

## EXERCISE 1

### Designing Your Compensation Structure

When designing your compensation structure, some of the things to consider include:

- What are your current and anticipated future cashflow needs?
- What forms of compensation would you be willing to accept?
- How would you prioritize the forms of compensation that you'd be willing to accept? This will help you determine what you will negotiate for (and what you will negotiate first).
- How do you think your compensation structure with this employer be perceived by future employers?
- Will this employer facilitate your professional development and for how long? This will influence how long you will likely want to stay at the company.

The following is by no means a complete list of forms of compensation. Not all items are typical of every industry and company. For example, overtime pay is usually not reasonable to ask of a startup (unless, perhaps, you're a consultant or contractor), but it is commonly seen in government entities. *Do your research and use your judgment.* Choose items based on your specific needs and the particular situation of the employer. Consider what other employees working for that employer may have already successfully negotiated for themselves.

Get everything in writing in your employment offer before you sign anything.

#### CASH

- Base salary
- Base salary increase based on specific criteria, such as at month 3, 6 or 12 and upon meeting specified targets
- Bonus (i.e. upon signing, upon first anniversary, annually)
- A % increase in salary or cash in lieu of health benefits if the company doesn't provide standard benefits such as health, dental, and vision
- Overtime pay
- Commission
- Profit Sharing
- Stock options

#### TIME

- Additional vacation days
- Paid time off for a vacation or medical procedure that you have already scheduled
- Later or earlier start/end time every day or on specific days
- Vacation days or comp time
- Sick days
- Efficiency days – also known as wellness or personal days

**SCHEDULE**

- Work off-site or remotely for specified number of days per week
- Flexible work schedule, such as 4-day work week at 10 hours per day

**LIFESTYLE BENEFITS**

- Health insurance (medical, dental, vision, disability)
- Life insurance
- Rental, auto, or homeowner's insurance subsidies
- Retirement - pension, 401K, matching investment program
- Transportation costs – fuel/mileage, parking costs, train pass
- Childcare subsidy
- Gym membership
- Moving expenses

**PROFESSIONAL DEVELOPMENT**

- Conferences (identify specific ones or how many per year)
- Association dues and magazine subscriptions to industry magazines (identify specific ones)
- Tuition reimbursement for you or your family

**EQUIPMENT**

- Cell phone, laptop, car, etc.
- Equipment for your home office if you'll be doing work from home