

Negotiating & Evaluating Job Offers

Once you have received a job offer, you have more "power" now than at any other time in the interviewing process. Aside from being faced with making the right decision, a lot can be gained or lost from the way you negotiate your offer. Fortunately, most organizations will not expect you to accept or reject an offer immediately.

NEGOTIATING

What is meant by negotiating? "It is an interpersonal process that involves reaching an agreement about employment. Think of negotiating as a way of reaching a common goal: your agreement to work for the employer. Both you and the employer should end up winning. If one person wins and the other person loses, the agreement is not likely to last, either the employee will be dissatisfied and quit or the employer will be dissatisfied and will either not promote or fire the employee" (Reardon, Lenz, Sampson, & Peterson, 2006).

RECEIVING A JOB OFFER

There are several factors that are important to understand with respect to receiving job offers.

Timing of an Offer - An offer can arrive anywhere from one day to six weeks after your second or third interview. Occasionally employers will give you the offer at their final interview.

Impressions Still Count - Continue to make a good impression when the offer arrives. It is important to let employers know you are pleased to receive an offer, but do not let them hear you announce to your roommate or significant other that "I got the job!" On the other hand, don't make a negative impression with employers by telling them how sought after you are and how many other offers you have already received.

Clarify the Offer - Be clear on all the factors that make up the offer. These include position title, general responsibilities, salary, location, reporting date, travel or relocation expenses, signing bonus, and deadline for an answer.

Negotiate Time of Decision - Don't accept the job offer on the spot. Although you may have already been considering the possible offer, you need time to evaluate all the factors of this decision. Remember not to be star struck by the excitement of the offer. Be prepared to negotiate when you can give the employer your decision. Have a date in mind when you can give the employer your decision prior to receiving an offer so you won't get caught off guard. Employers know you are interviewing with other organizations and will appreciate your being honest and careful about your decision.

Being Honest with Employers – Negotiating is not really a "game," where deceit or lack of integrity work very well. Indeed, it is in your interest to be as honest and forthright in negotiations with employers as possible. At the same time, it is important to note that employers may not always be as forthcoming as they should regarding the amount of flexibility they have to negotiate salary and other aspects of a job offer.

FACTORS THAT MAY BE NEGOTIATED

Once you receive an offer it is important that you consider all the possible factors that could be negotiated. There are fifteen factors that might be negotiated, depending on the policies of the organization and your employment needs.

A. Salary. The offered salary may or may not be negotiable; it may or may not be a fair offer. Prior to negotiating this factor, research salaries offered in your field by geographical location, experience, degree level, major, and previous offers. You will often find that the salary an employee receives varies greatly from job to job, employer to employer, and from one region of the country to another.

B. Location of the job. There are many differences between working in one city or another. Take the time to check out the geographic area of your new position. Does the community offer you the lifestyle you are looking for? Do you have the option to choose the location of the job? With some positions, negotiating where you will live can make the difference in accepting a job or not.

Selected Salary Resources (available in Career Center and/or online):

1. National Association of Colleges and Employers Salary Survey
2. Salary Facts Handbook
3. Occupational Outlook Handbook
4. <http://www.salary.com>
5. <http://www.rileyguide.com/salary.html>

C. Timing of Appraisal Reviews. Some employers may give bonuses for the quality of job performance. Often these salary increases are attached to your appraisal reviews. If the organization uses this type of appraisal system, it might be possible to ask for an earlier review to increase your earnings sooner than normal. Sometimes you might consider accepting a lower salary with the understanding that your first salary review will be sooner than originally stipulated.

D. Signing Bonus. The relocation package may also be in the form of a signing bonus, which is simply an agreed upon amount of money given to you at the time of your acceptance of the offer. The amount of the signing bonus may also be contingent upon on how quickly you accept the offer.

E. Reporting date. Depending on the organization and your job, some employers might be able to offer a flexible starting date. If you have ever dreamed of backpacking or cycling through Europe, now may be the time, or maybe you just want to take some time off to relax; remember, now is an opportunity to negotiate when you will begin your new job.

F. Relocation expenses. Some employers may provide relocation benefits to help you move to the community where the employer is located. This may include travel to the community to look for a home or apartment, mortgage assistance, cost of moving your possessions, a car, and/or hotel/food expenses until you are settled. Other compensations might include the cost of temporary lodging, home mortgage rate differential, closing costs, and real estate broker fees. You might want to negotiate for a short-term interest-free loan to help you cover the costs for relocating to the new job.

G. Division, Department, Title or Classification of Position. In general, not all jobs are created equal within an organization. Find out as much as possible about your options before you accept an offer. If you decide that certain divisions appeal to you more than others, let it be known before you sign. The division or department responsible for your specific work assignment might be a factor that can be negotiated. In addition, you might be able to negotiate a different title or classification for your job, which might place you in a better salary pool or offer other advantages.

H. Sales Commissions, Bonuses, Profit Sharing, Stock Options. If the job is in the private sector, the employer might offer you a package of base salary and other financial incentives. These might be based on sales and meeting quotas.

I. Insurance, Pension Plans, and Other Benefits. An organization's benefit package might be as much as 30% of the salary offer. It is important to convert the benefit package into salary or expense dollars so you have a more complete measure of the financial terms of an offer. For example, if the employer provides complete health coverage, what is the equivalent in premium costs if you had to go into the market and purchase all or part of this yourself?

Items included in an optional benefits package include incentive savings, maternity/paternity leave, life insurance, dental/optical insurance, frequent flyer/travel clubs, disability insurance, sick leave, assistance with interest on loans, tuition reimbursement, and child-care expenses. These may be points of negotiation for you.

J. Expense Account, Car, Mileage, Fuel Allowance. Another part of a financial package offered by an employer could include reimbursement or advances for expenses associated with the job. These items might include a mobile phone or pager, a public transportation reimbursement, expenses for commuting or parking, or a better or larger car.

K. Club Memberships. If the job involves entertaining customers, or if it is a stress-producing situation, you might want to negotiate paid memberships at a private club, tennis club, or fitness center. Does the employer have a recreational facility that you can use? Can any fees be waived or reduced? Your prior research into the organization and position can help you learn whether these memberships are part of the base offer for the position.

L. Consumer Product Discounts. Your organization may have options for employees to participate in discount buying programs of various kinds. You might be able to negotiate your participation in such programs.

M. Office Furnishings. Another aspect of "location" that you might want to negotiate involves the location of your work space or the physical arrangements of your office. Do you want to work from a home office? What kinds of arrangements would need to be made for you to do this? What types of equipment might you need in a home office that the employer might provide? Do you have a disability that requires reasonable accommodations? Remember, if these things are important to you, the time to negotiate is *before* you accept the offer.

N. Vacations. Vacation time may vary in terms of the actual amount (days, hours), whether it is paid, and when it can be taken. If taking time off at a particular season or time of year is important to you and will make you a happier, more satisfied employee, then it might be something you want to negotiate.

O. Fulfillment and Fun. For some new workers entering the job market, the sky is often the limit in what can be negotiated. Not all of these factors will be negotiated in your situation, but it is prudent and reasonable to explore them if they are important to you and will impact your ability to be a successful and satisfied employee in the organization.

CRITERIA FOR JUDGING A JOB OFFER

There are many issues to consider when evaluating a job offer. Will the organization be a good place to work? Will the job be interesting? Are there opportunities for advancement? Is the salary fair? Does the employer offer good benefits? If you have not already figured out exactly what you want, the following discussion may help you to develop a set of criteria for judging job offers, whether you are starting a career, reentering the labor force after a long absence, or planning a career change. At the very least, you should look at job offers as they relate to your individual, family, and career goals.

Individual Needs/Goals - Does this job match your interests, values, skills, and beliefs? Does it provide you with the lifestyle, prestige, independence, creativity, security, altruism, and economic returns you are looking for in a job?

Family Goals - Does this job accommodate your needs and lifestyle preference with regard to your family? Is the geographical location conducive to you and your family's hobbies, community activities, and social support groups?

Career Goals - Is the nature of the employer, the job's pay and benefits, and the work activities what you are looking for in a job? What is the employer's reputation? Is the training program attractive and comprehensive? Does the organization provide advancement and mentoring opportunities? Will you be given significant responsibility? Are the surroundings and people pleasant? Is there job security? Does it offer room for professional, personal, and educational growth? Is the salary adequate for your needs? How does the benefit package compare to those of other employers?

The organization - Background information on an organization can help you to decide whether it is a good place for you to work. Factors to consider include the organization's business or activity, financial condition, age, size, and location.

Does the organization's business or activity match your own interests and beliefs?

It is easier to apply yourself to the work if you are enthusiastic about what the organization does.

How will the size of the organization affect you?

Large firms generally offer a greater variety of training programs and career paths, more managerial levels for advancement, and better employee benefits than small firms. Large employers may also have more advanced technologies. However, jobs in large firms may tend to be highly specialized.

Jobs in small firms may offer broader authority and responsibility, a closer working relationship with top management, and a chance to clearly see your contribution to the success of the organization.

Should you work for a relatively new organization or one that is well established?

New businesses have a high failure rate, but for many people, the excitement of helping create a company and the potential for sharing in its success more than offset the risk of job loss. However, it may be just as exciting and rewarding to work for a young firm that already has a foothold on success.

Does it make a difference if the company is private or public?

An individual or a family may control a privately owned company and key jobs may be reserved for relatives and friends. A board of directors responsible to the stockholders controls a publicly owned company and key jobs are usually open to anyone.

Is the organization in an industry with favorable long-term prospects?

The most successful firms tend to be in industries that are growing rapidly.

Nature of the job - Even if everything else about the job is attractive, you will be unhappy if you dislike the day-to-day work. Determining in advance whether you will like the work may be difficult. However, the more you find out about the job before accepting or rejecting the offer, the more likely you are to make the right

choice. Actually working in the industry and, if possible, for the company would provide considerable insight. You can gain work experience through part-time, temporary, or summer jobs, or through internship or work-study programs while in school, all of which can lead to permanent job offers.

Where is the job located?

If the job is in another section of the country, you need to consider the cost of living, the availability of housing and transportation, and the quality of educational and recreational facilities in that section of the country. Even if the job location is in your area, you should consider the time and expense of commuting.

Does the work match your interests and make good use of your skills?

The duties and responsibilities of the job should be explained in enough detail to answer this question.

How important is the job in this company?

An explanation of where you fit in the organization and how you are supposed to contribute to its overall objectives should give you an idea of the job's importance.

Are you comfortable with the hours?

Most jobs involve regular hours—for example, 40 hours a week, during the day, Monday through Friday. Other jobs require night, weekend, or holiday work. In addition, some jobs routinely require overtime to meet deadlines or sales or production goals, or to better serve customers. Consider the effect the work hours will have on your personal life.

How long do most people who enter this job stay with the company?

High turnover can mean dissatisfaction with the nature of the work or something else about the job.

Opportunities offered by employers - A good job offers you opportunities to learn new skills, increase your earnings, and rise to positions of greater authority, responsibility, and prestige. A lack of opportunities can dampen interest in the work and result in frustration and boredom.

The company should have a training plan for you. What valuable new skills does the company plan to teach you?

The employer should give you some idea of promotion possibilities within the organization. What is the next step on the career ladder? If you have to wait for a job to become vacant before you can be promoted, how long does this usually take? When opportunities for advancement do arise, will you compete with applicants from outside the company? Can you apply for jobs for which you qualify elsewhere within the organization, or is mobility within the firm limited?

Salaries and benefits - Wait for the employer to introduce these subjects. Some companies will not talk about pay until they have decided to hire you. In order to know if their offer is reasonable, you need a rough estimate of what the job should pay. You may have to go to several sources for this information. Try to find family, friends, or acquaintances who recently were hired in similar jobs. Ask your teachers and the staff in placement offices about starting pay for graduates with your qualifications. Help-wanted ads in newspapers sometimes give salary ranges for similar positions. Check the library or your school's career center for salary surveys such as those conducted by the National Association of Colleges and Employers or various professional associations.

If you are considering the salary and benefits for a job in another geographic area, make allowances for differences in the cost of living, which may be significantly higher in a large metropolitan area than in a smaller city, town, or rural area.

You also should learn the organization's policy regarding overtime. Depending on the job, you may or may not be exempt from laws requiring the employer to compensate you for overtime. Find out how many hours you will be expected to work each week and whether you receive overtime pay or compensatory time off for working more than the specified number of hours in a week.

Also take into account that the starting salary is just that—the start. Your salary should be reviewed on a regular basis; many organizations do it every year. How much can you expect to earn after 1, 2, or 3 or more years? An employer cannot be specific about the amount of pay if it includes commissions and bonuses.

Benefits can also add a lot to your base pay, but they vary widely. Find out exactly what the benefit package includes and how much of the costs you must bear.

National, State, and metropolitan area data from the National Compensation Survey, which integrates data from three existing Bureau of Labor Statistics programs—the Employment Cost Index, the Occupational Compensation Survey, and the Employee Benefits Survey—are available from:

Bureau of Labor Statistics, Office of Compensation Levels and Trends, 2 Massachusetts Ave. NE., Room 4175, Washington, DC 20212-0001. Telephone: (202) 691-6199.

Internet: <http://www.bls.gov/ncs/>

Data on earnings by detailed occupation from the Occupational Employment Statistics (OES) Survey are available from:

Bureau of Labor Statistics, Office of Employment and Unemployment Statistics, Occupational Employment Statistics, 2 Massachusetts Ave. NE., Room 2135, Washington, DC 20212-0001. Telephone: (202) 691-6569.

Internet: <http://www.bls.gov/oes/>

STEPS TO NEGOTIATING

Once you have decided what offer you want to accept, you will need to take the following steps to ensure an effective negotiation:

A. Decide Your Conditions - It is important to determine what you want from the offer, but it is also important to know the minimum you will take from an offer. Create a plan that will allow flexibility. For example, if you ask for more salary but the organization cannot offer more money, would you be willing to take a signing bonus instead? Remember, you only have one opportunity to get the most from this offer so thoroughly plan prior to any negotiation.

B. Negotiate with One Organization - Only negotiate with one organization at a time. Don't spend time and energy negotiating with the organization that is your second or third choice until it is clear that your first choice is no longer an option.

C. Call Early - If you make your decision early, by all means call the organization and begin negotiations. The earlier you negotiate the more likely that the organization has not filled all of their positions and could be more inclined to negotiate with you.

D. Maintain Your Professionalism - Too many candidates make the mistake of becoming too laid back after they've received an offer. Remember, the person you are negotiating with may be your supervisor or at the very least your colleague.

E. Make a Decision - Be prepared to make a decision once the organization has stated their final offer. It is not appropriate to try to hold out for more time or another offer.

F. Commit Fully - No matter whether it was a hard decision or not, let your employer know that you're with them 100 percent. No one wants someone to work for them who act like they would rather be somewhere else.

G. Decline/Acceptance letters

Decline Letters. Declining an offer should be done in writing and as soon as you accept another position. This is an important step because you may need this contact later on, so never burn your bridges.

Acceptance Letters. Acceptance letters are extremely important in restating your understanding of the offer. Remember to include the following:

1. Salary
2. Starting date and time
3. Location
4. Any perks, signing bonuses, etc. that were negotiated
5. Any other factors that you feel were vague or were not in writing

Good luck in your new job!

SAMPLE ACCEPTANCE LETTER

3587 Main Street
Arnold, MD 21012

December 1, 2004

Judith Thomas
Director, Human Resources
Maryland Construction Company
1170 81st Street
Baltimore, MD 21092

Dear Ms. Thomas:

Thank you for your letter of November 26, 2004. I am pleased to accept your offer for the position of Assistant Researcher at an annual salary of \$31,000.

The research position is ideally suited to my background and interests. I assure you that I will give you my best effort in making this an effective position within your company.

I understand I will begin work on December 13, 2004. In the meantime, if I need to complete any paperwork or for any other matters, please contact me at 410-555-2325.

Thank you for all of your assistance. I look forward to joining you and your staff next month.

Sincerely,

John Albert

SAMPLE DECLINE LETTER

3587 Main Street
Arnold, MD 21012

January 12, 2004

Judith Thomas
Director, Human Resources
Maryland Construction Company
1170 81st Street
Baltimore, MD 21092

Dear Ms. Thomas:

Thank you very much for offering me the position of Marketing Manager with Hatfield Industries. It was a difficult decision to make, but, I have accepted a position with another company.

I sincerely appreciate you taking the time to interview me and to share information on the opportunity and your company.

Again, thank you for your consideration.

Sincerely,

John Albert

Work Satisfaction Checklist

Consider each of the job offers you now have in terms of the work satisfaction it offers. Answer yes or no to each of questions below for each of your offers. It is understood that you don't know everything about the position or organization, but take your best guess.

| Criteria | Job Offer #1 | Job Offer #2 | Job Offer #3 |
|---|--------------|--------------|--------------|
| Will I enjoy working with my future co-workers and supervisors? | | | |
| Will I have a good opportunity to express myself on the job? | | | |
| Is the working environment satisfactory? | | | |
| Will I be fully using my primary skills? | | | |
| Is there sufficient diversity and challenge? | | | |
| Will I be able to get the kind of feedback I require to actually see the results of my efforts? | | | |
| Is there an opportunity to learn and expand? | | | |
| Is the commute to and from work within satisfaction limits? | | | |
| Are there open avenues of communication? | | | |
| Will I be able to dress comfortably? | | | |
| Will I be able to get the value from my work to the extent that I make a contribution? | | | |
| Am I motivated and satisfied with the ultimate purpose of the organization? | | | |
| In terms of work pleasure, is this opportunity close to any of my "dream jobs?" | | | |
| Do I really want to do this kind of work? | | | |
| Is the salary and benefit package satisfactory? | | | |
| Additional Criteria: | | | |
| Additional Criteria: | | | |

Developing a Budget

To effectively evaluate a job offer, you will also need to examine your financial situation. Will the salary and benefits meet your financial needs? Use the list below to help construct an overall budget. Be realistic!

| Item | Estimated Monthly Expense |
|--------------------------------|---------------------------|
| Mortgage or Rent | |
| Home / Apartment Insurance | |
| Utilities : Gas | |
| Utilities: Electric | |
| Utilities: Water | |
| Telephone / Internet | |
| Cell Phone | |
| Student Loan Payment | |
| Car Loan | |
| Car Insurance | |
| Gasoline | |
| Car Maintenance | |
| Groceries | |
| Clothing | |
| Drugs / Medical Expenses | |
| Child Care / Day Care | |
| Formula / Pampers | |
| Tuition Expenses | |
| Magazine Subscriptions | |
| Life Insurance Premiums | |
| Medical Insurance Premiums | |
| Laundry / Dry Cleaning | |
| Taxes | |
| Club / Association Memberships | |

| | |
|--------|--|
| Cable | |
| Other: | |
| Other: | |
| Other: | |
| Other: | |

Total monthly expenses _____ x 12 months = _____.

Total monthly income _____ - total monthly expenses _____ = _____.

Grading Your Job Offer

In the spaces to the right, rate each criteria factor on a scale of 105 with 5 being the highest score and 1 being the lowest. At the bottom of each column add your score to determine your job offer grade.

| Criteria | Terrific =5 | Very Good =4 | Good =3 | Averag e=2 | Not Good =1 |
|-------------------------|----------------|-----------------|------------|---------------|----------------|
| Type of Work | | | | | |
| Responsibility | | | | | |
| Chance for Advancement | | | | | |
| Fellow Workers | | | | | |
| Supervisor | | | | | |
| Training | | | | | |
| Pay | | | | | |
| Working Conditions | | | | | |
| Travel | | | | | |
| Expenses | | | | | |
| Performance appraisal | | | | | |
| Growth | | | | | |
| Reputation | | | | | |
| Location | | | | | |
| Fringe benefits | | | | | |
| My Gut Feeling | | | | | |
| Other people's feelings | | | | | |
| Other: | | | | | |
| Other: | | | | | |
| Totals | | | | | |

Grand Total: _____

Grading System

81-90: The job of a lifetime. Don't hesitate accept immediately! A chance like this might not come again!

61-80: Very fine job offer. Better than most can hope to get.

41-60: Pretty good offer. It would be okay to do this work for a year or two and then move on.

21-40: Borderline job offer. If you have been job hunting a long time and just want to work, then take it.

0-20: Forget it! You'd be better off being a waiter or waitress or doing temp work.

References

Colorado College Career Center. (1999). Evaluating and accepting job offers. [On-line], 1-9. Retrieved November 11, 2005, from <[http://www.coloradocollege.edu/careecenter/publications/packets1999/4evaluating job offers. asp](http://www.coloradocollege.edu/careecenter/publications/packets1999/4evaluating%20job%20offers.asp)>

Reardon, R.C., Lenz, J.G., Sampson, Jr., J.P., and Peterson, G.W. (2006). *Career development and planning: A comprehensive approach*. Mason, OH: Thomson.

Minnesota Department of Employment and Economic Development. (2004). Job Success Skills - Creative Job Search Article. [On-line], 1-2. Available: <<http://www.deed.state.mn.us/cjs/jsuccess.htm>>