

## Negotiating Your Ideal Compensation

### Welcome

Welcome to the Department of Defense Career Decision Toolkit, Negotiating Your Ideal Compensation course.

### Goal

The goal of this section is to ensure you understand the various components that can make up a compensation package and be able to objectively compare compensation packages from multiple job offers. You should also be able to judge how well a compensation package matches your own goals and desires.

### Plan

This course begins with a self-assessment to determine how well you understand compensation packages. It continues with two learning modules.

#### Module 1: Evaluating the Offer (pages 5 through 8)

In this module, you will learn strategies to put a total dollar value on a compensation package, as well as learn to compare packages from multiple job offers.

#### Module 2: Negotiation Your Compensation Package (pages 9 through 10)

In this module, you will discover tips and techniques to negotiate your best compensation package fairly and positively.

### Succeed

You can download the Negotiating Your Ideal Compensation Checklist for Success for this course on the main access page. Use it as a guide through the course topics.

Glossary: There is a course glossary on pages 12 through 13.

## Negotiating Your Ideal Compensation Self-Assessment

Take this 10-question true/false quiz to determine if you're prepared to negotiate your ideal compensation.

1. True or False: I have conducted enough research to know what I am worth in the marketplace (given my experience, skills, education, and geographic location).

Answer: True

Feedback: Knowledge and information are the absolute power bases in salary negotiation, which is why employers always attempt to determine your salary history and/or salary demands. Take the time to research salary levels, not only by job title but by industry, geographic location and level of demand for job seekers with your skills. Research the company's salary practices. One place to start looking for information is in the salary calculators section of our "Evaluating the Job Offer" module.

2. True or False: To get the best salary offer, I need to prove my value to the company in a way that demonstrates that my skills and abilities exceed other job seekers'.

Answer: True

Feedback: This strategy should be your goal the entire time you are job hunting, to show you are uniquely qualified for the position. Once you are the final candidate, the higher your potential stock and the greater your potential impact (or at least perceived impact), the better job offer you will receive and/or negotiate.

3. True or False: If I really want the job offer and I think the employer will make an offer, I should feel confident in raising the salary question first.

Answer: False

Feedback: Keep saying to yourself, the longer the salary discussion is put off, the better my negotiation power. When it is down to just you and the employer, you have much more power to command a better compensation package than earlier in the process, when the employer still has other choices in your fellow job candidates. However, you must be prepared for the salary discussion to arise at any time in the interview process, from the salary screening phone call (or request for salary requirements) to the final interview. Also remember that some employers take offense when a job seeker appears too presumptuous (or worse, money-hungry) by asking about salary too early in the process.

4. True or False: Going into any interview situation, I should have a strong idea of the range of salary and types of benefits I want, given the company, industry and type of job.

Answer: True

Feedback: It may seem repetitive, but we cannot emphasize enough the rewards you will reap from spending some extra time conducting compensation research early in the job-search process. Each job and each company will have a different mix of salary ranges and benefits, depending on a number of factors, and you need to know those factors and know what to expect, what to negotiate and what to accept.

5. True or False: I should avoid giving direct answers to salary requirements or salary history when asked for them early in the interviewing process.

Answer: True

Feedback: Employers ask about salary history and salary requirements because that's how they conduct their research on you, on what you've made in the past and what you expect to make in this next position. Try to delay any and all salary negotiations until the very end by avoiding these types of discussions. Be forewarned, though, that ignoring such an employer request may lead to your not being considered for the position, so tread carefully. Experts suggest masking your specific salary requirements by stating that "you expect competitive or fair compensation" or that your salary request is flexible.

6. True or False: I should always request getting the full job offer, the entire compensation package, in writing before making a final decision.

Answer: True

Feedback: All reputable employers want you to have full information about a job compensation package before you make your final decision. Why would an employer want to hide information, just to end up with a disgruntled new employee who brings down the morale of co-workers and others? Be extremely wary of prospective employers who will not put the complete offer in writing. One trick some experts recommend for job seekers when the employer will not put the details in writing is for you to write a follow-up letter to the employer outlining the compensation package as you understand it. Finally, you should feel free to ask questions about any parts of the job offer you don't understand; get clarification when you need it.

7. True or False: It is often possible to negotiate some aspect of a job offer, if not salary, then other compensation benefits or incentives.

Answer: True

Feedback: Most studies show that a large majority of employers are flexible on at least some element of the compensation package, even if salary is "off the table." On the other hand, these same studies show that only a small percentage of job seekers actually try to negotiate a better job offer. Of course, there is some inherent risk in trying to negotiate with an employer who does not negotiate, but even in those situations, the offer is rarely rescinded. Just be sure you know the key rules of negotiating.

8. True or False: To really get the compensation I want, I need to be a master negotiator.

Answer: False

Feedback: Perhaps this idea is the reason more job seekers do not negotiate job offers. You risk little but have much to gain – in future compensation, retirement benefits and various perks. Why spend the time and effort to conduct the research on salary and benefit information, if not to use it to your benefit? Have confidence in yourself and your research. All you need to

negotiate a job offer is to know the rules and etiquette of negotiating; you do not need to learn how to be a master negotiator. And there should be little gamesmanship in negotiating, so it should not be intimidating or irritating, as negotiating to buy a car is for many. And remember, you have two options when negotiating, depending on your personal preferences and style: You can schedule a follow-up meeting and negotiate face to face, or you can write a counterproposal letter.

9. True or False: If the salary offer is in my minimal range and I'm told that salary is "off the table," I should consider asking for a signing bonus to make up the difference.

Answer: True

Feedback: You stand to lose quite a bit more by not asking for a signing bonus or some other form of compensation beyond salary. And if the employer responds to your request by stating that the company does not offer signing bonuses, what have you really lost for asking?

10. True or False: When reviewing multiple job offers, the offer with the highest starting salary is always the best choice.

Answer: False

Feedback: The offer with the highest salary could be the best choice, but it is far from always being the best choice. If you are lucky enough to be fielding multiple job offers, please do not be blinded by salary alone. While salary is important in the short term, the other forms of compensation and benefits employers offer may have a much longer and deeper impact than salary. Bonuses, stock options, pension plans, low-cost insurance plans, relocation packages, flexible working conditions and other benefits may make salary not quite as important as you think.

You have completed the course self-assessment. Module 1 begins on the following page.

## Module 1

Congratulations! You got the job offer!! Now what? This module will help you learn how to evaluate not just one offer but multiple job offers, based on what is important to you.

We will review negotiating skills, what to do when an employer makes a job offer, how to evaluate the job offer, and how to evaluate multiple offers.

### How to Handle the Job Offer

#### Introduction

It's great to have a job offer! And like many things in life, when it rains, sometimes it pours. You may actually have more than one offer, or you may have an offer and a few outstanding interviews or potential offers that may not be on the table yet. What do you do? Follow these four steps when handling a job offer:

#### Step 1

Sincerely thank the person for the job offer and indicate your interest and enthusiasm in the position.

#### Step 2

Ask for time to think it over. Most employers will give you a few days to two weeks to think over the offer. Take your time.

#### Step 3

If you have other interviews scheduled, or job offers that might be pending, do the following:

- Call the interviewer from the recent job interview to try to get a final decision.
- Try to schedule upcoming interviews sooner so hiring decisions can be made before accepting or rejecting the job offer just received.

#### Step 4

Consider which of the jobs applied for are truly of interest.

- Decide whether the offer presented is at all desirable. If you are interested but not satisfied with the offer, try to negotiate conditions that would alter your decision to accept or decline. If you are genuinely not interested, do not continue to negotiate "for practice" or in bad faith. Tactfully turn down the offer by giving the employer a specific reason.
- Decide whether the offer presented is highly desired. If so, accept the job.

### How to Evaluate the Job Offer

How do you know when to accept or decline an offer? There are many things to consider. Here is a step-by-step list of seven of the most common issues. Be sure to take into consideration

your priorities, family needs, and likes and dislikes, as well as the standard things like compensation, culture, growth opportunities and so on.

1. Title/Position

- Does the title represent what you will be doing?
- Does it sound professional?
- Carefully review the responsibilities you will be asked to perform. Do they excite you? Challenge you? Bore you? Terrify you?
- Be sure you are being asked to perform responsibilities you are qualified for, while leaving room for challenge and professional growth.

2. Salary

- Is the salary or wage being offered fair, considering your responsibilities, educational and professional achievements, industry and geographical location?
- To compare salaries in various locations, check out the following websites:
  - Salary.com (<http://www.salary.com/mysalary.asp>)
  - Payscale.com (<http://www.payscale.com/>)
  - Indeed (<http://www.indeed.com/salary>)

3. Other Compensation

Other compensation runs the gamut of things from health care, retirement account contributions, life insurance and even such perks as a company car, if you're lucky. Take the Toolkit section titled Financial Planning for Transition to learn much more about the value of other compensation you may be offered or may want to negotiate.

4. Growth Opportunity

- Is there upward mobility in the career path? Where could you be in five years? In 10 years?
- How often is your performance evaluated, and what is the result of these evaluations?

5. The People

- Supervisor(s)
  - What do you think about your potential supervisors?
  - Would you be comfortable working for them?
- Co-workers
  - What do you think about your potential co-workers?
  - Would you be comfortable working with them?

6. The Company

Culture

- Learn as much as you can about the culture of the organization. You will spend more waking time at work than anywhere else; be sure the culture fits with your needs and preferences.
- Here are some articles that explain how to learn more about a company's culture:
  - [http://www.quintcareers.com/employer\\_corporate\\_culture.html](http://www.quintcareers.com/employer_corporate_culture.html)
  - <http://www.job-interview-questions.biz/10-best-questions-about-corporate-culture.html>
  - <http://www.theladders.com/career-advice/7-interview-questions-uncover-corporate-culture>

### Reputation

- Do an Internet search to find out if there are any recent news articles about the company or other revealing information.
- Ask about the company at industry association meetings and other networking functions.

### Overall outlook: stability, growth, decline?

- While this may be one of the more difficult questions to answer, it is very important; you don't want to work for a company that isn't likely to be around in five years.
- Look at annual reports dating back a few years to understand trends.
- Ask about growth and sales trends when talking to potential supervisors and co-workers.
- Use common sense. Does their business model make sense in today's environment? Would you buy stock in the company?

### 7. The Industry

#### Overall outlook: stability, growth, decline?

- Look at the Bureau of Labor Statistics Occupational Outlook Handbook, <http://www.bls.gov/OCO/> for educated predictions on where any given industry is headed over the next few years.

## Evaluating Multiple Offers

If you're lucky, the timing will be perfect and you'll have several offers to consider at once. While this is the ideal situation, it's also slightly more complicated.

The best way to evaluate multiple job offers is to first evaluate each job to determine if it is worth pursuing. For those offers that you want to consider further, use the Evaluating Multiple Job Offers worksheet available from the main access menu. It allows you to list the factors that are important to you, evaluate how important they are to you, and compare each of your offers against your priorities.

In addition, the Compensation Comparison worksheet, also available from the main accessibility page, allows you to specifically compare compensation packages, so you can objectively separate them from other factors that influence your decision to accept or reject a job offer.

Complete these worksheets, look at the facts and data, and don't forget to trust your gut when making such an important decision.

You have now completed Module 1. Module 2 begins on the next page.



## Module 2: Negotiating Your Compensation Package

Unlike the military, you can negotiate many of the details of your civilian job offer and compensation package. This module will give you tips and techniques to help you go about the intricacies of negotiation. If you're asking yourself, do I have to negotiate? How do I negotiate?, this module will help.

Your goal for this module is to list and explain ways you can negotiate your civilian compensation package.

### Negotiating Your Compensation Package

It's important to go into the process of accepting or rejecting a job offer knowing that, in most cases, there is not only room for negotiation but often an expectation of negotiation. Not all offers are negotiable, but there is often room for negotiation on some aspects of the offer. The only way you'll know is if you ask.

When given a job offer, unless it is exactly what you want (or better), show your enthusiasm for the offer and ask for time to consider it.

During this time, determine your minimum, maximum and ideal compensation package so you can go into the negotiations fully informed and prepared.

There are many ways to negotiate a better job offer. No one way fits everyone. Some people are naturally more adept at negotiating; others might be less comfortable with it. Some will prefer to negotiate face to face, while others may prefer to do it in writing. Here are a few common negotiation techniques to consider.

- Always come into the negotiations knowing what your lowest acceptable offer is, and be prepared to walk away from the table if it is not met.
- Do your homework; know what you are worth in the job market and to this company specifically.
- Know what your ideal compensation is and be prepared to explain how you came up with your numbers.
- Get the job offer in writing and don't sign it until you have a mutually agreed-upon offer.
- Don't be the first to mention salary, if at all possible; if you are pressured into it by an employer, offer a salary range based on your minimum acceptable and the maximum reasonable salary.

- Focus on your value to the company, not your personal needs. Demonstrate the benefit to the company in paying you more.
- Consider your entire compensation package as up for negotiation, not just your salary. Companies may have more flexibility in offering other benefits, such as more vacation time, flexible scheduling, telecommuting and retirement contributions.
- Be enthusiastic. Reassure the employer you want the position, and negotiate positively and cooperatively. Negative, competitive or egotistical negotiation techniques are likely to backfire in the long run.

### Financial Planning for Transition

In order to negotiate strongly, you need to have a solid grasp of your financial situation now, and your future goals. For more information about evaluating and negotiating your compensation package, take the Financial Planning for Transition course located in the main access menu.

### Resources for Negotiating Your Compensation Package

Click on any of the following links to learn more about negotiating your compensation package:

- <http://www.quintcareers.com/salary-dos-donts.html>
- [http://www.quintcareers.com/salary\\_negotiation\\_mistakes.html](http://www.quintcareers.com/salary_negotiation_mistakes.html)
- <http://www.state.gov/m/dghr/flo/c21638.htm>

You have completed Module 2.

## Course Conclusion

Congratulations and thank you for taking the time to learn about how to negotiate your ideal compensation. We hope you have found this information helpful. The course checklist for success can be found on the main toolkit accessibility page, along with the other course handouts. Check out the resource section of TurboTAP.org (<http://www.turbotap.org>) for additional important resources that help you ensure a successful transition.

The course glossary begins on the following page.

## Negotiating Compensation Glossary

### Compensation/Compensation Package

Compensation is your overall salary (or wage) plus benefits, allowances and other perks. A compensation package is everything you earn for working for your organization (e.g. \$78,000 annual salary; health, dental, vision and life insurance; use of a company car; 5 percent matching 401(k) donations and on-site child care).

### Culture (corporate or organizational)

A company's culture is the environment in which you do your work. Culture also includes the values or principles held to be important by the organization. It may be formal or informal, hurried or laid-back, focused on profits or on employee satisfaction, or many other things. None of the examples are mutually exclusive: Some companies may have formal hierarchies but informal dress codes, may be rushed during certain times of the year and laid-back during others, may value profit-making and employee satisfaction. A company culture can be thought of as its personality.

### Flexible scheduling

Some companies are willing to allow flexible scheduling, which means you may be able to start work later in the day and leave later, or vice-versa, or take a break during the day for personal needs, etc. In a flexible-schedule environment, you may be able to set your schedule according to yours and your family's needs, as long as you meet your minimum number of work hours weekly (generally 40 hours per week).

### Initial job offer

An initial job offer should be a formal offer containing all of the details of your new job, including title, compensation, starting date and more. This is generally delivered in the form of a letter or e-mail. If it isn't, be sure to ask for the offer in writing.

### Negotiate

In this context, negotiate means to cooperatively work with a potential employer to arrive at a job offer that is mutually acceptable to both parties. It is not a game, it is not hardball, it is cooperative.

### Salary

The amount of money you are paid for the work you do. Salary is paid regularly, often every two weeks (approximately), although some are paid bi-monthly or monthly. Salaried employees are generally not eligible for overtime, because they are not paid hourly. An example of a salary is \$45,000 per year.

### Telecommuting

Telecommuting is the ability to complete some or all of your work from home, or from another location away from the office, by using the Internet, cell phones, smart phones and other technology.

### Wages

The amount of money you are paid for every hour of work you do. Wages are paid daily, weekly, bi-monthly, monthly or according to company policy. An example of an hourly wage is \$18 per hour.