stevensworldwide.com](http://www.stevensworldwide.com)
  - [www.bekinsmoving.com](http://www.bekinsmoving.com)
  - [www.bankrate.com](http://www.bankrate.com)
  - [www.quintcareers.com/relocation_resources.html](http://www.quintcareers.com/relocation_resources.html)
What You Can Negotiate

- Cash
- Signing bonus
- Relocation allowance
- 90 days in corporate apartment
- Stock options and grants
  (big difference, + vesting period)
- Accelerated review
- Special circumstances (weddings, pre-scheduled vacation, etc.)
Top Executives *only*...

- Benchmark & performance bonuses
- Severance guarantees (golden parachutes)
- Shower in office
- Elder care / tuition for kids / etc.
- Career services for spouse
- Ex-pat package (the jackpot!$)
Always Negotiate Base First

- Base is king
- All future raises based on base

Then, “And what will my signing bonus be?”
Signing Bonus Rationales

- They were paying teenagers at Burger King a $5000 signing bonus in New Orleans
- They’re paying truck drivers in Tulsa $2000 signing bonus in Tulsa right now
- Surely you think I’m worth more to the company than a burger flipper…
Relocation Allowance

Two Types:
1. You provide receipts
2. You don’t provide receipts

NOTE: If you don’t provide receipts, this is just another signing bonus with a different name!
Corporate Apartment

- Always ask for 90 days in corporate apartment
- It’s 90 days free rent
- Rationale: “I want to concentrate on doing my job, and not worry about buying a condo in the right neighborhood” etc.
Options & Grants

- Options only have value if the stock goes up
- Trend is toward grants
- Be smart? What’s worth more: 1000 shares of Company A, or 10,000 at B
- Share of pre-IPO firms may be practically or actually worthless (no market)

- NOTE: Don’t hold too much (Enron)
Win-Win vs. Win-Lose

- Rigid language is a loser…
  - “I’ve gotta have $X”
- Flexible and open-ended language is a winner…
  - “I was really hoping for more than that…”
Win-Win Language

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?”
- “Gosh, I really love your company, but I’m pretty sure I’m worth more than that on the market. What can we do?”
- “What could we do to get some flexibility in these numbers?”
Avoid Giving a Specific Number

Negotiating tip: Get information without giving information
Deflect queries about salary expectations, while you try to extract salary info (ranges) from recruiter
1st Deflection

- They will ask: “What’s kind of a salary are you looking for?”
- You say: “Salary is really not my first concern. I’m really more interested in the people, the opportunity, and the job itself. I’m sure this will not be a problem for us. Can we come back to this later?”
Late on, they ask again: “What are your salary expectations?”

Answer a question with a question: “What range did you have in mind?” “What does a job like this typically pay?”

Then you follow up: “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. Can we come back to this later?”
3rd Deflection

- They insist: “No, really, what’s it going to take to bring you on board?”
- You say: “You know, Bob, you seem a little nervous about the salary offer. Is there any reason you won’t be able to make a competitive offer?”
4th Deflection

- They ask: “We need to make sure we’re not wasting our time here… I need you to name a number. What’s your salary goal?”
- You say: “Are you offering me the position?”
  - “Yes” - “With what terms?”
  - “No” - “Well then it seems a little early to be negotiating the terms. We’ve already discussed ranges, and I’ve said this will work out, so as soon as you’re ready to put an offer on the table, we can move forward.”
Using Ranges

- A student can also use ranges to get around naming a specific number

Use a massive range...

- “Depending on where I was assigned, I guess I’d expect to make somewhere between $30k and 70. Do you think your offer could fall within those parameters?”
Using Ranges

- Ranges de-personalize, and de-fuse tension
- “From my research, it seems to me that new sales assistants earn somewhere between $28k and 60, 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.*”
You Will Make a Mistake

- They do this every year, you’re only going to do this every once in awhile
- You will make a mistake, and you may blurt out a number
- Don’t feel bound by that number
- “Sure, I said I’d take $25k a year, \textit{in Paris}, but in Milwaukee I think a more fair number would be ______.”
Use Evidence!

Don’t argue from “I need”

Establish your case on evidence!

1. Market rate
2. Salary info from your career center
3. Salary offers your friends got
4. What their competitors are paying
5. Potential salary from your other career options
Where to Negotiate

Negotiating principle: get the other party to invest in the process

1. In HQ with multiple managers, face-to-face (rare for undergrad hire)
2. Conference call, multiple managers
3. In person with recruiter
4. Live on the phone
5. Via email (very, very common now)
Rule

- The greater the investment of the opposing party, in terms of money, time, management resources, the greater leverage the other party has.
- Make them invest in the process.
- Can you drive to them? It can be worth it.
Hot Tip!

- Become the historian or the secretary for the process
- Memorialize all negotiations in follow-up emails
Negotiate Base First

- As seen above, base comp is vitally important, as that is the compounded number.
Base vs. Bonus

Q: When is 5,000 worth more than $10,000?

A: When it’s 5,000 added to base vs. 10,000 given in a one-time bonus.
You Need to Calculate

Get help if you need it:

- Calculating true value of base vs. bonus
- Calculating the value of various benefits, e.g., what’s a car worth?

(Answer: way more than you realize. Depreciation alone can be $500 / month)
Ethics

- Do not negotiate for jobs you know you don’t want
- Don’t ever bluff
- Once you accept an offer, you’re off the market (immediately send announcements to all other open searches to remove this possibility)
Time to Consider

- Ask an open-ended question: “This is a really big decision for me. I know I’m going to give 110% to my employer, and I want to be comfortable with the decision. How long do I have to respond to your offer?”

- Or, ask for a specific date: “Could I give you my answer on [name a specific date]?”
Communicate, Communicate, Communicate!

- Get explicit, and memorialize the agreement in an email
- “To reiterate what we discussed on the phone, you said that I have at least until the first of the month to give you a response. I truly appreciate your flexibility.”
Norms

- College students should have at least a week to consider an offer, two weeks is "kinda" typical, and more than a month and they are being generous,
- So, a week to a month is pretty normal
- In a tight market, watch for "exploding offers"
- Internships may result in open offer…
Competing Offers

- Try to get offer from your first-choice company first
- Once you get one offer, you can push other employers off the fence…
- “I have an offer in hand from another company, and I wonder if we could accelerate the process”
Counter Offers

- “I have an offer on the table of $X from this other company, but I really like your organization better. What can we do?”

- Never, never, never bluff!
Ethics Reiterated

- Never bluff
- Never make a recruiter go to bat for you if you know you are not going to accept anyway
- Don’t play games
- Communicate, communicate, communicate
Once You Accept, Game Over

- Send an announcement to all your open applications:

  - “I have accepted an offer to join [Company A] with the title of [Title]. I certainly appreciate your consideration, and if in the future I can be of any assistance to you, let me know.”
Getting Started on the Right Foot

- What employers expect:
- Show up! Come early and stay late
- Put away that job description!
- Expect a little dues paying and mild hazing (that’s as old as history…)
- Dress for success
How to Get Noticed

- It all starts with “the conversation”
- “What do I need to do to get ahead around here?”

Wait a few months before you do this…
How to Stand Out

- Bring ideas (and be ready to implement)
- Volunteer
- Write and speak
- Break boundaries (United Way, floor safety monitor, NASCAR pool/fantasy football/March madness, business travel, project teams, etc.)
Seek Mentoring

- Identify people who can help you, and do them favors if you can (*put some karma in the bank*)
- Create your own networks; don’t wait for the company to assign you a mentor
- Warning: Don’t get too happy with the “cc” email function
Biggest Tip of All

- Do a good job…

…but make sure that people know you are doing a good job!