

How to Evaluate a Job Offer

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## **Career Development Reports**

Let's assume your employment interview went well, and there's sincere and mutual interest on both sides. Now you need to decide two things: first, whether the new position is right for you; and if so, what sort of offer you'd be willing to accept.

To evaluate the pros and cons, ask yourself the following: Does the new job meet the criteria you spelled out when you first began your search? Will the new job improve your level of personal and professional satisfaction? Or will it simply offer you a rehash of what you already have? Hopefully, the unique qualities you're seeking will be within your grasp.

### **Keeping Score**

If you're not sure about the new job, or need help in being more objective, take the following test as a way to compare the two positions. You should be able to get a feel for how the job you interviewed for stacks up against your current position by selecting which considerations best suit your needs. The position comparison test can be "scored" two different ways. You can either tally the totals (the best job has the highest score); or you can use the test as a way to examine your priorities.

Let's suppose your score was 15 to seven, in favor of the new company. Does that mean you should change jobs? Well, not necessarily. It depends on which considerations are most important to you. If an increase in travel will ruin your marriage, then it won't matter how many positive considerations point to the new job. (This is assuming you want to stay married.)

However, a simple tallying of the score can be very helpful when the decision is a tough one, and no single consideration acts as a "knockout" factor. Besides, mathematical "logic" can always be used to justify what you already feel to be the right decision.

### **The Economic Factor**

Compensation, of course, will be a key factor in your decision whether to accept a new position. Oddly, few people take the time to really understand their economic choices, mostly because there are so many hidden factors, such as cost of living, benefits, relocation expenses, and so forth.

Regardless of where compensation ranks on your list of priorities, it's a good idea to know what you may be getting into when faced with a career decision. To help you put your economic choices into perspective, use this compensation comparison to evaluate both your prospective compensation package and what you're currently earning.

The best time to make your calculations is before an offer is made. That way, you can form a clear idea of what you'll need, without having to dicker (or experience shock) later on. If you're looking at an opportunity that's in a different geographic location, you might want to do some investigating before you even interview. For example, if you live in a nice suburban community in Lawrence, Kansas, what would it cost you to maintain your current lifestyle in an area like San Francisco? Your answer (and your willingness to make the necessary trade-offs) will help determine your level of interest when considering the new position.

### **Figuring the Bottom Line**

The best approach to putting the deal together is to decide whether you want the job before an offer is extended. This allows you to clarify whether the job suits your needs. Unless you're motivated solely by money, it's doubtful a few extra dollars will turn a bad job into a good one.

If the job interests you, then determine the conditions under which you'll accept. These fall into two categories: Bottom Lines and Porcupines. The term bottom line refers to the amount of compensation you feel is absolutely necessary to accept the job offer. If, for example, you really want \$46,000 but would think about \$45,000 or settle for \$44,000, then you haven't established your bottom line. The bottom line is one dollar more than the figure you would positively walk away from. Setting a bottom line clarifies your sense of worth, and helps avoid an unpredictable bargaining session.

I recommend against "negotiating" an offer in the classic sense, where the company makes a proposal, you counter it, they counter your counter, and so on. While this type of tit for tat format may be customary for negotiating a residential real estate deal, job offers should be handled in a more straightforward manner.

Here's how: Determine your bottom line in advance, and wait for the offer. If the company offers you more than your bottom line, great. If they offer you less, then you have the option of turning the offer down or revealing to them your bottom line as a condition of acceptance. At that point, they can raise the ante or walk away.

### **Lay Your Cards on the Table**

Once the bottom line is known, you can avoid the haggling that so often causes aggravation, disappointment, or hurt feelings. My experience has shown that it's much better to lay your cards on the table in the beginning than to barter to get what you want. An employer can get very irritable when a candidate says, "I'll think it over," or keeps coming back with new demands again and again. Even if you get what you want, you've created a negative impression with the company which will carry over after you've been hired. In effect, you may win the battle, but lose the war.

By determining your own acceptance conditions in advance, you'll never be accused of negotiating in bad faith or of being indecisive. Whether you're representing yourself or working with a recruiter, learning to differentiate between financial fact and fantasy will facilitate the job changing process.

You may want to itemize your bottom line, and, if it's appropriate, show it to the company (or your recruiter) as a means to justify your salary request. Carefully figure your total package, and document any loss of income that may result from a differential in benefits, geographic location, car expenses, and the like.

If a recruiter asks for your bottom line, he or she isn't trying to manipulate you or conspire with an employer that plans to "lowball" its candidates. The recruiter is simply making a good faith effort to discover what makes you happy, and put together two interested parties.

### **The Porcupine Category**

Of course, there are considerations aside from money that usually need to be satisfied before an offer can be accepted. Factors such as your new position title, review periods, work schedule, vacation allotment, and promotion opportunities are important, and should be looked at carefully.

To understand the candidate's needs, I use the porcupine approach to quantify each consideration or "point" made by the candidate as a condition for acceptance. Once I understand each point, I can work with the company to put the deal together, without having to go back later to get "one more thing."

Once you know your bottom line and each condition, or point on the porcupine, you're in a better position to get what you want, since you've established quantifiable goals to shoot for.

### **How an Offer Is Staged**

Every company makes hiring decisions differently. Some will encourage shoot-from-the-hip managers to make job offers on the spot. Other companies will limit the decision maker's ability to act quickly and unilaterally, and require a drawn-out series of staff meetings, subsequent interviews corporate signatures, and so on.

These days, it's not uncommon for the hiring cycle to last weeks or even months, regardless of how "critical" the position might be. The best approach is to maintain contact with the company, allowing for the fact that there'll probably be some delay. Presumably, you asked what the hiring procedure was when you first interviewed. Their answer should give you some indication as to when a decision will be made.

Offers can be extended by either a letter, or verbally from a hiring manager. They can also be made through a third party, such as a recruiter. In either case, be careful. An offer needs to include these three components before it can be considered official:

- [1] Your position title;
- [2] Your starting salary; and
- [3] Your start date.

Before you resign from your present job, make sure you nail down each of these components from a company official, either verbally or in writing (in the form of an offer letter). Even if the offer comes through a recruiter, you should always contact the employer directly, and if possible get a letter of offer or acceptance to verify the deal (although a verbal offer and acceptance will act as a legal contract).

Not long ago, I was working with a candidate who interviewed for a position with one of my client companies. The interview went extremely well; so well that the VP of the company called the candidate at his home that evening to discuss the offer.

"Well, Paul, we really like you," the employer told the candidate. "The job is yours if you want it." "I want it," said Paul. "When do I start?"

"Well, I'll call Bill tomorrow and work out the details," replied the employer.

Understandably, Paul got excited. Filled with pride, he drove his ailing grandmother by the new company the next day, so he could show off his new place of work. But guess what? The employer never called me, and never called Paul, either. For some reason he changed his mind, and didn't have the decency to let anyone know.

The reason I tell this story is to warn you that even when the cat seems to be in the bag, it ain't over 'til the fat lady sings. An offer has to include a position title, a starting salary, and a date of start to be official; just telling you the job is yours isn't enough.

Here's another word of caution: Offers sometimes have strings, or contingencies attached. Don't be surprised if the fine print requires you to:

- Pass a physical examination;
- Document your citizenship or immigration status;
- Obtain a security clearance;
- Undergo a thorough background investigation, in which your credit history, police records, and travel history might be examined;
- Verify your academic credentials; or
- Provide proof of your past employment, salary, or military service.

Very often, these contingencies must be satisfied before you can to report to work or receive a paycheck.

### **Accepting the Offer**

If everything about the new position is satisfactory, go ahead and accept the offer. If you're expecting an offer from a second company, you should let the second company know about your offer right away, so they can speed up their decision. That way, you'll avoid jeopardizing one deal for the sake of another.

Once an offer's on the table, it makes common sense to accept or reject it within a day or so. Otherwise, your inability to commit will reflect poorly on the way you make decisions; or it will telegraph your lack of enthusiasm to the new employer. In either case, you're likely to be bruised by waiting too long.

If you have legitimate concerns, or you still have questions that need to be answered, now is the time to bring them up. Rather than tell the employer, "I'll have to think it over," use the following script:

"Mr. Employer, this job looks very good to me, and I'm enthusiastic about coming to work for your company I'll be in a position to accept your offer and start in two weeks if I can just clarify a couple of things..."

The answers you get will make your decision for you, and you'll either accept or reject the company's offer. If you decide to reject an offer, remember that it's almost impossible to resurrect the deal at a later date, since the position will be offered to someone else, or the employer will feel insulted, and close the door on your candidacy. Whatever you do, make certain your decision is final.

### **New Angles and Unusual Deals**

Most deals come together quite cleanly, with little need for haggling or creative financing. Sometimes, though, it takes a little imagination to satisfy both parties.

Money can present a problem for employers when your salary requirements exceed the published range for the position, or create an inequity within the department. In fact, internal equity issues (in

which your expected salary might be greater than someone on the staff who has more professional or company seniority) are the cause of most deals that fail to close for financial reasons.

To satisfy money matters, look for ways to increase your overall yearly compensation, rather than your annual salary. Here are a few added goodies you can shoot for to boost your earnings without ruffling too many feathers:

- A sign-on bonus to be paid in cash on your date of start;
- A performance bonus to be paid after thirty, sixty, or ninety days, assuming your clearly defined goals are met;
- A discretionary bonus to be paid in a lump sum, or over a specified period;
- A generous relocation bonus to be paid on your date of start to cover expenses (but which can be spent at your discretion);
- An accelerated review which would occur after three or six months, rather than on your first anniversary of employment, in which your salary would be increased; or
- An early participation in the company's bonus, stock purchase, or pension plan; or other employee benefit program.

When required, companies will sometimes serve up these tasty morsels to hungry candidates who recognize that overall compensation consists of more than salary alone.

The craziest deal I ever put together involved a candidate who'd just purchased a home and was beyond commuting distance to the interested company. Since the candidate wouldn't sell his home and relocate, the company president agreed to buy the candidate (who had a pilot's license) a single engine airplane so he could fly to work each day. It just goes to show, where there's a will, there's a way.

Careful evaluation mixed with a little bit of creativity will help you get the deal you want.

## Position Comparison Guide

Candidate \_\_\_\_\_ Current position \_\_\_\_\_

Current employer \_\_\_\_\_ Prospective employer \_\_\_\_\_

Old position \_\_\_\_\_ New position \_\_\_\_\_

Today's date \_\_\_\_\_ Prospective start date \_\_\_\_\_

- Directions: Compare the position you have now with the one you are considering, according to the following elements:

| Current job | New job | Element under consideration    |
|-------------|---------|--------------------------------|
| [ ]         | [ ]     | Position title                 |
| [ ]         | [ ]     | Supervisory responsibility     |
| [ ]         | [ ]     | Project authority              |
| [ ]         | [ ]     | Decision-making autonomy       |
| [ ]         | [ ]     | Freedom to implement ideas     |
| [ ]         | [ ]     | Freedom to affect change       |
| [ ]         | [ ]     | Promotion potential            |
| [ ]         | [ ]     | Challenge of tasks             |
| [ ]         | [ ]     | Ability to meet expectations   |
| [ ]         | [ ]     | Access to skill training       |
| [ ]         | [ ]     | Professional growth potential  |
| [ ]         | [ ]     | Company/industry growth        |
| [ ]         | [ ]     | Company/industry stability     |
| [ ]         | [ ]     | Starting salary                |
| [ ]         | [ ]     | Future compensation            |
| [ ]         | [ ]     | Company benefits, perks        |
| [ ]         | [ ]     | Commuting distance             |
| [ ]         | [ ]     | Travel requirements            |
| [ ]         | [ ]     | Working environment            |
| [ ]         | [ ]     | Rapport with co-workers        |
| [ ]         | [ ]     | Rapport with management        |
| [ ]         | [ ]     | Comfort with corporate culture |
| [ ]         | [ ]     | Other considerations (specify) |

Score: \_\_\_\_\_ Current job \_\_\_\_\_ New job \_\_\_\_\_ New job differential (+/-) \_\_\_\_\_

**Position Compensation Guide**

Candidate \_\_\_\_\_ Current position \_\_\_\_\_

Current employer \_\_\_\_\_ Prospective employer \_\_\_\_\_

Old position \_\_\_\_\_ New position \_\_\_\_\_

Today's date \_\_\_\_\_ Prospective start date \_\_\_\_\_

• Directions: Compare the position you have now with the one you are considering, according to the following elements:

| Current job | New job  | Element under consideration       |
|-------------|----------|-----------------------------------|
| \$ _____    | \$ _____ | Base salary                       |
| \$ _____    | \$ _____ | Bonus, perks                      |
| \$ _____    | \$ _____ | Profit sharing potential          |
| \$ _____    | \$ _____ | Value of stock or equity          |
| \$ _____    | \$ _____ | Pension                           |
| \$ _____    | \$ _____ | 401(k) contribution, tax savings  |
| \$ _____    | \$ _____ | Reimbursed expenses               |
| \$ _____    | \$ _____ | Cost of living differential (+/-) |
| \$ _____    | \$ _____ | Non-reimbursed moving expenses    |
| \$ _____    | \$ _____ | Job-related travel expenses       |
| \$ _____    | \$ _____ | Insurance premiums                |
| \$ _____    | \$ _____ | Property taxes                    |
| \$ _____    | \$ _____ | State taxes                       |
| \$ _____    | \$ _____ | Sales taxes                       |
| \$ _____    | \$ _____ | Other expenses (specify)          |

Score: \_\_\_\_\_ Current job \_\_\_\_\_ New job \_\_\_\_\_ New job differential (+/-) \_\_\_\_\_