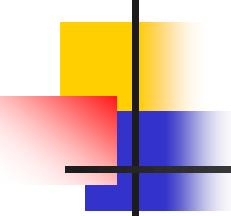


# Salary Negotiations

PACES Workshop

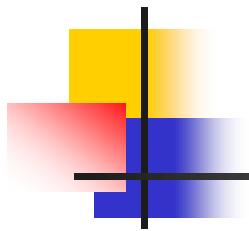
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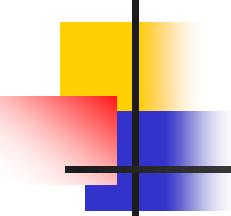
# Negotiating that salary

- At the end of a job interview, the recruiter asked the enthusiastic MBA student, "And what starting salary were you looking for?"
- The MBA candidate replied, "I would like to start in the neighborhood of \$125,000 per year, depending on your benefits package."
- The recruiter said, " Well, what would you say to a package of five weeks' vacation, 14 paid holidays, full medical and dental coverage, company matching retirement fund up to 50 percent of your salary, and a new company car leased for you every two years...say, a red Corvette?"
- The MBA sat up straight and said, "Wow! Are you kidding?"
- "Of course," said the recruiter. "But you started it."
  - From *Essentials of Negotiation* by Lewicki et al (2004)



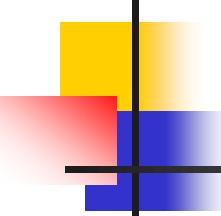
# Before you go in...

- Salary negotiations are usually the last stage in the job interview process.
- At this point you have the job IF you and the employer can come to an agreement on your compensation package.
- Remember to listen to WIIFM, your new employer is.



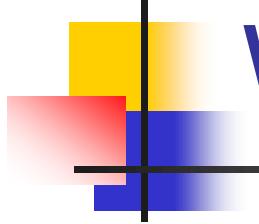
# Before you go in...

- Go in to the negotiation prepared!!!
- Look at salary ranges for your job and area.
  - [www.salary.com](http://www.salary.com)
  - <http://www.payscale.com/mypayscale.aspx>
- Look at cost of living in your area. If you are moving, this is especially important
  - <http://cgi.money.cnn.com/tools/costofliving/costofliving.html>
  - <http://www.payscale.com/cost-of-living-calculator>
  - <http://www.bestplaces.net/col/>
- Dress appropriately, this is part of the interview process



# Before you go in...

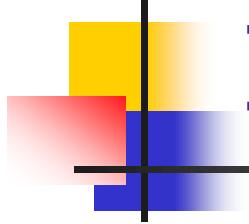
- Get to know the benefits/bonus package
  - Most large companies will have something on their intranet site, ask to look at it or ask for information.
- Decide on your ideal and BATNA
  - Take into consideration any benefits and bonuses.
    - Look at your personal needs and motivations
    - Benefits and bonuses can account for half of the total compensation package.
  - Be realistic in your expectations.



# What can you negotiate?

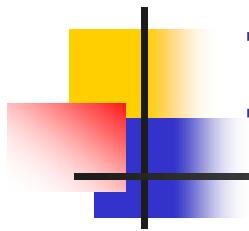
- Time
- Money
- Benefits
- Work Environment
- Relocation
- Promotion

\*Negotiating Your Salary, *Exchange*, 2006 (Ford Career Center)



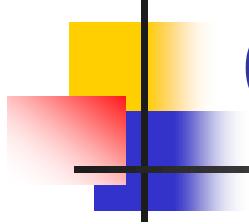
# In the negotiation...

- Remain calm and professional
  - The company does want you to work for them
  - Be ready to reinforce your positives
    - What can you do for the company
  - Present reasons why you deserve the salary you want
    - While being realistic in your requests



# In the negotiation...

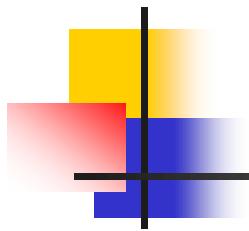
- Make sure that you understand everything clearly
  - Write down what was decided for yourself.
  - Double check with employer if you feel that you need to.
- Remember nothing is final until you sign the contract.



# Common Mistakes

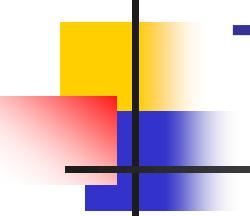
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- Not doing your research
- Bluffing
- You forget about benefits
- Being too interested in the package



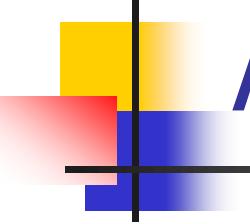
# 7 questions that make interviewers cringe

- What does your company do?
- How much does the role pay?
- What are the hours of the position?
- How many sick days do I get?
- How much time do I get off?
- If I'm hired, when can I begin applying for other roles in the company?
- Do you do background checks?



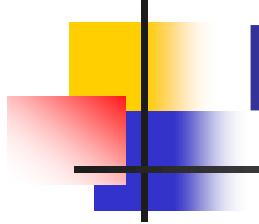
# Things to keep in mind...

- There are questions that the employers can not ask.
  - But they might try
- This is a professional situation
  - But there will be some small talk
- The more prepared that you are the better
  - They will find it harder to throw you a curve ball.



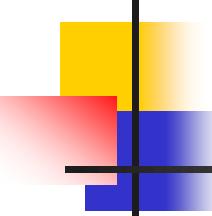
# Afterwards...

- Get the details about your compensation package in writing.
  - Especially the extras you negotiated.
  - It should be part of the contract that you sign.
- Your compensation package is between you and your employer. It is not something to openly discuss.



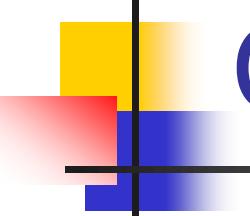
# How to win salary negotiations

- Timing
  - When do you ask the salary?
- Responding to 'what salary do you want?'
- Prove your worth
- Reach an agreement



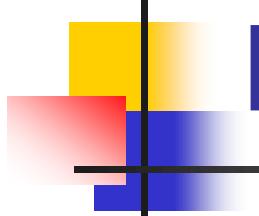
# Types of Contracts

- **Explicit contact**
  - Detailed, written contract
  - Covers all contingencies and requires no further cooperation
  - Binds the parties through an outside enforcement mechanism
  - No relationship exists between parties apart from the exchange
  - Communication is limited, formal, relies on technical language
  - Obligations limited, parties only bound to explicit commitment
- **Implicit contract**
  - Broad oral agreement
  - Accepting of unforeseen changes
  - Leaves room for parties to deal with problems
  - Begins formation of personal relationships-relies on relationship
  - Importance of relationship overrides substantive concerns
  - Communication is extensive, formal and informal, verbal and non-verbal
  - Obligations are unlimited and immeasurable
  - Future cannot be foreseen or included, trouble is expected and the contract allows for maneuverability



# Contract Completeness

- Contracts can range from:
  - Totally complete
  - Relatively complete
    - Both of which are higher in cost at the beginning
  - Relatively incomplete
  - Incomplete
    - Both of which are higher in risk at the beginning
- The differences offer the trade-off between greater safety and predictability and greater flexibility



# How do you chose?

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- Certain factors help determine which kind of contract one selects:
  - Environmental uncertainty
  - Transaction specific assets
  - Availability of alterative supplier