



EVALUATING AND NEGOTIATING A JOB OFFER

**B2B SEMINAR
SERIES**

OCTOBER 8, 2020



B2B SEMINAR SERIES

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Lesson 1.
**University
Guidelines for
Offers and
Acceptance**

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Lesson 2.
**Total
Compensation:
Salary +
Benefits**

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Lesson 3.
**Determining
Value of
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Lesson 4.
**Negotiation
Fundamentals
and
Framework**

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Lesson 5.
**Negotiation
Session &
Discussion**

COURSE OUTLINE

COURSE PROGRESS

Lesson 1. University Guidelines for Offers and Acceptance

Lesson 2. Total Compensation: Salary + Benefits

Lesson 3. Determining Value of Common Benefits

Lesson 4. Negotiation Fundamentals and Framework

Lesson 5. Negotiation Session & Discussion



GUIDELINES FOR OFFERS AND ACCEPTANCES

- hireillini.com/recruitment-policies/#section4
- Timeline for Employer Required Acceptance
 - Fall: November 15th or 3 weeks after offer is made.
 - Spring: April 1st or 2 weeks after offer is made.
- Offer Reneging:
 - Unprofessional
 - Negative Impact on University and Peer Reputation
 - Disqualified from I-Link and other ECS services.



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TOTAL COMPENSATION

SALARY

BENEFITS

UNIQUE OFFERINGS



SALARY

A fixed compensation paid periodically to a person for regular work or services.

- Primary component of negotiation in private sector, though harder for entry level position.
- Typically prescribed in public sector for grade of hire.
- **ASK:** Do you compensate for Over Time?



BENEFITS

A payment or gift made by an employer for the benefit of the employee.

- Typically non-negotiable at entry level, all sectors.

- Health Care
- Vacation (Personal Time Off – PTO)
- Retirement
- Bonus Plan
- Career Advancement



BENEFITS – HEALTH CARE

- HMO Plan: Health Maintenance Organization Plan
 - Single Primary Doctor Required, Referrals Required
 - Cheaper than PPO Plan due to limited network options.
- PPO Plan: Preferred Provider Organization Plan
 - Not Restricted to Primary Doctor, No Referrals Required
- Deductible:
 - Amount you owe before health insurance plans begins to pay
- HSA: Healthcare Savings Account; Pre-Tax Contribution
- Monthly Premium: Monthly Cost to Participate in Company's Plan



BENEFITS – PERSONAL TIME OFF/VACATION DAYS

- Vacation Time
 - Initial Amount and Rate of Acquiring
- Sick Leave, Bereavement
 - Some companies may not have set policy.
 - Value calculated same as vacation time.
- Can be PTO or Vacation/Sick
- Company Holidays
 - Typically 7-10 days per year (New Years, Thanksgiving, Floating, etc.)

FEDERAL HOLIDAYS 2021		
DATE	DAY	FEDERAL HOLIDAY
JAN 01, 2021	FRI	New Year's Day
JAN 18, 2021	MON	Martin Luther King Jr. Day
FEB 15, 2021	MON	Presidents' Day
MAY 31, 2021	MON	Memorial Day
JUL 04, 2021	SUN	Independence Day
JUL 05, 2021	MON	Independence Day (observed)
SEP 06, 2021	MON	Labor Day
OCT 11, 2021	MON	Columbus Day
NOV 11, 2021	THU	Veterans Day
NOV 25, 2021	THU	Thanksgiving
DEC 24, 2021	FRI	Christmas Day (observed)
DEC 25, 2021	SAT	Christmas Day
DEC 31, 2021	FRI	New Year's Day (observed)

BENEFITS - RETIREMENT

■ Defined Benefit Plan: Pension

- Promises a specific monthly benefit at retirement, usually a function of salary and time with organization.
- Common in Public Sector, May Require Employee Contr.
- Increasingly Rare in Private Sector
- Difficult to calculate benefit value.

■ Defined Contribution Plan: 401(k) or I.R.A. Plan

- Employee Contributes Portion of Paycheck to Account
- Employer Matches Contribution to a Maximum Amount
- 401(k) Plan involves Pre-Tax contributions
- I.R.A. Plan involves Post-Tax contributions



BENEFITS – UNIQUE

- **Bonus Plan**
 - Compensation
 - Referral
 - In Lieu of Overtime
- **Career Advancement**
 - Tuition Reimbursement
 - Technical Society Engagement
 - In House Training
 - Conference Attendance
 - Mentoring Programs
- **Work Flexibility**
- **Employee Assistance Program (EAP)**





BENEFITS - UNIQUE

- Life Insurance
- Short/Long Term Disability
- Flexible Spending Accounts (Healthcare, Childcare, Commuter Benefits)
- Phone Stipend/Computer Support
- Maternity/Paternity Leave
- Extracurricular Company Events
 - Sports Teams, Running Clubs
 - Volunteering/Philanthropy
- Buying Clubs



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BENEFITS – PTO/VACATION VALUE

- Generally offered in increments of weeks
 - Annual Salary = \$65,000; Weekly Salary = $\$65,000/52 = \$1,250$ per week
 - Alternatively, Hourly rate = $\$65,000/2080 = \31.25 per hour
- 2 weeks vacation = \$2,500
- Each additional day of vacation or personal use = $8 \times \$31.25 = \250

BENEFITS – HEALTH CARE COSTS

- Determine Anticipated Health Insurance Plan to Participate In
 - Self Educate Plan Differences: Google “HMO vs. PPO”
- Monthly Premiums
 - Identify your monthly cost to participate in company’s plan and what the employer is paying. (i.e. Plan cost is \$1000 per month, employer pays \$750, your cost \$250 – will vary with coverage for spouse/family.)
- Understand Insurance Deductibles
 - Example: If deductible is \$1,000, your health insurance plan won’t pay bill until you’ve met your deductible for health care services covered in insurance plan.

BENEFITS – HEALTH CARE COSTS

BLUE SHIELD PPO	Full-Time Employees	Part-Time Employees
Employee Only	\$189.30	\$283.95
Employee + Spouse	\$584.47	\$876.70
Employee + Children	\$529.40	\$794.10
Employee + Family	\$848.70	\$1,273.05
BLUE SHIELD HDHP	Full-Time Employees	Part-Time Employees
Employee Only	\$31.55	\$47.33
Employee + Spouse	\$254.59	\$381.89
Employee + Children	\$235.18	\$352.77
Employee + Family	\$362.68	\$544.02
DELTA DENTAL	Full-Time Employees	Part-Time Employees
Employee Only	\$14.00	\$21.00
Employee + Spouse	\$24.00	\$36.00
Employee + Children	\$25.00	\$37.50
Employee + Family	\$35.00	\$52.50

BENEFITS – HEALTH CARE COSTS

	Blue Shield PPO		Blue Shield HDHP	
	In-Network	Out-Of-Network	In-Network	Out-Of-Network
Annual Deductible^{1, 2}	\$250 per individual up to \$750 per family		\$2,500 per individual \$2,800 per individual, up to \$5,000 per family	
Annual Out-of-Pocket Max	\$3,000 per individual \$3,000 per individual up to \$6,000 per family	\$6,000 per individual (combined with in-network) \$6,000 per individual up to \$12,000 per family (combined with in-network)	\$3,000 per individual \$3,000 per individual, up to \$6,000 per family	\$5,000 per individual \$5,000 per individual, up to \$10,000 per family
Lifetime Max	Unlimited	Unlimited		
Office Visit: Primary	\$20 copay (deductible waived)	40% after deductible		
Office Visit: Specialist	\$20 copay (deductible waived)	40% after deductible		
Preventive Services	No charge (deductible waived)	40% after deductible		
Chiropractic Care	20% after deductible (coverage limited to 24 visits per calendar year)	40% after deductible (coverage limited to 24 visits per calendar year)		
Lab and X-ray	Lab, X-Ray: \$20 copay after deductible.	40% after deductible		
Inpatient Hospitalization	20% after deductible	40% after deductible up to \$600 per day, plus all charges over \$600 per day		
Outpatient Surgery	You pay 20% after deductible	40% after deductible up to \$350 per day, plus all charges over \$350 per day		
Urgent Care	\$20 copay (deductible waived)	40% after deductible		
Emergency Room	\$100 copay per visit plus 20% (deductible waived; copay waived if admitted)	\$100 copay per visit plus 20% (deductible waived; copay waived if admitted)		

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Lifetime Max	Unlimited	Unlimited	Unlimited	Unlimited
Office Visit: Primary	\$20 copay (deductible waived)	40% after deductible	No charge after deductible	30% after deductible
Office Visit: Specialist	\$20 copay (deductible waived)	40% after deductible	No charge after deductible	30% after deductible
Preventive Services	No charge (deductible waived)	40% after deductible	No charge (deductible waived)	Not covered

BENEFITS – INSURANCE

- What Types of options offered (HMO, PPO, High Deductible with HSA)
- What percentage does employer pick up?
 - Individual/Spouse/Family
- What is included?
 - Health
 - Vision
 - Dental
 - Short/Long Term Disability
 - Life
 - Long Term Care

BENEFITS – 401(K) EXAMPLE

“50% Match on Employee Contributions up to 3% of Salary”

- What does this Mean? What is Pre-Tax?
 - Employer contributes \$.50 for each \$1 you contribute to account with maximum contribution of employer capped at 3% of your salary.
- Maximum Value of Employer Contribution
 - $\text{Annual Salary} \times 0.03$; $\$50,000 \times 0.03 = \$1,500$
- Immediate Tax Savings
 - $\text{Employee Contribution} \times \text{Tax Rate (Assume 25\%)}$; $\$3,000 \times 0.25 = \750
- IRA plans and contributions are not common and unlikely to be offered

BENEFITS – QUESTIONS?



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NEGOTIATION FUNDAMENTALS

negotiation

[nəˌɡōSHēˈāSH(ə)n]

NOUN

negotiations (plural noun)

1. discussion aimed at reaching an agreement.

2. "a worldwide ban is currently under negotiation" · [\[more\]](#)

3. *synonyms:*

4. discussion(s) · [talks](#) · consultation(s) · [parleying](#) · deliberation(s) · [conference](#) · [debate](#) · [dialogue](#) · [mediation](#) · [arbitration](#) · [intercession](#) · [conciliation](#) · [bargaining](#) · [\[more\]](#)

5. the action or process of transferring ownership of a document.

NEW GRADS



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NEGOTIATING THE OFFER

- Deciding to Negotiate:
 - Choose most desirable employer/offer.
 - Never negotiate unless willing to commit to job.
- Best Practices
 - Do Your Research (Salary Data, Cost of Living, etc.)
 - In Person or Over Phone (Avoid email – maybe not so true today)
 - Show enthusiasm – ‘I am excited by this offer.’
 - Always Be Honest: Do Not Fabricate Information
- Be Sure You Understand the Complete Offer
- How Do I Initiate Negotiations?
 - Back to the definition - Discussion



SUGGESTIONS TO START THE CONVERSATION

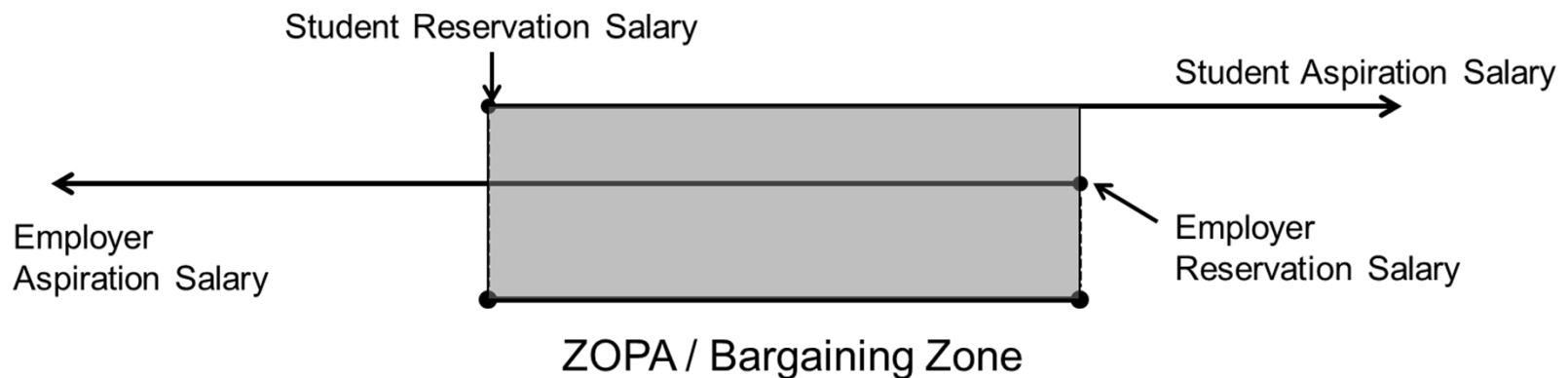
1. Can I Negotiate this offer?
2. Can you explain 'xxx' in your offer?
3. Besides the base pay, what other benefits are negotiable? (PTO, Tuition, moving expenses, etc.)
4. How did you decide on this offer?
5. What is the outlook for salary adjustments or promotions?
6. 'If you can do?', I am on board.' – but mean it

PREPARATION FOR NEGOTIATIONS

- Use Campus resources – Engineering Career Services – page 39, ‘Negotiating the Job Offer’
- Use online data
 - <https://www.salary.com/research/cost-of-living>
- Consider using the position as a stepping stone to future opportunities
- Know your range – establish your minimum, and know what you would ideally like
- Be confident and have a summary of why you are worth more – what is your future potential?

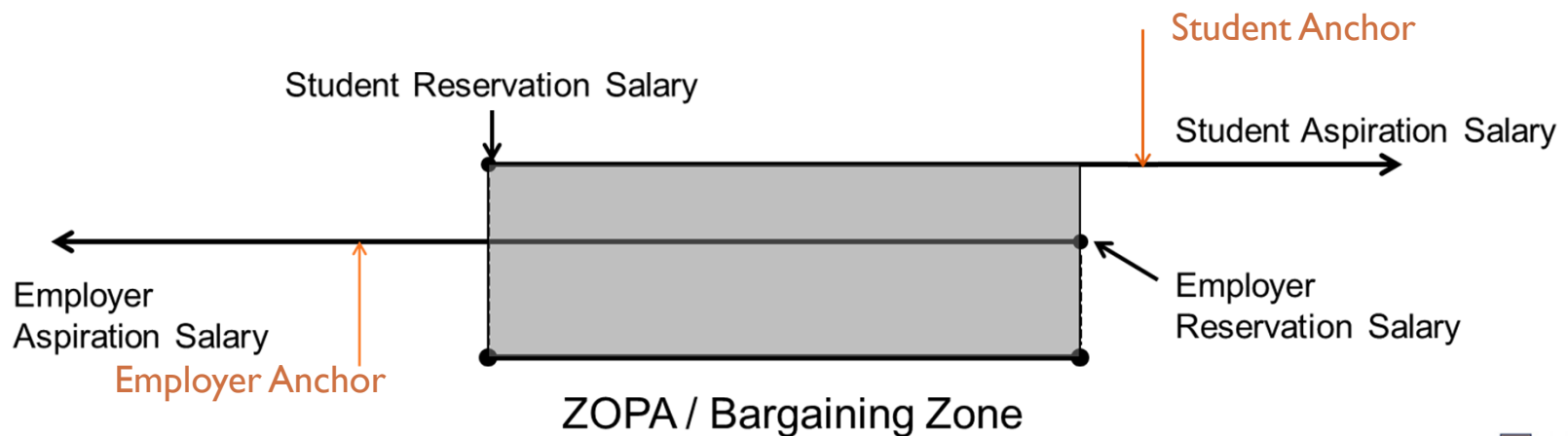
PREPARATION FOR NEGOTIATIONS

- Student Reservation Salary – Minimum Acceptable Salary, lowest you are willing to accept
- Employer Reservation Salary – Maximum Salary willing to offer
- Bargaining Zone or Zone of Possible Agreement (ZOPA)



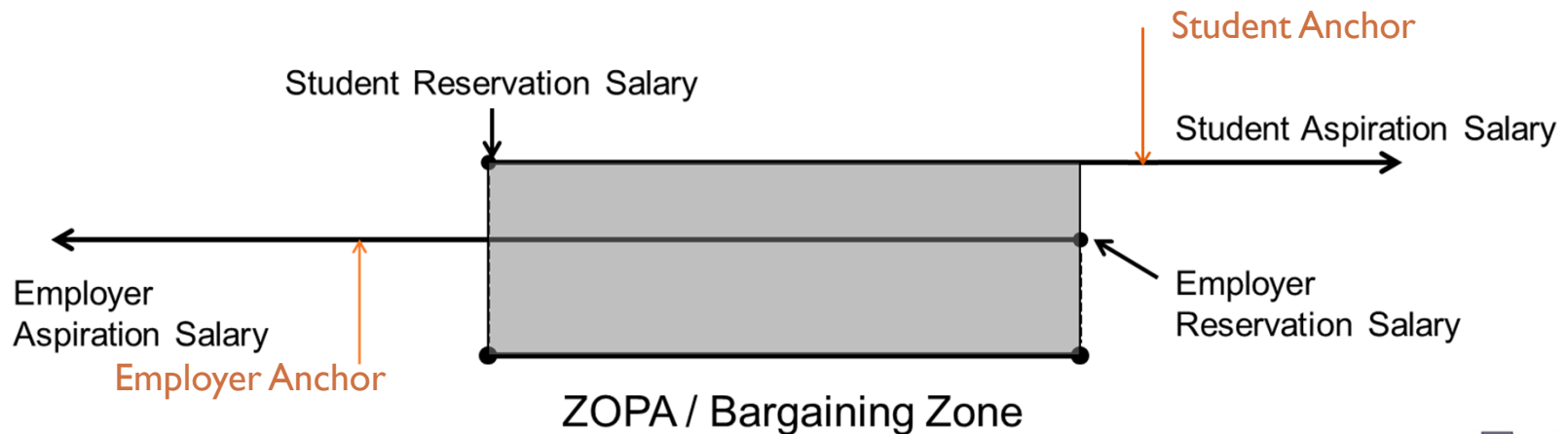
PREPARATION FOR NEGOTIATIONS

- Best Alternative to Negotiated Agreement (BATNA)
 - Used to Define Reservation Price
- Anchoring
 - Establishing Starting Point of Negotiation



STRATEGY FOR NEGOTIATIONS

1. Evaluate Offers – Calculate Total Compensation and Compare
2. Review Known Salary Data and Company Research (Company has advantage here)
3. Determine Reservation Salary (Lowest Acceptable Salary)
4. Establish Anchor (Counter Offer) and Begin Negotiation



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JOB OFFER EXAMPLE

Summary of the 2 offers to be read – be prepared to take notes and evaluate them

- Student: Jane Smith
 - Graduating with Bachelors in Civil Engineering
- Offer 1 – Adventure Engineering in Colorado – 30 employees, privately owned
- Offer 2 – Urban Engineering in Chicago – international firm, 400 employees in office

JOB OFFER EXAMPLE

Urban Engineering

Annual Salary: \$64,000

Vacation: 2 weeks

Retirement: 401(k) – 50% employer match up to 2% of salary

Health Insurance: HMO \$150 monthly premium
PPO \$180 monthly premium

Adventure Engineering

Annual Salary: \$52,000

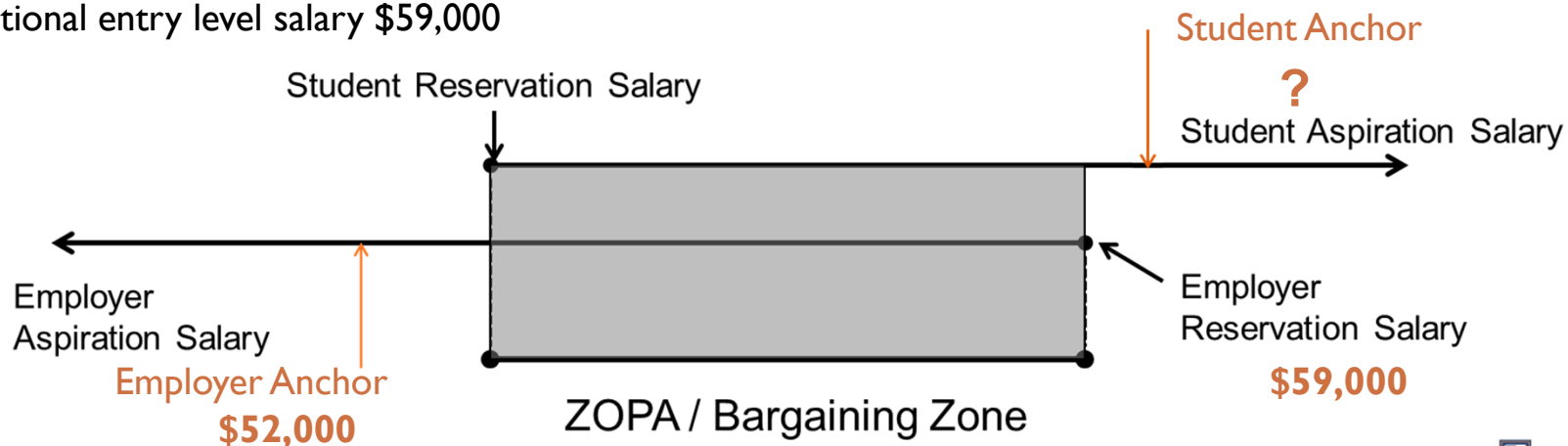
Vacation: 3 weeks

Retirement: 401(k) – 100% employer match up to 10% of salary

Health Insurance: PPO \$200 monthly premium

STRATEGY FOR NEGOTIATIONS – OWNER OF ADVENTURE

- First time recruiting from U of I – First student took a position in a City with higher pay
- Cost of living is 10% less in CO than most urban centers
- Flexible work hours to have Friday afternoons off
- Strong history of company bonus program
- National entry level salary \$59,000



ADVENTURE ENGINEERING SUMMARY – TOTAL COMPENSATION

■ Determine Total Compensation

■ Salary	+\$ 52,000	
■ PTO (Total 3 weeks)	+\$ 3,000	
■ 401(k) Employer Contribution	+\$ 5,200	(Max 10% Salary)
■ 401(k) Tax Savings (25% Tax)	+\$ 1,300	(Max 10% Cont.)
■ <u>Annual Health Care Premiums</u>	<u>-\$ 2,400</u>	(PPO @ \$200/MO)

Total Compensation \$ 59,100

URBAN ENGINEERING SUMMARY – TOTAL COMPENSATION

■ Determine Total Compensation

■ Salary	+\$ 64,000	
■ PTO (Total 2 weeks)	+\$ 2,462	
■ 401(k) Employer Contribution	+\$ 1,280	(Max 2% Salary)
■ 401(k) Tax Savings (25% Tax)	+\$ 640	(Max 4% Cont.)
■ <u>Annual Health Care Premiums</u>	<u>-\$ 1,800</u>	<u>(HMO @ \$180/MO)</u>

Total Compensation \$ 66,982

■ <u>Cost of Living Adjustment (10%)</u>	<u>\$ 6,400</u>	<u>(Chicago vs. CO)</u>
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Revised Total Compensation \$ 60,582

DECISION POINTS – PREP FOR CALL

- Total Compensation

- Adventure Engineering \$59,100

- Urban Engineering \$60,582

Compensation Differential \$ 1,482

If preference is Adventure, negotiate higher salary to equalize or make greater

Other Considerations:

- Environment – nature vs. urban
- Small vs. Large company (specialized tech vs. all around experience)
- Lifestyle – flexible work schedule and more vacation time
- Retirement benefits – big difference
- Bonus program



THANK YOU!

“We are prone to judge success by the index of our salaries or the size of our automobiles rather than by the quality of our service and relationship to mankind.”

Martin Luther King, Jr.