

McCombs Career Webinar



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Presented by

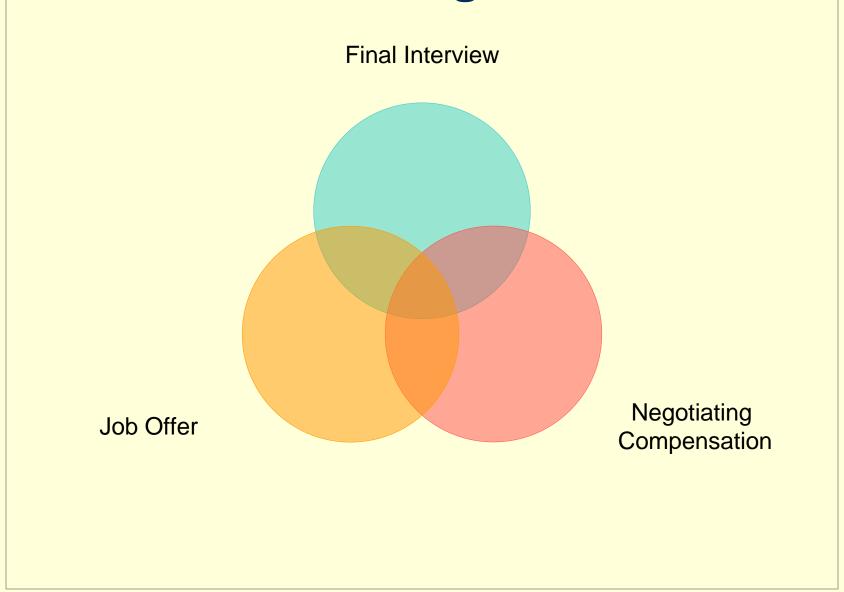
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Almost <u>everything</u> in life is negotiable.







The Negotiation Process:

 a process of two-way communication aimed at reaching agreement with others when some of our interests are shared and some interests are opposed

Interests =

 The concerns, fears, needs, and desires that underlie and motivate opposing positions of the parties involved in a negotiation process

Positions =

 a person's particular attitude or point of view toward an interest



Characteristics of Win-Win Negotiations:

- Goal of Win-Win Negotiations:
 - Both parties involved try to reach a mutually beneficial agreement -efficiently and amicably

- Compromising
- Cooperation
- Solving problems jointly
- Honest & ethical communication
- Finding common ground
- Diplomatic process
- Partnership with a common goal



The "Win-Win or No Deal" Method

- The <u>highest form</u> of Win-Win negotiation
- Utilize this method for negotiating the job offer, salary, benefits, and transfers and promotions

Characteristics of "Win-Win or No Deal" Negotiations:

- Parties are prepared to walk away if a mutually acceptable solution cannot be reached in a timely and amicable manner
- Creates a cooperative NOT a competitive stance
- Allows each party to say "no" and to agree to disagree agreeably



- The "Win-Win or No Deal" Method continued
 - Builds a positive and solid future relationship between the parties

Characteristics of "Win-Win or No Deal" Negotiations:

- 'Us'-centered thinking
- Insists on using objective criteria and standards of measure to make decisions
- Encourages clear and open communication
- Allows for 'saving face'
- Leaves room for future negotiations







Step 1:

Preparation for the negotiation process

 50% of the negotiation process is preparation for the negotiation

- "There is no substitution for preparation."
- "Plan your work and work your plan."
- 80% / 20 %Rule of Success



Step 1:

Preparation for the negotiation process

Overview of the preparation process:

- Adopt the right mental attitude
- Quantify your strengths& value to employers
- Know your minimum salary requirements
- Research salary ranges / benefit packages
- Know 'best alternatives'
- Maximize your position of power



STEP 1:

Preparation for the negotiation process

- Personal Needs & Professional Value
 - How much must I make to survive?
 - What is my professional value in this market?
 - What benefits are available?

- Know your personal minimum salary requirements
 - Hourly
 - Annually
- Know the value you bring as an employee
 - Employee Market Value =
 Present Market Rate + Value
 of Experience + Value of
 Education + Value of Extras
- Know the value of typical benefits and perks
 - Insurance benefits
 - Paid vacation and holidays
 - Perks
 - Retirement accounts / matching options
 - Stock Options



STEP 1:

Preparation for the negotiation process

- Industry Research
 - What is typically paid for each position in each city?
 - What is my professional value?
 - What about the 'cost of living' differentials?

- Sources of information:
 - Use an online salary survey for most updated statistics:
 - www.salary.com
 - www.monster.com
 - www.bls.gov
 - www.smarter.com
 - www.jobstar.org
 - www.homefair.com
 - For salary with cost of living comparison



<u>STEP 1:</u>

Preparation for the negotiation process

- Mental Attitude
 - The potential employees' perspective:

Focus:

- Concerned with finding the correct 'match' to the job requirements and 'fit' into the organizational culture
- Expects a fair compensation offer from the potential employer
- Maintains a "partnership" state-of-mind = working together towards the same goal
- Exhibiting professionalism, self-confidence, and competence



STEP 1:

Preparation for the negotiation process

- Mental Attitude
 - Understand the potential employers' perspective:

- Organizational Objectives:
 - Hire the best quality employee and pay the lowest price possible
 - "I am trying to make the best 'deal' for my company."
 - Pay an employee less than what the employee generates for the organization
 - "It is my job to maintain or reduce company expenses."
 - Offering a lower compensation package than can truly be afforded
 - "We expect negotiation."
 - Final evaluation of the potential employee's level of professionalism, selfconfidence, composure, and competence



STEP 1:

Preparation for the negotiation process

- Mental Attitude
 - Adopting a powerful and positive mind-set

 Understanding how to maximize <u>power</u> and to <u>influence</u> people will affect your ability to negotiate successfully

Definitions:

- Power= The ability to <u>influence</u> or to <u>control</u> others' actions or behaviors
 - Influence = the process of affecting the thoughts, behaviors, and feelings of others
 - Control = the ability to influence, command, or direct others' behaviors



STEP 1:

Preparation for the negotiation process

- Mental Attitude
 - Understanding that knowledge is power
 - Negotiate from a position of knowledge and strength—not need and greed

Types of personal power:

Referent Power

- consulting experts, information, and other sources of subject matter data to justify actions and influence others
 - "I have done my research."

Expert Power

- actions legitimized by comprehensive and authoritative skills or knowledge in a particular field
 - "I am an subject matter expert in my field."



<u>Step 2:</u>

Maximize Power and Control the Negotiation Process

Establish rapport
 and develop
 common ground
 with the negotiator

- Develop rapport with the other parties:
 - Make appropriate 'small talk'
 - Discover commonalities shared with the other parties
 - Use humor and compliments to break the ice



Step 2:

Maximize Power and Control the Negotiation Process

Create a cooperative atmosphere

- Use the words "we" and "us" throughout your conversation
- Use nonverbal communication to express cooperation
 - Avoid crossing your arms or clenching your fists
 - Smile and have open body language
 - Control nervous habits
- Create a cooperative seating arrangement
 - Sit corner to corner rather than across from the negotiator



Step 2:

Maximize Power and Control the Negotiation Process

- Discuss compensation ONLY after a solid job offer has been made!
- Negotiate when your bargaining power is highest!
 - Usually offers for employment are made during the third interview.

Ways to respond:

- "I make it a point not to discuss compensation until we determine that I am the right fit / match for the job and we know that we can work well together."
- "Are you offering me the job?"
- "I am certain that we can come to a fair & equitable agreement regarding a compensation package once we have determined that I am the 'right fit' for the position."



<u>Step 3:</u>

Negotiating the Best Package

- Allow the negotiator to make the compensation and benefits offer first!
 - "He who speaks first comes in last."

Rules to remember:

- NEVER be the first party to state a monetary value!
- Avoid the direct question; putting the ball back in their court
- IF cornered—only give a very broad range based on your research, skill level, education, experience, etc.
 - "Based on my research of this position, this city, and the industry...I understand the historical range paid is between \$X and \$Y...Is that typically what your organization pays?"



<u>Step 3:</u>

Negotiating the Best Package

 If the negotiator attempts to force you to say a compensation amount first...deflect by answering with a question of your own.

How to respond:

- "What is the standard / historical compensation package that has been provided to employees in this position with a similar level of education and experience?"
- Silence—wait for answer
- "Based on my experience, education, skills, extras...my compensation should fall somewhere at the high end of that range."



Step 3:

- Consider the offer
 - Know that the other party expects you to negotiate with them
 - Usually they have a \$3,000 to \$5,000 range within which to negotiate

- How to respond:
 - Repeat the offer
 - Say, "HMMMM..."
 - Appear introspective
 - Be quiet--Uncomfortable silence is a good thing in this situation



Step 3:

- Counter the offer
 - Restate your interest in the job
 - Remind the negotiator that they agreed that you match the position and fit into the organization

- Rules to follow:
 - Never stop selling yourself—emphasize your value to the employer
 - Do not become emotional
 - Be patient and take your time
 - Be willing to generate a variety of possible alternatives to satisfy each party



Step 3:

- Counter the offer
 - Ask for what you are worth / what you want
 - Ask for the high end of what is reasonable
 - Don't forget the value of benefits & perks

- Basic rules of the counter offer:
 - Do not set initial demands near the final objective.
 - Leave room to negotiate.
 - Do not give "quid pro quo" concessions away.
 - Resist 'A Tit for a Tat".
 - Do not negotiate directly to the midpoint.
 - Ask for more than the midpoint.



<u>Step 3:</u>

- Ask for time to think about the offer
 - Never say 'yes' or 'no' to an offer immediately
 - Even if they agree to your counter—always ask for time to consider the offer!

- 24 to 48 hours to consider the offer is appropriate
- Tell the negotiator that you are excited and interested in the opportunity
- Remind the negotiator why they agreed that you are the best candidate for the position in terms of benefits you offer the employer



Step 3:

- Accept or reject the offer
 - Be willing to walk away
 - Be willing to say 'no' with a smile

- Actions to take:
 - Ask questions to clarify
 - Restate all agreements
 - Ask for the offer in writing
 - Respond to the offer in writing
 - Respond within the agreed upon time frame
 - KEEP GOOD RECORDS!



<u>Step 3:</u>

- Closing the negotiation
 - ALWAYS LEAVE ROOM FOR FUTURE NEGOTIATIONS

- Actions to take:
 - ALLOW FOR 'SAVING FACE'
 - END THE SESSION
 ON A POSITIVE NOTE
 - BE POLITE AND GRACIOUS
 - THANK THE NEGOTIATOR



Mistakes to Avoid in Negotiating

- Never negotiate unless a firm job offer has been extended.
- Do not underestimate your own power in the negotiation process.
- Do not be intimidated by the negotiator.
- Do not become emotional or talk too much.
- Do not negotiate over the phone or via email.
- Do not negotiate while hungry or tired.
- Do not 'wing it'! Prepare, plan, & practice!!!
- Do not assume anything...ask questions.
- Avoid quick settlements...be patient.
- Do not be a "bully" or use coercive power or threats.



Win-Win or No Deal Negotiations Checklist

- Prepare mentally— Adopt a "Win-Win or No Deal" mind-set.
- 2. Do your salary range research. Know your value.
- 3. Maximize your power in the situation.
- 4. Create a cooperative environment for negotiating.
- 5. Have a list of 'best alternatives' prepared.
- 6. Expect to negotiate.
- 7. Be patient and take your time throughout the process.
- 8. Keep your emotions in check. Maintain your 'poker face'.
- 9. Allow each party the opportunity to maintain their dignity and to 'save-face' while negotiating.
- 10. End on a positive note.



Thank You!

- We appreciate your participation.
 - The recording of today's presentation, along with the PowerPoint slides, will be available on our Career Programming web page by next week:

http://www.mccombs.utexas.edu/alumni/careers/programming/

 Sources are provided on additional slides at the end of this PPT presentation.



Sources of Information:

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- Krannich, Ronald L., Change Your Job, Change Your Life: High Impact Strategies for Finding Great Jobs into the 21st Century / Sixth Edition, Impact Publications,1997, chapter 15: "Negotiate Salary, Benefits, and Your Future"