

EXERCISE 2

Mock Negotiation

ROLE: Hiring Manager

You are the hiring manager of a startup in San Francisco and looking to fill an open Senior Web Developer position. Your starting offer to the potential employee is an \$80,000 base salary plus the standard annual bonus per company policy.

To keep things simple, assume that the company does not offer employees anything else except what the employee is able to negotiate for herself. Either you or the potential employee could make the first offer.

Below are things that you may agree to, in addition to the original offer. If the item is not listed in the table, then you cannot agree to it even if the potential employee asks. However, you can offer her an option from the “Item” column even if she doesn’t ask for it.

You can offer up to \$20,000 in perks/benefits from the table below. (In other words, you can offer up to \$100,000 all-in.) The value is listed in the “Cost to the Company” column.

Item (This is what you can agree to.)	Cost to Company (Confidential!)
An additional \$8,000 in cash for base salary (i.e. 10% more than original offer)	\$8,000
\$3,000 cash in lieu of insurance benefits (health, dental, vision)	\$3,000
\$7,000 rent subsidy for employee’s apartment	\$5,000
Stock options	\$1,000
Up to \$5,000 increase in base salary on 1-year anniversary, based on agreed to specific criteria.	\$3,000
Gym membership	\$0
Transportation cost – monthly BART pass	\$0
Mobile phone service	\$0
Professional development training	\$5,000
Option to work at home 1-day a week	\$0

CLASS EXERCISE

Mock Negotiation

ROLE: Potential Employee

You are applying for the position of Senior Web Developer at a startup in San Francisco.

You want a \$110,000 base salary plus the standard annual bonus per company policy.

The lowest you will accept is a \$90,000 base salary plus the bonus.

To keep things simple, assume that the company does not offer employees anything else except what you are able to negotiate for yourself. Either you or the hiring manager can make the first offer.

The following are things that have monetary value that you would be willing to accept.

How to calculate your base salary during the negotiation:

1. Take the initial offer that the hiring manager gives you (or agrees to if you make the first offer).
2. For any “Item” in the table (below) that the hiring manager agrees to, add the corresponding number in the “Value” column to your initial offer.
3. The objective is to have 1. & 2. add up to \$110,000 (or more...)

Item (This is what you ask for.)	Value to You (Confidential!)
Additional \$10,000 cash. This is what you think will bring the base to minimum market rate.	\$10,000 (or the \$ the HR manager agrees to)
Up to \$5,000 increase in base salary on 1-yr anniversary, per specified targets.	\$5,000
Benefit: Health insurance	\$4,000
Benefit: Dental insurance	\$1,000
Benefit: Vision insurance	\$1,000
401K Plan	\$3,000
Gym membership	\$2,000
Transportation cost – mileage reimbursement	\$3,000
Transportation cost – monthly BART pass	\$1,000
A company parking space	\$5,000
\$7,000 rent subsidy for your apartment	\$7,000
Stock options	\$5,000
Stock grant	\$10,000
Mobile phone service	\$2,000
Professional development training & conferences	\$8,000
Option to work at home 1-day a week	\$1,000