

Negotiating for Jobs and Salaries (and Everything Else): Prepare, Prepare, Prepare

A Teaching Note
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Introduction

To be effective in any negotiation, the first task is to consider all those whose interests are at stake—starting with yourself. The second task is to consider the real interests of each of the stakeholders—*not* just their stated positions. A third task is to review the sources of power and influence of each stakeholder. In the specific case of negotiating with an employer about jobs and salary, there will be many questions to consider as one addresses these tasks.

We first make a detailed examination of your interests (and those of the people who matter to you). This analysis helps in evaluating how well a specific job (or jobs) may match with your interests.

We then turn to the sources of power that you have—and the sources of power of an employer—if you decide to negotiate about your compensation and other characteristics of a possible job (or about anything else).

I. List your interests.

What you want out of a job will be some composite of your interests and the interests of the people who matter to you. For example, this might include your own views, those of your significant other and of your children, if any, and of other family members. You may wish to start by making a list of all the people whose interests matter to you in the upcoming negotiation and consider the interests of each of these people. Then decide whether their interests will be merged into your list of your interests in a job.

Your “Interests List” may include some of the following items. (Please make this List your own; add or subtract items so the list reflects your situation.)

Aspects of Compensation to Consider

Some sources of compensation on this list depend on the type of organization you join.

What is the base salary?

How often, if at all, can you expect performance evaluations and possible raises?

Variable pay usually comes with a lower guaranteed component. Equity compensation, if any, is a form of variable pay that relates to company performance.

Bonuses might include loan repayment, signing bonuses, yearly bonuses, and options.

Tax sheltering may be possible (for example, living overseas)—or, conversely, double taxes or other tax considerations may be important.

Benefits might include family leave, childcare, elder care, ongoing training, moving costs, car, housing, low-cost mortgage, loan repayment, vacation, pension plan, life insurance, health/dental insurance, etc. and workplace reimbursement plans, such as expense accounts.

The costs of equipment you will be using at home, and any other costs you will bear (for example, costs of travel or new clothes) might be significant.

The growth potential of your job and therefore of your salary. And the growth (and takeover) potential of the organization may be important.

The “riskiness” of the job and how you value this risk (plus or minus) may be important. Think about mergers, reorganization, and reengineering possibilities as well as market risk, global upheavals, and global competition.

Organizational Culture and Ethics Issues to Consider

How much do you value the employer’s mission, ethics, culture, and values—and its attitudes and track record with respect to people like you (race, gender, family status, nationality, religion, age, physical abilities, etc.) Does the organization’s work have an important purpose that you value?

How highly do you assess the quality of the goods or services the employer produces? How do you evaluate this employer’s insistence (or lack of insistence) on quality? On safety? About social issues?

Job Aspects to Consider

It’s also important to consider nonmonetary aspects of any job, such as:

- Expectations about work at home/hybrid/office attendance. What type of work environment would you prefer?
- Dress code/dress requirements
- Job responsibilities, including the degree of your independence
- The potential boss(es), if you know them or know anything about them

- The team(s) with whom you will work. How do you evaluate the nature of potential work/group relations—and the chance to work with friends and colleagues who are already there, or who will join?
- Supervisory responsibilities
- The skills you will be using and the skills you will learn. What kinds of professional education opportunities does the employer offer? What does the job itself offer in terms of learning opportunities for you?
- Your ability to talk about/write about/advertise what you will be doing (for example, can and may you talk with your significant other about everything that you will be doing?)
- If you take this job, will it help or hurt your opportunities to shift later to another job/employer of interest to you?
- Expected hours per week, weeks per year, flexibility of hours. For example, can you moonlight? Would you want to? Is there an unpaid leave possibility if you have an important interest in time off? When does the employer want you to begin the job? Does the job require you to work any unusual hours? Does the employer expect that you, or you and your spouse or partner, will participate in public or private social activities?

Location(s) of the Job

Evaluate the present job location, and, if relevant, where you will expect to live in two years, in five years, and in twenty years. Think through the education needs of members of your family as well as of yourself. Think of cultural, ethnic, religious, and seasonal factors—and about political factors if these matter to you. Does the weather matter a lot to you? Consider the availability of special medical or family care providers. Think where other members of your family are (for example, your parents as potential grandparents). Think about your after-hours interests. Think about your safety as a single or family person, and the safety of other household members, and about earthquakes and air quality—and whatever else matters to you with respect to safety.

What are the commuting considerations (and where is the airport?)

Check the cost of living in the relevant area. Make an estimate of regional variations in heating/AC, cost of clothing, transportation, cost of entertaining, state taxes, etc., as well as the CPI in the given area. The following website may be helpful in comparing living costs in different parts of the U.S.: <https://livingwage.mit.edu>.

Travel requirements—how much work travel would you like and where to?

II. Try to rank order all the items on the list above that matter to you.

You also may wish to create a weighting system to assess the importance of each item on your list. If so, assign “importance weights” to each item, with each item getting a weight between minus 10 and plus 10, reflecting the undesirability or desirability of each job characteristic.

In assigning importance weights, discuss these same questions with your significant other, if it is appropriate. For example, you may wish to think about “total family income in a given location” rather than just your own salary. Or job opportunities for family members.

III. If you are choosing among different jobs, consider making a comparison table or spreadsheet.

List potential employers along the horizontal axis. On the vertical axis, list the job characteristics as above. Then fill in the boxes (with respect to each job or employer) with “weights” from minus 10 to plus ten.

If you assign weights from -10 to 10 for each characteristic, you will be able to add up the numbers for each potential employer—and compare various jobs this way if you wish to. Even if you find yourself changing the weights every day, this process may be helpful in thinking about what is most important to you and your family.

IV. If you know you are interested in only one employer, or if you are tied to one employer, the list still may help.

See if there are several different jobs available or discoverable with your single employer. The list may help you to develop new job possibilities in talking with a mentor at the company. Perhaps you could ask about work in another location or in a different job category? Sometimes you can do a little negotiating within your organization, if not for salary, then with respect to new or additional job assignments. In this way you may be able to figure out where you stand, with respect to the list above, for all your interests. In addition, this analysis may convince you to begin to think about different employers sometime in the future.

V. Identify your sources of power (or lack of power).

Now that you have thought through all your interests, and trade-offs among them, do you wish to negotiate? For example, what is your target salary? What is the least you would accept? What is the most that you could reasonably ask for each new position with

respect to compensation and job responsibilities?

There are many sources of power in any negotiation. Your sources of power or lack of power in a job-related negotiation include:

- Your **expertise**. What makes you special? List languages, countries you have worked in, and any outstanding skills from your family and from hobbies, as well as all the skills you have gained from school and previous jobs. This is especially important if you have held high-status administrative or professional positions. Also list the skills this employer might need that you do not yet have. Could you quickly acquire any skill on that list?
- Any special ability you have—to find unique or **elegant solutions** to problems the specific employer might have. Think hard about this possibility since this is one of your strongest arguments for a higher-than-average salary. It is also a strong source of power if you are committed to just one company.
- Your **information**. What knowledge do you have that the organization would consider valuable? Include any special body of knowledge that you might possess—like the business conditions in some part of the world that the organization might want to know about. Also think through what this employer might need that you do *not* know. Could you learn some new body of knowledge quickly and would you wish to do this?
- The nature of your **commitment** to this job. Are you willing and able to work only part-time? Or full-time 35, 40, 50, or 60 hours per week? Do you have a good track record of working these hours? Or do you need time off with a new child or for yourself and want fewer hours per week and per year? Or do you want more hours than have been your norm?

Consider the nature of your commitment to attaining a given job. How hard will you work—over what time period—to get just the job you want? (Consider the possibilities of building contacts and relationships in the company, acquiring the experience you need, etc.) Being willing and able to work hard for the position you want is an important source of power if you are committed to just one employer and cannot “play off one employer against another.”

- Your **relationships** in the company and in the field. If you happen to have strong relationships—say with the CEO or with leaders in the new Congress or with the ruling family of your country or with leading experts on whom you can draw for consultancies or other networks who could help you—make a list. If you have any important enemies, perhaps you had better think about those as well and consider their importance.

Are there obviously important relationships that you could start building now *within* the company? Could friends or family or former supervisors help? This is a source of power that can be very important if you are committed to one company.

Further to the importance of relationships: If you know yourself to be abrasive or if people tell you that you appear arrogant when you are ill at ease, please practice respectful

speech and a uniformly courteous professional attitude for job negotiations. Role play! Many a good job/salary/promotion is gained or lost through whether one comes across as respectful or disrespectful.

Build relationships. If you are embarking on a long series of interviews, learn—and unobtrusively record—everyone’s name, including the name of the boss’s assistant. Use names on the next call. Thank people. Think of yourself as selling the most important product in the world. Some people are thought to be ungracious, and you can stand out from the pack just because of social skills. (Many an assistant who likes a job candidate has helped that job candidate.)

- **Charisma/moral authority.** Assess your own charisma. It is an important source of power or lack of power in job negotiations. Discuss this subject with friends and your family and maybe a faculty member or former supervisor. If you think you have trouble “selling yourself”—many people do feel this way—then perhaps you might role play. And you might carefully observe a friend or faculty member or local manager whom you find charismatic.

Moral authority might also be a source of power if you are committed to one company and want to move from an old (less interesting or bad) assignment to a new (more interesting) job. For example, can you argue on grounds of “fairness” that you deserve a new chance because you have paid your dues at the old job or that you have spent great effort in school or overseas preparing for new responsibilities and deserve a chance at a growth area? Can you argue on grounds of “fairness” that you deserve a salary commensurate with some group with which you might reasonably be seen to belong?

For example, if salaries rose 10% while you received more education or training or were away on assignment, might you argue that you deserve at least that large a raise when you return? Might you say that you intend to honor your commitment to return to your old employer—but in fairness they should be willing to pay you (close to) what you would earn if you were to skip to another company?

(It goes without saying that if you are using moral authority, it is particularly important not to lie in any negotiations.)

- **BATNA** (the Best Alternative to a Negotiated Agreement).¹ In negotiation theory, a BATNA is a fallback position; having a BATNA means having an alternative, a “Plan B,” a “way out.” Please think through your fallback position for each negotiation and sub-negotiation you will be in. **For many people this is the most important source of power they will experience in looking for a job—please consider developing options for yourself and for your family.** Options will help your sanity, strengthen your bargaining

¹ Roger Fisher, William Ury, and Bruce Patton, *Getting to Yes: Negotiating Agreement Without Giving In*, 2nd ed. (New York: Penguin Putnam, 2006).

position, and help your conscience. (Strong options can also help us to tell the truth in negotiating.)

Your “fallback position” is the source of power that appears weak if you are committed within one company—especially if your old salary within the company was low. But you still may be able to scout out half a dozen possibilities within your old firm by building and using your professional relationships. If your old salary was low, you may wish to spend the effort to redefine yourself as a new commodity. Use the power of commitment and be politely persistent if you can.

VI. Consider your potential employer’s interests and sources of power.

Please, please do your homework here. Ideally, if it is possible, you would want to know what each employer or possible new boss thinks they need. Could you call a friend who is there in addition to undertaking internet searches about the organization? **Any important interest of yours on the list above ideally needs to be matched with relevant information about the company and the job.** Some critical questions include:

- Does this employer expect to negotiate for salary and other matters? If so, within what range—and which items on your list can be negotiated? (Many companies will negotiate on hours, geographic location, which team you will join, etc. Virtually none will negotiate pension plans until you get to golden parachute level.)

If they say they never negotiate salary, try to find how they determine how much you and others are worth. **Be very respectful of the importance to certain employers of internal salary equity.** If the employer has strict ranges, then salary may attach more to the job than to the incumbent. Your task in this case is to argue for a job that is pegged as high as possible. Can you influence the job level you are offered through how you present yourself, or through a résumé specially tailored to a given job that you have learned is open? Can you create a new job which has not yet been rank-ordered within their salary ranges?

- Do you know anyone within the company to check things out? What did the organization pay last year? How is the company doing? How have they been doing in attracting new people this year? What skills and talents are needed this coming year? Can you talk with a friend within the company or in a local business school about where the company stands with respect to the most important topics on your Interests List?
- Remember that the most important source of power for the employer—as it is for you—is likely to be their BATNA. (Whom else could they hire? Can they survive without you?) With respect to big companies, you can count on their having done some homework about alternative recruits as well as about salary levels. You may wish to consider your competition and plan to communicate how you may be different from others.

In conclusion, keep remembering that you and your employer each have important,

potential “reward power” with respect to each other for the duration of your association with each other. Your detailed understanding of the employer’s interests may help you to meet more of their interests in how you contribute on the job, should you wish to. Your employer may also have future reward power with respect to your tangible and intangible interests as listed in the first section above. How we interact with our employers is a continuous negotiation.