

The Ins and Outs of Negotiations: A Q&A with Donald Asher

Mr. Asher is known throughout the United States as being an expert in all areas of the job search, including negotiations. He presented the salary negotiations session at the MBA CSC. He has published such books as *Cracking the Hidden Job Market*; *Who Gets Promoted, Who Doesn't, and Why*; *How to Get Any Job*; *The Overnight Resume*; *Asher's Bible of Executive Resumes and How to Write Them*; *From College to Career*, and several others. Therefore, to get the information for the negotiation section of the survival guide, we decided to bypass the normal routes and go straight to the source, Donald Asher. The following will not only provide answers to the questions you may have, but also a few tips from Asher that are sure to help you in your next negotiation.

The following is a question and answer series between a career services professional and Donald Asher. Answers to the questions are taken from the interview itself and paraphrased for easy reading. Donald Asher is the source for all this material, and it is presented here with his permission for the benefit of this university and its students.

Question: What parts of the compensation package can be negotiated?

Answer: Every student should negotiate to increase his or her compensation offers. Employers expect candidates to negotiate for salary. Right now students need to reduce aggressiveness in negotiations, but they can still go down the entire list. Always start your negotiations with cash. Do this because all future bonuses and raises are based upon that base. Base is more important than students realize. A lot of students are willing to forgo cash and start talking about other kinds of comp and bonuses before settling that issue, and that is a mistake. You need to settle the base before you start talking about the frills and fringes because the base is so important to your future comp. Some lines to use in negotiating base are these: "Would you consider what you are offering me a competitive salary, compared to other companies in the industry?" "What is the *most* you offered anyone this year, and what is the difference between me and that person?" "I really had in mind more than that, but I'm really excited by this opportunity. What can we do?" "I'd like to move these numbers, if we could. How much room is there to move these numbers?" And "Who do we need to bring into the loop to get closer to the maximum you're willing to offer?" That last one is a little aggressive, so you'd better be somebody special before bringing out that kind of big artillery.

As a last ditch method of negotiating for a higher base, you can negotiate an **accelerated review**. Get written into your offering letter that you will receive a six-month review with potential for an increase in pay. This can be one final way to accelerate your comp, to get it back in line with your goals. Students with strong and directly-related experience, or a track record of truly outstanding performance, may find success with this strategy. One warning, however: It is not unusual for companies to renege on such agreements—even written ones—when six months rolls around.

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Question: What else can be negotiated?

Answer: The hottest thing a couple of years ago was the bathroom and shower in your office; you can negotiate anything. When you get done with base, you talk about benchmarked performance bonuses. **Benchmarked performance bonuses** usually occur when you are in charge of something. For example, if I sign 10 new accounts in the first nine months I get an extra \$10,000. It's a quantified, overt, *verifiable* benchmark you should pass within the first year, and you attach a bonus to that. Companies are more responsive to this comp strategy when you are the only one they have in a particular role. If you are the

14th product analyst they have hired this year, you're not going to get away with this. But, if you're their only international sales rep, you *are* going to get away with this. Obviously, this is not for every MBA. All of these negotiating strategies we're talking about are possible, but not all of them are advised for every candidate.

After you get done with the performance benchmark component, then you might talk about your **signing bonus**. Signing bonuses vary year to year; they were big three years ago. You need to check with your MBA director to see what the status is in any given year. If you go in and try to negotiate a big bonus, and it's a year in which they're just not giving them out, you look like you're un-savvy, you're not up on the market. It is your job to know if they are giving out big ones or small ones. Bonuses vary between \$2,000, \$15,000, and zero. In addition to appealing to tradition and norm, you can present specific rationales for a signing bonus, such as "I have to buy a new car," "I have to buy a complete professional wardrobe," or "I'll have to relocate to Dallas on your behalf." And remember, these are real expenses you are facing, so this is not just a gambit. Only new hires from college or a graduate program get signing bonuses. People in the direct hiring market usually do not get them.

You can negotiate any **equity participation or stock options** next. People don't really understand stock options. Stock options typically only have value if the stock goes up. It is not the number of stock options; it is the value of the stock options. 1000 shares of nothing are still worth nothing. The trend is away from options and toward grants. Grants will have vesting schedules, and you need to understand them. Here are some lines you can use to help negotiate stock options or grants. "What types of equity participation are available to employees?" "What kind of stock options do you typically give new people?" And "What is the most you have given somebody, and what is the difference between me and that person?"

You can also try to negotiate the **annual management bonus**. This is really not all that common at the first-job-after-MBA level, but it won't hurt to bring it up. Almost always, the company retains the prerogative to pay whatever annual management bonus they want, but sometimes you can negotiate a minimum, or participation at a certain category or level. It's important to understand standard management bonuses, how they are paid and *if* they are paid every year. At the very least, find out what the company has done over the last three to five years. Remember, you are trying to understand how you will be compensated. You have every right to ask detailed questions.

The last thing you negotiate is **special terms**. Special terms include **start dates, vacation, leave time, and relocation allowances**. I will give you an example of a leave time. You and your buddies have rented a houseboat every year for the 4th of July, ever since you were in college. Remember to bring these types of special consideration up last. By then it becomes a no brainer. They're happy with you and things are moving along. Then you say "I need a week off around the fourth of July every year, and I need that to be written into the offer because it is that important to me. My fraternity brothers and I have been doing this for ten years, we're going to keep doing it, and I need to know up front if this is going to be a problem." Perhaps your sister is getting married in September, or your Mexican timeshare is locked onto the same dates each year; these are the types of things you negotiate last.

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Companies have gotten a little looser with vacation in the past two or three years. They burned out an awful lot of workers in the last big crunch. However, a person fresh out of B school who is more concerned about her vacation than her assignments is going to be waving a big red flag to employers. But here again, if you start with two weeks, you are a lot closer to four weeks after a few years, or ten, than if you start with one week. So, it does matter and there is nothing wrong with pushing for it. But there is certain language that you use. Make the vacation tied to your performance, the intensity which you are

promising to deliver on the job. You might say things like this: “I like to take a lot of three- and four-day weekends, but I have to tell you I would never leave you high and dry. I always schedule my vacations, and I don’t want you to misinterpret my interest in having enough relief time to recharge my batteries and to do a good job with any lack of interest in my career. It’s exactly the opposite! I need this time specifically because I am that interested in my career.” Be careful, because vacation and leave time can be a trouble spot. Do this after all other issues are decided. If you negotiate aggressively for vacation you could turn off an employer that is otherwise excited about you. You might remind them, “I already had two weeks accrued at my last job, so I’m not really excited about starting over.” Another line, if it is true, is “I am European; we usually start off with four weeks’ vacation.”

The order of negotiations matters. What people will do is get distracted. They will want to talk about base and the company will say, “Well, we will give you a bonus.” Students don’t realize they’re negotiating with professionals, and they’ve just been steered away from a key vantage point. Always try to settle the issue of base before beginning *any* other aspect of negotiations. It is very important to maximize base, which sets a bar for raises and bonuses year after year; it’s not that big a deal to get a one-time bonus. Try to control the flow of the negotiations, finishing each issue before beginning another.

Another thing to negotiate for late in the process but before leave time is an **unrestricted relocation allowance**. Unrestricted simply means you do not have to turn in receipts for it. In other words, you don’t actually have to spend it on relocating. It is another term for a signing bonus, but you’re dead if you say that out loud. This doesn’t always work for new MBAs. They are going to expect you to be an apartment person who can move in a car. If you say to them, “Look, I have kids; I have two cars and a motorcycle; and I have all of this other stuff,” they may say, “That’s fine, but I have this other student over here who can move in a car.” You do ask for it though, because if you don’t ask for it, you don’t know if you can get it.

Also, you can negotiate up to **90 days in a corporate apartment** just to smooth your transition into a new town. The rationale here is that you don’t know the neighborhoods before you move there. You might say, “I want to see the lay of the land, and see what kind of condo, house or real estate deal I want to make.” Negotiate for this even if you do know the lay of the land, because 90 days rent-free is 90 days rent-free.

Question: What about your 401K?

Answer: Fresh out of B-school you’re most likely going to get a plan that is standardized. Ask for the details, be sure you understand it and, of course, ask if there is any method to maximize company contributions, but most of this will be formulaic. Always sign up for automatic contributions that at least get you the maximum match. To do less is foolish, long-term. You won’t even miss the money if you never see it.

Question: What part of the compensation package is the easiest to negotiate?

I don’t think any of it is easy. It is not easy. But failure to do this correctly results in lower compensation for your contribution, for your hard work. I don’t want to tell anyone it is easy, but it must be done. It must be practiced, and it must be done.

“You sell when you are selling, and you negotiate when you are negotiating.”—Donald Asher

Question: When during the interview process do you begin to negotiate? Do you start to negotiate when you get the offer, when you accept or decline the offer, or in between the two?

Answer: The only time you negotiate the salary and terms is between the time you have a formal offer and the time you accept or decline. You never negotiate any other time. There's an old negotiating rule: You sell when you are selling, and you negotiate when you are negotiating. You only negotiate after they've bought into the product, they've decided they want the product. Any time you negotiate salary prior to having the offer, you are not negotiating so much as conceding position.

If salary comes up before the offer, and it probably will, deflect the inquiries with lines like this: "Salary is not my first concern. I'm really more interested in the opportunity and the people I'll be working with. Can we come back to this later?" Or, "I'm sure this won't be a problem for us, as long as you can make a competitive offer." You're going to have intelligent students, business-school students, make the mistake of trying to work on the salary prior to the offer, and that's always a mistake. Even if they low-ball you, don't negotiate. If they low-ball you, you may have to take a walk. You could say, "That's really way below what I believe I can make elsewhere. It's a shame, too, because I really like your organization. Would you like me to make some recommendations of other students from my class who might be interested? And would you please keep me in mind for any positions that might pay more?" They'll respect that, but it's not negotiating. Or, if you think they're just trying to see what you'll say, you can come back with this, "I'm sure you have a range of compensation that you're working with, but I really think it is premature to get into details before you're sure you want my services, and before I'm sure there's a good match between my skills and interests and what your organization has to offer. When you're ready to make an offer, I'll be eager to discuss the details, but until then I'd rather concentrate on what the position entails, what kind of performance is required, how I might get my first promotion, and that sort of thing." Then immediately ask them a question related to these interests, and having nothing to do with compensation.

When negotiating, talk in vague terms. Say such things as, "What range did you have in mind?" If they ask you what you were earning you can say, "Well what I was earning is not really relevant. That was really a different industry [or function]. I simply want to have a competitive compensation package based on what an MBA would earn in this position." Use a lot of vague terms to keep from talking about specific figures. You can also tell them the median offer from last year's class, and ask them if they think they are going to come in above or below the median from last year.

This is not gamesmanship. This is negotiating. The person who names an exact figure first has lost the advantage. So you avoid giving exact figures and you try to get exact figures. Students need to learn how to do this. Yes it's hard and yes it takes practice, but you can do it. If you mess up, and blurt out a figure, don't overreact. Just carry on the negotiations from there without revealing that you didn't mean to cough up that exact figure.

Learn some lines. Be ready. For example, you can say something like this over and over, changing the wording only slightly: "As long as I am compensated competitively I am not going to be unhappy. Salary is not going to be a problem to us; I am really more interested in the opportunity, the people I will meet, and where this could lead in five years. This is way more important to me than a grand here or a grand there." This is the kind of language to use until you get the offer; then and only then do you talk numbers.

Question: Should you start the negotiations or let them?

Answer: They are going to try to feel you out before making an offer. You let them bring it up. If you have an offer, then you bring it up.

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Question: How do you keep from seeming too aggressive or too arrogant?

Answer: There are three things to do. First, use win-win language. Second, don't be too rigid. Third, remind them constantly of the contributions you are going to make.

An example of win-win language is, "I really had in mind more than that. What can we do?" That puts both of you on the same side of the table; you are both trying to solve the problem. Win-lose language is, "I need \$10,000 more than that," "I can't live on that," or "You've got to be kidding." It is all about the language.

Next, be "open ended" about potential solutions. There are so many ways to solve the problem. Rigidity in your language will result in a failure in negotiations. By the way, this is a universal principle; it is not just about negotiating salary. Even though you are trying to guide the negotiations from base to bonuses to special terms, you cannot seem rigid or confrontational.

Here is some good language to use. Ask them what they have offered to other people: "Is this the best offer you've given to anyone this year?" You try to find out how much room there is, by saying things like this, "I would like to discuss the difference between me and the highest paid person you have picked this year, and see if I am not close enough to that person's skill set to warrant having the kind of salary offer that they received." With this type of language you are exploring solutions; you are willing to talk about your skills and experience comparatively, to present evidence of past performance and make promises about future performance; you are not just being a tough negotiator and a jerk. Tough negotiators and jerks might win a negotiation, but they don't have a good relationship afterwards. Some companies will tell you flat out they don't negotiate. In the current market an aggressive negotiator can get passed over, and they will pick someone else, someone who looks a little hungrier.

The third thing you do is constantly remind them of the contributions you are going to make. Say things like "I would really like to have a better offer than this because I am going to be able to do this, this, and this for you in the first year. I think my contributions will be valuable to your company."

"Who would need to be involved for us to negotiate this compensation package outside the parameters you are using right now?"—Donald Asher

Question: What if they refuse to negotiate?

Ask them, "Who would need to be involved for us to negotiate this compensation package outside the parameters you are using right now?" If they say nobody, then you are going to have to accept or decline based on what is on the table right then. If they say, "We have to bring the comp person in from HQ," that is not bad; it is actually good. Be rational. If you are made a good offer, and it is in the top half of the offers they have made this year, and you're going to be earning more than you did before, you have to be somewhat sane. Because if you involve the comp analyst from HQ and it was a really solid offer, you don't look that smart. But, if they are out of alignment with the market and other people are paying more, then this is a way to get to the root of the problem. However, this technique may not work if they need a decision by Friday, because it can be hard to get HQ involved, and it takes time.

Question: Who within the company do you want to negotiate with, the HR manager, the recruiter, or with line management? Which of these people have the power to negotiate?

Answer: You are negotiating with three people, the recruiter, the line manager, and the HR manager. Behind the HR manager are the comp analysts, but you'll probably never get access to them. Most companies want you to do your negotiating with the recruiter, often before you even have a real offer.

What you want to do is enlist the line manager on your side, because that is the person who wants you. You want that person, the line manager, to take your argument to HR and take your argument to the recruiter. Make your comp rationale to the line manager, as well as the recruiter. But remember, if your rationale is stupid, the line manager will be most sensitive to that stupidity. If they've got six product managers making \$68,000 apiece and you insist on \$85,000, they're going to be able to tell you what a stupid idea you have. You are going to get better data from the line manager, in terms of what's the norm and what's possible. In an ideal world, they will be your advocate to HR, your advocate to the comp people, and your advocate to the recruiter.

“The best setting in the world is to fly to their HQ and get in a room with the HR person, the line manager, and the recruiter.” –Donald Asher

Question: Can you give me your thoughts on what the best settings are for negotiations?

Answer: The best setting in the world is to fly to their HQ and get in a room with the HR person, the line manager, and the recruiter. Take up a lot of their time. The more investment they put into this process the more they are willing to try to recover their investment.

The second best setting is a conference call with all the same parties but in the live presence of the recruiter. Once again, the more investment you can require of them in terms of participation, the more power you have in the negotiation. The third best is a conference call with all three, and the fourth best setting is on the phone with the recruiter only.

Question: We live in a high tech business environment, so can you negotiate through Email?

Answer: Of course you can, but it is the least ideal. Just remember, if it is not written in an offering letter, it did not happen and all conversations disappear. Email negotiations are least preferred, because they require the least investment on the part of the person you're negotiating with.

Question: Let's say that the negotiations are over; you may or may not have gotten what you wanted. How do you make sure you keep in good relations with the company and the individuals you have been working with?

Answer: Use win-win language and be pleasant. Don't act like this is a battle—and it will take care of itself. Also, business school students need to be better at making a graceful decline. A letter is the best way to do this. Say something like the following: “I really truly appreciate all of the hard work you went through to get this offer. I even feel somewhat guilty letting you know there is another offer at a company that I actually feel I have a better fit with. I appreciate your work on my behalf. You went above and beyond the call of duty and I recognize and acknowledge that. I will always think fondly of XYZ Corp. and it is mainly due to your efforts. I am sure our paths will cross in the future, and if I can ever do anything for you, you can count on me.”

Business is a small community. You are going to see each other in meetings and you are going to cross paths. So, make this a graceful decline and your interactions will not be a problem. Plus, any company that was interested in you is a potential employer later. You need to be graceful for that reason, self interest, if nothing else.

Question: Once the negotiations are over and you have gotten most of what you wanted, should you ever feel obligated to take the job?

Answer: You should never feel obligated to accept a job. If you do accept, then you *are* obligated. If you have not accepted, you have no moral obligation to accept no matter how much work you have put them through.

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Question: What is the biggest mistake MBAs make when negotiating?

Answer: Failure to negotiate at all! If you talk to B-students, it’s like a dirty secret. They don’t practice their negotiations, and a significant percentage doesn’t negotiate. You should practice with your buddies and friends. That way, when you are in a meeting, you won’t just sit there looking at them with blank eyes and not knowing what to do next. Practicing is the only way to get better at this. You can’t just know how it works. There is a difference in knowing how to do it, and practicing doing it. Get in the habit of blindsiding your pals as you walk to lunch, or when you’re out for a coffee. “Well, Paula, just what would it take to bring you on board?” Practice low-balling each other, so you can have a graceful comeback, “You know, Roger, we think we can take our pick of MBAs for 45,000 this year. Would that number get you excited to come to work with us?” On some campuses, this type of thing is like an in-joke, and students do it constantly.

Final thoughts from Donald Asher

“The main thing I want to convey is that this can be a friendly process all the way through, even when you are negotiating really hard. And with that model you actually get to a higher dollar, higher satisfaction rate, and you build bonds that survive the outcome of the negotiations. Whether you succeed, or don’t succeed, accept or decline, you should leave that person with a feeling they were well treated. I think it is important, in particular for MBA students to realize this is not just about you, that they are attached to a school, and the reputation of that school is based in part by the interaction of those students with that recruiter, and if the school gets a reputation for having nasty negotiators, recruiters will avoid making offers to students at that school. I think it is important for students to realize it is not just about them. They are part of a culture and that it would be a mistake for them to be a lone wolf, you know, the Big Dog. That is just not smart in the long run because the reputation of their alma mater has to do with the value of their degree over the next 25 years. If you are graceful about it and do it well, people will respect you no matter what the outcome. If you get mean, you get hard, you’re nasty, then even if you happen to get a great job offer, the people behind you are not served by that.” He closes by saying:

“You do not want to sell your honeymoon.....If you extract every nickel from an offer, you are selling your honeymoon.....If you make a single mistake, everyone is going to hate you....Be a little bit cautious of being so aggressive so that you don’t sell your honeymoon....If you make three mistakes in a year, people are going to be looking for a way to get rid of you”—Donald Asher