

# Job hunting: Compensation Negotiation

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# Presenter



Bill Lindstaedt  
*Assistant Vice Chancellor*  
UCSF

# Compensation Negotiation Skills for Industry Scientist Positions

*Presenter: Bill Lindstaedt, Director  
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# Topics

- Talking about compensation *during the interview*
- What to say *at the time of the job offer*
- Typical job offer content
- Negotiation *content*: What might I ask for *after* the offer is made?
- Negotiation *process*: How do I ask for it?

**Negotiation Item**

**Employer Response**

**Your Action**

**Must Have**

**Yes**

- Thank you for your flexibility.
- Move to next point/ Close: You've given me a lot to think about. Can I have a day?

**That's Possible**

- Could you get a firm response on that? It's important enough that I wouldn't be able to move forward without it.
- (This is the only stumbling block to me saying yes)

**That's Difficult**

- Could you get a firm response on that? It's important enough that I wouldn't be able to move forward without it.
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**No**

- I'm sorry to hear that. I wish you all the best in your search. If something changes, I'd welcome being contacted again.

**Nice to Have**

**Yes**

- Thank you for your flexibility.
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**That's Possible**

- Follow up – can they check on that?
- Thank you for your flexibility.
- Move to next point/ Close: You've given me a lot to think about. Can I have a day?

**That's Difficult**

- Thanks for considering it.
- Move to next point/ Close: You've given me a lot to think about. Can I have a day?

**No**

- Thanks for considering my request.
- Move to next point/ Close: You've given me a lot to think about. Can I have a day?

# Talking about compensation *during the interview*

- **Difficult interview question: “So if we were to move forward to the job offer stage, what would be your salary requirements?”**
- **Best scenario: This never comes up**
- **Second best: Don’t quote an actual figure**
- **Third best: Quote a range based on your research**

# Talking about compensation *during the interview*

**Initial response: “I am very interested in this position (state why), and if we were to move forward to an offer, I simply hope that an offer will be made for a salary amount that is competitive for my background and experience.”**

**If pressed to name a figure: “Well, for me, the most important thing is to be able to accept a position where I can (name factors that are important to you) and these issues are more critical to me than the exact salary figure. But from what research I have been able to do, it seems like salaries are falling in the mid-to-upper 90’s for a position like this, with a major employer and for someone with my general background.**



# What to say when the job offer is made

- Usually the company *calls* you
- Listen carefully
- Express enthusiasm *and* appreciation
- Then simply ask for everything in writing
- Important! Do not accept the offer or any terms during this phone call
- Important! If it's clear that something important is missing, don't ask about it during this phone call

# What to say when the job offer is made

**“Well, this is really great news. I also felt like there was a great potential fit when I was visiting (X company name) last week, and I really appreciate everything you’ve done to coordinate this process so far...”**

**“...Would it be possible to send everything you’ve just described to me in a quick email? It would be really helpful if I could take a look at all of the details together, and then I’ll be able to organize any questions I might have and I’ll respond by (specific day), as you requested.”**

# Job offer content

## Specified in a typical entry-level job offer letter:

- Job title and classification
- Start date
- Supervisor
- Salary
- One-time bonus/signing bonus
- Explanation of annual bonus structure
- Stock options or stock grant
- Benefits – overview
  - Healthcare
  - Vacation
  - Retirement investment plan
  - Relocation package

# Job offer content

## How do entry-level non-academic salaries work?

- Range within classification
  - Example: At company x, all employees with the Scientist 1 classification are paid \$80-\$90,000
- They may have a target for starting point within the range
- “Equity issues”

# Job offer content

## How do entry-level non-academic salaries work?

- Benchmarking surveys within biotech employment markets
- Tight brackets: IN GENERAL!
  - If offered \$80,000 you won't get \$120,000 for **same** job at that company or elsewhere
- Employers are not out to take advantage of you
- But why not ask for more?
  - I see +3-7% frequently!

# Job offer content

## How do stock offers work?

- Option to purchase stock? Or stock grant?
- “Vesting” over a period of years, typically 25% over 4
- Questions to ask:
  - What is the strike price?
  - How many shares outstanding?
  - What is the probable IPO or buyout timeline?

# Job offer content

## How do one-time cash bonuses work?

- Taxable income
- May include moving expense bonuses
- Questions to ask:
  - When is it being given to you?
  - Is it tied to length of stay at the company?
  - Is there an acceptance deadline attached to the bonus offer? (“exploding” bonus)

# Negotiation content – what might be negotiable?

- Job title and *classification (rarely)*
- ***Start date***
- Supervisor
- ***Salary***
- ***Signing bonus***
- ***Stock option or grant, if pre-IPO company***
- Benefits
  - Healthcare
  - Vacation
  - Retirement investment plan
  - ***Relocation package***
- *What else do you need?*



# Negotiation *process*:

## How do I ask for it?

- Call on phone, if possible and practical
- Negotiation typically begins with the person who signed your job offer letter

# Negotiation *process*:

## How do I ask for it?

- Start positive – mention how much you like some aspect of position
- Then a transition/agenda statement: “I have two items to discuss after reading over the job offer letter that you sent.”
- Then mention leverage:
  - Best leverage - competing offer
  - Next-best leverage...stats or competing interviews or anecdotal information
  - “Why-not-try” leverage: your own needs

# Negotiation *process*:

## How do I ask for it?

- Then ask for what you want in general terms, not specific number!
- End encouragingly
- Summarize verbally; follow up by email
- Express appreciation and thank the other person for the extra effort

# Negotiation *process*:

## How do I ask for it?

### How to have the conversation

- Step 1: Decide if you will likely accept the job
  - Be confident: If you want to accept the position, it's *normal* to ask for something
  - Be honest with yourself about your purpose
  - Does the company need to convince you to say yes?
  - Are you already certain about accepting the job and you just want to take care of yourself in the best way? That's ok!
  - *Do not negotiate to boost your ego!*

# Negotiation *process*:

## How do I ask for it?

### How to have the conversation

- Step 2: Prepare
  - Review job offer letter
  - Prioritize questions and requests
  - Write out discussion bullets for major requests
  - Practice out loud, with a partner

# Negotiation *process*:

## How do I ask for it?

### How to have the conversation

- Step 2: Prepare
  - Typical list of prioritized items:
    - Start date – one month vs two weeks?  
Clarify?
    - Salary – target was \$90k vs \$86k, was hoping to start at \$90k based on benchmark data
    - Signing bonus – request \$4k for car and rent to bring total up to original target for first year
    - Ask for explanation of stock plan

# Negotiation *process*:

## How do I ask for it?

### How to have the conversation

- Step 3: Initiate negotiation discussion and requests.
  - Start positive:
    - *“First of all, I wanted to say again how thrilled I am to have received this offer...”*

# Negotiation *process*:

## How do I ask for it?

### How to have the conversation

- Step 3: Initiate negotiation discussion and requests.
  - Transition statement:
    - *“...I do have a number of questions. These questions run the gamut from salary issues, to start date.”*
  - OR
  - *“...I’ve outlined two main points, along with a couple of clarification questions, concerning the items presented in the email you sent to me.”*
  - *“...Is this a good time to discuss these, should we set a time later, or do you prefer to do this by email?”*



# Negotiation *process*:

## How do I ask for it?

### How to have the conversation

- Step 3: Initiate negotiation discussion and requests.
  - Mention leverage and ask for what you want:
    - *“...Well, my first question is about the salary. The letter you sent specified a salary of \$90,000. I’ve done some information gathering online and through colleagues in similar positions, and it seems as if the going rate for this sort of position, in the Bay Area and for someone with my background, is more in the range of the mid-90’s. Is there any flexibility in the salary level for this position that might bring it closer to this level?”*

# Negotiation *process*:

## How do I ask for it?

### How to have the conversation

Step 3: Initiate negotiation discussion and requests.

- End encouragingly. Summarize. Express appreciation:
  - *“...I understand now why we are locked into the start date and that it needs to remain as it is in the letter you sent. And...I really appreciate your willingness to check on the flexibility around salary for this position, especially since (some reference to earlier conversation) I know it requires circling back to Bob to check on equity issues within the group. I’ll be prepared to respond quickly when I hear back from you...I’m really excited about wrapping this up too and appreciate your help in getting together the information that I need to finalize my decision. Is there anything else you need from me at this point?”*

# Negotiation *process*:

## How do I ask for it?

### How to have the conversation

- Step 4. Wait for counter-offer.
  - Always ask for final agreement in writing
  - Wait for counter-offer email
  - Generally...one major exchange for entry-level jobs
  - Accept the counter offer or politely turn it down

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## MegaScience, Inc.

March 18, 2015

Dear Living,

The skills, personal qualities and experience you would bring to our company would make a major contribution to our success. We would like to invite you to be a member of our team.

If you join us, you will be an exempt, salaried employee and will be paid a base salary at the annual rate of \$92,000, less payroll deductions and all required withholdings. As an exempt employee, you will not be entitled to payment of overtime.

As an employee, you will also be eligible for standard benefits, including medical, dental and vision insurance fully funded by MegaScience, Inc. (MSI), sick leave, vacations and holidays. Annually, you are eligible for 7 vacation days. Details about additional benefits will be provided in an Employee Handbook, which will be prepared by MSI and made available for your review.

As incentive to join MegaScience, Inc., you will be granted an unvested option to purchase 35,000 shares of common stock of MSI. Twenty percent (20%) of the Shares subject to the Option shall vest one year after the vesting commencement date and no shares shall vest before such date and no rights to any vesting shall be earned or accrued prior to such date, and 1/50<sup>th</sup> of the Shares subject to the Option shall vest in equal monthly installments for three (3) years thereafter, with such vesting subject to your continuing employment and eligibility.

MegaScience, Inc. is excited about the prospect of having you join us, and we look forward to a beneficial and fruitful relationship. Nevertheless, your employment with MegaScience, Inc. is "at will". This means you may terminate your employment with MSI at any time and for any reason whatsoever simply by notifying us. Likewise, MSI may terminate your employment at any time and for any reason whatsoever, with or without cause or advance notice.

For purposes of federal immigration law, you will be required to provide to MSI evidence of your eligibility for employment in the United States. Documentation must be provided within three (3) business days of your date of hire, or our employment relationship with you may be terminated.

We also ask that you disclose any and all agreements relating to your prior employment that may affect your eligibility to be employed by MSI, or limit the manner in which you may be employed. It is MSI's understanding that any such agreements will not prevent you from performing the duties of your position and, by your signature below, you represent that such is the case. Moreover, you agree that, during the term of your employment with MSI, you will not engage in any other employment, occupation, consulting or other business activity directly related to the business in which MSI is now involved or becomes involved during the term of your employment, nor will you engage in any other activities that conflict with your obligations to MSI.

As a condition of employment, you will be required to sign and comply with a Proprietary Information and Invention Assignment Agreement, which prohibits unauthorized use or disclosure of MSI proprietary information.

If you accept this offer, this letter and the Proprietary Information and Invention Assignment Agreement shall constitute the complete agreement between you and MSI with respect to the terms and conditions of your employment.

Please sign and date this letter, and return it to me by March 25, 2015 if you wish to accept employment at MegaScience, Inc. under the terms described above. If you accept our offer, your anticipated start date will be April 8, 2015.

We look forward to your favorable reply and to a productive and enjoyable work relationship.

Sincerely,

MegaScience, Inc.

By:  
Title: Co-Founder

Lincoln Parker

Agreed to and accepted by:

\_\_\_\_\_  
Living Wu

\_\_\_\_\_  
Date

Enclosures: Duplicate Original Offer Letter,  
Proprietary Information and Invention Assignment Agreement

# Suggested reading on negotiations

- Book: “Getting to Yes: Negotiating Agreement without Giving In.” Fisher R, Ury W, Patton B. Penguin Books
- Center for the Advancement of Women’s Leadership at Stanford University
  - Video and Skills Guide at <https://womensleadership.stanford.edu/negotiation>

# Wrap up:

## Principles to follow throughout

- Maintain the relationship
  - Open and close each conversation with appreciation and enthusiasm.
- Negotiate with integrity.
  - Balance satisfaction with relationship issues.
- Avoid miscommunication when negotiating
  - Clarify it in conversation, then get it in writing or write it yourself.



# Questions?



Bill Lindstaedt  
*Assistant Vice Chancellor*  
UCSF



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