

Negotiating Executive Compensation



This article captures the highlights of the discussion from Patti O' Leary's presentation to members of CNEXT's Generate Program. Please see the accompanying documents for more details.

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Patti O' Leary:

Patti O' Leary is an Executive Consultant at Navigate Forward and leads their Board Readiness practice.

Prior to joining Navigate Forward, Patti held corporate leadership roles in Executive Recruitment and Organizational Development with a Fortune 50 retailer and a leading financial services corporation.

She was also a Principal at O'Leary & Grant, a Minneapolis based boutique executive search firm — where she advised C-suite executives in a variety of global, national and entrepreneurial companies to help them find top talent in finance, general management, information technology and marketing.

Eighty-five percent of companies expect job applicants to negotiate executive compensation, and in most cases, prefer that they do so. Regardless of whether senior leaders are looking for a new position internally or at a new company, they should prepare their negotiation strategy and skills before engaging in conversation around compensation.

1. Nurture the Relationship

The behaviors displayed during negotiation reveal the character of both the candidate and the company. Approach compensation discussions with professionalism and integrity. Demonstrate the qualities the company seeks in a leader.

Observe how the company treats you during the process and how it responds to your objections or requests, as this reflects the work environment you can expect.

Communicate clearly and listen actively. Be flexible, clear, and pleasant. Companies will remain engaged in the negotiation process while they perceive that you are working towards a win-win result.

Effective negotiation reflects your confidence and advocacy skills. Failing to negotiate may lead hiring managers to question your ability to represent the company in its relationship with suppliers and other stakeholders.

A CONVERSATION BETWEEN:

Chris Barry

President, Microsoft
Canada

Jonathan Craig

MD, Head of Investor
Services & Marketing,
Charles Schwab

Michael Edmonds

SVP, Strategy, Marketing
and Sales, Blue Origin

Nadine Hall

Apparel / CPG Executive
(formerly at Hanes)

Jennifer Hunter

Chief Sustainability
Officer & SVP, Corporate
Citizenship, Altria Group

Katrina Lindsey

Chief Legal Officer and
Corporate Secretary,
Casey's General Store

Audrey Powers

VP, New Shepard Mission
& Flight Operations, Blue
Origin

Krishna Prasad

Chief Strategy Officer and
CIO, UST Global

Ann Tracy

Chief Sustainability
Officer, Colgate-Palmolive

2. Explore Interests

Experienced negotiators probe their counterparts to understand their position. Ask questions first to evaluate how well-aligned your interests are with those of your potential employer.

Know the details of your current compensation. Many people don't fully understand their incentive structure, which limits their ability to negotiate effectively.

Do not share your expectations of total compensation, as you may suggest a figure lower than what the company was prepared to offer. Instead, share what your recent compensation was and how it was broken down. Be specific about how that translated into total earnings in the previous two or three years and allow the employer to make you a better offer.

3. Maintain Legitimacy

A successful deal feels fair to all parties. Approach negotiation with compromise and creativity to find opportunities that benefit both you and your potential employer.

Clearly articulate your value proposition. When companies clearly see your value, they're more likely to view your requests as justified rather than excessive.

Quantify the impact you have made in previous roles. Most candidates will make broad claims of their value such as, 'growth driver,' or 'effective team leader'. Use specific numbers or before-and-after comparisons to demonstrate the tangible value you could bring to the organization.

Common Compensation Components:

- Base salary
- Annual incentive
- Stock awards
- Accelerators/ kickers
- Milestone payments
- Time-based increases
- Signing bonus
- Deferred compensation
- Currency
- Severance
- Relocation
- Benefits
- Vacation/PTO
- Loan forgiveness

Other Considerations:

- Start date
- Onboarding support
- Executive coach
- Service on a corporate board
- Salary review date acceleration
- Job/Officer title
- Flex schedules
- Professional memberships/ associations
- Travel preferences
- Tuition reimbursement
- Wellness program
- Car, phone, computer
- Attorney's fees

4. Provide Alternatives

Prepare several scenarios that would lead you to accept the position offered. Study the options available to you and the potential areas to negotiate.

Since initial offers are rarely the best, negotiating a strong base salary is essential—it forms the foundation for other compensation elements. Companies will typically also expect you to negotiate bonus and incentive opportunities.

However, especially in public companies, recognize that salary, bonuses, and incentives are structural elements that have limited flexibility due to precedent. To create more room for negotiation consider non-structural aspects like signing bonuses, development opportunities, and the potential to serve on external board roles.

If you are not happy with the initial offer, choose the two or three sticking points and focus on adjusting those. Try not to negotiate more than a few elements of the offer unless it's necessary to reach an agreement.

Be very specific about your requests. Quantify the changes you would like and why you feel that it is important.

5. Commit to the Process

Do not rush or allow others to rush you. The interview process can take months and you do not need to decide overnight once an offer is made.

Request the offer in writing. Take time to clarify all the terms and conditions of the and how the benefits might play out in terms of real earnings.

Recruiters are valuable allies in negotiation. They have a vested interest in securing a strong candidate and can help facilitate a successful outcome. They also act as a buffer, giving each party the space to assess options privately and offer thoughtful feedback.

However, if the recruiter is not knowledgeable about the company or their scope for flexibility, it may be best to communicate with the company directly.

Let the recruiter and the company know if you are seriously considering the position. Both will be more willing to spend time on negotiating small details if they feel that it will lead to a result.



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