

Ross Career Services Guide to:

Employment Decision & Negotiation

Employment Decision & Negotiation

Checklist:

- ☐ **1. Develop a rank-ordered priority list for your target companies**
That way, when you receive an offer from your top choice, for example, you can reduce unnecessary interviewing and pull out of interviews with other lower-ranked companies on your list.
- ☐ **2. Decide which offer you are most likely to accept.**
It is actually more effective and appropriate to negotiate an offer that you want most to accept rather than one you do not plan to accept.
- ☐ **3. Determine whether you want to negotiate the offer.**
Determine whether the offer package is adequate or whether it is deficient in some way. Remember that negotiating compensation is not recommended for internships but is fine for full-time opportunities.
- ☐ **4. Negotiate constructively**
Remember that the company is evaluating you throughout the negotiation process, so if you do negotiate, do so professionally and collaboratively.
- ☐ **5. Schedule a counseling appointment with the Ross Career Services (RCS)**
If you have any questions or concerns regarding the negotiation process, you can schedule an appointment to talk to an RCS staff member.
- ☐ **6. Fill out Employment Survey**
Have you concluded your full-time or internship job search? Are you still job searching? Everyone can fill out the Employment Profile! Please share your Employment Data to help RCS compile next year's Employment Data. All individual information is held in strict confidence.

Resources:



RCS Career Counseling



Ross School of Business Employment Data



Salary.com and other online compensation benchmarking sites

Notes:

The Employment Decision

Offer Worksheet

Instructions for the Offer Worksheet

- Determine your decision factors in order of importance and write them on the table above

		OFFERS					
		Example			Offer 1	Offer 2	Offer 3
		Acme Consulting	Mega Consulting	Global Consulting			
Factors	Ex	Job Content	✓				
	Ex	Geographic Location		✓			
	Ex	Compensation			✓		
	Ex	Travel Requirements		✓			
	1st						
	2nd						
	3rd						
	4th						
	5th						
	6th						
	7th						
	8th						

- Write down your offers and rate them against the factors that you've identified. Put a check mark under the offer with the most attractive factor.
- Visually see where the check marks are. Pay more attention to the more important factors.

The Employment Decision

Making the decision on your own terms

When recruiters give you an offer, they have an interest in your accepting the offer. Some recruiters may put pressure on you to accept the offer. Remember, a verbal acceptance over the phone is considered an acceptance, regardless of whether you have "signed" anything yet. We recommend that you don't make any commitments unless you are in a good frame of mind to make the decision. Even if you have to ask the recruiter for another day or even another hour to think it through, we recommend that you do so if you are not in a good environment to make a decision.

How long do I have?

The decision deadline for offers is between you and the employer. For on-campus recruiting, RCS encourages recruiters to practice the following recommended guidelines: Full-time offers extended before November 1 should remain open at least until November 30; offers made after November 1 should stay open for at least three weeks or whichever date is later. For concerns and issues regarding the deadline, please contact RossCareerServices@umich.edu.

Before the offer: ranking the companies

Even before you start receiving offers, RCS recommends that you prioritize the companies you are targeting. By prioritizing the companies, it will help you make a clearer decision about which offer to accept or decline in hopes of garnering a more desirable opportunity. When prioritizing the companies, there are two groups of factors: we'll call them primary and secondary. The typical breakout of primary and secondary factors is shown below, but certain secondary factors may be primary for you.

Primary Factors	Secondary Factors	
- Work Content (most important)	- Base Salary and Bonus (pay)	- Responsibility
- Future Positioning Opportunities	- Fringe Benefits (pay)	- Organizational Goals / Values
- Fit with Culture	- Travel (life style)	- Financial Health of Company
	- Work Hours (life style)	- Initial Job Placement
	- Geographic Location (life style)	- Prestige

Ranking the companies: the primary factors

The most important factor when prioritizing company/offers is to evaluate the job content and what you'll be doing on a day-to-day basis. It's no good to take a highly prestigious, high-paying job if you don't like what you're doing and either fail or are looking for a new job in five months. Another important consideration is your ability to leverage this position to move if you decide to do so in a few years (positioning). Lastly, you should spend some time, preferably during the internship, to understand your fit with the company's culture.

Ranking the companies: the secondary factors

The biggest pitfall here is that students assume that all jobs in an industry are similar, skipping the consideration of the primary factors, and then basing the entire decision on secondary factors such as pay and prestige. Most jobs will not be tops in everything when it comes to the secondary factors. This is where it is important to understand which factors matter most to you and make trade-offs that satisfy the most important factors.

Making your decision

We encourage you to make your decision based on how the offer satisfies your primary factors. Once you have made a decision based on the primary factors then it's time to evaluate the secondary factors. If the secondary factors are satisfactory, accept the offer, if not, consider negotiation.

Once you've accepted an offer, RCS recommends that you pull out of the recruiting process with the rest of the companies with whom you are interviewing or seeking an offer. Accepting an offer and then backing out to accept another offer is not in line with the values of the Ross community. It is important to honor commitments for the sake of one's values and for the good of the community.

Negotiation

Negotiation Worksheet

	Company	Factor	Offer	Bargaining Strength	Benchmark Range	Negotiation Range	Notes
Example	Acme Consulting	Base Salary	\$95K	High	\$100K to \$120K	\$100K to \$115K	got \$105K!
		Location	New York	Low	N/A	Los Angeles	didn't get LA
Offer							

Instructions for the Negotiation Worksheet

1. For a given offer, write down the factors you wish to negotiate
2. Assess your bargaining strength
3. Benchmark the range for that factor
4. Determine negotiation range for that factor
5. Conduct negotiations

Below are some factors to consider for negotiation

Decision Period

Offer length

Start date

The Position

Summer project (interns)

Authority

Accountabilities

Reporting relationships

Your staff

Your Budget

Title

The Environment

Location

Office space

Office amenities

The Expectations

Hours

Travel

Performance required for advancement

Performance evaluation period

The Compensation

Base salary

Signing bonus

Stock options and profit sharing

Paid time off

Sick Leave

Relocation expense

Car expenses (personal use)

401k or retirement plan

Medical and dental benefits

Insurance benefit

Disability coverage

Additional Benefits to Consider

Long-term disability

Accident insurance

Product discount

Savings plan

Stock purchase plan

Company car

Legal assistance

Financial planning assistance

Prescription eye care

Negotiation (and Benchmarking)

Should I negotiate or not?

The first question to ask is whether the offer package meets some minimum viable threshold, financial or otherwise. For example, the median MBA salary for 2015 is \$100,000; an offer of \$85,000 may meet that threshold, but an offer of \$70,000 may not. In the case where the package does not meet a minimum viable threshold, negotiation is advisable.

Most on-campus recruiters, however, will tend to make offers within the range of viability. Should you still negotiate in order "not to leave something on the table"? The general answer is that it is perfectly acceptable to inquire about the other side's willingness to increase the offer package. However, the student should not engage in confrontational negotiation with a potential employer which may damage your working relationship with that employer.

Negotiate with your top choice

If you decide to negotiate, negotiate with your top choice employer. Employers are more willing to engage in negotiations with students who are interested in the position. It is expected that if an employer meets your terms during negotiations, you will accept the employment offer. Negotiating with an employer with whom you do not intend to commit (just to play them against your first choice) is bad practice.

Determining factors to negotiate

The most common factor for negotiation is compensation. However, there are other factors which may also be worthwhile (start date, first assignment, location, responsibility, etc.). Consider the whole set of factors. (See also the "Managing trade-offs" section on the next page.)

Benchmarking

Before you enter negotiations, you should benchmark historical and comparable data points. Proper benchmarking will provide strong support for your case during negotiations. Some resources for benchmarking are outlined below:

Resources

- Ross School of Business Employment Profile
- Salary calculators through Kresge Library
- Salary.com and other compensation benchmarking sites

Determining your bargaining strength & negotiation range

Your bargaining strength is mainly a derivative of two factors: your ability to walk away and the other side's ability to find a comparable replacement for you if you decide not to accept the employment offer. One aspect that affects the latter factor is the business cycle, which greatly affects the bargaining strength of the two sides.

After you have benchmarked comparable data and have made an assessment of your bargaining strength and minimum requirements, determine a bargaining range consisting of: the highest reasonable amount and the lowest minimum requirement.

A word of caution: Internship offers

RCS recommends that you do not negotiate internship compensation. The internship is only 10 to 12 weeks long. When you focus too much attention on three months of pay, it sends a red flag to recruiters about your priorities. Internship pay is rarely tied to full-time pay, which is more important. Outside of pay, it is acceptable to negotiate internship packages (e.g., start date, project, location, etc.).

Another word of caution: On-campus offers

You should be aware that on-campus recruiters may not be willing to negotiate compensation packages. This is because on-campus recruiters tend to hire a large number of students, and they are sensitive to minimize the degree of compensation differences among the hiring class. It is still OK to negotiate the compensation package with a friendly approach. A good way to begin is by citing Employment Profile (EP) data if it helps your case (meaning the EP numbers are higher than your current offer). Any new hire will do some benchmarking, and it's reasonable for you to share that data. Their response to the friendly inquiry will send a signal to you about whether further negotiation is feasible.

Negotiation Tips

Leverage your network within the organization

You will generally negotiate with the Human Resources (HR) department, but the HR representative often does not know you very well. It is usually the line hiring manager that has the most interest in seeing you accept the offer. Therefore, when it's possible, bring the line hiring manager into the negotiation to lobby on your behalf. Some students have had success negotiating with the line hiring manager directly (keep positive tone) and letting the hiring manager interface with the HR department.

Don't tip your hand too early

The most important thing to remember is: don't accept the offer and then try to negotiate. When you formally accept an offer, negotiation is over. Therefore, if you want to negotiate, you strengthen your position the most by indicating a strong interest in the position without actually indicating your eventual intent to accept the offer.

What to ask for

When you begin the negotiation, you should ask for the "highest reasonable amount." This figure comes from the "Negotiation Range" that you have benchmarked and set. The high end of the range should consist of the figure which is the "highest reasonable amount." As a rule of thumb, this figure is 10% to 15% higher than the initial offer.

Managing trade-offs

Often it is constructive to negotiate on several factors. That way, if you reach an impasse on one factor, you may be able to gain a concession on another.

Focus on what the company "gets" rather than what you "want"

A lot of students negotiate for a higher compensation package with "student loan repayment" and "cost of living" as justifications. Although they may be real concerns for you, those reasons are unlikely to sway the person with whom you are negotiating. When negotiating for a better offer package, focus on the tangible points that make you a better candidate than other candidates (e.g. unique work experiences, important accomplishments pointing towards leadership, performance as an intern, etc.).

What are the top 3 compelling reasons that make you a better candidate than others?

1	
2	
3	

Keep things positive and constructive

It is important when you negotiate with the company about your offer package to keep the tone constructive. More than likely, you will be working for that organization soon and it would be in your best interest not to cause hard feelings through negative negotiating. The onus is on you to bring up your points of concern as positively as you can, and even if you don't get what you were hoping to get, it is important that you handle the setback gracefully in order to preserve the working relationship.

What if the other side asks how much I'm looking to make?

Usually, the recruiter will initiate the process by making the first offer. That puts you in a good position to respond. However, recruiters will occasionally ask you for a salary requirement. This is a more complicated situation because you don't want to name a figure that is too high or too low. The best thing to do in this case is to defer to the employer to make the first offer. If the employer refuses, then you should do some benchmarking of typical industry salaries and typical salary of peers in order to provide the company with an appropriate, objective benchmark. It's recommended that you start with the highest, most optimistic salary for which you can provide a reasonable justification. Alternatively, you can give a salary range that meets your threshold.