

NEGOTIATING A JOB OFFER

The purpose of this chapter is to:

- Realize when to negotiate a job offer
- Recognize what to negotiate
- Understand how to negotiate

STEP ONE: PREPARATION

1. Before you can assess a job offer, you must make sure you have information about the market. Important research you should do includes:
 - Identifying salary averages for your field and in your geographic area of interest.
 - Knowing what average salaries your peers received (i.e. those of recent graduates with similar experiences).
 - Identifying norms in your field as far as which things are negotiable and which things are non-negotiable, such as health insurance or location.

Where can you find this information? You can communicate with your Career Center staff, faculty, internship supervisors, mentors, and other such people who can provide you with advice. Some of this information may also be available from the websites listed below.

2. Identify and rank your value issues. This will help you remember that an offer is not just about salary, but it is also about what you value in a position. Issues may include:
 - Benefits
 - Challenge
 - Competition
 - Flexibility
 - Helping Others
 - Independence
 - Location
 - Low Stress Level
 - Making Decisions
 - Mental Stimulation
 - Personal Growth
 - Physical Work Environment
 - Prestige
 - Public Contact
 - Recognition
 - Responsibility
 - Salary
 - Stability
 - Supervisory Style
 - Teamwork
 - Variety
3. Decide on the minimum amount of compensation that will make you satisfied – make it realistic with the type of job offered, and remember that you are a new professional who needs to learn the ropes and pay your dues. Establish a budget, and don't neglect to account for taxes taken out of your pay. There is no point in accepting an offer if you think you'll be unsatisfied and will want to look for another job in the near future. If an employer refuses to meet or exceed this amount, it is to your advantage to keep looking.

STEP TWO: KNOW THE EMPLOYER'S COMPENSATION GUIDELINES

How does an employer develop a job offer? Although there are many ways that employers decide on the initial offer, those offers typically come from one of three different viewpoints, depending upon the employer's attitude about salary and negotiation. Here are those various philosophies and what the difference might mean to you:

Fixed Offer: This employer will tell you that he/she carefully researches the job market and makes a very fair and firm offer. You can negotiate all you want, but it won't do you any good. The company operates on a take-it-or-leave-it basis, so you may not want to waste your time negotiating.

Pay-Grade System: This is a system in which a salary range has been set, and you will be paid within this range based on your experience and the duties associated with the job. However, you can often negotiate within the salary range. The pay-grade system is the most common compensation system encountered.

The Negotiator: This type of system is rare because most organizations work within a structure. In this framework, the employer will have the authority to raise or lower your salary without going through bureaucratic red tape. You can definitely negotiate with this type of organization.

STEP THREE: SALARY AND BENEFIT NEGOTIATION

If an employer makes an offer that is below your expectations, you don't want to offend them, so you might start the conversation by asking what the benefits include. To proceed, you might want to use one of the following approaches to begin the negotiation process:

Approach 1: "I am very interested in the position, but I would like to discuss the salary you are offering."

Approach 2: "I am very interested in your company. Thank you for the job offer. I wanted to know if the salary is negotiable?"

When using either approach, be certain to support your case by stating your skills, the average salary range for your level of experience in your field, and the average salaries for other graduates in your field. It is best to let the employer respond and then continue the discussion from his/her lead.

Based on an employer's compensation guidelines, you may not be able to negotiate a higher salary. However, you may be able to increase your compensation in benefits. Negotiable areas often include: vacation time (it's often increased for more senior employees), educational reimbursement, and salary review (you might negotiate a salary review after three months rather than six months or a year). Remember, you may be negotiating with the person who will be your supervisor. Stay polite. Try to make it a win-win situation.

STEP FOUR: ASSESSING THE JOB OFFER

Consider the pros and the cons of the offer. It may help to create a chart. A chart may also be helpful if you have had more than one offer and you want to compare and contrast the merits of each. Here is a sample:

FACTOR	OFFER A	OFFER B	OFFER C
Company Reputation/Stability			
Co-workers			
Health Insurance			
Job Responsibilities			
Location – cost of living			
Overtime			
Paid Vacation			
Pension/Retirement			

Salary			
Supervisor			
Training/Professional Development			
Travel			
Tuition Reimbursement			

Your Personal Financial Management Quick Reference Guide

As you consider the salary that comes with a job offer, take into account taxes and all the expenses you will need to cover on a monthly basis. For example, imagine you are a 22-year-old You are a 22-year-old new professional who earns \$36,000/year or \$3,000/month. The federal government will take 16%, the state may take 7%, and social security and Medicare take an additional 7.5%. Your \$3,000 paycheck diminishes to \$2,085.

- \$3000 gross income
- \$480 federal income tax
- \$210 state
- \$225 social security, Medicare, and other withholdings

- \$2,085 your net take-home pay

You have expenses: Living life costs money. The average citizen has typical monthly expenses that may look like this:

- \$700 rent
- \$50 cell phone
- \$150 groceries
- \$50 phone
- \$50 cable
- \$300 car payment
- \$80 utilities
- \$300 entertainment, eating out
- \$200 car maintenance

It would be great if our monthly expenditures came out like this every month; however, life is waiting, ready to present the following two challenges:

The unexpected: those things that just pop up, like a parking ticket, car problems, and increases in insurance rates

The wants: You may want a new stereo or new clothes, things that are not part of your usual monthly bills.

Asking for More Time:

In order to have adequate time to consider all the factors entering into your decision about an offer, you may want to ask for the latest date by which you must provide an answer. Depending on the time of year, most organizations will allow you at least a few weeks, if not a few months, to make your decision. Should that date approach before you have completed the interviewing process, you can ask for an extension. When asking for an extension, it is important to provide a specific date by which you will have your final decision. The following example of a request for an extension can be adapted to your own style:

“Thank you for the opportunity to work with (organization). I am very appreciative of the offer; however, I have committed to several organizations for second interviews and would like to see the process through to completion. I would therefore like to delay my response until (date), as I will be more confident once I have collected all of the information to help me reach this important decision.”

In general, employers are likely to be more generous in offering time extensions during the fall semester and more conservative during the spring semester.

Making the Decision:

Once you decide to accept or reject an offer, it's best to send a written letter confirming your decision. Often employers will ask you to sign a letter specifying the duties, salary, and benefits associated with the position. Even if you decide to reject an offer, remember to keep your correspondence professional and relationship friendly. You may revisit job opportunities with this organization in the future. If you have negotiated new terms, make sure they are identified in any letter you send or paperwork you sign.

Withdrawing from Consideration:

Once you have accepted a position or internship, notify all pertinent organizations of your status and ask to be removed from further consideration. Express your appreciation for the opportunity to discuss available positions with the organization. Remove any resumes published in online resume books such as CareerLink.

STEP FIVE: GET IT IN WRITING!

It would be nice if everything discussed would actually occur, but, unfortunately, it doesn't always happen that way. To avoid problems in the future, ask for a letter of employment that states all the employment conditions upon which you and your employer have agreed (i.e. salary and benefits, as well as a thorough job description). This way, if there is confusion at a later date, you will have a written document to which you can refer that gives the conditions under which you were hired. This document is especially important if the conditions of your employment differ from normal company policies.

A FINAL WORD

Keep in mind that if you decide to negotiate, your job offer will not be rescinded by the employer – even if the employer decides not to negotiate. Also, if a position is acceptable to you as it is offered, you should not feel like you must negotiate.

Rescinded Offers:

When an employer recruits for anticipated positions in the fall or spring and knows you will not be available to start work until after graduation, there is some degree of speculation or guessing that is a part of that process. While employers are generally very cautious about how they recruit, the hiring needs and economic situation in a company can change while you're completing your coursework. Occasionally, an employer finds it necessary to rescind an offer that was made to you weeks or months before. The best advice if this happens is to contact your Career Center Adviser to think through the next steps for both interacting with the employer and for restarting your job search.

For further information about salary negotiation consult the following resources.

SALARY NEGOTIATION STRATEGIES WEBSITES

- \$ SALARY.COM:** PROVIDES YOU WITH Salaries for 3000+ jobs in every U.S. state and most U.S. cities

- \$ University Salary Surveys:** Check with your Career Center for this information; The surveys should include the maximum, minimum, mean, and median salary information from graduates, listed by major and degree.

- \$ Occupational Outlook Handbook:** This handbook provides career and salary information for approximately 250 occupations. <http://www.bls.gov/oco/>

- \$ **Salaries and Profiles:** This site includes an industry-by-industry look at salaries from the *National Business Employment Weekly*; register at the site, and search for the page of your choice. <http://public.wsj.com/>
- \$ **Quintessential Careers:** This site offers a variety of resources and links for job seekers, including resources on the web about salary negotiation. http://www.quintcareers.com/salary_negotiation.html
- \$ **JobSmart:** JobSmart provides links to over 300 salary surveys and tips on salary negotiation. <http://jobsmart.org/tools/salary/index.htm>
- \$ **JobSmart Salary Negotiation Strategies:** This section of JobSmart lists web resources and books on salary negotiation and includes links to articles and a salary relocation calculator. <http://www.jobsmart.org/tools/salary/index.htm>
- \$ **The Wall Street Journal Interactive Edition:** This site gives salary negotiation tips; click on "Salary and Hiring Info." <http://careers.wsj.com/>
- \$ **Spherion:** Click on "Career Resources," then "Negotiation Knowledge" for tips and strategies. http://www.spherion.com/corporate/careercenter/career_resources.jsp