You’re Hired: How Job Offers Are Developed and Negotiated

Stanford School of Medicine

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Topics

- Glossary of terms
- Understanding key elements of compensation and benefits
- Research and development benchmark jobs and base salary levels
- What hiring managers and recruiters look for in a candidate
- How the job offer is determined
- Tools and resources
- Avoiding mistakes
- Questions
Glossary of Terms – Compensation

> **Base Salary**
  - The fixed compensation paid to an employee for performing specific job responsibilities. It is typically paid as a salary or hourly rate.

> **Salary Range**
  - A range of pay with an established minimum and maximum rate representing the available rates of pay available for employees performing a job assigned to that range. Different salary ranges are usually grouped together to form a salary structure.

> **Compa-Ratio**
  - Compa-ratio is a measure of salary relative to range midpoint. It can be used to represent the relationship between the midpoint of a salary range and the salary of one employee, or the average salary of several employees in the same classification, department or other grouping, allowing comparison of pay against the target level. It is calculated by dividing the salary by the midpoint of the salary range. For example, a compa-ratio of 0.9 means salary is 90% of the midpoint, and a compa-ratio of 1.1 means salary is 110% of the midpoint.
Glossary of Terms – Compensation

> Anniversary Review
- A pay administration system in which each employee's salary review is based on the anniversary of the employee’s date of hire or last salary action (see contrast in “Focal Review”). The review date is usually coordinated with an evaluation of the employee's performance and is generally accompanied by a salary increase.

> Focal Review
- A pay administration system in which all (or a large group of) employees are reviewed and receive pay increases on the same date (also known as “common review date”). For example, a company may implement increases for all employees on April 1; employees hired off-cycle usually receive prorated increases on the focal review date.

> Benchmark Job
- A benchmark job is seen as a standard, easily identified job that is relatively stable in job content and commonly found in a large number of companies with comparable work structures. Benchmark jobs provide the basis for comparing the relative value of other jobs of similar content/responsibility within an organization

> Mean
- A simple arithmetic average obtained by adding a set of numbers and then dividing the sum by the number of items in the set.
Glossary of Terms – Compensation

> Median
- The middle item in a set of ranked data points containing an uneven number of items (50th percentile). When an even number of items is ranked, the average of the two middle items is the median.

> Percentile
- A measure of location in a distribution/array of numbers that defines the value below which a given percentage of the data fall. For example, the 90th percentile is the point below which 90 percent of the data fall.

> Bonus
- An after-the-fact reward or payment based on the performance of an individual, a group of workers operating as a unit, a division or business unit, or an entire workforce. Payments may be made in cash, shares, share options or other items of value.

> Bonus Plan
- An incentive pay plan which awards employees compensation, in addition to their base salary, for achieving individual or group performance and productivity goals.
Glossary of Terms – Compensation

> Cash Profit Sharing (CPS) Plan
- A variable compensation plan using organization-wide metrics, such as profitability or other factors, to determine award funding and individual award amounts to qualified employees. Individual participation in CPS plans is automatic if the organization meets performance objectives. The amount of the award payment is not based upon individual performance (although a minimum acceptable performance rating may be required). The incentive is typically a percentage of salary, a set dollar amount, or adjusted by factors not related to individual performance, such as salary grade or length of service. Employees participating in management or sales incentive plans may or may not be participants in the CPS plan.

> Stock Options
- A non-qualified stock option plan is a form of stock options in which participants are granted a right (option) to purchase a specified number of shares over a fixed period of time at a pre-set price in accordance with an established vesting schedule. The exercise price can be less than market value at time of grant, holding periods do not apply and an income tax obligation results upon the exercise of the option.
Glossary of Terms – Compensation

> Restricted Stock/Restricted Stock Unit (RS/RSU)
  - A plan under which stock is awarded or sold to participants at a nominal price and is subject to restrictions on its subsequent sale or transfer. Restrictions lapse over a period of time (usually three-five years) based on continued service, company performance, or other factors. A "restricted stock unit" (RSU) is the right to receive a share of stock in the future when specified restrictions (such as tenure-based vesting) have been met. Key differences between restricted stock units and shares (RS) are income tax aspects of the award, dividend treatment, and the fact that (RSUs) do not result in voting rights, since units do not carry the same ownership rights as shares.

> Employee Stock Purchase Plan (ESPP)
  - A plan under which participants are granted a right (option) to purchase shares of stock in the company with funds collected over a fixed period of time at a price based upon an established rule (major shareholders are typically excluded). Stock is typically purchased at a discount to Fair Market Value. The purchase price is paid using funds collected through payroll deductions. A limitation is typically placed on the percentage of an employee’s base pay that can be applied to the purchase.
Glossary of Terms - Benefits

> Defined Benefit Plan
  - A pension plan which specifies the benefit or method(s) of determining the benefit but not the level of contribution. Contributions are determined actuarially on the basis of the benefit expected to become payable.

> 401(k) Plan
  - A (defined contribution) retirement plan established by the employer which allows the employee to contribute pre-tax and/or after-tax dollars through payroll deductions. Employers often match part of the contributions.

> Health Maintenance Organization (HMO)
  - A pre-paid group medical plan that emphasizes preventative health care. Typically provides first dollar coverage, after a copayment.

> PPO (Preferred Provider Organization)
  - A group of physicians and/or hospitals who contract with the employer, insurance company or third party on a fee-for-service basis to provide complete medical services for the employee.

> Personal Time Off (PTO) Blanket Policy
  - One policy that includes more than one type of paid time off, rather than having separate policies for sick time, vacation time, etc.
Research and Development Benchmark Descriptions

> 1041 POST DOCTORATE SCIENTIST 1 – *Less than two years*

- Ensures the design, development, execution and implementation of scientific research and/or development in collaboration with a research team. Investigates the feasibility of applying a wide variety of scientific principles and theories to potential inventions and products. Maintains substantial knowledge of state-of-the-art principles and theories. May contribute to scientific literature and conferences. Individuals are typically part of a formal company post-doc program.

> 1042 POST DOCTORATE SCIENTIST 2 – *Two or more years*

- Ensures the design, development, execution and implementation of scientific research and/or development in collaboration with a research team. Investigates the feasibility of applying a wide variety of scientific principles and theories to potential inventions and products. Maintains substantial knowledge of state-of-the-art principles and theories. May contribute to scientific literature and conferences. Individuals are typically part of a formal company post-doc program.

> 1053 SCIENTIST 3 – *5-8 years*

- Initiates, directs and executes all pre-clinical scientific research and/or development strategies in research and/or development. Investigates the feasibility of applying a wide variety of scientific principles and concepts to potential inventions, products and problems. Plans and executes laboratory research. Maintains broad knowledge of state-of-the-art principles and theories. Makes major contributions to scientific literature and conferences. May act as spokesperson on corporate research and development and advise top management. May participate in development.
The compensation data below outlines Research and Development (Pre-Clinical) positions from the 2010 Radford Global Life Sciences Survey (GLS) database. The survey has been conducted since 1984 and includes more than 540 pharmaceutical, biotechnology, medical device, research and non-profit organizations.

<table>
<thead>
<tr>
<th>Benchmark Job</th>
<th>Average</th>
<th>25th Percentile</th>
<th>50th Percentile</th>
<th>75th Percentile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post Doctorate Scientist 1 (Two years or less)</td>
<td>$44,418</td>
<td>$41,000</td>
<td>$42,110</td>
<td>$46,000</td>
</tr>
<tr>
<td>Post Doctorate Scientist 2 (Less than two years)</td>
<td>$47,460</td>
<td>$42,120</td>
<td>$46,000</td>
<td>$50,669</td>
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<tr>
<td>Scientist 3 (5-8 years)</td>
<td>$110,936</td>
<td>$97,656</td>
<td>$107,896</td>
<td>$123,000</td>
</tr>
</tbody>
</table>
What Do Hiring Managers and Recruiters Look for in a Candidate?

They critically examine all of your behaviors during the entire job placement process, from the moment they read your resume to the first face-to-face interview and through to the offer. Specifically:

> Are you submitting a resume and/or cover letter that highlights your strengths and skills that will easily transition to the job/company you are applying?

> If there are any 'obstacles' on your resume, how do you overcome them. Are you someone who takes responsibility for your behavior in a mature (not defensive) fashion?

> Have you done your homework on the company/role/opportunity and can you speak directly to these things when asked?
What Do Hiring Managers and Recruiters Look for in a Candidate? (continued)

> They also look for someone who can be somewhat of a chameleon - someone who can appeal to all the interviewers; mirroring your interviewer. Being able to do this shows that you are aware, that you pay attention to your surroundings, that you're not ego-centric.

> When they are conducting the interview, the interviewer(s) is visualizing you on the team; what strengths are you going to bring to the table?

> After the interview, they are looking for follow-up; a thank you, whether emailed or handwritten. They also look for you to communicate your interest in the role and being on the team.

- In the thank you note/email: restate your strengths and also address any obstacles or 'negatives' encountered, especially if you were told that you don't have a specific strength/skill that the job requires.
How the Job Offer is Determined

> Offers are typically just standard templates with the recruiter filling in the blanks. There will be a lot of legal boilerplate text.

> Salaries and any cash incentives can sometimes be negotiated, especially at the higher levels.

> New-hire bonuses typically used to offset something you are walking away from.

> New-hire equity (if available) can vary widely, especially if you have expertise they want.

> Benefit packages are standard; some company’s may make exceptions for paid time-off.

> Start dates are open.

> Internal titles matter, external titles don’t.
Tools and Resources

> Salary websites
  - Salary.com
    > www.salary.com
  - Simply Hired
    > www.simplyhired.com

> Company job postings
  - Genentech

> Employment links for the biomedical scientist
  - http://web.udl.es/usuaris/k4371596/employ.htm
Avoiding Mistakes

> Do your research for each and every company that you are interested in working for
> Dress up – look good
> Be yourself – kind of
> Don’t bug them too offer to check status – every other day too much – every two weeks ok
> Thank them for their time even if you don’t get the job
Questions?
Thank You!

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