

Lecture 26, Mar 15, 2023

Salary Negotiation Basics

- Preparation
 - Do research on the typical salaries expected
 - Ask about what is expected
 - There 2 types of negotiations: distributive (zero-sum – one winner) and integrative (positive sum – mutual gains)
 - 3 types of outcomes:
 - * Perfect outcome
 - * Best available alternative (BATNA) is something you would be okay with
 - e.g. walking away if you have another job available
 - * Worst available alternative (WATNA)
- Acknowledgement
 - After receiving the offer, acknowledge it and express interest and gratitude, but don't immediately accept the offer because you need time to read through it carefully
 - “I will take some time to review and respond”
 - Use this offer to pressure other companies giving offers
 - Understanding the deadline for acceptance
- Planning
 - Be comfortable with the medium you're using – in person, over a call, by email
 - Write out your plan and what you intend to argue
 - Have clear expectations of what you want
 - Zone of potential agreement (ZOPA) is the space between the two parties' *reservation points* (i.e. the range between the employer's max possible offer and your minimum possible acceptance point)
 - * The target point is the realistic goal
 - * The aspiration point is the optimistic goal
 - * The resistance point is an outcome below which you will not go
 - * Each party has an initial offer/asking price
 - Anchor point: where the negotiation starts
 - Expanding the pie: what about other benefits?
 - * Employers can have other methods of motivating a potential hire, e.g. bonuses, vacation, education/tuition, pension plans
 - * Try to push for more vacation days (usually starting at 2 weeks minimum)
 - Go into the negotiation with the power to walk away – this can be another offer, or an alternative plan (the BATNA)
 - Strategies:
 - * Dig for information to find the opponent's resistance point, to push for a settlement near that
 - * Prove your value to the opponent to get them to push their resistance point (e.g. degrees, experiences)
 - * Convince the other party that the settlement is the best possible
 - * If you have an alternative offer, use it as leverage – mention it or imply it
 - * Source of power can include information (what did they pay others), position in an organization, relationship-based sources, contextual sources
 - Tactics both sides might use:
 - * Lowballing (providing an offer significantly lower expectation/industry standard)
 - * Bogey (playing up a different factor to distract from what you really want)
 - * The nibble (using small concessions, moving the offer by a little bit)
 - * Intimidation/aggressive behaviour
 - * Snow job (overwhelming the opponent with information)
- Negotiation
 - Be realistic about what you expect

- Share but don't overshare
- Make sure the negotiation is done in a friendly way