

Negotiating The Job Offer

Presented by Bob Dolan
Asst Director Career Services
MIT Postdoctoral Scholars
dolanb@mit.edu

Mar 14, 2018

Today's Objectives

Intended Outcomes from today's session:

- Why & When you should negotiate
- Understanding various types of offers
- Negotiation Ethics
- Learn what and how to negotiate
- What to do before, during, and after the negotiation process
- MIT Recruiting Policy

Why Should You Negotiate?

- Most employers are open to negotiate offers
- Some employers might offer less because they expect to negotiate with the candidate
- 100% of employers want their applicant to accept and be satisfied/happy with the terms of the offer

But . . .

- Only about 25% of job applicants actually negotiate

Why Applicants Do Not Negotiate

- Fear of conflict
 - However, both sides can win if you negotiate well
- Fear of the employer's power
 - However, if you receive an offer, they want you
 - Most employers believe that the applicants have the power
- Fear of negotiating poorly

Adapted with permission from "The Art and Science of Negotiation" Rebecca Bryant, PhD
Graduate College, University of Illinois

Types of Job Offers

- Specific date in accordance with MIT's recruiting deadlines
- Specified date earlier than MIT's identified recruiting deadlines
- Exploding offers (offer expires if you don't respond)
- Offers with incentives to sign on
- Internship conversion to fulltime offers
- Open ended date

Negotiating Ethics: Do's and Don'ts of Negotiating

Don't string along an employer you are not interested in

- **Do** Thank them for the opportunity and inform them as soon as possible of your decision to decline

Don't request extra time to decide to simply to defer making a decision

- **Do** Share the reasons for why you need more time
- **Do** Meet with a GECD staff member to help you with your decision making process sooner rather than later

Negotiating Ethics: Do's and Don'ts of Negotiating

Don't enter any type of negotiations if not serious, or are doing so for entertainment

- **Do** Be genuine with the employer about your need to negotiate
- **Do** Turn down the job if not interested, so that another student/postdoc may be given the opportunity

Don't expect all employers to behave the same in negotiations

Most Common Negotiating Mistakes Made by MIT Students

- Lack of understanding of the work involved in recruiting
- Taking too long to be responsive or communicate need
- Getting bad advice from friends
- Not communicating with GECD Career Services about recruiting challenges
- Not being adequately prepared to negotiate

When you Receive an Offer

- Express enthusiasm, even if the offer is below your expectations
- Obtain all the information you can about:
 - Compensation
 - Benefits
 - Scope of **Responsibility/Authority**
 - Start Date
- Take a few days to think it over
- Agree on a response date

Carefully Select Your Words

- Stay positive!
- Convey a sense of excitement about the opportunity
- Understand your emotion:

Are You...

“Surprised by the offer” or “Disappointed”

“Excited about the opportunity” or “Excited about the offer”

How to Negotiate

- Negotiate in person or on the phone
- Email if that is your only alternative
- Negotiate with the decision-maker
- Never lie or misrepresent

Three Things to Know

Before Negotiations Begins you need to know:

1. What the company really needs from the position
2. In what ways do you meet or exceed their expectations
3. How well the position meets your needs

Employers Objectives

Hire the right “fit” for the job to:

- Solve a business problem
- Deliver immediate contribution to the team
- Introduce a skill/attribute they need
- Drive a positive impact to the “bottom line”
- Generate a worthwhile “ROI”

It's a business decision, not personal

Employers Objectives

You Will Not Be Offered A Salary Based On:

- What you want
- What you made in the past

But on - What you are worth to the employer

Salary Requirements (Responses)

**Do not bring up salary before being made the offer.
If you are asked, below are some sample responses:**

The DID Approach

- **Defer** - “I realize that salary is an important issue, but I need to understand more about the job before I can value it...can you tell me ...”
- **Defer** - “I expect to be compensated at a rate that is commensurate with my education and experience”
- **Inquire** - “My research shows that students graduating from MIT with a degree in x generally are paid in the z range”. “Does that fit within your range?”
- **Inquire** - “What is the salary range for someone in this position?”
- **Divulge** - If all else fails, give a wide range...Based upon my research at MIT, I believe mid 80’s, high 90’s, low 100’s, would be appropriate, then ask... “is that within your range?”

Defer, Inquire, Divulge

Base Salary

- You will be offered a competitive base salary for your experience and degree
 - Recruiters and Compensation work closely with each other
 - Extensive market data research is performed to ensure the company stays competitive
 - Company salary goal is for retention
- Know your salary range for the position
 - Career Services
 - Salary Surveys online
 - Networking - peer and alumni information
 - Glassdoor - <http://www.glassdoor.com/Salaries/index.htm>

Salary Information

- Refer to salary guides to determine the “Going Rate” for similar positions in your locale
- Also consider:
 - Graduating Student Surveys at MIT & comparable schools
 - **<https://gecd.mit.edu/resources/survey-data>**
 - **Summer Experience Survey data**
- Review the list of MIT graduating students surveys by major, degree, and industry to see 10+ years of salary data
- Professional Organizations
- Previous Internships

Sign on Bonus

- Why offered?
 - To beat the competition for top talent
 - Attract a “star” candidate with above market compensation
 - Lower than average base salary
 - Sometimes used for relocation
- **But...** Termination Clause – you will need to pay back the company if you leave within a specific timeframe!

Stock Options

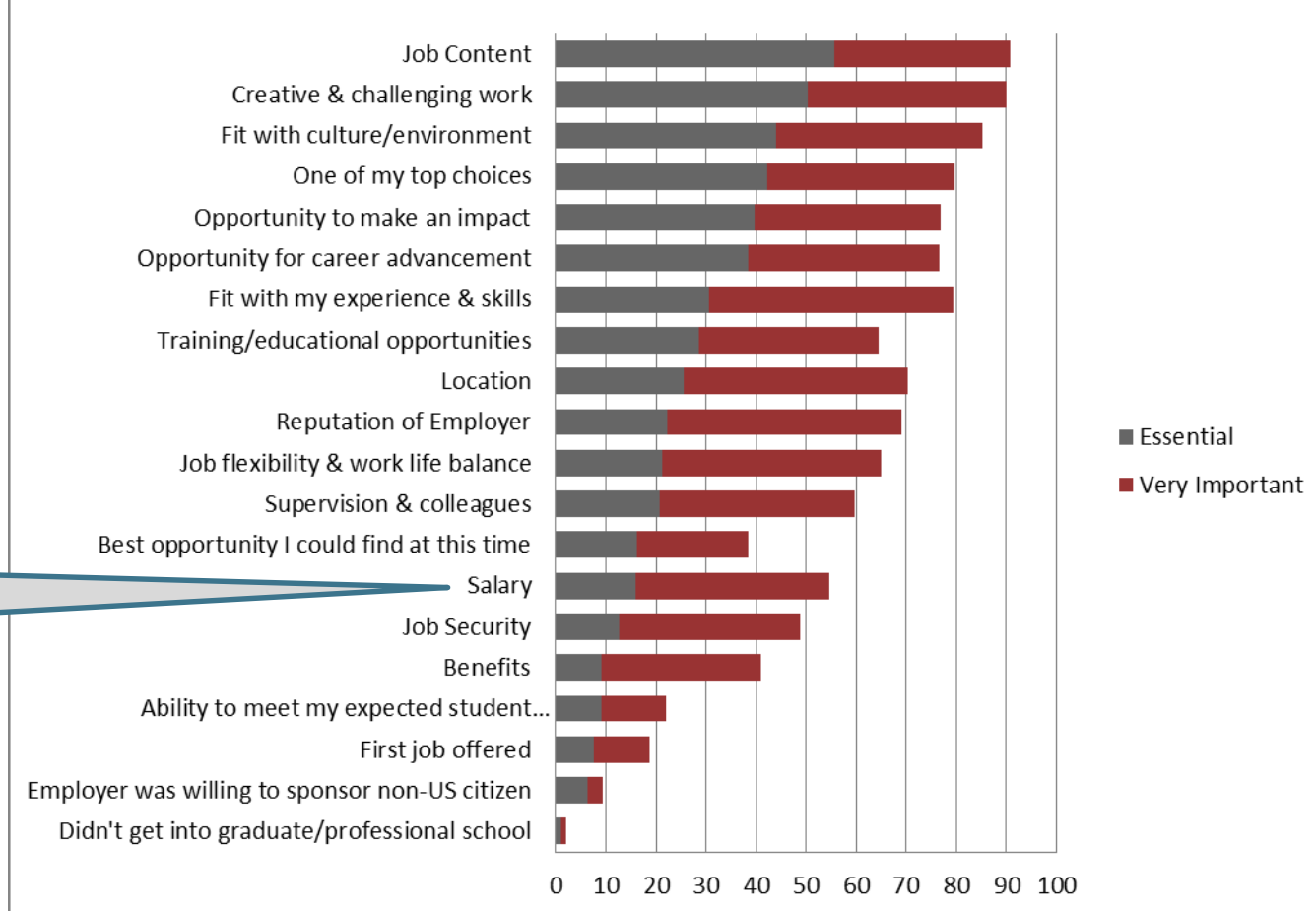
- Not away to “get rich quick”
- Options “Vest” (are earned) over a 3-5 year period
- Start ups often trade off low base salaries with larger option packages
- Sometimes part of a normal company practice
- Tax issues - you will end up owing taxes on the increase in value of the stock (ST or LT Capital Gain)
 - Before selling, obtain advice from a tax professional
- Restricted Stock – In order to sell, must obtain authorization (often has a 6 week black-out period each quarter)

Know What You Want

- Determine what are you willing to live with and without
- Decide which issues are important to you and why
- A job offer involves more than just salary
- Assign weights to each issue
- Think about your alternatives
- Remember, ***there is value in having the right job***

MIT 2016 Graduating Survey – Consistent for 5+ Years

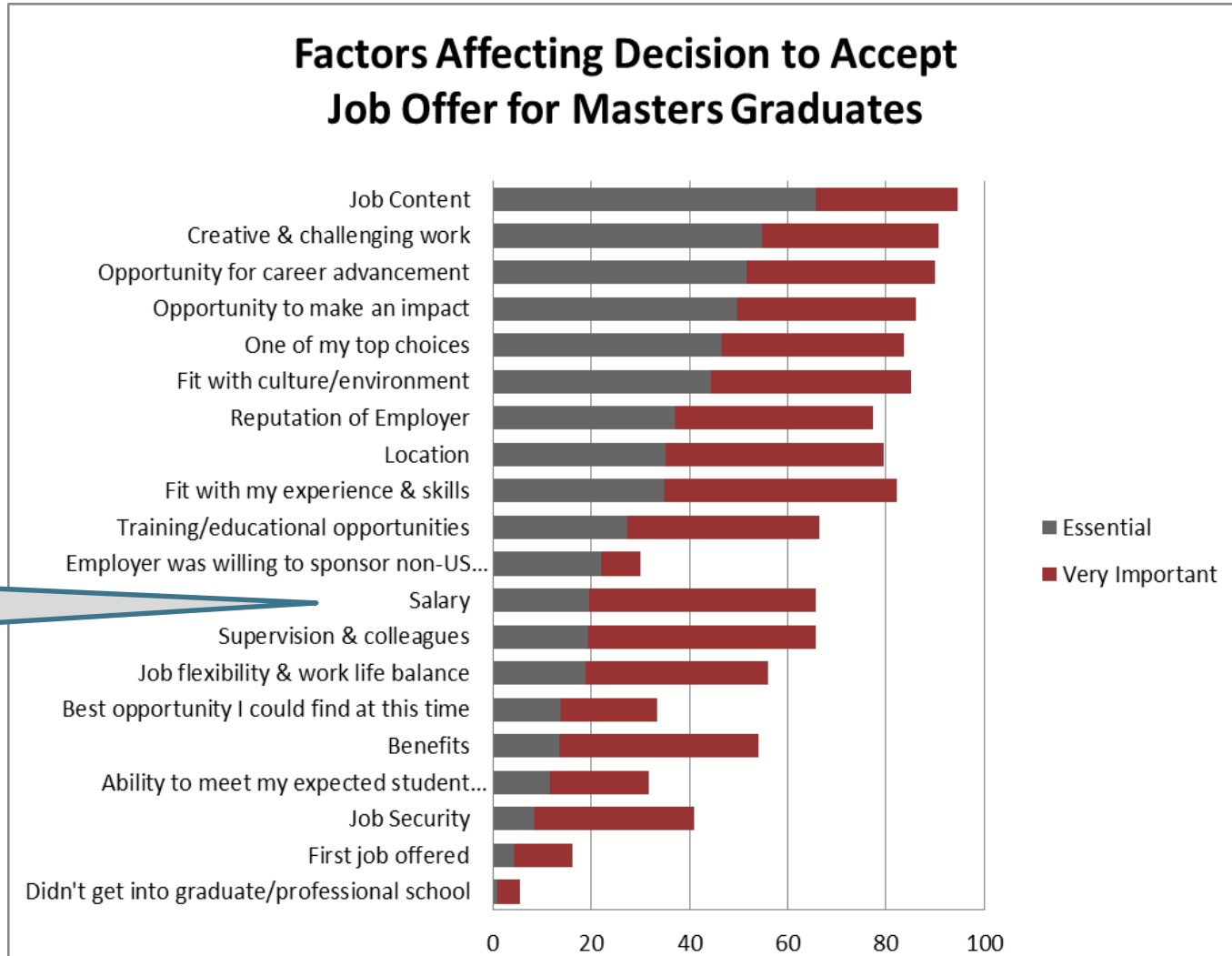
Factors Affecting Decision to Accept Job Offer for Bachelor's Graduates



Look at what's #14

MIT 2016 Graduating Survey – Consistent for 5+ Years

Factors Affecting Decision to Accept Job Offer for Masters Graduates



Look at what's #13

Those Who Negotiated - 2016

WHAT PERCENTAGE OF WORKING GRADUATES NEGOTIATED THEIR SALARY AND BONUS?

Degree Level	Salary	Bonus
Bachelors	19.4%	14.5%
Masters	31.7%	27.3%
PhD	27%	18%

WHAT WAS THE AVERAGE NEGOTIATED INCREASE IN SALARY AND BONUS?

Degree Level	Increase in Salary	Increase in Bonus
Bachelors	\$7,422	\$9,233
Masters	\$13,084	\$16,005
PhD	\$9,555	\$8,378

Candidate's Compensation Objectives

- Salary Commensurate with Experience/Responsibilities
- Bonuses
- Vacation Time/Paid Time Off
- Relocation
- Flex Time/Telecommuting/Job Sharing
- Professional Development
- Sponsorship of Non-US Citizens
- Severance
- Memberships
- Equity (in start-up)
- Stock Options
- Increased Responsibilities
- Dental and Vision Coverage
- Disability Insurance
- 401K matching program
- Tuition Reimbursement
- Flexible Spending Accounts
- Retirement Programs
- Other Benefits

Items You Might Be Able To Negotiate

- Salary Commensurate with experience/responsibilities
- Interview & start dates/site visits
- Bonuses
- Relocation
- Flex Time/Telecommuting/Job Sharing
- Professional Development
- Severance
- Memberships
- Equity (in small business)
- Stock Options
- More Vacation Time (maybe)
- Offer decision dates

But some items are not always negotiable:

- Dental and Vision Coverage
- Disability Insurance
- Medical or Section 125 Plan
- 401K retirement program
- Paid Time Off
- Tuition Reimbursement
- Flexible Spending Accounts
- Retirement Programs
- Sponsorship of Non-US Citizens
- Other Benefits
- Non Compete Covenants/Agreements

US compensation laws (FLSA) are designed to create equity and fairness

Non-Compete Covenants/Agreements

- These are legal agreements that may differ with each company and industry
 - Many deal with intellectual property and to protect confidential information and trade secrets
 - Many restrict movement to other companies that may compete with the firm who hires you
- Many of these agreements differ from state to state
- If you have to sign one before you can be employed with a company and do not understand the implications, consider:
 - Asking the company for clarity
 - Potentially seek legal advice if you are concerned about the future implications of signing these agreements.

Non-Compete Covenants/Agreements

- Recent news regarding Mass noncompetes:
 - Legislation has been filed (Jan 2017) to ban noncompetes for lower paid workers
 - Bill would limit all noncompetes to 12 months
 - Also reviewing how departing employees should receive payments, known as “Garden Leave”
 - 12 months pay equal to 50% of previous salary or “other mutually agreed upon consideration”
 - <https://www.ebglaw.com/content/uploads/2017/05/Thomson-Reuters-Rasnick-Steinmeyer-May-2017.pdf>
 - Details by all US States:
 - <https://www.faircompetitionlaw.com/wp-content/uploads/2017/07/Noncompetes-50-State-Survey-Chart-20170711.pdf>

Things to Consider in Academia

- If targeting a faculty role that will primarily involve your research, build a lab that's rights for you
 - Make sure you have the resources, equipment, lab size and funding to be successful.
 - Don't be afraid to talk about your needs, but don't be greedy
 - Develop 3 scenarios:
 - Start-up...what you'll actually need years 1-2
 - Next steps in your lab...years 3-5
 - Future needs for a continued successful lab
 - The balance between teaching and setting up your lab year 1
 - Link to Higher Ed Salaries in U.S. (4,554 Colleges)
 - <https://data.chronicle.com/category/state/Massachusetts/faculty-salaries/>

Benefits

- Can comprise up to 40% of your total compensation
- Many can be a part of salary negotiations
- Large companies typically offer more variety of benefits than smaller companies

But sometimes the smaller the company, the more flexibility exist to negotiate

Case Study

- **Base salary - \$80,000**
- Parking
 - \$70 per month
 - \$840 per year
- Medical & Dental benefits
 - \$100 per month
 - \$1,200 per year
- No vision insurance
 - \$200 per year on eye care
- No bonus opportunity
- No 401k match

- **Base salary - \$75,000**
- Parking – free
- Medical, Dental & Vision
 - \$80 per month
 - \$960 per year
- Bonus opportunity (5-15%)
 - Average of \$7,500 per year
- 401k match
 - 2% of salary
 - \$1,500 per year

Case Study

\$80,000 – base

- 840 – parking
- 1,200 – medical & dental
- 200 – vision

Equals

\$77,760 annual comp

\$75,000 – base

- 960 – med, dent & vision
- + 7,500 – bonus
- + 1,500 – 401k match

Equals

\$83,040 annual comp

Evaluate the entire compensation package, not just base salary!

The Question: Does Starting Salary Matter

The Answer: Yes and No

- **Yes**, starting salary matters if you are compensated fairly for the work that you provide
- **No**, it is not necessarily a significant factor during the rest of your career

What Do You Want?

- Decide what you want to negotiate
- Have data to back up what you are asking for
 - Cost of living
 - Cost of moving-relocation (see IRS Form 3903)
 - Must meet distance and time test (50 miles/1 year)
 - Relocation reimbursement may have tax consequences
 - Start-up costs
- Have all aspects that you want to negotiate ready
- Know what you are willing to accept

Negotiating Strategy

- Determine the deal breakers and items to compromise
- Justify your request(s) based on how you meet or exceed their needs
- Develop negotiating questions (give and take)

The Employer's Response

- You may have to wait while they discuss your requests
- You may want to negotiate again (maybe)
 - “I will say yes if you can do ____” (be reasonable)

Be prepared for:

- “No, do you still want the job?”
- “OK, we’ll do X, will you now accept?”

During Negotiations

- Display confidence
- Avoid pushing too hard or trying to move too quickly
- Back away from surprises until you've had a chance to think them over
- Be respectful

Practice different scenarios before your discussion

Closing the Deal

Once you are ready to agree on the final details of the offer, get it in writing! (wicked important)

Points to Remember

- Choose the offer that best meets your career goals and lifestyle values
- Assess your skill value in the marketplace
- Focus on the compensation aspect most important to you
- Look at the “big picture” and the future value of an offer
 - ***Is this the next best place for you?***

Current MIT Policy - Offers and Deadlines

Internship Offers (New and Returning Interns)

Recruiting Cycle / Semester	Requested Deadlines	Alternative if offer made after or close to deadline
Fall Semester	Third Monday in December	Three Weeks
Winter Break / Spring Semester	Three Weeks	Three Weeks

Full-Time Offers

Recruiting Cycle / Semester	Type of Offer	Requested Deadlines	Alternative if offer made after or close to deadline
Fall Semester	Full-time (summer internship conversion)	Fourth Monday in October	Three Weeks
	Full-time	Second Monday in November	Three Weeks
Winter Break / Spring Semester	Full-time	First Monday of March	Three Weeks

Note: Employers have agreed to these terms

On-Line Resources

- <http://web.mit.edu/negotiation/www/>
- <http://jobsearch.about.com/od/salaryinformation/a/salarynegotiat.htm>
- <http://www.salary.com/mysalary.asp>
- www.glassdoor.com/Salaries/
- MIT's Recruiting Policies and Procedures
<https://gecd.mit.edu/employers/recruiting-policies-and-resources>

And of course, the GECD website for MIT salary survey data

- <https://gecd.mit.edu/sites/default/files/about/files/2016-gss-survey.pdf>
 - 2017 Survey results are in process of being uploaded

Note: All links tested and were are still active as of Mar 14, 2018

MIT Career Development Center

E17-294 617-715-5329 <http://web.mit.edu/career/www/>

Postdocs Career Services located in E25-143G

We offer...

- Mock Interviews (Behavioral based)
- Resume/CV, Research/Teaching Stmts and Cover Letter reviews
- Job Search and Negotiation advice
- Individual Counseling Appointments
- Workshops (Interviewing, Resume, Networking, Presentation, etc.)
- Pre-health Advising & Study Abroad
- Daily drop-in hours (weekdays 12:00-4:00pm, sorry no postdocs)
- Job listings – full-time, part-time, internships
- Plus a lot of other wicked good stuff !!!

Log into careerbridge.mit.edu and select “Advising”, “Advising Appointments” to schedule an appointment for Students and Postdocs

Negotiating Job Offers

“And the day came when the risk it took to remain in the bud was more painful than the risk it took to blossom” ...unknown

Final Q&A