



Sign-on Bonuses

Sign-on bonuses are the low hanging fruit of compensation negotiation. You can easily earn a few thousand dollars by playing your cards right.

Sign-on bonuses are commonly offered by companies to make-up for any unvested stocks or upcoming bonuses a candidate may be leaving behind. The sign-on is an opportunity for a candidate to negotiate hard with an employer for more cash. Some companies have standard offers for sign-on bonuses, while others are more flexible. Offers from the latter kind can vary widely in range for the sign-on component of the offer. In most instances, the recruiter will ask for evidence to justify the sign-on bonus.



Some will even ask you to provide them with the screen-shots of unvested stocks in online brokerages so that they can present it to their compensation committees to buttress the case for a higher sign-on bonus.

Here is an anecdote from our time in the valley: Silvia, a friend, was working at Oracle and had an offer from Salesforce. She requested the recruiter for a sign-on bonus and was immediately met with the question of why she would need one if she weren't leaving behind any stocks? She countered that she is required to return the \$30K sign-on bonus that Oracle gave her at the time of

her joining and that the bonus would need to be repaid if she were to leave Oracle in less than 18 months. She had to show her offer letter to assure the recruiter that that really was the case.



The next thing she negotiated is uncommon, and it was relocation within the Bay Area. Companies will pay for relocation if the candidate is relocating from at least a few hundred miles of the new workplace, but Silvia argued that in order to reduce her commute time, she would need to break her lease in Santa Clara and move somewhere closer to San Francisco, and the entire bill in penalties and move-in costs would amount to \$10K.

She reasoned she would need an additional \$20K in sign-on bonus to sign-up for the Salesforce offer, and it was approved. On her last day at Oracle, she came to know that her manager at Oracle could waive-off the sign-on bonus repayment at his discretion since she had already completed 12 months at the job. The point is that “you don’t get what you don’t ask for”. Had Silvia not asked for that \$20K in relocation, she would have never received it, and even though it may seem highly implausible to get relocation within the Bay Area, it made a lot of sense. A one-way two hour commute was not good for the employee or the new employer.

Another example of negotiating sign-on bonuses is the story of our friend Anand who received a \$30K sign-on when joining Cloudera before it went public. This anecdote speaks to the leverage of having multiple offers when negotiating and a bit to how offers can sometimes be arbitrary. Anand had a competing offer from Twitter for roughly \$280K per annum at the time. The Cloudera recruiter was willing to match it but not go a penny higher. Anand, while communicating his Twitter numbers, added that he would like to have

a \$30K in sign-on bonus. The labor market was tight, and excellent software engineers were in high demand. The recruiter misunderstood that Twitter was offering Anand a \$30K signing bonus, and guess what? Cloudera not only coughed up a \$30K sign-on but also raised \$15K in base salary! The same recruiter had vehemently insisted when making the first low-ball offer that it was the best the company could do, and it was impossible to move the number for the level Anand was being hired for. You will often hear recruiters come back and swear that the offer on the table is the highest compensation package for the band you are being hired for. Well, as soon as you throw a competitor's offer in the negotiation, all barriers that existed a moment ago to raise the offer magically disappear.

Finally, another lesson-worthy negotiation was witnessed by one of the authors of this course while working at Microsoft. A colleague, Robin, had just nailed the Netflix interview and was waiting to get the numbers from the recruiter. The numbers came in at an initial low-ball at \$165K. Robin was frustrated at Microsoft and hurting for a change, she accepted the offer without a second thought. But when she discussed the offer with the author, she realized she had forgotten to take into account her generous health insurance that cost almost nothing, ESPP discount, paid vacation, and equity grant that would vest over the next couple of years. Her actual total compensation at Microsoft came out to be \$165K or a tad bit more. Furthermore, her job at Microsoft was relatively more secure than Netflix, which has a known rapid hire and fire culture. She ought to receive some monetary premium to put herself through the high pressure and always-be-performing environment at Netflix. The next day she was on the phone with the Netflix recruiter. The recruiter shot back that she had already accepted the offer, but Robin stood her ground, claiming that she had new information that had not been shared earlier. After listening to her arguments about health insurance, ESPP discount etc., the recruiter came back with an updated offer of \$185K! Corollary: do not assume that you can not negotiate if you have already accepted an offer.


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