The worldwide economic recession has brought about a significant reduction of positions in the C-suite along with thousands of unemployed senior executives. Nevertheless, organizations looking to hire new leadership are surprised to discover that it is not a buyer’s market. In fact, many are finding that the best candidates — even those who are currently unemployed — are much more focused and discerning about offers on the table.

For companies, enticing people to consider a career move requires a thorough understanding of their motivations, no matter what the circumstances. For you the candidate, evaluating a job prospect in terms of how it ties to your long-term objectives is always something that should be done carefully and mindfully.

In recent months, talent advisors from across Korn/Ferry International’s global network have noticed subtle yet important changes to the way offers are being presented to and reviewed by executives. This paper outlines how employers and prospective employees can effectively handle the negotiations process to forge an emotional (“subliminal”) contract verbally even before the acceptance letter is
signed. Our experts suggest that while both sides are demonstrating more caution than usual, honest and transparent communication can help prevent wasted energy and time and build solid relationships. They believe that this, as well as the new norm of starting negotiations sooner, will have long-lasting benefits even after conditions improve.

**Starting Early, Saving Time, Sending Subliminal Messages**

It is worth noting that negotiations begin well before an official proposal is extended. From the moment you meet a recruiter or prospective employer, your mindset and presentation send a subliminal message about your worth. Similar to Part 1 of this series (“Conducting a Successful Job Hunt”), Korn/Ferry consultants encourage executives to create a list of their top “must-have” career criteria before they start looking for a new job. This is to help them visualize and target their perfect employer as well as to identify potential deal breakers early on. In a less bullish market, recruiters are seeing more soul searching on the part of executives, who are weighing quality-of-life issues and the overall package more heavily than before. The answer to the question “Do I really want to do this?” has become a fundamental factor in their decision-making process.

Uncovering exactly what will make someone want to make a career move is the recruiter’s job, and clients are paying closer attention to the information gathered up front about you in order to streamline the process and eliminate individuals whose requirements are beyond what they can realistically provide. As Peri Hansen, a senior client partner in Korn/Ferry’s Los Angeles office, explains, companies are looking closely at internal equity issues so as not to create misalignment in terms of base salaries, especially for newly created roles. This necessitates an early conversation with candidates to ensure there are no surprises when an offer is extended later on.

In addition to salary requirements, a recruiter will talk to you about the intangible and tangible factors that will push you out of your current position and pull you into the new one, examining areas where you might be unhappy and double-checking that they are significant enough to compel you to make a change. They will then
WISH LISTS FOR TODAY’S CEOS

On top of attractive benefits, the areas that today’s risk-averse executives tend to focus on most during the negotiations process are:

- **Board-level Visibility:** Executives are asking more questions about where their new role will fit, and requesting that it be seated on the Board if it is not already.

- **Geography:** Checking an executive’s comfort level with the location of a role is something that is done early because for every one executive who is ready and willing to make a move, there will be two who are not due to financial or other personal considerations.

- **Long-term Incentive Plans:** Executives also want a thorough understanding of the exact composition of the incentive programs offered as a component of the overall compensation package.

- **Offsetting Losses:** With stock prices fluctuating, putting a fair value on what an executive may be leaving behind and what it will take to make them whole has become much more complicated than in the past, where hiring companies could offer “options for options,” for example.

- **Real Estate:** Similarly, in cases where relocation is necessary, companies may offer additional compensation to help executives equalize losses incurred from having to sell their home.

- **Termination Clauses:** The downside of making a change is being looked at more rigorously, with executives requesting clauses to protect themselves should circumstances change or their contract be terminated prematurely, etc.

- **Transition Period:** Hiring companies understand that executives are juggling more responsibilities than ever and are generally willing to give ample time for them to tie up loose ends at their current company. As a result, recruiters say that executives should be prepared to have less of a break in between roles than might have been typical in the past, and that most people today are prioritizing leaving on good terms over taking extra time off.

“We are here to help prevent awkward negotiations by managing expectations on both sides and encouraging executives to create as thorough and complete a list of their needs and timing requirements as possible.”

Peri Hansen
Korn/Ferry
Los Angeles
Knowing What You Are Worth

According to executive recruiters, some companies are seeking to lower base salaries by as much as 20 percent because of the apparent oversupply of candidates (made redundant from other companies). Therefore, they are in some cases unable to compensate new hires as much as they need to. As a result, they continue to face significant challenges attracting the best talent possible. Nevertheless, executives maintain a fair amount of leverage since there is also wide recognition that paying less might mean getting less qualified leaders, a risk most organizations are not willing to take. Interestingly, this applies to both executives who are still working and those who are out of a job.

Marco Muñoz, a senior client partner in Korn/Ferry’s Santiago office, says that in a shrinking market, companies know that it is worth it to find the very best performers who are the most appropriate for the job and can make a demonstrable difference to their bottom line. Since in periods of crisis businesses do whatever they can to keep their top performers, there is a common perception that the most desirable executives are those who remain gainfully employed while others are losing their jobs. This assumption sometimes proves far from true. When job losses are as sweeping as they have been in recent months, the proportion of talented people who were victims of unfortunate circumstance versus those who were let go due to poor performance increases, and recruiters can generally spot the difference.

According to Hansen, top-tier talent – whether unemployed or gainfully employed – is still in high demand, even in a tough environment. A finalist who is attractive to one company may elicit the same or even more interest from another company, and executive recruiters help prepare hiring organizations to manage this. Iain Manson, a senior client partner in Korn/Ferry’s London office.

“Mature executives do not talk about a new offer or allow space for a counter offer. They communicate a decision without leaving the door open. If you use an offer to see what you are worth to your current employer, you will not be on the best of terms. Make sure that what you are taking really interests you and makes sense in your overall career.”

Marco Muñoz
Korn/Ferry Santiago
office, agrees that savvy executives have leveraged their network and followed many of the guidelines offered throughout this series of articles, which has given them a range of options to consider. When handled skillfully, vetting several offers can demonstrate your worth and improve your leverage. However, be careful not to be seen as playing companies against one another and be sure to present your exit timeframe up front to all of them.

Korn/Ferry consultants also observe that organizations are fighting harder to keep their existing leadership talent and that the number and strength of counter offers is significant. To gauge an executive’s motivation and resilience, Manson tells them up front, “There is a good chance that you will be counter offered; are you ready for that process?” The greater the degree of engagement between the hiring company and the executive, the more an emotional contract is built and the less likely they will be to accept a counter offer.

Interestingly, the fact that your company extends a counter offer does not mean that accepting it is the smartest move to make. Recruiters say that once you resign, you break trust and rapport with your company. They have seen several cases where a candidate responds to the short-term counter offer only to report back a few months later that they sense they are perceived differently, with one executive saying, “My cards are marked. I can go no further in this company.”

Again, you would do well to think carefully about the longer term and honestly evaluate how committed you are to your current company before you entertain joining a new one. Muñoz says, “If you have doubts, say you have doubts. That is okay and shows you are self aware and secure. It is easier to deal with your thoughts and emotions up front than towards the end of a negotiation.”

**Building Trust to Lay the Foundation for Long-Term Relationships**

Much like executives, companies are giving more thought to the selection process. With little margin for error, they are taking more time to find the most appropriate people to sit in the C-suite,
scheduling extra interviews and discussions every step of the way. During these meetings, a relationship develops so that by the time both parties are convinced the fit is a good one, they are emotionally committed to making things work. It is only at this point that the formal negotiations begin.

Recruiters agree that the most common misstep made by both companies and candidates at this point is to move too slowly. Hansen says, “When either side goes quiet, it sends the wrong signals, even unintentionally.” Muñoz agrees that there is more sensitivity at both ends: silence from a company does not give a favorable impression about how effectively it operates, while not hearing back from an executive will make the hiring organization question his or her interest. This can be avoided by being transparent, and outlining the decision-making process and timeframes up front.

The executive recruiter will be an independent third party who helps broker the deal up to the point where the finer details are better taken forward directly by the client and the executive. Manson says he advises clients to use this period as a way to really engage the incoming executive and build a sustainable working relationship with him or her that is based on trust.

### RESIGNING WITH RESPECT

The delicate step of resigning should not be done until a formal, written offer has been accepted and signed by all parties. It is advisable to resign face-to-face with your upper management team, allowing for an opportunity to discuss a termination date and transition plan. Presenting solutions for a smooth handover — rather than positioning your departure as a problem — is essential for leaving on as good of terms as possible. If you are a CEO, a formal succession plan should be in place already.
Sealing the Deal
When a bond has formed during an honest and open negotiations process, finalizing the details is generally easy. After carefully reviewing the offer letter, take a personal approach to accepting it by calling the search consultant, HR head and/or the hiring manager and thanking them for the opportunity. Clarify next steps and inform them of when and how you will return a signed copy of the offer and confirm a start date. Ideally, during the bargaining phase both you and your future employer have kept as much of a focus on your new relationship as the details of the contract itself, allowing for a smooth transition and a positive, long-standing partnership.
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The Korn/Ferry Institute was founded to serve as a premier global voice on a range of talent management and leadership issues. The Institute commissions and publishes groundbreaking research utilizing Korn/Ferry’s unparalleled expertise and preeminent behavioral research library. It also serves as an exclusive destination for executives to convene and hone their leadership skills. The Institute is dedicated to improving the state of global human capital for organizations of all sizes around the world. For more information on the Institute, visit www.kornferryinstitute.com.

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