



Negotiation

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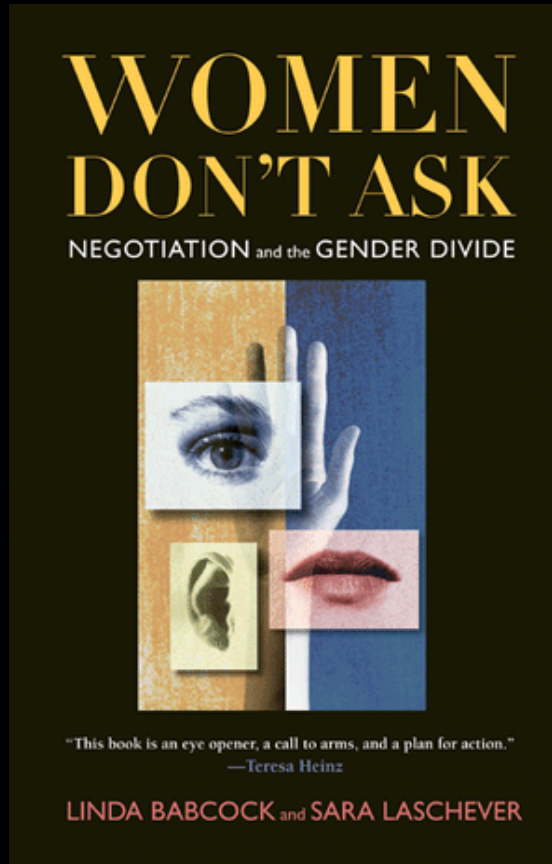
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Negotiation is...





“Women Don’t Ask”



Women Don't Ask...



- Only 7% of the women, but 57% of the men, asked for more money (negotiated on salary)
 - Students who negotiated (most of whom were men) were able to increase their starting salaries by 7.4%
 - Almost exactly the difference between men's and women's starting salaries



The Cost of Not Negotiating

2 equally qualified architects get job offers for \$60,000 per year. Rakesh negotiates a salary increase to \$64,560 (7.6%) while Yuna accepts the \$60,000 – and they receive the same 5% annual raises each year. What is the cost of Yuna's one-time decision not to negotiate?

10 years later

~ \$57,354

35 years later

~ \$411,860



Quantifying the Loss

Let's look at a more realistic comparison:
What if Rakesh also negotiates annual raises that are half a percent higher than Yuna's?

10 years: \$76,559

35 years: ~ \$1.05M

What if the raise differential is 1%?

10 years: \$96,278

35 years: ~ \$1.78M



Why We Don't Negotiate

FEAR

- Others' perceptions
- Losing the deal
- Conflict
- Emotion
- Hearing NO



Why We Don't Negotiate

- Double standards for men & women
- Experience of backlash
- Reduced liking, willingness to work with you
- Perceived as illegitimate



Why Negotiate?

- To make a good deal better
- To make an unattractive offer attractive
- Establish strong salary history
- Signals your ability to represent the firm



The Quandary

- “Fix the person” approach vs. “fix the context” approach
- Balancing assertiveness and empathy
- Connecting what you need to succeed with what would be beneficial to the organization



Some Assumptions...

- You both have an interest in making you happy
- You are negotiating in good faith
- There is no “one” right strategy



In Fact...

- Employers expect you to negotiate
- Negotiating professionally makes a better impression than not negotiating at all
- Negotiating can create value for both parties
- You can minimize conflict
- Negotiation is a learned skill



Plan

- Issues you wish to negotiate
- Range for each issue (bottom line and target)
- Issue weight
- Interests
- Package range
- BATNA



On Negotiating for a Job

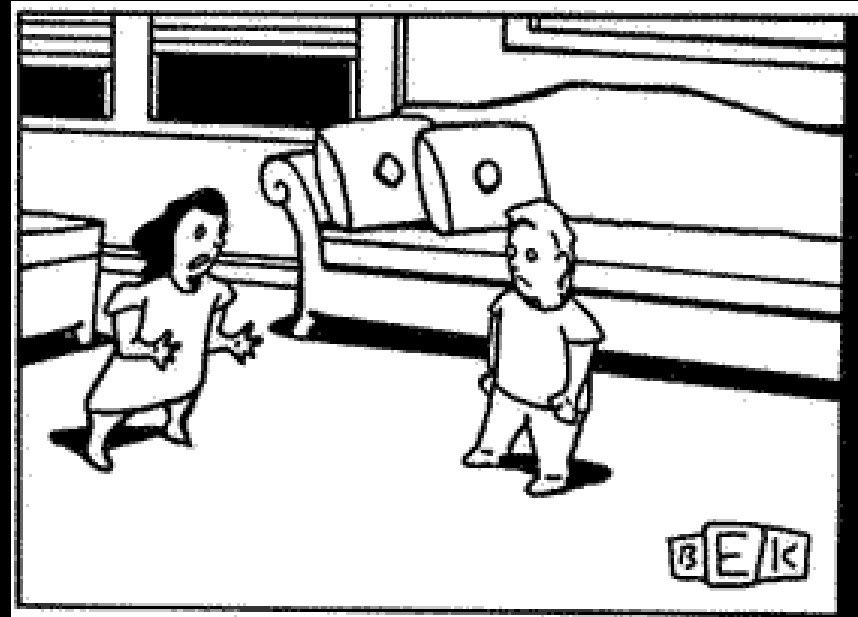


With *very* special thanks to Katie Liljenquist
and Erica Dawson



Plan

- Order your interviews
- If possible, negotiate after you have an offer
- Are you talking to the right person?



"Why did you speak to Dad? He can't green-light anything."



Negotiable Issues: Jobs

- Basic compensation
- Insurance coverage
- Retirement benefits
- Relocation assistance
- Career advancement/evaluation timing
- Work/group/client/location assignment



Negotiable Issues: Jobs, cont'd

- Signing bonus
- Annual bonus
- Flexible work arrangements
- Equipment, parking, transit
- Travel/education for training and conferences
- Housing assistance: low interest loans, etc.



Issue Ranges

- Bottom line: Your walk-away point
 - Establish bottom lines *only* for issues you are not willing to give up
- Target: Your aspiration
 - Optimistic but not unrealistic



Imperatives

- Never negotiate until you have a written offer!
 - Therefore, wait for them to make the first offer
 - Do not negotiate right when you get the offer-give yourself time to consider how the offer does or does not meet your needs; don't seem over-eager
 - Always be gracious if rejected....that may lead to a future offer
- Do not negotiate until you are prepared to say yes if they meet your target price
 - Do your homework



Imperatives

- Don't act like you're negotiating—let them recruit YOU, share concerns
- Aggressive goals, but not aggressive behavior
 - “I'd love to get your advice on...”
 - State what you appreciate about the offer
 - “Let's see if we can come up with a package that works for both of us...”
- You are more powerful before you have said yes
- Express excitement about the job! Emphasize how each element of your counteroffer displays your commitment to the firm
- Do not negotiate over e-mail or voice-mail



What to do When...

- Employer asks for your former salary before the degree?
 - If it's an extremely high anchor, okay to reveal
 - If below your target price, politely explain that your old salary is irrelevant because it was a different field/you have a new skill set/better credentials
 - "I'm willing to *consider* any *competitive* offer."
 - Ask the employer or recruiter to make you their offer
 - Be prepared to tell the employer what salary you are looking for to change jobs. Don't give ranges & don't signal willingness to concede:
 - "...salary isn't going to make or break the deal, but I can tell you that in order to justify the switch, I'm looking for at least X."
 - Or to stall: "I would need to know a lot more detail about the role before I could answer that."



What to do When...

- Employer wants you to make the first offer
 - Do it! Be optimistic, but realistic
- Employer wants to negotiate one issue at a time?
 - Suggest that there are a number of elements to your decision and you would like to know what they are offering on all
 - Counter-offer with a package deal. “I appreciate the constraints you have, so I could come up with a variety of ways we could come together on a good package”



What to do When...

- Your BATNA stinks?
 - Invest time in generating other alternatives (even just interviews)
 - Use objective standards in lieu of a BATNA
 - What other graduates of your school are being offered
 - What other firms in the industry are offering
 - What other firms in the region are offering



What to do When...

- Employer says something is not negotiable?
 - Never ask, “Is this issue negotiable?”
Instead: “I have some questions about the moving allowance, can we talk about this?”
 - If they insist something is non-negotiable, find out why
 - Ask if something can be traded for it:
“That’s understandable...given the constraints on X, what other issues can we work with to create a more competitive package?”



A Little Practice...

- Employer: "I assume you've seen our advertised salary range. Are you willing to accept a salary within that range?"
 - OR: "What salary are you looking for?"



A Little Practice...

- Unprepared Candidate: “Given that this job is near Boston and the cost of living is quite high there, I’d expect a salary that’s a bit higher than other parts of the country. Also, once we sell our home in Ohio, we’d like to be able to purchase a home in our new city that has enough room for our family of five, so of course that’s a factor too. Are you able to negotiate on salary?”



Better...

- Pre-Offer Candidate:
 - “I applied for this position because I am very interested in the job and your firm, and I know I can make an immediate impact once on the job, but I'd like to table salary discussions until we're both sure I'm right for the job.”
 - “I'm sure that if I am the right person for the job and the job is right for me, we can work out something that's fair.”
 - “I'm sure your employees are fairly compensated, and I expect a competitive wage for a person with my background. So let's talk about my background and what I can do for your firm...”



Better...

- Post-Offer Candidate: “Thanks so much for asking me to be a part of your team. Given my previous experience in X, I know my mix of skills will be a great asset to the firm. The other firms that I’m currently speaking with, however, are considering me at a salary somewhat higher than that range. Of course, money is only one element, and I will be evaluating each overall package...”



Better...

- Post-Offer no BATNA: "I feel my salary should be based on job responsibilities and the standards of the industry, and hope you will be competitive with the market. Depending on the management philosophy of the firm, hours required, training and support available, medical and dental benefits, commuting and travel time, how well it fits with my long term career goals and opportunity for advancement, bonuses, commissions, other profit-sharing compensation....my salary expectations range from \$XX,XXX to \$YY,YYY." [strategic range.]



Dangers and Deal Breakers

- Misrepresentation
- Emotional reactions
- Appeals to “fairness”
- Know when to stop
- Be aware of office politics
- Don’t do anything to get the job that you would not do once you have it



Final Thoughts...

- *Negotiate for yourself as if you were negotiating for someone else*
- If you don't ask for it, you can't get it!
- Evaluate the entire package
- Don't start negotiating unless you are committed to accepting their offer if it meets your RP
- Help them solve your problem
- Interact as if they're your advocate
- Focus on value rather than need/greed



Final Thoughts...

- Get things in writing
- Keep the relationship in mind
- Know norms and when to stop negotiating
- Be comfortable with your negotiation style. You need to appear committed and sincere. Write a script and practice to build confidence!
- Have a script for worst-possible scenario
- Never say no to a job — “Not now”



Good Luck!

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"Pretend to ask for a raise."



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