

15 Rules for Negotiating a Job Offer

by Deepak Malhotra

FROM THE APRIL 2014 ISSUE

Job-offer negotiations are rarely easy. Consider three typical scenarios:

You're in a third-round interview for a job at a company you like, but a firm you admire even more just invited you in. Suddenly the first hiring manager cuts to the chase: "As you know, we're considering many candidates. We like you, and we hope the feeling is mutual. If we make you a competitive offer, will you accept it?"

You've received an offer for a job you'll enjoy, but the salary is lower than you think you deserve. You ask your potential boss whether she has any flexibility. "We typically don't hire people with your background, and we have a different culture here," she responds. "This job isn't just about the money. Are you saying you won't take it unless we increase the pay?"

You've been working happily at your company for three years, but a recruiter has been calling, insisting that you could earn much more elsewhere. You don't want to quit, but you expect to be compensated fairly, so you'd like to ask for a raise. Unfortunately, budgets are tight, and your boss doesn't react well when people try to leverage outside offers. What do you do?

Each of these situations is difficult in its own way—and emblematic of how complex job negotiations can be. At many companies, compensation increasingly comes in the form of stock, options, and bonuses linked to both personal and group performance. In MBA recruitment, more companies are

using “exploding” offers or sliding-scale signing bonuses based on when a candidate accepts the job, complicating attempts to compare offers. With executive mobility on the rise, people vying for similar positions often have vastly different backgrounds, strengths, and salary histories, making it hard for employers to set benchmarks or create standard packages.

In some industries a weak labor market has also left candidates with fewer options and less leverage, and employers better positioned to dictate terms. Those who are unemployed, or whose current job seems shaky, have seen their bargaining power further reduced.

But job market complexity creates opportunities for people who can skillfully negotiate the terms and conditions of employment. After all, negotiation matters most when there is a broad range of possible outcomes.

As a professor who studies and teaches the subject, I frequently advise current and former students on navigating this terrain. For several years I have been offering a presentation on the topic to current students. (To see a video of this talk, go to www.NegotiateYourOffer.com.) Every situation is unique, but some strategies, tactics, and principles can help you address many of the issues people face in negotiating with employers. Here are 15 rules to guide you in these discussions.

The Rules

Don't underestimate the importance of likability.

This sounds basic, but it's crucial: People are going to fight for you only if they like you. Anything you do in a negotiation that makes you less likable reduces the chances that the other side will work to get you a better offer. This is about more than being polite; it's about managing some inevitable tensions in negotiation, such as asking for what you deserve without seeming greedy, pointing out deficiencies in the offer without seeming petty, and being persistent without being a nuisance. Negotiators can typically avoid these pitfalls by evaluating (for example, in practice interviews with friends) how others are likely to perceive their approach.

Help them understand why you deserve what you're requesting.

It's not enough for them to like you. They also have to believe you're worth the offer you want. Never let your proposal speak for itself—always tell the story that goes with it. Don't just state your desire (a 15% higher salary, say, or permission to work from home one day a week); explain precisely

why it's justified (the reasons you deserve more money than others they may have hired, or that your children come home from school early on Fridays). If you have no justification for a demand, it may be unwise to make it. Again, keep in mind the inherent tension between being likable and explaining why you deserve more: Suggesting that you're especially valuable can make you sound arrogant if you haven't thought through how best to communicate the message.

Make it clear they can get you.

People won't want to expend political or social capital to get approval for a strong or improved offer if they suspect that at the end of the day, you're still going to say, "No, thanks." Who wants to be the stalking horse for another company? If you intend to negotiate for a better package, make it clear that you're serious about working for this employer. Sometimes you get people to want you by explaining that *everybody* wants you. But the more strongly you play that hand, the more they may think that they're not going to get you anyway, so why bother jumping through hoops? If you're planning to mention all the options you have as leverage, you should balance that by saying why—or under what conditions—you would be happy to forgo those options and accept an offer.

Understand the person across the table.

Companies don't negotiate; people do. And before you can influence the person sitting opposite you, you have to understand her. What are her interests and individual concerns? For example, negotiating with a prospective boss is very different from negotiating with an HR representative. You can perhaps afford to pepper the latter with questions regarding details of the offer, but you don't want to annoy someone who may become your manager with seemingly petty demands. On the flip side, HR may be responsible for hiring 10 people and therefore reluctant to break precedent, whereas the boss, who will benefit more directly from your joining the company, may go to bat for you with a special request.

Understand their constraints.

They may like you. They may think you deserve everything you want. But they still may not give it to you. Why? Because they may have certain ironclad constraints, such as salary caps, that no amount of negotiation can loosen. Your job is to figure out where they're flexible and where they're not. If, for example, you're talking to a large company that's hiring 20 similar people at the same time, it probably can't give you a higher salary than everyone else. But it may be flexible on start dates, vacation time, and signing bonuses. On the other hand, if you're negotiating with a smaller

company that has never hired someone in your role, there may be room to adjust the initial salary offer or job title but not other things. The better you understand the constraints, the more likely it is that you'll be able to propose options that solve both sides' problems.

Be prepared for tough questions.

Many job candidates have been hit with difficult questions they were hoping not to face: Do you have any other offers? If we make you an offer tomorrow, will you say yes? Are we your top choice? If you're unprepared, you might say something inelegantly evasive or, worse, untrue. My advice is to never lie in a negotiation. It frequently comes back to harm you, but even if it doesn't, it's unethical. The other risk is that, faced with a tough question, you may try too hard to please and end up losing leverage. The point is this: You need to prepare for questions and issues that would put you on the defensive, make you feel uncomfortable, or expose your weaknesses. Your goal is to answer honestly without looking like an unattractive candidate—and without giving up too much bargaining power. If you have thought in advance about how to answer difficult questions, you probably won't forfeit one of those objectives.

Focus on the questioner's intent, not on the question.

If, despite your preparation, someone comes at you from an angle you didn't expect, remember this simple rule: It's not the question that matters but the questioner's intent. Often the question is challenging but the questioner's intent is benign. An employer who asks whether you would immediately accept an offer tomorrow may simply be interested in knowing if you are genuinely excited about the job, not trying to box you into a corner. A question about whether you have other offers may be designed not to expose your weak alternatives but simply to learn what type of job search you're conducting and whether this company has a chance of getting you. If you don't like the question, don't assume the worst. Rather, answer in a way that addresses what you think is the intent, or ask for a clarification of the problem the interviewer is trying to solve. If you engage in a genuine conversation about what he's after, and show a willingness to help him resolve whatever issue he has, both of you will be better off.

Consider the whole deal.

Sadly, to many people, "negotiating a job offer" and "negotiating a salary" are synonymous. But much of your satisfaction from the job will come from other factors you can negotiate—perhaps even more easily than salary. Don't get fixated on money. Focus on the value of the entire deal: responsibilities, location, travel, flexibility in work hours, opportunities for growth and promotion,

perks, support for continued education, and so forth. Think not just about *how* you're willing to be rewarded but also *when*. You may decide to chart a course that pays less handsomely now but will put you in a stronger position later.

Negotiate multiple issues simultaneously, not serially.

If someone makes you an offer and you're legitimately concerned about parts of it, you're usually better off proposing all your changes at once. Don't say, "The salary is a bit low. Could you do something about it?" and then, once she's worked on it, come back with "Thanks. Now here are two other things I'd like..." If you ask for only one thing initially, she may assume that getting it will make you ready to accept the offer (or at least to make a decision). If you keep saying "and one more thing..." she is unlikely to remain in a generous or understanding mood. Furthermore, if you have more than one request, don't simply mention all the things you want—A, B, C, and D; also signal the relative importance of each to you. Otherwise, she may pick the two things you value least, because they're pretty easy to give you, and feel she's met you halfway. Then you'll have an offer that's not much better and a negotiating partner who thinks her job is done.

Don't negotiate just to negotiate.

Resist the temptation to prove that you are a great negotiator. MBA students who have just taken a class on negotiation are plagued by this problem: They go bargaining berserk the first chance they get, which is with a prospective employer. My advice: If something is important to you, absolutely negotiate. But don't haggle over every little thing. Fighting to get just a bit more can rub people the wrong way—and can limit your ability to negotiate with the company later in your career, when it may matter more.

Think through the timing of offers.

At the beginning of a job hunt, you often want to get at least one offer in order to feel secure. This is especially true for people finishing a degree program, when everyone is interviewing and some are celebrating early victories. Ironically, getting an early offer can be problematic: Once a company has made an offer, it will expect an answer reasonably soon. If you want to consider multiple jobs, it's useful to have all your offers arrive close together. So don't be afraid to slow down the process with one potential employer or to speed it up with another, in order to have all your options laid out at one time. This, too, is a balancing act: If you pull back too much—or push too hard—a company may lose interest and hire someone else. But there are subtle ways to solve such problems. For example, if you want to delay an offer, you might ask for a later second- or third-round interview.

Avoid, ignore, or downplay ultimatums of any kind.

People don't like being told "Do this or else." So avoid giving ultimatums. Sometimes we do so inadvertently—we're just trying to show strength, or we're frustrated, and it comes off the wrong way. Your counterpart may do the same. My personal approach when at the receiving end of an ultimatum is to simply ignore it, because at some point the person who gave it might realize that it could scuttle the deal and will want to take it back. He can do that much more easily without losing face if it's never been discussed. If someone tells you, "We'll never do this," don't dwell on it or make her repeat it. Instead you might say, "I can see how that might be difficult, given where we are today. Perhaps we can talk about X, Y, and Z." Pretend the ultimatum was never given and keep her from becoming wedded to it. If it's real, she'll make that clear over time.

Remember, they're not out to get you.

Tough salary negotiations or long delays in the confirmation of a formal offer can make it seem that potential employers have it in for you. But if you're far enough along in the process, these people like you and want to continue liking you. Unwillingness to move on a particular issue may simply reflect constraints that you don't fully appreciate. A delay in getting an offer letter may just mean that you're not the only concern the hiring manager has in life. Stay in touch, but be patient. And if you can't be patient, don't call up in frustration or anger; better to start by asking for a clarification on timing and whether there's anything you can do to help move things along.

Stay at the table.

Remember: What's not negotiable today may be negotiable tomorrow. Over time, interests and constraints change. When someone says no, what he's saying is "No—given how I see the world today." A month later that same person may be able to do something he couldn't do before, whether it's extending an offer deadline or increasing your salary. Suppose a potential boss denies your request to work from home on Fridays. Maybe that's because he has no flexibility on the issue. But it's also possible that you haven't yet built up the trust required to make him feel comfortable with that arrangement. Six months in, you'll probably be in a better position to persuade him that you'll work conscientiously away from the office. Be willing to continue the conversation and to encourage others to revisit issues that were left unaddressed or unresolved.

Maintain a sense of perspective.

This is the final and most important point. You can negotiate like a pro and still lose out if the negotiation you're in is the wrong one. Ultimately, your satisfaction hinges less on getting the *negotiation* right and more on getting the *job* right. Experience and research demonstrate that the industry and function in which you choose to work, your career trajectory, and the day-to-day influences on you (such as bosses and coworkers) can be vastly more important to satisfaction than the particulars of an offer. These guidelines should help you negotiate effectively and get the offer you deserve, but they should come into play only after a thoughtful, holistic job hunt designed to ensure that the path you're choosing will lead you where you want to go.

A version of this article appeared in the April 2014 issue of *Harvard Business Review*.



Deepak Malhotra is the Eli Goldston Professor of Business Administration at Harvard Business School and the author of *Negotiating the Impossible*. Connect with him on Twitter: @Prof_Malhotra.

This article is about NEGOTIATIONS

 FOLLOW THIS TOPIC

Related Topics: **HIRING**

Comments

Leave a Comment

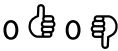
POST

7 COMMENTS

Kearstin Cabiya a month ago

These are some great, in detail, tips. I have been hesitant to negotiate for a job that a really want for the fear of losing the offer/asking for too much. I feel that this article highlights some of these concerns and how to handle it.

REPLY



▼ JOIN THE CONVERSATION

POSTING GUIDELINES

We hope the conversations that take place on HBR.org will be energetic, constructive, and thought-provoking. To comment, readers must sign in or register. And to ensure the quality of the discussion, our moderating team will review all comments and may edit them for clarity, length, and relevance. Comments that are overly promotional, mean-spirited, or off-topic may be deleted per the moderators' judgment. All postings become the property of Harvard Business Publishing.