Eleven Commandments for Smart Negotiating

There are 11 basic commandments to help you negotiate the best possible deal in any economic climate when changing jobs, internally or with a new company. They are:

1. **Be prepared.** The more information you have about your market value and the prospective employer, the greater your likelihood of success. There’s a wealth of information available on the Internet, at the public library and through professional associations and networking groups. Time spent learning how to negotiate and preparing for negotiations may be the best investment you’ll ever make.

2. **Recognize that employment negotiations are different.** When the negotiations are over, you’ll have to work with the person with whom you’re negotiating. Moreover, your future success may depend on that person. So, while you want to negotiate the best possible deal, you need to do so in a way that doesn’t damage your image. At the same time, the employer’s primary concern isn’t negotiating the least expensive compensation package it can get away with. Rather, the company’s focus will be on getting you to accept the job.

3. **Understand your needs and those of the employer.** To be successful in this type of negotiation, you need to examine your priorities. What do you really want? For example, are you comfortable with a low salary and a large equity stake? Are you able to handle dramatic swings in income from year to year? Understanding your needs also will help you determine the type of company you want to work for. For example, a family owned company may be able to offer a competitive salary and a large bonus based on results, but may not be willing to offer significant equity to a nonfamily member. A start-up company, on the other hand, may not be able to offer a market-rate salary, but will typically offer stock options. By recognizing what an employer can do, you’ll be able to determine what issues you should press.

4. **Understand the dynamics of the particular negotiations.** Sometimes you’ll have skills that are in great demand. And sometimes, you may be one of several qualified candidates the company would be happy to hire. Sizing up the situation and understanding the relative position of each party will help you determine when to press your advantage and when to back off. Knowing when to ask is often critical to getting what you want.

5. **Never lie, but use the truth to your advantage.** If you lie during negotiations, sooner or later you’re likely to be caught. Once you are, even if you don’t lose the offer, you’ll be at a tremendous disadvantage, and your credibility will always be suspect. On the other hand, total candor won’t be rewarded. You’re under no obligation to blurt out everything you know. You can determine what you want to say and how you want to say it, and try to put everything in its most positive light. One key element of preparing should be to recognize areas of concern so you can rehearse how to handle them when they inevitably come up.

6. **Understand the role fairness plays in the process.** The guiding principle for most employers when negotiating is fairness. Within the constraints of their budget and organizational structure, employers usually will agree to anything that’s fair and reasonable to hire someone they want. Appeals to fairness are your most powerful weapon. Thus, you should be able to justify every request you make in terms of fairness. For example, if salespeople in other companies in your industry are typically being given expense accounts, you can expect to receive one as well. Your prospective employer will want you to accept its offer and feel that you’ve been treated fairly.
7. Use uncertainty to your advantage. The more information you convey to a potential employer about your bottom line, the more likely it will limit what you get. Before making an offer, a company typically tries to learn what it will take for you to accept the position. With that information, the prospective employer will be able to determine the minimum package it needs to offer. An employer may not offer you as little as it can get away with. However, if you’ve divulged too much information, your offer will likely be smaller than it would have been otherwise. By not disclosing your exact current compensation or what it would take to get you to leave your job, you’ll force a potential employer to make its best offer. When dealing with recruiters, however, you may have to provide salary information. If you do, though, it’s important to present that information in the most advantageous way.

8. Be creative. Consider the value of the total package. Be willing to make tradeoffs to increase the total value of the deal. If you’re creative, you can package what you want in ways that will be acceptable to the company. You’ll also be able to find creative “trades” that allow you to withdraw requests that might be problematic to the company in return for improvements in areas where the company has more flexibility.

9. Focus on your goals, not on winning. Too often in negotiations, the act of winning becomes more important than achieving your goals. It’s important not to make your future boss feel as if he’s lost in the negotiations. You’ll have gained little by negotiating a good deal if you alienate your future boss in the process.

10. Know when to quit bargaining. The one sure way to lose everything you’ve achieved is to be greedy. There comes a point in every negotiation when you’ve gotten everything you could have reasonably expected to gain. While most companies will want to treat you fairly and make you happy, few companies want to hire a prima donna. Being perceived as greedy or unreasonable may cause the deal to fall apart.

11. Never forget that employment is an ongoing relationship. Job negotiations are the starting point for your career with a company. Get too little and you’re disadvantaged throughout your career there; push too hard and you can sour the relationship before it begins.
Five Negotiating No-Nos

1. **Initiating Negotiations Too Soon.** Timing is important here. The appropriate time to negotiate is when a formal offer has been made. If the offer meets your needs, by all means accept it. It’s a mistake to negotiate just for the sake of negotiating, but don’t assume you can’t negotiate at all. There’s nothing wrong with asking for time to consider the offer or outright asking if the offer is negotiable.

2. **Only Negotiating Salary.** While money is the most frequently negotiated piece of the compensation package, it’s not the only one. It’s also true that many employers have benefits such as vacation time and health insurance coverage established by company policy, and are therefore nonnegotiable. But other parts of the package may be able to be negotiated. They include signing bonuses, unpaid leave, relocation expenses, flextime, severance and predetermined timeframes for salary reviews. In the end, it’s important to maintain some salary flexibility until you’ve seen the whole package, including benefits.

3. **Mistrusting the System.** Many job seekers operate under the assumption that employers will, without exception, try to lowball them, no matter how well-qualified they are for a position. While there are employers who pay employees below industry standard, you should never enter a negotiation with a "them versus me" mentality. And don’t assume that just because you’ve researched a job’s market value you’ll get an offer within that range. The fact is, many companies have a predetermined budget for every position and have pay ranges and benefit packages based on their established compensation hierarchies. An offer may boil down to a take-it-or-leave-it proposition, only because that’s all the budget allows for the position, not because the employer is trying to take advantage of you.

4. **Assuming Your Degree Entitles You to a Higher Starting Salary.** Increasingly, having an advanced education is nothing more than a threshold requirement that enables prospective employers to narrow down the pool of applicants to a manageable size. If you have relatively little real-world work experience, your degree may keep you in the running, but it won’t entitle you to a higher salary. Also, don’t assume your degree is all you have to offer the employer. Having significant work experience will probably carry more weight than a degree alone. There’s a major difference between job performance potential, which a degree can suggest, and past job performance, which indicates previous work experience and achievements.

5. **Believing Every Negotiation Will End in Your Favor.** No matter what you bring to the negotiating table, it’s naïve to assume you'll always get what you want. Negotiating isn’t a win-lose proposition; it’s a compromise, and you should expect that going into discussions. Very few of us are in such demand that we can write our own tickets. That doesn’t mean you should settle for any offer that comes your way, but sometimes an agreement won’t be made. And accepting a job just for the sake of a paycheck could lead to mutual dissatisfaction. Ultimately, it could be better for you to continue your job search.
Sooner or later, you might take a job that will require you and your family to move. You will likely incur significant expenses in the process, and if you are like most people, you will want your employer to pay for at least some of them. The following advice should help you handle this negotiation as effectively as possible.

**Focus on Your Interests.** The whole point of negotiating for something is to address your real needs. Before you limit what you ask for, make sure you know what you want. Think broadly and do not limit yourself to financial expenses. For example, one client of mine decided these were her needs:

- Assistance in selecting and paying for childcare.
- A higher cost-of-living subsidy.
- A higher mortgage cost allowance.
- A bridge loan, because she could not sell her house before she had to relocate.
- Assistance in choosing a good local school for her older child.

Once you have thought about what help you need, you can prepare to negotiate for a package that suits you.

**Find Out What Assistance Is Typical.** Your preparation for this negotiation should include the following:

- Ask your new employer’s HR department if the company has a written relocation policy or if it offers standard benefits.
- Find out who has recently moved at the company and ask about their relocation packages.
- Ask your friends or other contacts in similar firms about their experiences or their companies' policies.
- If you are using a recruiter, he or she should be able to provide guidance as well.

Keep in mind that companies tend to vary in what they offer, and larger companies have more standardized policies. Nonetheless, the following expenses are commonly covered:

- Moving costs.
- Temporary lodging costs.
- Travel costs back home if you relocate before your family moves.
- Assistance for a spouse who has to find a new job.
- Assistance in selling your house.
Develop Ideas that Benefit Both Sides. No matter what is standard, many companies are willing to negotiate packages that address the distinct needs of their new employees. Still, even though everything is negotiable, your employer is more likely to agree to your ideas if they benefit the company as well. So anticipate this reality, and provide the advantages for your new bosses when you share your ideas. For example, my client made sure to tell her new company, “I will be able to work longer hours and be more productive from the start, if I can get a few important matters settled quickly.”

Get It in Writing. Once you and the company agree on a compensation package for your relocation expenses, make sure you capture that agreement in writing. A formal contract is not necessary, just a simple signed letter explaining what assistance is being provided by what time.
Job Offer Evaluation Checklist

List the Basics. These are the things without which you cannot even contemplate accepting an offer of employment. For instance, determine the minimum level of compensation you’ll need to meet your financial obligations. Then add your essential benefits. How important is health insurance? Do you need coverage for eligible dependents as part of the package? What other factors are most important to you? The commute? Flextime?

Your Needs. Your bottom line may rise or fall depending on whether or not you have a job and how badly you need this one. If you’re employed and shopping for a better opportunity, you can be more selective. If you haven’t been working for six months or more, you may discover there isn’t much to evaluate. Being able to generate an income may be the only important issue.

The Options. Theoretically speaking, once a job offer has met your predetermined bottom line, it could be accepted. But meeting the bottom line is really a prerequisite that allows you to progress to the third step: Evaluating options to make sure the total package is the best for you. Here is a basic checklist of options you can use as a guideline:

• Compensation: Does the offer provide a level of income that will at least enable you to maintain your present standard of living?

• General Benefits: Be sure to ask what the benefit package includes.

• Health and Dental Insurance: Does the employer offer health insurance? Does the policy cover just you or eligible dependents too? How much of the premium does the employer pay?

• Day Care: Will you need day care? Does the employer offer any plan that will facilitate obtaining this service for your children?

• Flextime: Does the company provide for a flexible working schedule? If so, under what circumstances? Is working from home an option?

• Retirement: Does the employer have a retirement plan? How is it structured? Do you have to contribute to it? Are there any restrictions on accessing the funds in your retirement account? At what age can you begin receiving retirement benefits?

• Vacations and Holidays: How many paid holidays are offered? What is the vacation policy? Can unused days be converted into cash?

• Bonuses and Profit Sharing: Does the company offer any bonus or profit-sharing programs? What do you have to do to become eligible for these programs?

• Signing Bonuses: Will the company offer a signing bonus in lieu of another benefit?

• Relocation Reimbursement: If the job requires moving, is relocation assistance offered?

• Personal Days and Sick Days: Does the company allow personal days or sick days? How many and under what circumstances? Can unused personal/sick days be converted into cash?

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• Performance and Salary Review: Does the company have a policy about reviewing performance and salary? If so, how often? Are the opportunities for career advancement based on performance, seniority or both?