

Job Offer Evaluation and Negotiation

<http://www.students.vcu.edu/careers/>

Congratulations! You have just received your first job offer! You are probably feeling both excitement and relief. So, what's next? After the initial excitement, you may start thinking about whether or not this is the right job to accept. How do you decide if the offer is a good fit for you? Evaluating job offers and negotiating salaries can be tough. This guide is designed to help you navigate through your options one step at a time.

Identifying a Genuine Offer

A certain amount of misunderstanding arises when an over-anxious applicant misinterprets what is no more than a "feeling out" activity on the part of the prospective employer. For example, you may interpret the question "Would you be willing to work irregular hours and be on call over weekends?" as "Will you be willing . . ." and feel that your agreement to such terms means the job is yours. Never assume you have been offered a job until the employer makes a specific verbal offer, which will usually be followed up by a written offer.

In the same vein, a general statement such as "Well, I think we have a meeting of the minds here. Why don't you come back on Monday morning?" may *sound* like a job offer, but don't do any celebrating until Monday morning rolls around and that "meeting of the minds" is spelled out in detail. It could just be a second interview.

Beware, too, of "We'll almost certainly be able to use you in two months from now." If the job is one you really want, with the organization you most want to join, you may justifiably feel it is worth waiting for. After all, two months is not *too* long, and you might not find anything else, anyway. That's all fine and good if this is a bona fide offer. But "almost certainly" and "two months from now" is vague. Do you have a firm offer? What will be your actual report-for-work date? Has a definite salary been established? Have job responsibilities been explained in detail? And, finally, do you know why the job will not be available immediately? In other words, you must determine if the interviewer is saying the job is yours in two months, or if this is a variation of "Check with us later, something may develop."

A firm job offer may be made verbally – usually after a series of interviews – or may come in written form. However the offer is made, it will contain (or, at least, it should contain) most or all of the following specific information:

- A clear "we are offering you the job" statement
- Your position title and a definition of duties
- Identification of your immediate supervisor
- Starting salary
- A description of conditions of employment such as probation period, initial training program, employee benefits, travel required, etc.
- The date and time to report for work

Not all employers make it a practice to mail written job offer confirmations. There is nothing wrong with you asking for one at the time you get a verbal offer, but do not be surprised or alarmed if your future employer declines to do so. A useful step at that point would be for you to verbally review the items listed above, jotting down your own notes in case you need to refer to them later. Or, you might even take the initiative by sending a confirming acceptance letter to the employer, including the employment terms. Presumably, if there is any disagreement about terms, the employer will quickly respond.

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Reneging on a Job Offer Acceptance (Backing out)

There is a difference between what is *ethically* acceptable and what is *legally* acceptable.

Ethically speaking, once you accept a job offer, you should remain loyal to that commitment, even if a better offer comes along. You made a good faith agreement with your employer to accept the position and this needs to be honored. Certainly, there may be unexpected circumstances that make this impossible (family and personal issues, illnesses, an unexpected move), but even in these cases, you owe it to your future employer to be timely and honest in withdrawing your acceptance. **Receiving a better offer is *not* an ethically acceptable reason to renege on your acceptance.**

Once you begin your job, another offer very well may come along. In this case, you need to carefully weigh the pros and cons of resigning from your current job. Even if you are not happy in your job, a good rule of thumb is that you can do *anything* for a year. Sticking the job out looks better on your resume, and certainly leaves your employer with a more favorable impression of you (let's not forget those references!).

If you decide to renege on your acceptance (back out after accepting) to accept a different offer, there may be consequences. The obvious repercussions of your decision are the fact that you have more than likely "burned a bridge" with that company and with the individuals who were your contacts at that company (remember that these individuals may one day work at a different company in which you may be interested). A less obvious result of your decision is the possibility that you develop a reputation within the field. Within any employment field, there are networks and communities of professionals. These colleagues will interact during professional association meetings, conferences, professional development seminars, business deals, etc., and they may talk about their experiences with you. Finally, if you work for a company for a short period of time and then resign, don't count on using that employer for a reference.

Legally speaking, Virginia follows an "employment-at-will" doctrine, which means that an employer can discharge an employee at any time for any reason, as long as it is not illegal (e.g., discrimination). It also means that a candidate can accept a job offer for an unspecified period of time and resign from the position at any time for any reason. To date, the courts have not required any employer to hire a person after revoking a job offer, nor has an employer successfully sued a job candidate for revoking his or her acceptance of a job offer.

It is also important for you to know that there is nothing in the law that requires an employer to keep a job offer open for any specified time period. However, the practice of "forcing" a decision to be made under unrealistic time constraints (within 24 to 48 hours) is considered unethical.

Evaluating and Comparing Job Offers

It seems like it would be a great problem to have – too many job offers! However, the reality of comparing offers and making acceptance decisions can be extremely stressful. It is often hard to know what the best decision is, especially when you may be forced into making a decision before you have all the information on all your options. Employers are out for the best candidates, and this creates a competitive atmosphere where timing is critical. Here are some things you should know about handling these types of situations:

Know what you want and need (there is a difference) in terms of salary, benefits, location, starting dates, etc. before an offer is made. Conduct salary research before your interview. This will help you answer the dreaded question, "What are your salary expectations." You can give a \$5000 range based on the research you conduct. This information will also prepare you to evaluate your job offer(s).

Salary Research Web-sites:

- www.salary.com
- Naceweb.org
- Collegehire.com
- www.salaryexpert.com
- www.bls.gov/bls/blswage.htm

Remember that there are many important components of a job offer other than salary. Most recent college graduates do not realize the financial and practical importance of benefits. They will focus on salary, not realizing that an offer with a

great benefits package and a lower salary can actually financially outweigh a better salary offer with a not-so-great benefits package. Ask specific questions about the benefits package. Those of you who prepared for your interview know that the interview is not the time to ask questions about salary and benefits; once you have received an offer, it is the perfect time to ask these questions. Use the chart on the following page to quantify and compare various aspects of your job offer(s). You can change the items being compared based on the specifics of your offers and the things that are important to you. Remember that you will be working a minimum of 40 hours per week in this position with significantly less vacation time than you were used to as a student. Don't forget to consider aspects of the job that are hard to quantify, such as...

- Compatibility with your interests
- Compatibility with your work values (e.g., If altruism is important to you, do you feel you will be helping others in this job? If work/life balance is important to you, will you be expected to work long hours in this position?)
- Compatibility with your personality (e.g., If you are more introverted, a sales job is likely to be draining.)

The University Career Center offers several assessments that can help you explore your personality, interests, and work values. Contact your Career Consultant to find out more about assessment options.

Negotiating a Job Offer

At some point in the job acceptance process, you may feel compelled to try and “push the envelope” a bit to see if you can elicit a better compensation package (salary and benefits) from the employer. This is something that you need to be very careful about, especially as a recent graduate. Employers are probably already offering you a very competitive salary for the field because they are trying to keep the interest of the best candidates and stay competitive with other employers. There are a few cases in which the terms of your job offer may be negotiable, but you need to be well prepared to make the case effectively.

When is negotiation justified?

- You have higher offers from the same and other industries.
- You have directly relevant past work experience/internships that are beyond the qualifications sought for the position.
- You have skills above and beyond requirements of the position.
- Offer does not reflect your past work experience/internship skills.
- Offer does not reflect your transferable skills.
- The average salary for graduates/students in this industry, or function, or with this type of work experience is higher than the offer.

What is negotiable?

- Response to offer date
- A one time sign-on bonus (this does not figure into your salary)
- Start date
- Early performance reviews (60/90/120-day or 6 month reviews with attached raise)
- A title promotion and raise after 6 month or a year
- Bonus (base your expectations on a 5-year performance history)
- Moving/Relocation costs
- Professional memberships (the cost of these can be quite large)
- Help finding employment for spouse
- Help with locating housing
- Company car, gas, maintenance, and insurance
- Travel reimbursement
- Laptop computer for business
- Work schedule, flex time, vacations, holidays, personal and sick days
- Stock options
- Salary

When to negotiate

1. **After** you have received a firm offer!
2. Negotiate if there is sufficient reason why you deserve more.
3. Negotiate only if you **really** want the offer and **are prepared to accept it**.
4. Do not feel obligated to negotiate. Remember that negotiation is not required; in fact, it should be relatively rare for first job offers. Once you have more experience, you will be a more competitive candidate and much more likely to negotiate your job offers.

First response to an offer

The offer is usually given first over the phone, then followed up with a letter explaining it in more detail.

1. The first thing you do, no matter how terrific or how poor the offer, is to be pleased and excited that the company wants you. Don't let your concerns show.
2. Ask when you can expect to receive a written offer.
3. Ask how much time you have to make a final commitment. Do not accept the offer immediately, no matter how excited you are about it. You are entitled to a reasonable amount of time (at least a few days) to peruse the details of the offer, evaluate the offer, and decide if there is anything you want to negotiate.
4. After you have had time to evaluate the offer, call the person who made the offer and tell them you would like to discuss the offer. Reiterate your interest. Tell them you have some questions, and then take the plunge.

I've decided to negotiate, but I don't know how to approach it

"I am excited about the job offer, and I know I have what it takes to be successful in this position. Could you help me understand how my salary was determined? Was my internship/work experience considered?"

"I have an interview with another company scheduled for next week after you require my response. I want to be sure I am making the best career decision for us both. Could you extend my response date to . . .?"

"I have planned a trip for a long time (i.e. I'm getting married, etc.). If it does not impact the training program, could I delay my start date until . . .?"

"I have a vacation planned during the probationary period (a few months after you begin the job). Would it be possible for me to take unpaid vacation during that time?"

"I have an offer in the same industry for xxx more; is there a way for your offer to be competitive with that?" (**This must be true – do not bluff**).

Be prepared to answer questions similar to the following:

"How much will it take to get you?"

"How much are you looking for?"

"What are your salary expectations?"

"What are your salary requirements?"

You are being asked to name a figure. If you give too high a figure, you have priced yourself out of the market. If you give too low a figure, it will appear you are not confident about your skills and abilities. Do your salary research before you call to negotiate (ideally, before your interview). Decide two things before you make the phone call – how much you will ask for, and how much it will take for you to accept the position. Be honest. If you are asked how much it will take to get you, give them that figure.

Resources: University of Texas at Austin, Liberal Arts Career Services
Virginia Department of Labor and Industry
Lawyers.com

Job Offer Comparison Chart

Quantifiable:	Job Offer #1 <i>(choose a color to represent this offer)</i>	Job Offer #2 <i>(choose a color to represent this offer)</i>	Difference <i>(highlight "winner" in appropriate color in each row)</i>
Vacation	# days/year	# days/year (after x years): # (after x years): # (after x years): #	# days/year
Sick Leave	# hours/month	# hours/month	# hours/month
Retirement	% employer contribution = \$X, % match = \$X	% employer contribution = \$X, % match = \$X	\$X/year
Long-term and Short-term Disability	\$X/month for X coverage	\$X/month for X coverage	\$X/month X coverage
Salary	\$ X	\$ X	\$ X
Sign-on Bonus	\$ X	\$ X	\$ X
Holidays	MLK, Memorial day, Labor day, Independence day, Thanksgiving, Christmas, New Years, ...		# days/year
Raises	X%	X%	X%
Bonuses	Yes or No	Yes or No	
Parking	\$X/month = \$X/year	free	\$X/year
Health Insurance	Self: \$X/month Self + spouse: \$X/month Family: \$X/month		\$X/month = \$X/year
Dental Insurance	Self: \$X/month Self + spouse: \$X/month Family: \$X/month		\$X/month = \$X/year
Tuition Reimbursement	\$X/year	\$X/year	\$X/year
Non-quantifiable:	Job Offer #1	Job Offer #2	Winner
Flex/comp time	Yes or No	Yes or No	
Hours/week	# hours/week	# hours/week	
Weekend Work	Yes or No	Yes or No	
Travel	X days/year	X days/year	
Commute	# miles	# miles	
Career Path/upward mobility options	Yes or No: elaborate on options	Yes or No: elaborate on options	
Job Security	Yes or No and why	Yes or No and why	
Supervisor's management style			
Co-workers			
Philosophy/Mission Statement			
Professional Development Opportunities			
Job Responsibilities			
Work location/environment			
Work/Life Balance			
Gym at work			
Expectation to work from home			