



Job Negotiations – NOT Hostage Negotiations

by Alan A. Malinchak (1984-2004)

In this series on preparing for your next career, you have identified a position, targeted a company, networked with past and current professionals, completed the application, prepared for the interview, suffered through the long wait for others to be interviewed — and you just received the call! The company wants to hire you and is sending an offer letter of employment for you to review and sign, and begin your next career. You're excited, anxious and ready ... BUT not so fast.

Are you prepared to negotiate before you sign that letter? If you are not ready to negotiate, you may discover later that there were other benefits and compensation on the table that you left behind.

Consider the receipt of the letter of employment as the first, not final, offer. A multitude of items can be negotiated. Your future employer will almost always try to bring you in at a low base salary — to help him meet his numbers, improve his margin, and save money to increase net operating profit. The base salary is only the beginning of the items to negotiate in a collaborative, not confrontational, setting.

As a former FBI Special Agent, you know the value of a positive demeanor when talking with others — that experience will pay off nicely as you enter into conversational negotiations with your future employer. Remember, he has decided to hire you. There was something about you, your experience and your capabilities that he liked; and, he is not ready to start the process all over again. It is in his best interest to meet, listen and negotiate with you. There is never any harm in asking and probably improving your compensation package, but there is one caveat. During an interview for the position or during the negotiation phase of a compensation package, if your future employer mentions that you are already financially comfortable because of your retirement monies from the FBI, be prepared to walk —in fact run. Your retirement salary and benefits should never be on the table in any negotiation.

Value, Interest

Always understand your value. Your retirement salary is NOT part of the value you bring to a company. And always understand that companies will NOT pay a penny more — it's in their interest, not yours!

As we begin looking at some of the negotiation categories, please bear in mind the following:

Axiom #1 — Everything is Negotiable

Axiom #2 — What is Negotiable is Continually Changing

A former consultant instructor at the FBI Academy always used the phrase "It's not the Money, it's the MONEY." It's always the money, plus the compensation packages that equate to money.

Employer/Employee Negotiations

Employers expect to negotiate base salary and other compensation benefits. However, they must abide by factors that will influence how much leeway they have to negotiate, such as salary bands, internal parity with other employees with the same title in the same group, market conditions, and your previous compensation history (post-government positions). A company will pay you a fair value and usually not beyond, unless you are the only candidate in the marketplace who meets its needs.

Not Sure of Your Negotiation Skills?

For those unsure of their negotiating skills an Internet search will yield several sites for self-education. Do your homework. Use job boards and other Internet sites and tools. Some Web sites break down salary compensation based on position, title, experience and location.

www.careerbuilder.com

getraised.com

www.payscale.com

www.salary.com

www.negotiations.com

www.rileyguide.com

www.quintcareers.com

Rely on facts: know your own knowledge, skills and abilities, and use the testimonies of former clients, peers and superiors — a case that is based on facts is difficult to refute.

Have a dress rehearsal: Practicing with a mentor can help you find holes in your argument and ensure that you present a strong case.

Understand how your title fits into the company and how it relates to salary and compensation:

- Each company is different
- Examine the importance of the title versus the salary and compensation
- Do you want a corporate or a business-unit position?
Corporate— You are overhead and an expense

Business Unit— You support a client that generates revenue for your company

Compensation Comes in Many Forms

Base salary is the only compensation component that is consistent from company to company. Other compensation components that can be negotiated depending on the company, the level, the role and the scarcity of talent for the position are:

Sign-On Bonus— The amount can vary depending on whether you will be in corporate or business operations. It is also sometimes tied to the level of the government security clearance you possess and other professional certifications beneficial to the position for which you are being hired.

Performance Bonus— Typically this is tied to an individual's performance against stated metrics, development and execution of a business plan or meeting expected financials. This can be paid at a specific interval of time from date of hire, such as six months, quarterly or annually based on company policy.

Company Bonus— Some companies pay annual bonuses to employees based on the company's performance and can be a percentage of your base salary, a percentage of company allotment regarding bonuses distributed proportionately or by title or amount of revenue your position generated for the company within a specified time period. Usually, it is related to your title and your base salary — Are you already seeing how beneficial that starting amount is when you sign with a company?

Stock Shares— These are shares of stock that a company can provide to you as a sign-on or performance bonus and can be future cash, depending on the performance of the stock in the financial markets.

Stock Options— Publically traded companies can also provide stock options to employees, usually to directors and above. Even the number of stock options provided to an employee is dependent on the hierarchical title you negotiate. As an example, a company may provide you with 1,000 shares of common stock valued on the date of hire at \$25 a share. You now own stock valued at \$25,000, but not the actual \$25,000. Normally, you can decide to cash out one-third at each anniversary date from the date the stock options were given to you. To cash out all 1,000 shares will take three years. If the stock is doing well, that is great. For example, if at the first year each share is worth \$30, you can cash out 333 shares at increased value of \$5 for total of more than \$1,600. If the stock value has decreased to \$10 a share, you just wait for your second and third anniversary years. Stock options are usually part of each yearly performance evaluation, just as the cash bonus.

Employee Stock Option Plans (ESOP)— The company buys stock on your behalf, if it makes money, you make money. You normally can't exercise options until you retire or leave the company.

Employee Stock Purchase Program (ESPP)— Some publicly traded companies provide this benefit to employees allowing them to use part of their salary to purchase stock at a discount to market price.

HR Benefits:

Insurance— If you have health, dental or vision insurance from retirement, some companies will negotiate the amount or a percentage of that amount it would have cost them if you enrolled in their programs. These monies could be negotiated in the form of a sign-on bonus or an increase in the first base salary offer.

Life insurance— If a leadership title, usually three-times your base salary only.

Long-Term Disability & Short-Term Disability— The company usually pays these.

401k— A good strategy is to max out your pre-tax portion as the percent saved in not paying taxes, and the more you can save now the better for when you retire. Know what the company match policy is on its 401k.

Vacation/Paid Time Off (PTO)— Companies will either provide vacation plus sick leave or combine the two into a benefit referred to as Paid Time Off (PTO). These are usually set by company policy and usually increase the higher your title — when you negotiate your title and level within the company, you are affecting your PTO.

Business travel— Depending on your position within the company, business travel may be required. However, if business travel occurs on a weekend compensation time can be negotiated.

Understand the value of your government security clearance. You know when it expires. Ensure your background investigation is complete and that your clearance is renewed prior to leaving government. Without your clearance, you are NOT as valuable.

There are many other items open for negotiation and space is limited here. It may be wise to consider a compensation consultant to go beyond your own current and future knowledge.

Good luck and stay focused. Your next position is within reach. Remember what Milton Berle said: "If opportunity doesn't knock, build a door." Then knock!

Alan A. Malinchak is the CEO of Éclat Transitions, a career transition services company specializing in public-to-private career transition services, www.eclat-transitions.com. Éclat Transitions LLC is a certified and verified Service Disabled Veteran Owned Small Business that assists government agencies, military branches and individuals in need of advice exiting the public sector and entering private industry. He has more than 35 years of professional experience in government, industry and academics, and is a U.S. Navy Veteran. He can be reached by e-mail at: al@eclat-t.com. Or contact him through LinkedIn.