

Assessing the Offer – Now What?

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You've expressed an interest in the job, have gone through the interviews and now the company is ready to extend an offer. Now what do you do? Is it only about the money or are there other things to consider?

It's easy to review a job offer and focus only on the monetary aspect of the position, but you must keep in mind that there is much more to consider when assessing the offer than just the annual "cash in hand."

As we work with candidates, we take a methodical approach to assessing the total offer, which will include an industry review of the company, its market segment and the annual compensation in terms of cash. Additional points to consider are the benefits, the equity and the incentives, which will prove instrumental in helping you in determining your continued interest in the role.

A true example of a comparative analysis between a Named Company (Offer #1) and a Start-Up (Offer #2) for an individual contributor role is as follows:

	Offer #1	Offer #2
Annual Base Salary	\$155,250	\$182,250
Annual MBO	15%	15%
Benefits - Medical, Dental, Vision	Great	Questionable
Equity / Stock Options	No	No
Incentive, Financial		
Vacation	2 Weeks	3 Weeks
Tuition Reimbursement	\$1,500	\$0
401(k)	Yes	No
Life Insurance	Yes	No
Deferred Compensation	Yes	No
Transportation Allowance	Yes	No
Incentives, Ancillary		
Funding	No Worries	Questionable
Gym Membership	Yes	No
Onsite Dry-Cleaning	Yes	No
Professional Development, Advancement	Yes	No
Exposure to New Technologies	Yes	No
Branding & Company Name Recognition	Yes	Not Yet

The breakdown for each primary element is as follows:

1. Industry Review

Make sure to complete your research and due diligence in assessing what the market will bear for this position. Keep your focus to the local geographic area and make sure to compare the offer fairly based upon the size of your team, the responsibilities of the position and the opportunity for professional growth.

2. Annual Base Salary

This will represent the base pay that will be reflected in your cash compensation. It's also critical to have an amount in mind that will represent your minimal "walk away" figure. This is the amount that, to you, is non-negotiable. Make sure that you are fair to yourself and to the employer when defining this aspect of the offer.

It's also important for you to recognize the value that you bring to the company and to demonstrate your contribution to the company in terms of revenue or profits towards the corporate goals and objectives. Stress your capabilities as an individual contributor or leader that will drive your team to support the overall corporate financial goals and objectives.

3. Management By Objective

The MBO will be a financial reward for meeting performance goals and will usually be presented as a percentage of your first year salary.

Typically, the MBO is a two-part calculation, with 50% based upon the company's performance and 50% based upon your performance. There is never a guarantee that you will be paid 100% of your MBO. The payout of the MBO is determined based upon your accomplishments and their alignment with the corporate goals and objectives.

4. Benefits

Benefits are usually non-negotiable with regards to coverage and selection, but it's an important aspect to consider when looking at more than one company. In some cases, the benefits will be effective from your first day of employment and in others it will be after a predetermined number of days.

Make sure to understand the contribution that the company pays versus your individual "out-of-pocket" expenses. Besides the typical medical coverage model, make sure that you review their long-term disability and life insurance plans as well.

5. Equity

Equity will usually come in the form of stock options and the number of shares that are offered will be based, in large part, upon your position within the company.

Your position in the company will also determine, in many cases, upon how long it will take you to become fully vested. For example, at the executive level, it's not uncommon to be fully vested at day one of your employment. In non-executive positions, you will typically "vest" at a rate of 25% per year, being fully vested after four years of employment.

6. Incentives

Incentives are added to the compensation formula that may serve as a motivator or form of persuasion to get you to accept the offer. Incentives may come in the form of financial awards and ancillary incentives.

Financial incentives will include items such as paid vacation, tuition reimbursement, 401(k) contributions, life insurance equal to your annual base salary, and deferred compensation. Depending on the position for which you are applying, the company may also negotiate and offer transportation allowance to subsidize your commute costs if you use public transportation.

Ancillary incentives will come in the form of other "intangible" awards such as gym membership, onsite cafeteria, onsite dry cleaning etc. Ancillary benefits will usually include those things that you will benefit from, without having to leave the company premises.

If you take the initiative to embrace these six guidelines in screening and assessing your next offer, you will greatly benefit from many of the options that are rarely ever considered in the process and often lost due to lack of due diligence and preparation.

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