

The Interview, Part 6: The Offer

If you are at the point of receiving a job offer, you almost at the end of the hiring process. Many of you are sharing some painful stories of unattractive offers, if you have been fortunate enough to get this far. We are experiencing backlash from the hiring frenzy and ensuing bidding war of the late 1990's. The job market is a constantly moving pendulum. I have never seen it swing as far and as fast as it has in the past three years, making this the most difficult market I have witnessed in my twenty-seven year career. You are not alone in your frustrations. You are part of a vast multitude.

The low offers that many are receiving now are the result of the still overabundant supply of good candidates. Most hiring executives leverage this to get the best deal possible for their company. What amazes me is that these same senior executives who lowball candidates are just as outraged and disappointed when they receive a poor monetary job offer themselves. Perhaps no one ever told them that turnabout is fair play. We can just shrug our shoulders and say, "It's just business", or "It's just a game", but people get hurt by this and companies lose potentially great employees when they behave this way.

Any company that offers a job candidate less money than they were formerly earning for a comparable position is creating a cause of that person's departure, with the possible exception being if the candidate was previously overpaid. None of us likes to make decisions feeling as if we've been had or that a gun has been placed to our head. A job offer always works best when it is a welcoming gesture than when it is extended on a "take it or leave it basis". Unfortunately the latter occurrence has been more common.

On the other hand, many of our members who network carefully only into the companies they want for the position they want report that they are landing at the same or at a higher level than they previously earned. Determining your value proposition, your strengths, accomplishments and passions and marketing them to the right companies improves your bargaining position. While this does not guarantee that you will land at a comparable or higher level, it will improve the odds of you doing so.

I have said this before, but the hiring process is a unique business situation. Both sides are decision makers who are attempting to make a marriage. Egos sometimes get in the way and may be irreparably bruised. Both parties want to feel that they made the best deal, but the companies carry most of the clout. I once heard of the Golden Rule of Business, which is: "The one with the gold makes the rules". Candidates do have some leverage as well unless a company is totally unrealistic. We will explore two areas of importance. One will discuss the topics and timing of when to discuss the offer. The other will get into the psychological issues.

What should you discuss and when?

- This is very basic, but you should never discuss compensation, benefits, vacation, etc. until the hiring executive introduces this topic to the conversation. Focus only on the opportunity at hand. I am amazed at how many seemingly intelligent and sophisticated people ignore this rule which makes them appear selfish.
- If a search consultant is representing you, listen carefully to any coaching they may offer concerning compensation and related issues. If you feel you can't trust them, then end your relationship with them. A search consultant should spend some serious time briefing a senior executive for an offer, arming them with as much information as possible and coaching them on protocol. Occasionally, a candidate will take matters into their own hands when meeting a client and either make independent demands or pursue some personal agenda related to compensation or the job itself. Doing so increases risk that they will be eliminated from further consideration.
- If a company asks what you are earning, be honest, tell them exactly and be able to produce verification (pay stub, W-2). Many companies, such as financial services firms, hire independent verification services to examine your work history and compensation. If you misrepresent yourself, you may be abruptly terminated once your employer discovers an inaccuracy. I have seen this happen.
- When asked what you wish to earn, avoid drawing a line in the sand. The killer answer is, "I must have at least ...". You will never hear the offer if you are even a few thousand dollars over their target. You have no decision to make about any job until you receive an offer. Make it easier for a company to extend it. Once received, the balance of power shifts to you. You can always reject it. It is better to say that you are more interested in the opportunity and that you are confident they will make an appropriate offer. This works best if you know the target range. If pressed further, you might add that you anticipate receiving offers in a certain range (i.e. \$200,000 to 225,000 plus incentives). This is sending a very strong signal about where you want to be, but implies that you are flexible. If a company offers you a package that can be worth close to \$300,000, that is built upon an \$180,000 base, instead of a \$200,000 base, would you turn it down? Know your range. When speaking with your recruiter, be able to state what you really want. Also, share with them your "floor". In other words, if the company offers below this level, you are rejecting it, without hesitation.
- Introduce all compensation issues at the time the offer is about to be issued. One executive after a week of negotiations concerning base salary, bonus and benefits, shared that she had just spent thousands of dollars on her graduate degree program. She was hoping that my client would then reimburse her at least for some of this cost. The hiring manager at my client company felt that this was my candidate's last-minute "bargaining chip" to beat a competing offer. I doubt that it was, but nonetheless my candidate created the wrong impression, which caused additional effort to consummate the hire. Had she discussed this when the original offer was about to be made, her request would have been considered as part of a package and my client may have given her more favorable response. Last minute requests may be viewed negatively. Organize your thoughts in advance, introduce them as a package at the right time and keep them simple for the company to digest. You expect the same treatment upon receiving an offer.

- Related to the above item, hiring executives appreciate candidates who respond rapidly to offers. Every one of us hopes to choose from among multiple simultaneous job offers. In our present marketplace and at the senior executive level, the odds of this occurring are still fairly low. You must know who you are, what you are and what it is you want to do with your life. Ask all the critical questions during the interview phase. By the time of offer, you should know whether you want the job. If you don't have sufficient information, request another meeting or conference call if you are about to receive an offer. If you receive a job offer for an inappropriate position, for any reason, turn it down. If you are under financial pressure and need the income, accept the job, but understand you may be back on the market in the near future. Considering the financial aspects of a job offer should not require much time, if you have done your homework. Delaying a decision on such an offer doesn't help anyone. Your answer will be the same tomorrow as it is today. Some hiring executives feel that delayed responses to their offers are a sign of poor decision-making skills, which may have an impact on your relationships when you commence work. In some cases, companies have rescinded offers to candidates who can't make a decision in a week without a viable explanation.
- Once you have accepted an offer, you should be available to commence work within two weeks. Three or four can be acceptable if you are factoring in vacation or are wrapping up a major project. Delaying starts by more than a month is considered to be risky. Many clients have shared vignettes with me about hiring someone who delayed starting work and then "shopped the offer", and accepted another position. The likelihood of this occurring in our present market is less than it was in the late nineties, but it does happen. I have seen clients rescind offers if a candidate requests a start date of more than a month away, because they feel that the candidate is at greater risk of buyer's remorse, other competing offers or worst of all, a counter-offer. They feel that this newly hired person will change their mind and not show up. This forces the company to abandon its search for no reason during this period, which is time consuming and costly. As the hiring market heats up, this issue will surface on a more regular basis.
- Oral job offers and acceptances are considered to be legal contracts even if completed through a search firm. Nonetheless, it is always best to get it in writing from your new employer.
- Avoid any opportunities that require a non-compete contract or some other restrictive covenant. These can severely limit your employment prospects after your departure. If you have to take the job, then ask your employer to include a clause that revokes the restrictions, or requires them to pay you for the life of the non-compete, if you are laid off or terminated for any reason. They may refuse, but its worth asking. If you are being separated from a company, you may be offered a severance package if you sign a revised non-compete contract. This new covenant may be more restrictive than your previous one, if you had one at all. Don't sign it unless you are being paid for the life of the covenant. Negotiate for a different package.

- You should have complete understanding of the job. Give offer letters, proposals and contracts careful scrutiny. I recently reviewed an offer letter that had the appearance of a consulting contract. All management objectives had to be met by the end of the year. If met successfully, the new employee would receive a large bonus. The base salary was lower than appropriate. The job description and the short-term goals made the candidate feel that he would be laid off after at year-end. The company would be the winner because hiring him this way would save them nearly \$150,000 in consulting fees. The candidate rejected the offer.

What are some of the major psychological issues?

- If an offer is being made on a “take it or leave it” basis, it is better to leave it, if your personal finances will allow such a decision.
- If you have interviewed for a job that is at a level lower than yours, don’t expect the company to upgrade the job to accommodate you.
- Be able to differentiate short and long-term priorities. I have witnessed many cases where people have accepted offers considerably higher than their present compensation, only to have their careers go into limbo. I have also seen others who accepted positions offering the same or less money than they had been earning. The difference is that they fit the job, wanted it and recognized the upside potential of their new position. They made the investment and their careers flourished. If you are good at what you do, can deliver on your commitments and beat your goals, the money will come to you wherever you go. Companies reward performers.
- To the best of my knowledge, it is not written anywhere or carved into stone that every job candidate must receive a ten, fifteen or twenty per cent increase at the time of offer. I am amazed at how many people claim to have seen this somewhere, yet when I ask for evidence, they can never recall the source. This is a marketplace and negotiating is the rule.
- If you have not received a raise in the past year or two, due to economic conditions, merger, divestiture, etc., it is not up to your prospective employer to make up for the sins of your last one. Some companies will make accommodation for this with high-performance candidates, but they don’t have to. Does anyone send you a check when your investments go down? If they do, please call me immediately. I want them to manage my investments.
- Use the hiring process as a marketing tool. A company offers a candidate a compensation package based upon what they think the person is worth and perceptions of what they will accept. Many admire risk-takers who believe in themselves. Negotiations can showcase skills, intelligence and composure, which make you a more attractive hire. If a company rescinds an offer merely because you ask them to increase it, which has happened, this will be temporarily disappointing, but it may be better for you and your career.

The offer phase of the interview cycle is stressful at best. Prepare for it. Know what you want in advance. Be prepared to negotiate. Know your “show stoppers”. Keep faith with yourself and maintain your integrity. This is a time to display some of your

strengths. It is impossible for me to address every scenario that may develop in the hiring process. If you have any unique circumstances surrounding a job offer and wish to discuss them, please contact me at any time.

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