



Evaluating and Negotiating Job Offers

You don't have to accept the first offer you receive! Follow these tips to negotiate the best possible starting salary

Below are some criteria you may want to consider when evaluating a job offer. Use the Evaluating Job Offers worksheet on page 45 to write down and rank your criteria for one or more offers.

Work/lifestyle values: Before accepting a job offer, review what is important and fulfilling to you about work. What values do you hold that you want to carry over to the work arena? Also consider how you like to work and what you would enjoy in a work environment.

Industry/organization: Before accepting a job offer, research the financial stability, growth and trends of the industry and organization. Has the company gone through significant layoffs lately? How does the company's financial stability look now? What is their policy if more layoffs are needed? If the company is a startup, are they confident in their financial backing past the initial phase? If there are any concerns, address them with the organization contact before accepting the offer.

Job: When you receive a job offer, it is a good idea to review the responsibilities and daily activities of the position. You may have learned more about the position while going through the interview process, and it is important to evaluate this information.

Your next step: After evaluating all aspects of the industry and position to determine your "fit" with the job, your next step is to evaluate your entire job offer to determine if you need or want to negotiate. Usually negotiations are done with the Human Resources representative you have been working with, but occasionally they are done directly with the manager. If you are unsure, you can always ask.

Salary Negotiation

The organization's perspective

Your take-home pay won't necessarily correlate with the value you add or the contribution you make to your new company. It's simply the amount the market will bear to purchase your services, which includes your skills, expertise, knowledge and special talents.

Most organizations, both large and small, establish salary ranges for every position based on standards and general practices for the field. It's in the organization's best interest to hire you for a fair market value for several reasons. First, the hiring process can be long and expensive. It would be inefficient for an organization to make low offers only to be rejected and have to begin the recruiting process all over again. Second, organizations want to hire and retain good employees. It's unproductive to pay you less than other employers.

Organizations determine where an employee falls in the salary range based on experience and special expertise or knowledge. Therefore, a recent college graduate hired for an entry-level position with limited experience will be paid somewhere between the low- to mid-range, reserving the midpoint salaries for more experienced individuals.

Why or why not negotiate?

Salary negotiation is the process of reaching an agreement on what an organization will pay for your skills, knowledge and experience. Contrary to popular belief, this is not an adversarial process. It is in the best interests of both the organization and you to come to a mutually beneficial agreement.

The only reason to negotiate is to get fair market value for your skills, experience and knowledge. Therefore, it is unwise to negotiate simply for negotiation's sake. For example, sometimes job seekers think a hiring manager expects them to negotiate, or that salaries should be negotiated as a general principle. Although organizations respect employees who can articulate the value they add, recent grads (or anyone else) can quickly alienate potential employers if they are inappropriate and over zealous in their approach to negotiating their salary to "get a fair deal."

When should you negotiate?

Two things need to happen before you negotiate. First, begin discussing salary only after you have received a formal offer, preferably in writing (refer to the Frequently Asked Questions sidebar below for what to say if asked the "money" question before a formal offer is made.) Remember, initiating a discussion regarding salary before this point could eliminate you prematurely from hiring consideration.



Second, negotiate only after you have evaluated the entire job offer package and researched what the market will pay for your services in this field. This research will provide you with the evidence you need to determine if the salary offered is reasonable or whether you should make a case for a higher salary. The fact that your friend has received a higher salary for a similar job at a different company is insufficient data for negotiation purposes. Additionally, some companies that can't offer a higher salary may try to offset this by offering other "perks" such as extra vacation days. Although you may still

Frequently Asked Questions

Q: What do I say if I am asked for my salary requirements before the organization makes a formal offer?

A: The rule of thumb is that you want the company to mention a salary amount first. You want to avoid discussing your specific requirements until a formal offer has been made. If you are asked about salary, reply with, "If it's okay with you, I'd like to set that question aside for now and talk more about the specific duties and responsibilities of the job." If the hiring manager insists, you might say something like, "I assume a range has been established for this position and wonder what the organization had in mind?" or "I would require a salary competitive for this position and industry."

Q: What do I do if all my requests are rejected in the negotiation process?

A: Your decision to accept or reject the offer must then be based on the original offer.

Q: How committed am I to a job offer I have accepted, if a better offer comes along?

A: First, if you are unsure about accepting a job offer, it is better to negotiate for more time to make your decision, than to accept the offer prematurely and later rescind your acceptance. Second, it is important to honor your commitment once you've made it.

Backing out of an agreement is highly unprofessional and might later reflect negatively on you in your chosen field.

Another consideration should be the job offer contract. If you were given a signing bonus, examine the contract for clauses that state you must pay back the full signing bonus if you leave the organization before the stated duration. The signing bonus amount that you receive will be the total amount, minus taxes, but the amount you must repay will be the full amount of the bonus.

Q: How do I request an offer in writing?

A: If a verbal offer is made, your response could be, "I'm very excited about the opportunity to work for you and this organization. Since this is such a significant decision for both of us, I'd be more comfortable if the offer was formalized in writing so I could look it over."

Q: What if I don't understand something on the employment offer letter?

A: Companies are usually happy to clarify or answer any questions about the job offer. If something in your employment offer letter just "doesn't seem right," bring it to the attention of a campus career services professional. In addition, many colleges and universities have legal counseling available for students.

choose to negotiate your salary, be familiar with your entire job offer before approaching the organization.

The Negotiation Process

Before negotiating

When you receive a job offer you can either: accept it, reject it or negotiate for something else. If you decide to negotiate for something else, you need to know three things before you begin: 1) your market value, 2) what you want, and 3) the job.

1. Know your market value

Your success in negotiating a higher compensation package (and the only reason you should be negotiating) is contingent on data you have that suggests your market value is higher than that reflected in the offer. To determine your market value, review resources such as DataMasters (www.datamasters.com), which provides IT salary info, National Society of Professional Engineers (www.nspe.org), which offers engineering salary info, and www.jobweb.com, a site that lists entry-level salary data from recent graduates in many disciplines.

Often new college grads don't have the experience or expertise to warrant a higher salary. However, there are exceptions. Here are some salary negotiation "positions of strength" for new college grads:

- You have gained relevant work experience through internships or summer jobs, which positively impact your ability to do the job.
- You have a particular technical expertise that is in high demand.
- You have an advanced degree in a specific and sought-after area of expertise.

2. Know what you want

In addition to knowing your market value, you also need to know what you want and where you are willing to compromise. Salary is only one part of a total compensation package.

A package might include any of the following:

- Base salary
- Stock or stock options
- 401(k) or other retirement type plans
- Medical, dental and vision benefits
- Life insurance, accidental death insurance and disability benefits
- Signing bonus
- Bonuses based on performance and/or profit sharing
- Vacation time and/or sabbaticals
- Education reimbursement
- Relocation costs
- Extras such as commuting allowance or company car, health club membership, technical equipment, pretax dollars for child or elder care

For some organizations, the above items are not negotiable, and the salary may be in a fixed classification scale. However, other organizations may be willing to negotiate on salary,

bonuses, stock options, date of salary review, relocation costs or extra benefits.

During the process of evaluating job offers, some of these elements may not seem as important as annual income, but they can make a big difference in the long run. For example, compare one offer of \$45K, plus medical benefits (only) from an organization located in San Francisco, and another offer in Ann Arbor, Mich. for \$36K, plus full medical benefits (including dental and vision) and a salary review within six months. In order to evaluate these offers you need to consider all their elements, including cost of living expenses for the two areas and anticipated out-of-pocket costs for things not covered. You need to do a cost/benefit analysis to determine which is the best opportunity for you. Make sure to ask your hiring contact any questions you have about the benefits package before you make a final decision.

3. Know the job

Before you start negotiating, you want to be clear on how your skills benefit the organization. This can be difficult to assess if you don't have a great deal of work experience. However, here is a technique that might help. Try to identify the needs of each company that interviews you and how you are a solution to their problems and challenges. Then, when you're negotiating, you will have specific data about how you will add value to the company. You will then be able to confidently state that you are worth *X thousand* dollars more because of your ability to create specific software or design a new component.

What to Say and Do During a Negotiation

Step 1: Receive the Offer

Thank the person who extended the offer and express enthusiasm for the position. Then reiterate how important this decision is to you, and ask for some time to think it over in order to make a good choice. If it is a verbal offer only, ask when you can expect to receive the offer in writing.

Step 2: Evaluate the Offer

If you have any questions about benefits, ask your contact person to whom you should direct your questions for clarification. Evaluate the compensation package based on the elements listed above under step number two: Know what you want. Identify several backup options should your first request be denied.

Step 3: Negotiate

After evaluating and researching the offer, you are ready to negotiate. The important aspects during this phase are to: ask questions about how the salary was determined, be realistic about what you want, state your evidence clearly and succinctly for why you feel your salary should be higher, and then listen to what the prospective employers have to say in response. Here is a sample script for the negotiation process:

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Evaluating Job Offers Worksheet

1. Record your criteria for a fulfilling job in the left hand column. Consider criteria such as your top values, interests, skills, work style, and work environment preferences.
2. Fill in Job Option 1 and 2 with two job offers you are considering, if applicable.
3. Rank the degree to which your criteria are fulfilled by each option.

Use a scale of 1-5 with 1 being low and 5 being high.

Job Option 1. _____ 2. _____

Criteria

Rank

Criteria	Rank	Rank
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How confident am I that I can succeed with this job? _____

How well does this position fit with my longer term goals? _____

Totals _____

While salary is the most negotiated aspect of the job offer, there are other elements to evaluate and possibly negotiate.

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Interviewee: “I want to say again how extremely pleased I am to have the opportunity to work with you and this organization. However, I would like to discuss compensation, as it is less than I had expected.”

Company: “What did you have in mind?”

Interviewee: “First, I’d like to know how your organization structures salary ranges to understand how this salary was determined. I want this to work for both of us.” ... Listen to the response.

Interviewee: “I understand the organization prefers to bring recent college graduates in at the lower end of the salary range for this position because they typically lack the experience that warrants a higher salary. However, I feel my three years of summer internship experience within this industry plus my leading-edge technical skills warrants a higher salary.” (If you have other hard salary data from your research you can mention it here in a diplomatic manner.)

If the compensation is not negotiable, you have a decision to make based on the current offer. Or you may suggest the next option from your backup plan—such as a higher signing bonus, if applicable, or early performance review. Next you should move on to any other part of the job offer that you would like to negotiate.

Other Elements to Negotiate

While salary is the most negotiated aspect of the job offer, there are other elements to evaluate and possibly negotiate. Maybe you have vacation plans that cannot be changed. Negotiating your start date or extra time off to take this vacation could be very important. If your commute is going to be long, negotiating for telecommuting (working from home) for one or more days a week could save you commuting expenses and relieve stress associated with long commutes. Be creative in your negotiation process. Salary is important, but there are other elements of the job offer that can be negotiated as well.

Accepting and Rejecting Offers

If you and the company have come to a mutually satisfying agreement, ask for something in writing that reflects your mutual understanding. This usually will be in the form of an amended offer letter. When returning the amended offer letter, it is good to include a short job acceptance letter.

If you can not reach a mutually satisfying agreement, or have other offers you need to reject or withdraw from, a formal written letter or email should be sent to the hiring contact. This may also be done after a personal call to the contact at the

company, depending on how you have been communicating with them throughout the hiring process.

When You Receive an Offer

While the process of interviewing, weighing pros and cons, and accepting a job offer may be exhilarating, it can also create anxiety and a certain amount of confusion. Here we have laid out some brief guidelines to common concerns students have during the job search process. Keep in mind that students and employers have a joint responsibility when accepting or extending a job offer. Campus recruiters are expected to abide by the ethical standards noted in the National Association of Colleges and Employers (NACE) guidelines, which state that employers “will refrain from any practice that improperly influences and affects job acceptances...including undue time pressure for acceptance of employment offers.” Similarly, students are encouraged to observe ethical practices as well. The following code of job-seeker conduct is adapted from NACE:

- You should not accept an offer if you want to continue interviewing with other organizations. If you do accept an offer, you have made a commitment to that employer and it is your ethical responsibility to discontinue interviewing with other employers.
- If you accept an offer, and later another offer that you prefer is extended to you, remember that you have made a significant personal commitment to the first employer, and you should honor that commitment.
- If you are unsure about accepting a job offer, it is better to negotiate for more time to make your decision than to accept the offer prematurely and later rescind your acceptance. Such conduct is highly unprofessional. If this reasoning seems harsh, consider the reverse: an employer offers you a job and later a stronger candidate comes along; the employer calls you and says they are withdrawing their original offer to you. The process runs smoothly only when all parties observe the rules of common courtesy and professional behavior.

Juggling job offers and employer deadlines can be daunting. Since each student’s situation is unique, if you have specific questions or concerns (e.g., accepting an offer, multiple offers, negotiating for time or additional compensation, etc.), it might be best to seek help from a counselor or other career services professional. Check with your campus career center to see what services are available. ▲

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