

Negotiations

Job search curriculum > soft skills > negotiating

Show Me The Money



Agenda

- **Negotiations from the company's perspective**
- **Offers at a/A...What to do and know**
- **Three cardinal rules of negotiating**
- **Equity**

NOTE: Coach meetings starting...

- Please respond to invites
- Be ON TIME
- Some will be on Hangouts (Eli)
- Review of resumes, covers and personal pitch live-make sure all is updated on Jobberwocky



Upside and Downsides of Negotiating

What are they?

Common answers

Benefits

- More money
- Convey confidence
- Get a feel for management style
- Feel appreciated → better work
- Company wants you to be happy
- Leverage for future raises & negotiations

Drawbacks *(these rarely happen)*

- Offer withdrawn
- Appear selfish
- Raise the performance bar

REMEMBER...

ELI'S FAVORITE LINE

***“You can’t wink at
someone in the dark!”***



Cost of conducting a round of interviews

| | |
|--|--|
| Advertise job, attend recruiting events & review resumes | 2-3 days of recruiter time ½ day of hiring manager time |
| Set up and conduct 10-20 phone screens | 2-3 days of recruiter time |
| Send, collect, and grade 5-10 take-home problems: | ½ days of recruiter time ½ day of engineer time |
| Arrange and conduct 3 in-person interviews | 1 day recruiter time 2 days engineer time |
| Create offer and communicate with final candidate | ½ day recruiter/hiring manager time |
| Total | ~7 days recruiter time ~2.5 days manager/engineer time |

Assuming employee salaries of \$100k:

Cost of 1 round of interviews: ~\$10,000

(Does not account for taxes. Does not account for lost opportunity cost....Also, add the cost of a 3rd party recruiter at 15% of 1st year salary)

WHAT WE SEE



When the interview occurred

| STAGE | NEW IN STAGE | ALL IN STAGE |
|--------------------------|--------------|--------------|
| New lead | 441 | 453 |
| Reached out | 228 | 308 |
| Responded | 46 | 46 |
| New applicant | 885 | 1,036 |
| Phone screen | 362 | 405 |
| Hiring Manager Interview | 96 | 96 |
| Work sample out | 102 | 102 |
| Work sample for review | 70 | 70 |
| On-site interview | 97 | 116 |
| Reference check | 13 | 18 |
| Offer | 8 | 15 |

From an employee/employer standpoint...

- They are exhausted
- They feel rejected
- Their entire product is delayed
- Takes time to get someone



Typical cost of employing one engineer @ \$100k

| | |
|--|------------------|
| Salary | \$100k |
| Benefits | \$5k |
| Equity and/or bonuses | \$20k |
| Employer taxes <small>(15%)</small> | \$15k |
| Office space & supplies | \$5k |
| Assume one admin staff per 10 employees | \$5k |
| Avg 3 hours training/week from an experienced engineer | \$15k |
| Opportunity cost of engineer time | \$20k |
| Total | \$185,000 |

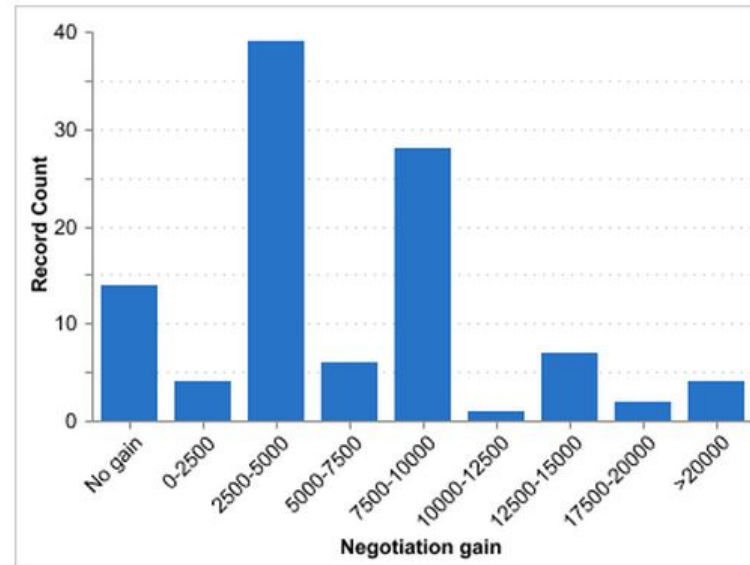
Employee happiness is extremely important

| Total cost of losing one employee | |
|---|-----------------|
| Two rounds of interviews \$20,000 | \$20,000 |
| Training from senior engineer \$15,000 | \$15,000 |
| Time new engineer is being trained \$10,000 | \$10,000 |
| Opportunity cost of trainings \$25,000 | \$25,000 |
| Total | \$80,000 |

Some a/A negotiation data

The majority of students negotiate. Not negotiating = leaving money on the table.

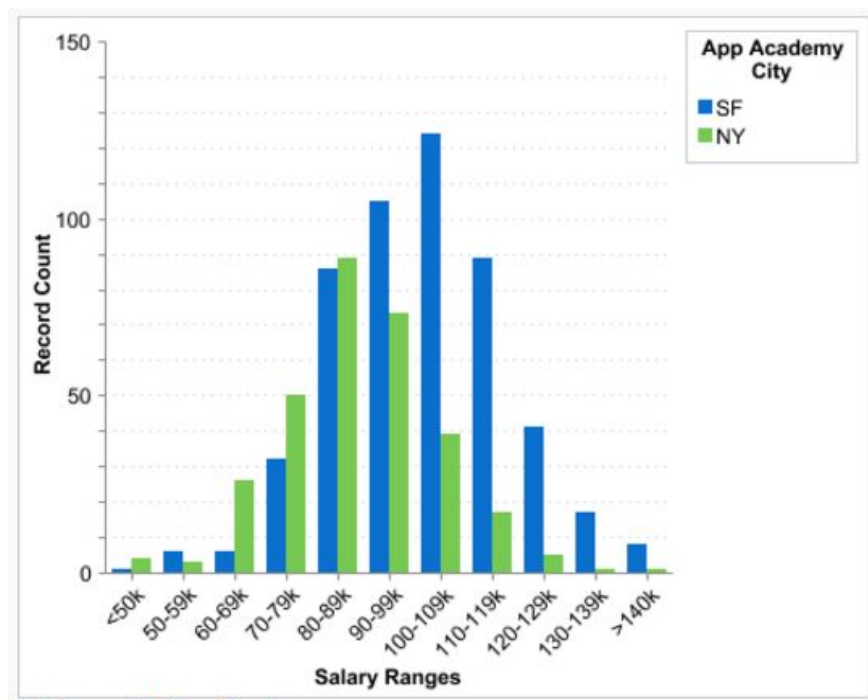
Change in compensation before & after negotiation



~100 data points

“No gain” includes students that negotiated for performance based bonuses, benefits, early reviews, or more equity.

Compensation distribution by city



Average of a/A this year

| | | |
|-----------------------------------|-----------|-----------|
| \$87,000.00 | 7/11/2016 | 2/21/2017 |
| \$120,000.00 | 7/11/2016 | 2/21/2017 |
| \$157,000.00 | 9/12/2016 | 2/17/2017 |
| \$100,000.00 | 9/12/2016 | 2/15/2017 |
| \$70,000.00 | 7/11/2016 | 2/15/2017 |
| \$115,000.00 | 7/11/2016 | 2/9/2017 |
| \$70,000.00 | 5/9/2016 | 2/8/2017 |
| \$96,000.00 | 7/11/2016 | 2/7/2017 |
| \$120,000.00 | 9/12/2016 | 2/3/2017 |
| \$95,000.00 | 7/11/2016 | 2/2/2017 |
| \$110,000.00 | 7/11/2016 | 2/1/2017 |
| \$105,000.00 | 9/12/2016 | 2/1/2017 |
| \$126,000.00 | 9/12/2016 | 2/1/2017 |
| \$110,000.00 | 3/7/2016 | 1/31/2017 |
| \$90,000.00 | 7/11/2016 | 1/31/2017 |
| \$150,000.00 | 9/12/2016 | 1/31/2017 |
| \$88,000.00 | 9/12/2016 | 1/31/2017 |
| \$120,000.00 | 9/12/2016 | 1/30/2017 |
| \$110,000.00 | 7/11/2016 | 1/26/2017 |
| \$100,000.00 | 7/11/2016 | 1/25/2017 |
| \$110,000.00 | 7/11/2016 | 1/24/2017 |
| \$80,000.00 | 6/22/2015 | 1/20/2017 |
| \$90,000.00 | 5/9/2016 | 1/20/2017 |
| \$115,000.00 | 9/12/2016 | 1/19/2017 |
| \$120,000.00 | 7/11/2016 | 1/18/2017 |
| \$125,000.00 | 7/11/2016 | 1/13/2017 |
| \$90,000.00 | 1/4/2016 | 1/12/2017 |
| \$100,000.00 | 7/11/2016 | 1/12/2017 |
| \$120,000.00 | 7/11/2016 | 1/10/2017 |
| Grand Totals (171 records) | | |
| avg \$107,155.32 | | |

Takeaways

1. Companies don't benefit by being stubborn.
2. The vast majority of negotiations result in a better deal
3. Close to half of negotiation gains are ~\$10k or more



*Imagine you
here with your
awesome
negotiated salary*

Getting the offer...NOW WHAT?

When you get an offer

1. **TELL YOUR COACH!!!!!!**
2. Tell every other company that you have an offer
3. Ask for more time
4. If you get more time, interview with other places
5. If you don't get the time, ask for more money
6. Always get any additional info about the position before negotiating salary
7. If you get more than one offer, you can have up to two back-and-forth negotiation rounds
8. "I'll forgo my other opportunities and sign today if ____."

Navigating the negotiation:

Three cardinal rules

In the interview process

Rule #1:

Never give a
salary at the
start.

In the interview process

You are offered a phone interview.

→ *They hope you're worth talking with.*

You pass the initial screenings.

→ *They wonder if you might be good.*

You pass the second screening.

→ *They think you're pretty good.*

You pass the final on-sites.

→ *You're the best candidate they have.*

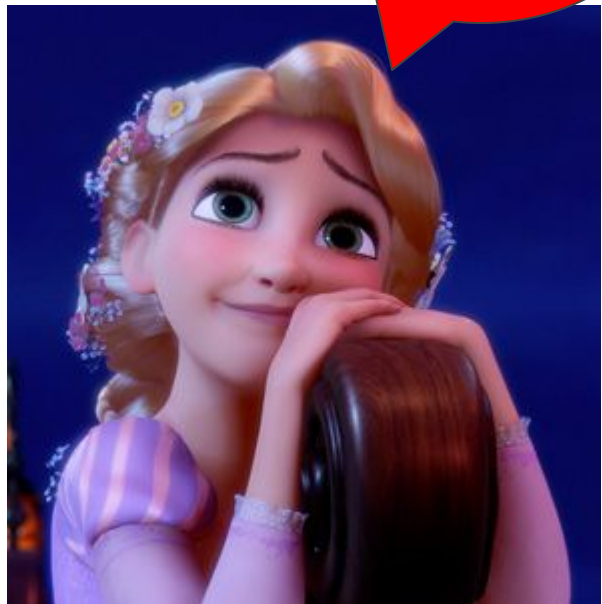
Now you negotiate.

Rule #1:
**Never give a
salary at the
start.**

Try not to give away the first number

- (1) “My priority is to find a company that offers [mentorship/a great product/an excellent team/whatever matters to you].”
- (2) “I am confident we’ll be able to make an agreement when the time comes.”
- (3) “I don’t have enough information about the role to evaluate it yet, but on [Glassdoor/Indeed/elsewhere] I have noted that salaries are typically around [find a high number].”

*I want to make
\$1M a year with
unlimited PTO*



REPEAT AFTER ME

“For me it is really about the culture, fit and position.

Right now may be a little early for this discussion.

However, when we do get there, I will be looking at Glassdoor and the local market and I am sure we will find something that will be a win-win for everyone.”

In the interview process

Rule #2:
**Try to get
things in
writing**

Verbal offer...

“Wow. That offer sounds amazing. I am going to look forward to reviewing the offer in email and taking some time to consider next steps as this is a big life decision. I definitely want to discuss this with (my family, partner, colleague...)”

I really like the people and the position seems like a great fit and I am excited about the opportunity.

Rule #3

**DON'T NEGOTIATE
OVER THE PHONE.**

“Thank you for this information.
I'll think it over and get back to
you.”



Don't negotiate over the phone.

If you get stuck on the phone...

- 1) Remember that your first goal is to **ask for more time!**
- 2) **Know your Ideal salary**, and your Deal-Breaker salary in advance. Also prepare a brief but clear description of why you are a great hire.
- 3) If you get caught up in a salary negotiation, when they name a number, **repeat the number and then be silent for a count of 10.** (they will feel uncomfortable, and ask you questions or say that they are flexible.)
- 4) Make sure the offer is firm. "So if I accept X dollars, then this contract is finalized?"
→ MOVE TO EMAIL: "I'll look forward to reviewing this." (**get it in writing**)
- 5) "I don't want to make any demands, but can I tell you my ideal number?" They'll say yes, then say the number and don't talk for a count of 10.

If the offer is super low, then don't move to #5. **Remind them how excited you are about the offer, and ask for time to decide.** Then leverage this offer for other purposes.

“Yes, but we still would like a number...”

- Online applications
- **Research BEFORE** phone and onsite interviews
 - What does Glassdoor or Indeed say about salaries
 - Research the demographics and other companies in and out of state (depending on where you are applying)
- Say something like “Basically what I am seeing on Glassdoor and the Bay area is around the \$120k range and when we do get to that point I know your company will provide a fair offer that will be a **win-win** for everyone”

IF THEY GO THERE... “Recent stats over the last 12 months have shown that a/A graduates on average, in the Bay area are making over \$110k”

Early Stages vs. Onsite...KISS UP!!!!

EARLY: “Right now I think it is early on the process to discuss this. However, for me it is about the culture and fit. When we get to that point, I will be looking towards Glassdoor and the marketplace and in the end, I know we will be able to come up a number that will be a win-win for both of us.”

ONSITE: “For me it is about the culture and the fit. I am confident you will provide a fair and competitive offer based on what is happening here in the local market”

NEED A NUMBER: “Based on what I am seeing on Glassdoor and the marketplace, I am looking at the \$XXX **range**. However, I am very excited about your company and what you are doing here and I am confident we can find something that will work for all of us.”

Who are you negotiating with?

Inside vs. outside recruiters



Online Marketplaces

H I R E D



TRIPLEBYTE

Equity

- Equity = any kind of ownership of the company
 - Stock that you buy or that is given to you
 - Options to buy stock
- Usually vests over 4 years with a 1-year cliff
- Income is taxed
- Equity can be diluted
- Equity = gambling. Most startups don't win big.
- Get runway and valuation from any startup.
- [Great 3-part series on Stock Options](#)
- [Valuing Stock Options](#)

**Salary is
guaranteed.
Equity isn't.**

I personally negotiate for
salary over equity.

You can negotiate for

| | |
|--|--|
| Salary | Don't leave \$5-10k on the table! |
| Sign-on Bonuses (often come from a different account) | Frequently \$5,000, sometimes more |
| Performance bonuses | - |
| Benefits | \$300-\$1,000/month. Most of the cost is medical. Vision/dental are cheaper. |
| Vacation | - |
| 401k | If offered, frequently 50% matching up to a max |
| Role, responsibilities, upward mobility, mentorship, etc | - |
| Earlier review / eligibility for a raise | - |
| Equity | Ask for valuation of company. |
| Misc - parking, lunches, gym memberships, etc | - |

Takeaways

1. Don't discuss salary until they are ready to make an offer.
2. When you get an offer, first **make sure you have 2-3 weeks** to decide.
3. Discuss all non-salary items before you discuss salary.
4. **Don't negotiate over the phone.**
5. **TALK WITH YOUR COACH**

FOR TOMORROW: Job search curriculum > soft skills > networking

Questions?

Remember: **You ARE worth it!**

If you don't ask for it, nobody will.