

Principles for Negotiating: The Ten Commandments of Employment Negotiations

HOW-TO GUIDE: NEGOTIATING OFFERS

Taking into consideration those things that make employment negotiations unique, together with generally applicable negotiating principles, I have developed a set of basic principles which I refer to as The Ten Commandments of Employment Negotiations. These principles, along with what I refer to as the Eleventh Commandment, apply in every employment negotiation.

Commandment 1: Be Prepared

Preparation is critical when negotiating the terms of your employment. The more information you have, the more successful you will be. This is so important that I have devoted a full chapter in my book to preparing for employment negotiations. This is the first commandment because it is the most important single thing you can do to ensure that you get the best deal possible.

Commandment 2: Recognize That Employment Negotiations Are Unique

Employment negotiations are different from other types of negotiations. They are not a one-shot deal like buying a house or a car. When the employment negotiations are over, you will have to work with your former adversary on a daily basis; more important, your career success may depend on the person with whom you have just finished negotiating. Therefore, even though you want to negotiate the best possible deal, you need to proceed in a way that doesn't tarnish your image.

By the same token, your future boss will want you to feel good about joining the company. Once an employer has decided that you are the person for the job, the primary concern will not be to negotiate the least expensive compensation package the company can get away with. Rather, the main focus will be on getting you to accept the job. As a result, employment negotiations are unusual in that both sides share that same basic goal.

Commandment 3: Understand Your Needs and Those of Your Prospective Employer

Any employment negotiation is going to involve trade-offs. To be successful in this type of negotiation, you need to examine your own priorities. What is it that you want? Are you comfortable with a low salary and a large equity stake? Do you feel confident that you can meet the requisite criteria to earn a bonus? Are you able to handle dramatic swings in income from year to year? How important is job security to you?

Understanding your needs will also help you determine what type of company you want to work for. (For example, a family-owned company might offer a larger salary than start-up company, but the same start-up company will offer stock or stock options that a family-owned company typically will not.) Regardless of the type of company you are considering, an employer may not be able to give you exactly what you want. There are numerous institutional constraints on how much a company can pay for a given position or what kinds of benefits it can offer. Understanding what you want and what a company can do within its own organizational and budgetary constraints will enable you to determine what trade-offs are possible in order to maximize what you get. This knowledge will also enable you to walk away from a job when a company cannot offer the type of compensation package that suits your needs.

Commandment 4: Understand the Dynamics of the Particular Negotiations

Sometimes you will have skills or experience for which there is a great demand. You may be the only qualified candidate to have made it through the interview process, and the company would like to hire someone quickly. Similarly, if you have been able to defer discussing compensation until the company has determined you are the best candidate for the job, your bargaining position will be greatly strengthened. These are enviable positions to be in. On the other hand, you may in fact be one of several candidates the company is considering, any one of whom it would be happy to hire. Under those circumstances, compensation may be the key factor in determining who gets the job. Sizing up the situation and understanding the relative position of each of the parties to the negotiations will help you determine when to press your advantage and when to back off.

Commandment 5: Never Lie, but Use the Truth to Your Advantage

Honesty is important. If you lie during the negotiations, sooner or later you are likely to be caught. Once you are caught lying, you lose all credibility. Even if you don't lose the job, you will be placed at a tremendous disadvantage, and your future credibility on the job will be undermined.

On the other hand, total candor will not be rewarded. You are not required to answer a specific question directly unless the answer helps your position. You can determine what you want to say and how you want to say it. One element of preparation is to understand those areas which may be problematic so you can rehearse how you will handle them when they come up.

Commandment 6: Understand the Role That Fairness Plays in the Process

The guiding principle for most employers in determining what they will agree to is fairness. Within the constraints of their budget and organization structure, employers will usually agree to anything that is fair and reasonable in order to hire someone they want. Appeals to fairness are the most powerful weapon available in employment negotiations. Sometimes such an appeal may even convince an employer of the need to adjust its salary structure or increase the amount of money budgeted for a position.

You should be able to justify every request in terms of fairness. If the cost of living is higher where you're going, it is only fair to have your salary increased sufficiently to compensate. If comparable executives in similar companies are given one percent of the company's stock, you should be treated no differently. Your prospective employer will want you to accept its offer and to feel that you have been treated fairly. Understanding the importance of fairness as a negotiating principle can make the difference between success and failure.

Commandment 7: Use Uncertainty to Your Advantage

If an employer is not certain what it will take to recruit you, its initial offer is likely to be close to its best offer. If you have divulged too much information, it will likely not offer you as much as it might have otherwise. By not disclosing exactly what your compensation package is or exactly what it would take to get you to leave your current job, you will force a potential employer to give you its best offer.

Commandment 8: Be Creative

You may not be able to get everything you want, but you want to be sure to get everything you can. Focus on the value of the total package. Look for different ways to achieve your objectives. Be willing to make trade-offs to increase the total value of the deal. Limit your "requirements." When you lock yourself into a position, you limit your ability to be creative.

If you are creative, you can package what you want in ways that are acceptable to the company. You will also be able to find creative "trades" that allow you to withdraw requests that might be problematic to the company in return for improvements in areas where the company has more flexibility.

In the end, however, you still must get the company to agree to those elements of the deal that are critical to you. If you are not able to do so, or if have to give up too much to get what you need, perhaps this is the wrong job for you. However, before you insist on any particular term in your employment package, be sure that it is really essential. By insisting on a particular term you may be giving up something of greater value; you may even be giving up your chance to get the job altogether.

Commandment 9: Focus on Your Goals, Not on Winning

Too often in negotiations winning becomes more important than the actual goals that are achieved: This tendency is particularly problematic in employment negotiations. Not only is it important to focus on achieving your goals; it is also important not to make your future boss feel like a loser in the negotiations. Remember, that this person will control your future career. You will have gained little by negotiating a good deal if you alienate your future boss in the process.

Commandment 10: Know When to Quit Bargaining

There comes a point in every negotiation when you have achieved everything that you could have reasonably expected to achieve. At that point you should thank the person you are dealing with and accept the offer. If you don't recognize when to stop negotiating, you run the risk of having the company decide that it made a mistake by offering you the job in the first place. Most companies will want to treat you fairly and make you happy, but few companies want to hire a prima donna. Being perceived as greedy or unreasonable may cause the deal to fall apart. Even if it does not, you will have done immeasurable harm to your career with your new employer.

Commandment 11: Never Forget That Employment Is an Ongoing Relationship

This is the most important commandment and cannot be overemphasized.

Employment negotiations are the starting point for your career with the company. They set the tone for your employment relationship. Get too little and you are disadvantaged throughout your career; push too hard and you can sour the relationship before it even begins. How you handle the initial negotiations can have an impact, for better or worse, on how successful your tenure with a company will be.

Following the Ten Commandments of Employment Negotiations and employing the negotiating strategies described in my book will enable you to effectively negotiate the terms of your new employment. Once you have done so, you will be able to start your new job confident that you have achieved the best possible result. If you do your job well, there will be opportunities to negotiate further improvements as time goes on.