Young Alumni Network Webinar

Money: Negotiating What is Yours and Understanding What is not

Presented by:
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MBA Career Development Manager

Compensation trends

Median salary for new graduates 5.3% (2013, NACE)
• Health Sciences = +9.4%
• Humanities and Social Sciences lowest = -1.9%
Fixed executive compensation: 10% while variable: 10%
2009-2011 (KeneXa)
Employers spent lowest in 15 years on healthcare cost increases in 2012 (World at Work)
Bottom Line: it’s shrinking

What’s yours and what’s not

<table>
<thead>
<tr>
<th>NEGOTIABLE</th>
<th>NOT SO MUCH</th>
<th>INTANGIBLE</th>
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</thead>
<tbody>
<tr>
<td>• Base Salary</td>
<td>• Insurance Coverage</td>
<td>• Culture</td>
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<td>• Additional $$</td>
<td>• Retirement Benefits</td>
<td>• Manager</td>
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<tr>
<td>• Perquisites</td>
<td>• Salary Reduction Packages</td>
<td>• Position</td>
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<td>• Reviews</td>
<td>• 401K Match</td>
<td>• Balance</td>
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<td>• Relocation</td>
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<td>• Sunshine tax</td>
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Compensation structure basics

Case #1
Strategic formula determines offers and includes analysis of: market value, current salary and team’s salary

Case #2

Salary Range
$50,000
$60,000
$70,000
$80,000
$90,000

Compensation philosophy

The SEC provides public companies' philosophy (DEF-14A) on:
• How compensation is set for executives
• Industry benchmarks
• Performance metrics for employees
• Insight on the relative importance of functions
• Data on pay differential between executives

Compensation philosophy

1. Search other filings
2. Search by company name
3. Look for DEF 14A
Compensation philosophy

PETSMART (31)
The compensation philosophy of the Compensation Committee is built upon the principles of pay for performance. Pay for performance considers individual executive goal attainment, the financial and non-financial goals of PetSmart, and the long-term responsible improvement of stockholder returns.

PetSmart target compared to peer market: Base 50%; Total compensation: 56-75%

GOOGLE (34)
Our compensation philosophy applies to all Googlers, including our named executive officers. The proportion of overall pay tied to performance increases at higher levels in the organization, reflecting an increasing impact on company performance. At senior levels in the organization, we also require our employees to maintain holdings of Google stock to ensure alignment with stockholder interests.

Google target compared to peer market: Base 90%; Total comp: 90-95%

No offer nuts & bolts

Who initiates the “salary” conversation?

How to address:
• Application forms
• Discussion
• Toss-back tactic
• Interview
• Follow up questions

What is the most important thing you can do during the interview process?
Offer nuts & bolts

<table>
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<th>+ Do +</th>
<th>- Do Not -</th>
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<tbody>
<tr>
<td>• Control the agenda</td>
<td>• Negotiate...just get the facts about the offer</td>
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<tr>
<td>• Determine existing deadlines</td>
<td>• Accept or turn offer down on the spot</td>
</tr>
<tr>
<td>• Take the initiative and set or negotiate deadlines</td>
<td>• Rush</td>
</tr>
<tr>
<td>• Ask for a confirmation letter</td>
<td>• Be subjective</td>
</tr>
<tr>
<td>• Ask: &quot;Is this a firm offer or is there room for negotiation?&quot;</td>
<td>• Be high maintenance</td>
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Review the compensation package

Base salary
• Is it in-line with duties and responsibilities?
• Does it reflect the skills and abilities you bring the firm?
• Does it reflect the COL for region you will be working?

Relocation funding
• What benefits does it cover? Does it cover full costs?

Review period
• When will you receive your first review and then after?

Insurance packages
• When does coverage begin?
• How much will it cost for the coverage you receive?

Salary reduction and retirement packages
• Does it exist? What is timing on eligibility and vesting?

Case study: time of offer

The employer calls and says, "We're prepared to make you an offer for the Project Manager's position in the San Francisco office. The base salary is $68,000 per year with full benefits."

• In further conversations you find out that:
  - Relocation is $5000 flat benefit to office in San Francisco
  - 401A or K does not exist yet
  - Insurance takes 90 days to become eligible
  - No other perks or benefits
Hello Tom, this is Jim Jones. Do you have a few minutes to talk? I was hoping we might spend a few minutes discussing some concerns that I have regarding my job offer. I was also hoping you might be able to help me bring them to resolution, so I can start as soon as possible.

My major concern is over base salary. As you know my current base salary offer is $68,000/yr. The median average salary for someone with my related experience last quarter was $78,000/yr. This would not be as great a concern if the cost of living index for San Francisco wasn’t the second highest in the entire US. My second concern is that I will need to personally cover 90 days of health insurance costs before becoming eligible for the company’s package, and I’ll need to cover the entire cost of a personal IRA in lieu of a company operated retirement program.

These are my greatest concerns, any adjustments to my offer that takes into account this information and that could offset these major costs would be greatly appreciated and assist me in making a speedy final decision.

7 low risk negotiating tips

1. Establish relationship of partner vs. adversary
2. Negotiate (re-propose) everything at once
3. Base your re-proposal on facts, data, and weaknesses found in the offer
4. Call issues challenges v. problems
5. Be clear about where you feel those challenges lie
6. Ask if the offer could be “revisited based on this data and information”
7. Express appreciation for their willingness to assist

Special circumstances

- Juggling offers
- Counter offers
- Rescinding offers
- Finding out you are underpaid
- Budget cuts
- Relocating for your company
- Turning down the offer
Salary research tools

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<th>WorldatWork</th>
<th>Glassdoor</th>
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<tr>
<td>Ntl. Assoc. of Colleges/Employers</td>
<td>Salary.com</td>
</tr>
<tr>
<td>SEC</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>Cost of Living Calculator</td>
<td>Robert Half</td>
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Thank you

Special thanks to our presenter: Kara Braniff Weller ’02 (BA)  ’06 (MA) and the Young Alumni Network Programming team.

Upcoming Events

- **June Alumni Happy Hour**
  - June 12, 2013; 5:30 PM to 7:30 PM
  - Hosted by the MBA Program and the Alumni Association

- **Community Service at Second Harvest Food Bank**
  - June 15, 2013; 9:00 AM to 12:00 PM
  - Orange County Alumni Chapter Event

- **Alumni Happy Hour in Los Gatos**
  - June 26, 2013; 6:00 PM to 8:00 PM
  - Silicon Valley Alumni Chapter Event