

Salary Negotiation

Role of Chris (candidate)

You will be graduating from Southern Methodist University's Cox School of Business in late May. Prior to getting the MBA you were in sales for a small graphics company in the Mid-west. During your fall semester of your first year in the program you decided to pursue a career in product management (you loved Dan Howard's class). As a result, you spent this last summer as an intern for a fortune 100 software company.

Fortunately for you, the perfect job opportunity has come your way. It is a product manager position with a well known, privately held developer of multimedia software (the Wahoo Corporation), headquartered on the West Coast, with offices throughout the country. Based on the opportunity, your successful summer internship, your ability to lead teams, your high level of market insight, and your skill at forecasting, you know this would be the right job for you.

You went through three rounds of interviews, all of which went really well. You bonded with Jean, the person that would be your boss. Jean has a great sense of humor and you know you would learn a lot working together. Although you sense Jean was disappointed that you didn't go to Harvard (his/her alma mater), you know that your knowledge of the graphics industry made an impression.

Jean just called you with an offer and to schedule a time to discuss the details. He/she said that he/she would prefer to discuss them in person and would like to schedule a time for doing so.

You heard from your friend who used to work with Jean, who said that Jean is one of the nicest people, but toughest negotiators in the company. You want to be very prepared for this next meeting, so you've done your homework. Dow Jones reported that the company had a 36% increase in revenues over last year, so you know they're doing well and can afford to pay you what you're worth.

According to the Career Center, last year's salary statistics show that marketing salaries ranged from \$50,000 for those working with non-profit firms up to \$110,000, with the average salary falling between \$80,000 and \$90,000. You have always considered yourself above average. Your friends, who are interviewing for jobs in other industries, have encouraged you not to accept an offer of less than \$85,000.

An issue of less significance to you is location. You prefer to be located at the corporate headquarters in San Francisco to increase your visibility. You come from a family of over achievers and so plan to be on the fast track yourself. In addition, your family lives in the Bay area and it would be wonderful to be close to them.

Of course you would like to receive the largest bonus possible, particularly since you are trying to pay off the student loan that your Uncle lent to you during your graduate training. You know that he has done without so that you could receive your degree in a timely manner and so you want to get his money to him as soon as possible.

Finally, you hope to take a significant vacation this year and every year since you find that this relaxation time greatly increases your satisfaction, attitude and productivity the rest of the year. You have mapped out your preferences regarding all four of the issues that are important to you on page 3. To help you plan, you have assigned points that reflect the value of each alternative associated with each issue.

You also have a job offer with another multimedia company located in New York that is worth a total of 7,200 points to you. It is good to know that you can always take the other job offer instead, if your negotiation with Jean does not go well.

Your goal is to obtain the best agreement that you can, on all four compensation issues. **THE MORE POINTS YOU EARN, THE BETTER.** You may determine what type of agreement is best for you by referring to the "POINT SCHEDULE" on page 3.

The point schedule is a simple way to convey how much value the candidate (you) places on each of the four issues included in this negotiation. For each issue, you have five outcome options (any one of which you can agree to with the recruiter) with a corresponding number of points assigned to it. The magnitude of the points

tells you how much value you place on that issue-option (relative to all of the others) and how much you will gain or lose by agreeing to it. For each issue, you are limited to the outcome options listed in the point schedule.

Please become very familiar with your PAYOFF schedule. Feel free to make notes or write on it. The highest number of total points you can obtain from this negotiation is 14,400 (*See page 4*).

FINAL CONTRACT

PLEASE CIRCLE THE AGREEMENT ASSOCIATED WITH EACH ISSUE TO INDICATE THE FINAL NEGOTIATION AGREEMENT.

We reached a settlement and the settlement was as follows:

BONUS:	10	8	6	4	2	(percent)
JOB ASSIGNMENT:	A	B	C	D	E	(department)
VACATION TIME:	3	2.5	2	1.5	1	(weeks)
STARTING DATE:	6/1	6/15	7/1	7/15	8/1	(date)
MOVING EXPENSE COVERAGE:	100	90	80	70	60	(percentage)
INSURANCE COVERAGE:	A	B	C	D	E	(plan)
SALARY:	95	90	85	80	75	(thousands of dollars)
LOCATION:	San Francisco	L. A.	Atlanta	Chicago	New York	(place)

STOCK OPTION DECISION

Printed names of the negotiators:

Recruiter: _____

Candidate: _____