

## EMPLOYMENT NEGOTIATION – ROLE INFORMATION FOR CANDIDATE

This is a negotiation for a job offer. You are playing the role of the job candidate. Specifically, you are **Chris T. Welch**, an undergraduate student from the Topnotch School of Management and Labor Relations, at East Coast University, with an emphasis on human resource management and labor relations. While you have only limited real-world experience (see attached resume), you believe yourself to be an attractive and qualified job candidate.

You have had a number of interviews, but the position you are most interested in is an entry-level role at **McKinley Consulting**, a prominent international consulting firm. You are especially interested in this firm because you see an opportunity to utilize your recent experiences in Italy in the international arena. You will be negotiating with **Kim Carlton**, Director of Human Resources at McKinley. Although you are aware that the firm has interviewed other viable candidates besides yourself, your preliminary interview with Kim Carlton went well and you have been invited to discuss a potential job offer. You are prepared to accept a position with McKinley Consulting, contingent on your ability to reach agreement on eight issues (discussed below).

On your "Candidate's Payoff Schedule" the 8 issues to be negotiated are listed separately. Along the left-hand side under each issue are five different positions on each issue which could be reached. The number of points you will receive for each position for each issue is given on the right. You should note that each issue has a different degree of importance to you, as indicated by the magnitude of the number of points you could obtain. As a negotiator, you may match any of the five levels with any of the 8 issues. Thus, there are a huge number of possible agreements.

Although using points in a negotiation may seem somewhat artificial to you, there are a number of reasons for doing so. First, it helps you weigh the issues relative to one another and to see the potential trade-offs among them. Second, having a point system allows you to have objective criteria for evaluating how you are doing in the negotiation. That is, you could set an aspiration level (AL) in terms of how many points you would like to achieve in the negotiation, you could set a reservation price (RP) in terms of the lowest number of points you would be willing to accept before you declare an impasse and seek agreement with some other firm.

The goal for you in this negotiation is to achieve as many points as possible. The assumption underlying this goal is that an agreement that maximizes your point total would have the highest subjective utility to you. On the other hand, negotiation assumes give and take and your aspirations should be reasonable (i.e., assuming you could reach 13,200 points - the maximum possible for you - is unrealistic). After all you WANT this firm to hire you and you WANT to have a positive working relationship after the negotiations are over. Being overly aggressive or intractable in your positions would not be in your best interest.

Some underlying reasoning for why you value the different issues and options within the issues as you do is provided on the next page. However, in role-playing negotiations, it is not possible to provide all the potential information or reasoning that you may require. Thus, you may have to improvise and embellish in the course of the negotiation. This is permissible, but please do not change the basic structure of the negotiation (like saying you have another firm who will offer you Lamborghini automobile as a perk).

## The issues in order of importance to you

1. Salary: This issue is most important to you for a number of reasons. First, you have been in school the past four years and therefore have some loans to repay. Second, you gave up a decent paying job on campus to attend the CIMBA program in Italy and now you must begin to recoup some of your losses (and pay off some debts). Third, you also have a fiancé and even though your fiancé intends to work he/she doesn't have any immediate prospects and the two of you have decided that his/her job will take second priority to yours. You know that entry-level human resource specialist salaries range from \$65,000 to \$75,000 and given your GPA and your CIMBA experience in Italy, you see no reason why you shouldn't get top dollar. Salary is so important to you that it is negatively weighted, anything less than top dollar is a "disutility" to you.
2. Signing Bonus: Signing bonuses are commonplace in the consulting industry. For the reasons mentioned above it is important that your bonus be high, particularly if you are not able to negotiate the salary you would like.
3. Job Assignment: McKinley has 5 divisions in their company.

Division A is the international division which focuses on European markets (these are the fastest growing markets).

Division B is the international division that focuses on Asian markets.

Division C includes the North American countries (those covered under NAFTA).

Division D is the national division (United States).

Division E focuses exclusively on markets in the Midwestern U.S.

Given your background and credentials it would be disadvantageous to you to be anywhere but Division A.

4. Moving Expenses: With a consulting firm of this size and reputation you expect nothing less than 100% of moving expenses to be paid.
5. Starting Date: Of the five dates suggested the one most preferred by you is July 1. You graduate in May and the sooner you can start generating cash the better. Even though a summer vacation would be nice, you simply can't afford to not be working this coming summer.
6. Paid Time Off (Vacation, Sick, Personal): Five weeks of paid time off would certainly be great!! You know that it is unlikely that you will start with this many days but you certainly want to try for it.
7. Location: Ever since going to Atlanta with your parents in high school, you have longed to return to the Southeastern U.S. Of all the locations you could be Atlanta is the most preferred. Denver might be okay too if you were going to be traveling to Asia a lot. You definitely want to avoid the Midwest (you've had enough snow and cold to last you for a while).

8. Benefits Package: The five different levels of benefit packages McKinley provides from most to least attractive to you are listed below. You realize that plans A and B are usually reserved for senior people who have been with the firm sometime. And even though you'd like to get the most benefits you can, right now you are young and healthy and this issue is of least importance to you.

Plan A: 100% insurance coverage; 3:1 retirement plan; 2:1 matching on stock purchases  
 Plan B: 100% insurance coverage; 2:1 retirement plan; 1:1 matching on stock purchases  
 Plan C: 100% insurance coverage; 2:1 retirement plan  
 Plan D: 100% insurance coverage; 1.5:1 retirement plan  
 Plan E: 100% insurance coverage; 1:1 retirement plan

Your payoff schedule is below. 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 13,200 and the lowest number is -8400. These point totals were calculated by adding up the highest number of points you could receive for each of the 8 issues of concern and the lowest number.

	Lowest	Highest
Bonus	0	4000
Job Assignment	-2400	0
Paid Time Off	0	1600
Starting Date	0	2400
Moving Expense Covered	0	3200
Benefits Package	0	800
Salary	-6000	0
Location	0	1200
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Total	-8400	13,200

**DO NOT AT ANY TIME TELL THE OTHER PERSON HOW MANY POINTS YOU ARE GETTING. ALSO, DO NOT LET THE OTHER NEGOTIATOR SEE YOUR POINT SCHEDULE. THIS INFORMATION IS FOR YOU ONLY.**

## Candidate Payoff Schedule

<u>Signing Bonus</u>	<u>Points</u>
10%	4000
8%	3000
6%	2000
4%	1000
2%	0
<u>Job Assignment</u>	<u>Points</u>
Division E	-2400
Division D	-1800
Division C	-1200
Division B	-600
Division A	0
<u>Paid Time Off</u>	<u>Points</u>
25 days	1600
20 days	1200
15 days	800
10 days	400
5 days	0
<u>Starting Date</u>	<u>Points</u>
July 1	2400
July 15	1800
August 1	1200
August 15	600
September 1	0
<u>Moving Expense Coverage</u>	<u>Points</u>
100%	3200
90%	2400
80%	1600
70%	800
60%	0
<u>Benefits Package</u>	<u>Points</u>
Plan A	800
Plan B	600
Plan C	400
Plan D	200
Plan E	0
<u>Salary</u>	<u>Points</u>
\$75,000	0
\$72,500	-1500
\$70,000	-3000
\$67,500	-4500
\$65,000	-6000
<u>Location</u>	<u>Points</u>
Cedar Rapids	0
Minneapolis	300
Chicago	600
Denver	900
Atlanta	1200

## Final Contract

I. We reached a settlement and the settlement is reported on the Recruiter worksheet.

II. We did not reach settlement. The impasse was due to inability to reach agreement on

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**Names of negotiators:**

Recruiter: \_\_\_\_\_ Points achieved \_\_\_\_\_

Candidate: \_\_\_\_\_ Points achieved \_\_\_\_\_

(You should ask for this information from your negotiation counterpart).