Negotiating A Job Offer

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Workshop Agenda

- Negotiation
- Negotiating a Job Offer
  - Academic and Industry Job Negotiations
  - What and How to Negotiate
- Attendee Role Play
- Q&A
Negotiation defined:

- process through which two or more parties aspire to reach mutual agreement on terms of a relationship or transaction.

We negotiate to:

- 1) collaborate on something new that neither could do independently, or
- 2) resolve a dispute or problem between parties.
Why We Don’t Negotiate

Fear of:
- others’ perceptions
- losing the deal
- conflict
- emotion
- negotiating poorly
- not deserving it
Why Negotiate?

- Make an unattractive offer attractive; make a good deal better
- What you negotiate can affect your job performance
- Employers expect you to negotiate
- Not negotiating = bad impression
- Signals ability to express your ideas
- Demonstrates your ability to cooperate on mutual goal:

Getting you hired!
Negotiating a Job Offer
Think about …

- In any negotiation, parties have goals (tangible and intangible). Develop a strategy to negotiate based on your goals.

- **Positions:** What we say we want in a negotiation.

- **Interests:** Your motivation. What you really need to gain from the negotiation.
Negotiation Planning

- Planning is the most effective way to ensure success in negotiation. Why?
  - It’s necessary to develop clear objectives to guide your negotiations.
  - Planning helps to understand your strengths and weaknesses and the strengths and weaknesses of the other party.
  - Better able to evaluate offers and counteroffers
Planning Steps

- Define the issues (the bargaining mix)
- Think about what you want to consider
- Define your priorities
- Do some research
**BATNA**

**Best Alternative To a Negotiated Agreement**

- “What will happen if the deal doesn’t go through?”

  Alternatives = Power

- Think about alternatives in advance
While in the negotiation …

- Remember the “70-30 rule.”
- Do not let the other person intimidate you. Remember the power you have in the situation, but remember the other’s power too.
- Go beyond the other party’s position.
- Try to “split the difference.”
While in the negotiation ...

- If the other party seems resistant, listen and paraphrase, give them praise, and ask questions that cause them to rethink their positions.

- Biggest mistake in negotiation—rushing the process!
While in the negotiation …

- Develop trust by:
  - Expressing your position as an addition instead of a contradiction
  - Asking questions to clarify and gain information, and not interrupting
  - Asking for the other party’s opinion.
Establish a Strong Salary History

- Two job candidates
- Both offered $100K
- Person 1 negotiates to $110K
- Person 2 takes the initial offer
- Assuming identical pay raises of 3% per year, in 30 years:
  - Person 1 will be earning $259,222
  - Person 2 will be earning $235,656.
Establish a Strong Salary History

- This means Person 1 has earned a total of $465,760 more over 30 years.
- If you invested the additional earnings over the course of 30 years, you would have well more than $1 million more (depending on interest rate).

All for a one-time negotiation!
Scenario 1: The Reluctant Negotiator

- You have just been offered a job as an assistant professor at a prestigious research university. For years, you have hoped to attain a job like this and now it seems like a dream come true. Unfortunately, now that the job has been offered, you are a bit disappointed with the salary they are offering. You want to ask for more, but you don’t want to seem greedy and you certainly would not want to lose the job. You have never negotiated a job offer and feel uncomfortable, but you think you should ask if it’s possible to boost the salary a bit.

- The scenario begins with the department chair offering you a 9-month salary of $70K. How would you proceed?
Before you negotiate . . .
Planning and Preparation

- Determine what makes the offer special:
  - Status and reputation
  - Nature of the position
  - Future opportunity
  - Culture and environment
  - Location
  - People you will work with and for
  - Compensation package

- Determine what makes you special.
Know your ....

- **Target:** Your aspiration
  - Optimistic but not unrealistic
  
  "I think my experience and education put me at the top of the market, which is around $85,000. That is the figure I am shooting for."

- **Resistance Point:** Your walk-away point
  - Establish bottom lines only for issues you are not willing to give up
But there is so much more than just salary to negotiate...
Bargaining Mix for Job Negotiations

- Basic compensation
- Additional compensation
- Benefits (insurance, retirement)
- Relocation assistance
- Additional perks
- Career advancement
- Start date
Academic and Industry Jobs--Handouts

- Negotiating Your First Academic Job Offer
  - Setting up and operating your lab/starting your research
  - Salary scales

- Negotiating Your First Industry Job Offer
  - Offers have more variability (salary, benefits, other elements)
  - Variability on timing (offers and start dates)
  - Variability on your career trajectory
Sources of information

- Department salary statistics
- Other published sources
- Contacts within organization
- Contacts within industry
- Organization itself

(See handout)
During the Negotiation . . .
Identify Their Interests

- Infer from offer

- Ask why? And why not?
  
  “I notice moving expenses are not part of the offer. Are these negotiated separately?”

- Understand the weight and flexibility attached to their issues

  “I see that you have included a performance review after 1 year. I’d prefer to be evaluated sooner than that. Is there flexibility on this issue?”
Communicating Your Interests

- Be specific and direct
- If something is a “must have,” say so
- Share your reasons
- Keep it simple
Creating Value: Summary

- Avoid unnecessary compromise!
- Look for tradeoff issues
- Add issues
- Look for ways to address interests underlying the issues
  - Firm on value, flexible on how you get it
  - Negotiate packages, not single issues
Claiming Value

- Anchor on your numbers
- Provide justification

“I think a reasonable salary would be $80,000--because that’s what similarly qualified graduates of my program were offered by other companies this year.”

“According to estimates I’ve obtained, I need at least $5000 in moving expenses in order to be able to move here.”
Claiming Value

- Don’t give a range
- Never make unilateral concessions

“I would be willing to accept an earlier start date in exchange for a larger signing bonus, because it sounds like you have more flexibility on bonus than start date.”

- Use silence
Leverage your BATNA

- Don’t misrepresent
- Present alternatives as evidence of your value, not a threat.

“I’m delighted with your offer and the prospect of working with you. And, I do want to be straightforward with you. I think you should know that another firm has made me an offer that includes significantly more salary. Is there room for flexibility in your offer?”

- Use alternative offers to signal concessions
Dangers and Deal Breakers

- Misrepresentation
- Emotional reactions
- Appeals to “fairness”
- Know when to stop
- Be aware of their constraints and politics
- Don’t do anything to get the job that you would not do once you have it
Scenario 2: Prepared Negotiator

You have just been offered a job as an assistant professor at a prestigious research university. For years, you have hoped to attain a job like this and now it seems like a dream come true. You have prepared for this negotiation. This is what you’ve learned from talking with your advisor and others who have recently secured similar academic positions and also by researching various online sources:

- Salaries in these types of positions range from $77K to $80K
- Start-up packages range from $750K to $850K
- How would you proceed?
Audience Role Play

- See handout
The Ultimate Goal

To negotiate a favorable deal and to create a mutually beneficial long-term relationship!