Salary Negotiations

PACES Workshop
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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.”

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)
- Look at cost of living in your area. If you are moving, this is especially important
  - [http://www.bestplaces.net/col/](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

- 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?

*careerbuilder.com 9/1/10*
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

*Beth Braccio Hering, CareerBuilder.com 9/1/10*
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?

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