

Job Offer/Salary Negotiation Guide

The process of evaluating job offers and negotiating salary has three key components you must understand and take into consideration in the following order: (1) What you need to make; (2) What the market will bear; and finally (3) What you are able to negotiate.

What Do You Need to Make?

To really understand what you need to make, you have to assess your situation from the following perspectives:

- Do you know what it costs to maintain your current lifestyle? You will not be in a position to know how much you *need* to make unless you know what it costs to maintain your current standard of living.
- Next, factor in your lifestyle aspirations. What do you WANT to make in the short term and long term? What is it going to take to keep you happy? The lifestyle you wish to lead will impact the kinds of jobs and career paths you can consider, because different career paths offer different levels of compensation. Be realistic – you aren't going to drive a new Mercedes, live in a big house and vacation in the tropics on a teacher's or government employee's salary unless you marry well, have a trust fund or with the lottery. It doesn't matter how skilled or qualified you are, certain fields and professions just don't pay as well as others. Jobs in the public sector and in the non-profit world do not pay as well as jobs in the corporate world.
- Don't forget geography! Where do you want to live? Based on the career you plan to pursue, where should you be looking? There are reasons that people who want to work in entertainment move to Los Angeles or New York, people who want to work in advertising, public relations and media often move to New York, Chicago, San Francisco or Los Angeles, and people who aspire to be journalists start their careers in smaller cities. They know they have to go where the jobs are! You must take into account differences in cost of living in different cities.

What Will the Market Bear?

For all practical purposes, the United States is a free-market, capitalist country. In economic terms that means the greater the demand for a product or service, the more a company can charge for it.

These same principles apply to the world of employment. **Employers will pay what the market will bear for talent.** Your value in the employment marketplaces has less to do with your college major and more to do with the types of jobs you are seeking and the available supply of qualified talent to do those jobs in your target industries.

Why do new graduates in engineering, computer science, accounting and other STEM (science, technology, engineering and math) fields have an easier time finding work and get paid more than new graduates in liberal arts, communication fields and the fine arts? Answer: The law of supply and demand rules in their favor. Large and small companies alike need people to do these jobs, and there aren't enough graduates in these STEM fields to fill the available positions.

Why do new graduates wishing to work in sports and entertainment; film and the arts; journalism and media; and advertising and public relations have a comparatively more difficult time finding jobs upon graduation? Answer: There are a lot of similarly qualified new graduates competing for a significantly smaller pool of related job opportunities. Simply put, there are more job candidates than job opportunities.

Understanding what the market will bear in the professions/fields you wish to enter is critically important to your success in evaluating and negotiation job offers. If you do not know what the market will bear, you have no basis for assessing whether or not a job offer is fair or competitive.

To find out what the market will bear, do your research:

UT Communication Alumni Employment Reports: Each year, Communication Career Services surveys new graduates six months and five years after graduation to collect data about their employment status, compensation and other post-graduation activities. These employment reports can be downloaded for our website at:

http://communication.utexas.edu/ccs/employment_reports.html.

National Association of Colleges and Employers (NACE) Salary Surveys and Salary Calculator: The NACE salary Calculator is an online tool that allows you to generate unique salary reports according to the criteria you select. The NACE Salary Calculator can be accessed from our website

(<http://communication.utexas.edu/ccs/salarynegotiations.html>) or directly at:

<http://www.jobsearchingintelligence.com/NACE/salary-calculator-intro/>

Talent Zoo Salary Monitor: http://www.talentzoo.com/salary_monitor.php **Salary.com:** <http://www.salary.com/>

WageWeb.com: <http://www.wageweb.com/> **Jobstar:** <http://jobsmart.org/tools/salary/salf-prof.htm> **Wall Street Journal:**

<http://careerjournal.com/> **U.S. Bureau of Labor Statistics:** [http://www.bls.gov.data.home.htm](http://www.bls.gov/data/home.htm)

Validate your research through your network: Reach out to alumni, faculty, current and former supervisors, and others in your professional network of contacts and get their opinion of the information you find.

Always be prepared to answer the compensation question:

Don't directly ask someone how much they make or how much they pay their employees, and never be the first person to bring up the subject of compensation. When asked- "How much do you expect to make?" – be prepared to respond:

*Based upon my research into entry-level salaries in this field for candidates with my level of education and experience, I am considering positions in the [insert at \$5000 to \$10,000 range here] range.
Is this consistent with your recruiting range?*

What Are You Able to Negotiate?

Before you start interviewing for jobs, you have to set criteria by which you will evaluate possible job opportunities. Without these criteria you will not have a solid basis upon which you can make decisions about which jobs you should apply for and which jobs you should not. Trusting your instincts and relying on your intuition without understanding the underlying criteria is not sound decision-making. The better you understand and can define what you are looking for, the easier you will find it!

- **Define your Negotiable and Non-Negotiable Terms.** For example, **Compensation:** What is the minimum compensation you can accept? What is a reasonable high-end offer? **Location:** Where will you look for/ accept employment? **Job & Organizational Culture:** What types of work environments/supervisors/job responsibilities are you seeking? What work conditions and / or terms of employment do you really require?
You can have a few "non-negotiable" items (as long as they are reasonable), but you cannot have a lot. If you have a lot of non-negotiables, you are basically saying only the "perfect job" will be acceptable to you. Life is full of trade-offs and negotiations, and your job search is no exception. Distinguish between what you want and what you really need; what would be nice to get and what you absolutely have to have.
- **Research the Company and the Job Opportunity.** Where would you be working? What does it cost to live there? What would you be doing? With whom would you be working? How much competition are you facing? What is the company's position in the marketplace? Who are their clients? What do current and former interns and employees say about the company? The better you understand the industry, company and job you are pursuing, the more credible candidate you will be, and the better negotiator you will be.
- **Research the Location, Cost-of-Living and Compensation Potential.** Where will you be working if you accept the job? What is the cost of living in that city? What is the "going rate" for candidates with your

qualifications? Can you make ends meet on that salary? If not, how will you supplement your income? What is the long-term compensation potential and how does it align with your long-term objectives? In short, can you afford to take this job and will it help you get where you want to go in the long term?

- **Prepare your Questions and your Answers.** Create a list of the questions you have about the company and the job. Create a second list of the information you want to share during your interview (your answers to the questions they will be asking you). It is your job to make sure to tell your story, not the employer's. You should never leave an interview saying "I wish I would have mentioned ... [fill in the blank]!" Or "I wish I would have asked... [fill in the blank]."

Eventually, your hard work and preparation will pay off, the job offers will come and the active negotiations will begin.

- **Don't try to change the terms mid-stream.** Recognize and re-affirm agreements and progress made during the Negotiation process, so you can avoid confusion. Also, realize that unless there is mutual consent, you can't go back and change terms to which you have already agreed. Didn't get the salary offer you wanted and now want to change the start date to which you agreed? Sorry, don't try to change the agreed upon terms unless the employer is receptive to a change.
- **Observe the negotiations.** You can learn a lot about a person and a company's culture by the way they negotiate. As you negotiate, ask yourself: Is the negotiating style indicative of the organizational culture? If you think it is, are you happy with what you see? When you accept a job offer you are agreeing to join an existing team and an existing culture. You will, to some degree, be defined by "the company you keep." With regard to your career, the company you work for and the people you work with are "The company **you** keep."

You have a job offer. So, what now?

- **Ask when they will need your answer.** Unless the offer is really too good to pass up, don't immediately say Yes. Discuss it with your family, your mentor or your career advisor. Get some objective advice. It is wholly fair for you to ask for some time to make a decision. As a new college graduate (or soon-to-be graduate) you are in a very unique position: Everyone knows you are looking for a job; everyone expects that you are interviewing with multiple companies. You may never be in this position again, so take full advantage of it. Thank them very much for the offer and ask when they need you to decide:

Thank you so much for the offer. This is a great opportunity. I have two questions: One, could you please send me the offer in writing and, two, when do you need my decision?

- **Ask for the job offer in writing.** Asking for the offer in writing will help you avoid any misunderstandings Regarding your potential start date, salary, benefits, title, etc.
- **Ask for time to consider the offer.** This is not unusual, particularly for new college graduates. It is understandable that you, as the candidate, will want some time to make a reasoned decision. For new graduates, two to four weeks is generally considered reasonable. For working professionals, one to three days is more typical.
- **Handle multiple employers fairly and evenhandedly.** Believe it or not, the time will come when you have to juggle multiple job offers at the same time. When negotiating with multiple employers, be honest but don't feel compelled to share too much information. You don't have to tell an employer the names of other employers with which you are interviewing, and you do want to give as many employers as possible the opportunity to consider you for employment. You never want to call an employer to withdraw your candidacy because you have accepted another job, only to hear that employer say; "I wish you would have called us first, as we were really interested in you," particularly if that employer was at the top of your wish list.

Once you have received that first offer in writing and have established the date by which you need to accept or decline that offer, you are in a position to reach out to all the other companies with which you have interviewed:

I wanted to let you know that I have received a job offer to which I have to reply by [the decision date]. This is a very good opportunity, but I am also still very interested in your job opportunity, so I am calling to see if you would be making a decision any time soon or before that date.

In response, the second employer might tell you that they won't be able to make a hiring decision within your time frame (a nice way of saying you are not at the top of their candidate list), but they also might be glad that you called and gave them the opportunity to make you an offer before you were "off the market". Use this strategy judiciously and only when warranted.

Evaluating the Offer

Congratulations! You have a job offer. Is it a good job offer? Use the following set of questions to evaluate how well the job offer meets your wants and needs.

- **How well do the offer and opportunity meet the criteria you have set?** This question implies that you actually *have* set criteria by which you are evaluating job offers. Without some criteria, how can you truly evaluate the opportunity? Does the job appear to be interesting and challenging? Is your potential boss someone from whom you can learn and grow? Will you enjoy working for this company/ in this work environment/ company culture?
- **How well does this job match with your short term and long term objectives? Which are more important at this point in time?** A job that pays less in the short term but has greater long term financial and professional advancement potential may have more upside than a job that pays more immediately, but doesn't have a definable career path or offers unclear opportunities for advancement. Given where you are in life and your career path and taking into account your financial situation, which objectives are more important to you as you evaluate this opportunity? Trust me, your answers to these questions will change over the course of your career.
- **How competitive is the offer they are extending?** The question implies that you actually *have* done your research into salaries and the competitiveness of the employment marketplace in this field. Look at the whole package- salary, commissions/bonuses, benefits, professional development, work assignments – don't just judge the offer on base salary.
- **Will the salary allow you to meet your obligations?** This question ought to be pretty easy to answer: Will you be able to pay your bills and put some money away for a rainy day/vacation/ emergency? If not, how do you plan to make up for the difference?
- **Trust your instincts.** Once you have done your research and assessed the opportunity objectively, you will be able to trust your instincts and intuition to make a good decision.
- **Accept the right offer for you!** Not the offer that is right for your parents, your brother, your grandmother, or your crazy Uncle Mortie. You're the one who has to get up with the alarm clock goes off and head to work, so accept the job offer that makes sense for YOU!
- **Convey your acceptance, your thanks and your excitement about getting started.** Sign and return the offer letter, confirm your start date, and start shopping for work clothes!