

JOB OFFER EVALUATION AND NEGOTIATION

EVERYTHING IS NEGOTIABLE

It's all negotiable. Every new job - every performance review, in fact - is an opportunity to negotiate base salary, various kinds of bonuses, benefits, stock options, and other incentives that add to job satisfaction and provide financial security. Taking control of your job search before your job offer and conducting a smart search that takes into account more than just financial considerations can also lead to that elusive condition called happiness.

Are you prepared to negotiate for happiness? The negotiation process is an opportunity to define, communicate, and achieve what you want out of your job offer. But to get offered the right job that pays what you deserve, you'll need to do your homework. The first step in the negotiation clinic is to understand the negotiation basics.

Negotiation requires gathering information, planning your approach, considering different alternatives and viewpoints, communicating clearly and specifically, and making decisions to reach your goal. In her book, *Job Offer! A How-to Negotiation Guide*, author Maryanne L. Wegerbauer describes how each party in a negotiation can fulfill specific needs and wants of the other party, a concept called "relative power." According to Wegerbauer, understanding your strengths and resources; being able to respond to the needs of the other party; and knowing your competition enable you to assess your bargaining position more accurately.

Learn the power factors

What is your power over the other side of the table? Relative power, Wegerbauer says, is a function of the following.

Business climate factors

- Overall state of the economy and the industry in which you compete
- Overall unemployment rate and the general employment picture
- Demand for industry- and profession-specific knowledge and skills

Company factors

- Profitability
- Position in the business cycle (startup, growing, stable, turnaround)

Hiring manager factors

- Urgency of the company's need to fill the position
- Decision-making authority

- Staffing budget

Applicant factors

- Other opportunities in the job offer
- Technical expertise, unique knowledge/skill set
- Resources (financial depth, networks, etc.)
- Level of competition/availability of other candidates
- Career risk of the job offer

Plan and communicate

A negotiation is composed of two major steps: planning (research and strategy) and communication (information exchange and agreement). In the planning step, get as much information as you can up front and, using both the company's written and unwritten signals, map your skills against what the company values.

Give it time

Timing is also important. Remember that the best time to negotiate is after a serious job offer has been made and before you have accepted it. Once you are clear about the initial offer, you can express interest and even enthusiasm, but ask for more time to consider the job offer. Wegerbauer suggests that this request is made "in light of the importance of the decision." Sometimes you can split up the negotiating session into two meetings: one to firm up the job design and responsibilities and the second to go over compensation and benefits. The key message here is not to make an impulsive decision. If they really want you, there's time.

Consider the alternatives

You should be prepared with a rationale for everything to strengthen your position. Counteroffers are an expected part of many negotiations, so be sure to remain flexible. Keep in mind that different companies can give negotiations more or less latitude. Smaller companies may be more flexible than large, bureaucratic companies. Unionized companies usually have very little room for individual negotiations.

Negotiate for a win-win

Remember that the negotiation is not about strong-arm tactics or win/lose. It is a two-way process where you and your prospective employer are each trying to get something you need. In a negotiation, you're both designing the terms of a transaction so that each of you will receive the maximum benefit from the final agreement.

How to Evaluate a Job Offer - Erisa Ojimba, Certified Compensation Professional

Just like an interview, a job offer can tell you a great deal about a potential employer. An offer can reveal how serious the employer is about the offer, how valuable you are to the company, and most importantly, whether you should make the move.

You'd be wise to think over an offer carefully and negotiate if necessary. Your goal is to make sure the compensation and benefits in your job offer exceed or at least meet your current status.

Jobs are customarily offered over the telephone or in person. The employer should offer more than just, "Congratulations, you've got the job." He or she should explain the offer in detail and answer your questions.

It is appropriate to respond to a job offer within two to four days. Rarely would an employer expect you to accept a position on the spot. While you're thinking it over, here's what to look for.

Titles

The most basic information is your title. Titles are more than names; they are a short, strategic, and functional explanation of your job and its responsibilities. You need to be clear on your duties so that you know what is expected of you, which can help minimize surprises after you start working.

The names and titles of your immediate supervisors also should be mentioned in the offer. Most likely, you have already met your supervisors during your interview and have gotten acquainted with them. You'll be working with your supervisors every day, so it's important to feel comfortable around them. Knowing how many supervisors you have also will give you a better idea of the amount of work involved in your job.

Salary

Understanding the salary information - the most important piece of the job offer - can help you reach an educated career decision. Find out your base pay, which can be stated annually, monthly, or both. Make sure you know how frequently you will receive a paycheck. Most employers pay biweekly (26 times a year) or twice a month (24 times a year). If you are a nonexempt employee, you should be paid at least twice a month.

Be sure to ask about the timing of your salary review - in other words, when will you be eligible for a raise. Your salary review sometimes is tied to your performance review and is a chance for the employer to recognize and reward you for your accomplishments. Generally, the review will take place one year from your start date. Some companies conduct six-month salary reviews as well.

Bonuses

Bonuses can add money to your total compensation package. Employers should tell you about the different bonuses offered, which can be based on personal performance or be relative to the company's profit. Sometimes a bonus simply will

be a set percentage of your base pay. If you were offered a signing bonus, be sure to ask about the details, such as the date you will receive the pay.

If an employee referred you to the company, then he or she may receive a referral bonus, which is contingent upon your employment. This means you may have to be employed at the company for a specified period before the bonus is granted.

Benefits

Compensation isn't just the cash, it's also the benefits. The most important benefits are health and dental insurance. You should find out the name of the provider and the types of coverage you will receive. You should also be aware how much your insurance will cost each week, and how much your employer will cover. Companies offer different kinds of coverage, and if your company makes you pay more for health coverage, you have an incentive to negotiate.

Medical plans sometimes take more than a week to process, so find out whether your new medical plan will take effect on the day you start working. Your health insurance plan at your current job expires on the day you leave, but under federal COBRA laws you have the right to continue to purchase health insurance under your old plan for 18 or 36 months, depending on the plan..

If your new plan will not take effect right away and you elect to purchase your old plan, you may want to ask your new employer to pay part or all of the plan's costs until the new one kicks in

Remember, you want an offer that matches your current employment status. A good starting point is to take the list of benefits from your current job and use them as a checklist for your new job. If you currently have short-term and long-term disability insurance coverage, find out whether the new employer offers comparable programs. Some other common financial benefits are pension plans, retirement plans, life insurance, travel insurance, and severance packages.

Some companies, both public and private, offer stock options as part of the compensation package. If you are offered stocks, find out how many shares you'll receive and when they vest. Vesting in this context is the period over which an employee has the right to realize the right to exercise options (purchase and sell shares of stock). Vesting schedules vary from company to company. Be sure to ask when the vesting period begins. You may, for example, become vested in 25 percent of your stock options after each six months of employment. It's also in your best interest to know your exercise price, the current price of public stock, and the number of shares outstanding to calculate the value of your options and get a better idea of your total package.

Perks

Traditionally, companies offer added perks to executives, some senior managers, and even professionals at times. See the Job Offer Checklist Below for a list of possible perks.

Vacation time

Don't forget to ask about the all-important vacation time. Always ask when you are in doubt - and never assume - because policies differ from company to company. Generally, every employee receives two weeks of vacation time each year; the

number is usually higher for senior-level positions. Vacation time also is negotiable if you are offered less time compared with what you have at your current job.

Two benefits often overlooked when evaluating a job offer are sick days and personal days (sometimes called floating holidays). These benefits should be stated in the offer letter, and you should clarify when you can access these benefits. Usually, you must wait three months before you can take a vacation day or a personal day, so if you know ahead of time about an upcoming engagement, negotiate now so that there will be no surprises later. Plus, this is proper business etiquette.

Start date

An employer will discuss your start date, which should be stated in the offer letter. If you are currently employed, the start date will be at least two weeks later, giving you enough time to notify your current employer. It could be as long as four weeks if you hold a management position or if it takes longer to find a replacement for your current position. Negotiate for more time if you feel it's necessary to help you make a smoother transition into your new career.

JOB OFFER CHECKLIST

Salary

Know what you want in advance

Know the ranges for your sort of work

If possible, find out what others at your target company are paid. Network!

Raises

- Average last year
- Review cycle

Standard Benefits

Medical, Dental, Vision, Legal, Life Insurance, Disability

- Quality counts -- good plans
- Cost matters -- family coverage

Retirement

- 401k
- Matching funds
- Vesting schedule

Vacation - 2-5 Weeks

Sick days or Paid Time Off (PTO)

- Carryover

Raises

Cost of living

Performance based - if possible find out the average raise percentage (this can vary widely between companies)

Bonuses

Signing Bonus - 10-30% commiserate with level of position

- Often easy to get
- A "one time cost" to the company
- Often used as a closer or deal sweetener

Performance Bonuses

Annual Bonuses

- May be every year for sure ("Christmas bonus")
- May be only if the company meets its goals

Stock

Number of shares

- Negotiable. Also, can often trade salary for more stock

Number in existence (percentage)

Vesting schedule

Option price

Relocation

Cost of moving possessions

Temporary housing

Meal costs

Travel costs

Home sales costs

This is compensation -- taxable -- get it "grossed up" to cover taxes if expenses are not billed directly to the company

If you do NOT need to be relocated, use this as a lever to get something else

Education & Professional Development

Tuition reimbursement

- Degree
- College courses
- Any developmental course

Seminars and trade shows

Professional certifications -- MCSE etc.

Conferences

Coaching

Other Benefits

Laptop

Cell phone

Private office

Flex time

Additional vacation beyond the standard

Vacation on the books at start of employment

- First Class air travel - Many companies have policies that long flights requires a first class ticket.
- Private Office - No cubicles for the junior IT manager.
Shared secretary - You get a part-time secretary to assist with the mundane parts of the job.
Company Car
Health club memberships
Daycare

Dry cleaning
Pay for parking
Concierge
Toll Road Fees / Fastrak Pass

Fringe Benefits

Culture -- fun place to work?
Location

- Commute
- Parking
- Food
- Work from home?
 - 1 up to all days of the week
 - Pay for high speed access?

The Job Itself

Skills will you learn
Prepare you for the next job
Strength of team will you learn from your peers
Opportunities for growth
Responsibilities
Growth Path
These are part of the offer -- what you do and who you work with can be negotiated!

Parachutes

What do I get if I am fired? Downsized?
What if we are acquired?
What if this office is closed down?
Not just for the CEO and VP of Sales
Salary/Severance pay
Accelerated vesting of Options

Miscellaneous

Start date
Travel

- How much
- How well (first class? Per diem?)

Top Executive Benefits

Key to the Executive Washroom - This is the most prized benefit of all, entry into the potties of the elite.

Personal Secretary - A personal secretary is a great perk.

Dress Code waiver - Managers can wear anything they want, or nothing at all.

Personalized Parking Slot - A custom sign on a parking slot is a real perk, even better if it's inside the executive garage.

Unlimited Vacation - VP's can take all the vacation they want, but this is a "paper perk", since they are expected to work 60 hours every week.

Office Bedroom - I've seen several VP's insist on a private bedroom adjacent to their office with a complete bathroom and shower, and this perk is considered a prestige item, like a corner office.

Country Club Membership - Some memberships can cost upwards of \$60,000 per year, and many corporations have a policy that all VP's get a membership.

Executive Lounges - Membership in the airline clubs like "Admirals Club", "Star alliance", "US Airways Club", etc.

UNUSUAL PERKS

Google

- Gourmet food
- Dry cleaning
- Razr scooters

Clif Bar

- Loaner bikes
- Boulder wall
- Fitness Center - yoga room, dance studio, fitness classes, massage rooms, shower A stipend to help cover the entry costs for races, events and competitions
- A dog-friendly office
- Competitively priced daycare center
- Concierge services
- On-site car washing and detailing, haircuts, laundry and dry cleaning
- Alternative Transportation Rewards: Employees who commute on foot, by bike, on public transportation or in carpools can earn a yearly reward
- Cool Home Incentives: Employees can receive up to \$1,000 per year to make eco-home improvements.
- Sabbatical: After seven years at Cliff Bar, employees can enjoy a six- to eight-week sabbatical.
- Employee Stock Ownership Plan, funded entirely by contributions from the company with no required employee contribution.
- Retirement: To help employees plan for retirement, the company adds financial literacy classes and a 401(K) savings plan with a dollar-for-dollar matching contribution for the first 5% of pay deferred.

Burton

- Dog-friendly office
- Free season pass on the slopes for all employees
- If it snows 2 feet or more, the office is closed for employees to go snowboarding

Skate park behind the office

- Mini Stash Jib Park where people can snowboard on park features in the winter
- The “Fall Bash,” an annual party for Jake Burton’s team, friends and family at his home, complete with a band, food, drinks and more
- Company Ride Day (see above), an annual day when the entire company gets on snow and rides together, BBQs and has a few beers
- Demo closet where Burton staff can test new products

Discounts on Burton gear

Asana

- In-house yoga
- Organic home-cooked meals twice a day.

\$10,000 to spend on office setup.

- Executive and life coaching.