

Job Offer Negotiation Strategies By David Jensen

Have you ever wondered why there isn't much written about negotiating the terms of an offer? Perhaps this is because many people consider it an uncomfortable part of the process. It is enjoyable to watching how the two parties involved – company and prospective employee – relate to one another in these final stages of recruiting. Sometimes a search firm has an involvement and will smooth things along by acting as a buffer. In other cases, the occasional hiring manager likes to “go it alone.” Despite who is involved, however, there is a classical scenario that plays out – one that would be wise to understand in advance.

A misconception that many candidates have is that job offers are easy and cheap for a company to extend. One fellow told me recently that he'd like to wait for the offer, although he wasn't at all interested in making the move to that company – “just to see what my market value is,” he said. Others will use this as a way to solicit a counter-offer from their employer. Both approaches are not only unethical, but they can give a person a reputation in our closely-networked industry that will take more than a few years to wear off. Offers are not cheap and easy for a company to extend. The organization must go through a complicated and occasionally exhausting effort ahead of the offer letter.

How does the job offer process develop? Although there are many ways to deliver an offer, they are typically presented from two different viewpoints. I've found that companies fall into one of these two categories depending upon their attitude about flexibility. Here are those different philosophies and what the difference might mean to you:

“FIRST OFFER, BEST OFFER”. A company with this philosophy analyzes the employment market and what they already pay others doing similar work. They may even have someone on the human resources team who specializes in compensation analysis. When they extend an offer, they typically believe that they are being competitive and that the package represents a fair wage and the best that they can offer. There is no conscious effort from their side to “lowball” in order to snag a bargain. They believe that negotiation is distasteful in this process, and have found that they accomplish nothing by bringing in an underpaid employee.

“NEGOTIATION IS OK AND EXPECTED”. This is a philosophy that can either be part of the company culture, or an attitude of one of the hiring managers. Big company employers, which usually have a very scientific process of extending offers, can have a department head who likes to operate a little differently. Perhaps the manager has made this last step, negotiating your way into a decent offer, the final test of your aptitude for the new job! Some people feel that this step is also taken by a manager seeking to establish a dominant relationship right upfront. Not all companies that expect to negotiate are doing so in a quest for a bargain, or to establish dominance, however. Some fine employers approach offers this way. However, you'll find most of the companies known as the “better employers” using the more scientific approach of a “first offer, best offer.”

After describing these two distinctly different approaches, your first question is likely to be “How do I tell them apart?” I've always found that you can respond to them both in the same way – and it is in how they answer that you know from which direction they are coming.

THE BASICS OF SALARY NEGOTIATION. Unless you are an attorney, or someone who arbitrates for a living, chances are that you do not enjoy these situations; we learn to get into our suit of negotiation armor and go armed and dangerous onto the playing field. Trouble arises in the offer negotiations process, however, when we come in wearing that same suit of armor and treat the process like buying a car.

We have seen people change dramatically when they begin discussing the offer. Suddenly, a talented scientist with the most gentle personality in the world looks like a wild boar, rearing back with fangs showing. Remember that this process should be a smooth one, and that success is determined by how well you break down the barriers that crop up when two people take sides. Do not approach this process with the attitude that the two parties must be antagonists. Remember that you'll be working together if you get the job.

YOUR APPROACH. Imagine that there is a desk between you and your potential employer – a symbol for the barrier that separates the two parties in the negotiation. Your job is to move around that invisible desk and onto the same side as the employer. When one party feels that they have been “joined” by the other, the communication process opens up. Both sides can then work together to find a mutually-acceptable solution. The focus should be on this “win-win” scenario, rather than a hardball discussion of how poor the salary figure is. Break down the feeling of “us versus him/her” – showing the company by your words and actions that you are already a team member.

Make certain they know how excited you feel about the new job. Ask a few relevant questions about benefits, the stock options, etc. Make certain that you know all the ramifications of the offer before zeroing in on some issue – salary, stock, etc. – that you believe is substandard.

Besides defusing the stress, your questions about other aspects of the company's offer may actually be very valuable in comparing “apples with apples.” Although a better medical program will never offset a \$10,000 difference in salary, it could make the difference for you if you are down to a close decision.

Your greatest opportunity to influence your offer then comes at the time when everything else has been put aside and you are down to those remaining areas that could be negotiable. To learn if the company is in the “first offer, best offer” category, you've got to have first assured their side that you are sincere – and not some hardball negotiator. Once you have done this, and they know that you are on their side mentally, ask about the areas of your concern. Do it in a way that doesn't back you into a corner. Here is an example:

“Phil, I've done a bit of analysis on my costs to move to Boston. As you know, Nancy and I have much of our savings in the home here in Cleveland, and with our two jobs we're just coming out slightly ahead each month. I've looked over the relocation and I believe that you've covered all the bases. It's a fine program, and I'm sure it's very competitive. What worries me is the fact that the actual salary figure means that not only will Nancy have to have a job immediately upon our arrival, but she'll need to have almost a 30% increase in her earnings just to keep our monthly budget on track. That kind of increase doesn't sound too likely for her immediately. Is there any flexibility in the salary portion of the offer?” [This example works only to show you the type of gentle approach that is necessary at this delicate stage, and is not representative of your own unique situation.]

Most companies in the “first offer, best offer” category will politely describe how the offer process works at the firm, and ask if you have any concerns about the actual job or responsibilities. A company that wants to negotiate, however, will take your question as the cue to begin the bargaining process. Perhaps they'll ask what figure you had in mind, or maybe just intimate that there “may be something that we can do about that.” Regardless, you'll know how the company feels about offer negotiation by the way that they answer your concerns. Here are some additional points about offer negotiation:

- Always use real-life examples rather than trumped up negotiation tactics that sound too much like “I want more.” You must be on their side, not on the other side of the desk, when the discussion turns to negotiating an offer.
- Don’t expect an offer to be in writing 100% of the time. Although you won’t sign up without confirming correspondence, you’ll find some very good employers would rather discuss all the parameters of the offer first – then send you a letter of agreement after you’ve give a verbal “yes.”
- If a company appears hesitant to move on salary, bonus, stock options, etc., then perhaps they might have some latitude in other areas like relocations, vacation days, or temporary housing. Even in many “first offer, best offer” companies, there is flexibility in certain areas – or within the discretion of the hiring manager.
- Frequently companies are using one-time cash bonuses, or “hiring bonuses,” to offset cost-of-living differences and other setbacks that a person might have to make in order to take the new job. If you know someone else at the firm, find out how the company feels about offer negotiation and issues like these.
- Make creative suggestions when you find yourself with no flexibility in the area of salary. Can the total expense the company budgets for relocation be converted to a hiring bonus, thus not costing them anything – but allowing you to pack and move yourself while pocketing the savings?
- People who dismiss lateral moves, or situations that don’t earn them an immediate financial incentive, may miss the long-term growth that could occur for them in the position. Generally, companies are hesitant to extend “laterals,” but on occasion it is necessary to remain within the salary structure of their other employees. If so, are there reasons to consider the offer before throwing it out? Certain people would have a greater chance than others to see a “lateral move” offer: A diagnostics industry employee seeking to break into the biotech arena, a microbiologist with a first chance at moving to cell culture, a technical person with their first offer from a company for a sales position, etc. The less experience you have in doing the job that is required, the more likely it is that you’ll get an offer at a lateral move.

To sum up, remember that your offer negotiation is taking place in the developing relationship with a new employer. Put yourself in the position of the person on the other side of the desk and you’ll realize that he or she is probably just as uncomfortable as you are. Relax. Break down the barriers of discomfort that stand between you and your new boss and you’ll find yourself accepting a great new position with a minimum of hassle. (Besides, you may have much more difficult confrontations ahead of you in your personal life...Ever negotiated with a 5-yr old in a Toys-R-Us?)