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CareerSmart Advisor™

Strategies & Solutions for Your Career Success

A Note From Dave

Our senior editor Robyn Greenspan, recently released from writer camp where she completed the latest *Executive Job Market Intelligence Report,* tells me that she is calling this *CareerSmart Advisor* the "Time and Money" issue. It's filled with tips and checklists pertaining to these two critical subjects and one that you are likely to want to hold for reference.

If you're one of the many executives who tell us that they circulate their issues of *CareerSmart Advisor* among their teams, colleagues and associates, you can always access an electronic replacement for yourself. Simply log in to ExecuNet; click on "Knowledge & Tools" on the top navigation bar; click on "Resources"; and select the *CareerSmart Advisor* link. You'll find the electronic archive of all the issues dating back to June 14, 2004.

I encourage you to register for the April 5th online webinar that presents the latest trends we've uncovered in our 15th annual *Executive Job Market Intelligence Report.* Led by ExecuNet President Mark Anderson, this program — which is free to members — provides executives and recruiters with the most up-to-date information on the senior-level employment market. Armed with this data, you'll be better equipped to launch your next job search or execute a move up in your current company. Refer to the FastTrack program schedule on your member homepage for registration information.

If you're not able to attend, we'll be offering a recorded version that you can listen to on-demand and at your leisure. In either case, the program will be an excellent accompaniment to the full report, which will act as guidance for your continued career success.

Sincerely,

Dave

Dave Opton
ExecuNet Founder & CEO
www.execunet.com/davesblog

How to Add Productive Hours to Your Work Day

By Marji McClure

Ironically, time management is a problem that has plagued executives since the beginning of time. Many leaders feel that 24 hours just isn't enough to get everything on their agendas done.

But many experts agree that the problem isn't actually a time management issue. It's a priority issue. "One of the biggest challenges managers and executives face today is managing their priorities," says Dilip Saraf, an executive, career and life coach at Fremont, Calif.-based Career Transitions Unlimited. "Time management is an illusion. Time manages you; escaping the tyranny of time is what good managers are paid for and not for managing their time; no one can manage that."

Beyond 9-5

On average, executives spend 11.4 hours per week performing work tasks from a remote location. Are you among the 18 percent who are adding more than 21 hours to your work week?

Under 1 hour	3%
1 to 5 hours	23%
6 to 10 hours	27%
11 to 15 hours	18%
16 to 20 hours	12%
Greater than 21 hours	18%

Source: *ExecuNet, 2006*

The What, How and When of Time Management

Saraf adds that the illusory concept of time management is comprised of three categories: strategic (the what), tactical (the how) and operational (the when).

When an executive manages his priorities strategically, he looks at what he does, rather than how it is done. The tactical aspect is defined as how an executive is able to set things up to streamline decision-making and actions, while the operational aspect focuses on the when. Having processes in place to assess — and address — all three aspects is

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FastTrack Programs
April 2007
Hosted by Dave Opton, founder and CEO, ExecuNet

- 4/5 — **Executive Job Market Intelligence 2007** — Mark Anderson
- 4/11 — **Converting Interviews to Offers with DISC** — Linda Dominguez
- 4/12 — **Vital Conversations** — Judith Glaser
- 4/18 — **Warm Up to Cold Calling** — Nick Papadopoulos
- 4/19 — **Winning Interviews: Converse, Connect, Convince** — Judy Rosemarin
- 4/25 — **Establishing Real Relationships with Recruiters** — David Dart
- 4/26 — **The First 90 Days: Critical Success Strategies for New Leaders at All Levels** — Dr. Michael Watkins

Register today to guarantee your participation in the programs of your choice! Call ExecuNet's Member Services at 1-800-637-3126 or visit www.execunet.com/fasttrack

Networking Meetings
April 2007
Hosted by ExecuNet Facilitators

- 4/3 — **San Diego/Carlsbad** — Mark James
- 4/3 — **Orlando** — Jim Douglas & Mike Murray
- 4/4 — **Philadelphia Sr. Executive Roundtable** — Ed Kelleher
- 4/4 — **Philadelphia** — Ed Kelleher
- 4/4 — **New York City Sr. Executive Roundtable** — Judy Rosemarin
- 4/4 — **New York City** — Judy Rosemarin
- 4/4 — **Cincinnati** — Mike Lynch
- 4/4 — **New Haven** — Paul Mathews
- 4/5 — **Southern Wisconsin** — Clara Hurd Nydam & Tom Senge
- 4/6 — **San Francisco/East Bay** — Susan Chritton & Gordon Dupries
- 4/9 — **Miami/Coconut Grove** — Jeannette Kraar
- 4/10 — **Boston** — Pam Lassiter
- 4/10 — **Phoenix** — Fred Coon
- 4/10 — **Seattle Sr. Executive Roundtable** — Susan Stringer
- 4/10 — **Providence** — John Decker
- 4/11 — **Cleveland Sr. Executive Roundtable** — Rick Taylor
- 4/11 — **Portland** — Jean Walker
- 4/11 — **Sacramento** — Wilcox Miller & Nelson
- 4/11 — **Stamford** — Howard S. Bader
- 4/12 — **Atlanta Sr. Executive Roundtable** — J. Patrick Haly
- 4/13 — **Parsippany, NJ** — Linsey Levine
- 4/13 — **Tampa Bay** — Gina Potito
- 4/16 — **Detroit** — Marge Larsen
- 4/17 — **Cleveland** — Rick Taylor
- 4/17 — **Houston** — Michael J. Grove
- 4/17 — **Wilmington** — Russ Dunn & Rick Hays
- 4/17 — **Irvine, CA (Orange County)** — Mark James
- 4/17 — **Hartford** — Howard S. Bader

Registration information can be found at members.execunet.com/e_network_results.cfm

Learnings from Landings

Take the Time to Ensure You're the Right Fit

One important lesson ExecuNet member Julie Wolters has learned after job hunting three different times in the last 10 years is to make the most of your time and only apply for positions for which you have a genuine chance of securing. "I only apply for positions where I meet 80 percent of the requirements," says Wolters. "Because I was working full time and on 75-percent travel, I had to be organized and efficient."

Wolters, 50, landed an AVP of operations position at a $16 billion healthcare services firm after only four months of searching. But she had the framework for a successful search established before this particular quest even began.

Wolters adds that she, years earlier, invested in the creation of a professional résumé that could be searched by recruiters; and she enlisted the services of three for-fee search engines and two free sites during her most recent job search. Wolters says she also remains in contact with past recruiters and lets them know when she is looking for a new opportunity.

Time is precious, and Wolters says dedicating enough time to your job search is crucial. "I treat [job hunting] as a job and go to work with a target of applying for at least three jobs a week," says Wolters. "My pipeline had four opportunities going when I landed this one."

Another thing that has helped Wolters along the way is her belief that you can't waste others' time as well. This goes for recruiters and hiring managers alike. "My rule with recruiters is to treat them very well, develop a relationship, and become a resource for them if I am not a fit," says Wolters. "They are always surprised at this and, as a result, I have a future network."

> "A couple of suggestions Wolters has for other job seekers include dedicate as many hours a week as possible to the search if you're working full time, and don't apply for jobs when you don't meet the qualifications."

Wolters says that her attention to detail has also impressed hiring managers. She advises other job seekers to do their homework before interviews. In addition to knowing how to answer an interviewer's questions, you should also know which questions to ask.

"Treat yourself as a commodity and know exactly how your experience will fit with the job," says Wolters. "Come prepared with a list of questions for each person you are going to interview with. The vice president I interviewed with was so impressed with my questions that he set his aside and let me interview him. His comment was 'How did you know to ask that?'"

A couple of suggestions Wolters has for other job seekers include dedicate as many hours a week as possible to the search if you're working full time, and don't apply for jobs when you don't meet the qualifications. Companies know what they're looking for and will wait until they find the perfect match. "Some [companies] have better recruiters; most know what they are looking for in a candidate and don't want to have to settle," says Wolters. ■

Your Career Advisor

Financial Planning for Careers in Transition

By Brian McNally

Career transitions and job changes can evoke both positive and negative emotions. They can cause anxiety, stress and self-doubt, along with the opportunity to experience genuine excitement, complete job satisfaction and the joy of independence. The feeling of self-renewal and the thrill of tackling new challenges while managing panic is quite genuine.

These emotions can be further influenced by an individual's financial position and the resources available to meet both short- and long-term financial obligations. Have you practiced sound financial planning? If the answer is no, then planning needs to start immediately.

Complete a Net Worth Planner

Add all your assets such as equity in your home; investments; savings and checking accounts; 401k balances; IRA balances; annuities and trusts; and life insurance.

Then deduct your liabilities, which include mortgages; home equity loans; car and personal loans; and credit card balances. The total is your **Net Worth**.

Itemize Your Commitments

Make a complete detail of all your expenses and monthly financial commitments. Create an emergency reserve equal to at least three months worth of expenses. Challenge each and every expense and determine whether it's completely necessary or if a short-term sacrifice might be in your best interest. Keep this money separate and don't use it for anything other then living expenses.

If separated from employment, secure medical coverage for you and your family via COBRA. This is now the law.

Equity Line of Credit

Using the equity built up in your home, establish a Home Equity Line of Credit (HELOC) while still employed. This line will give you a cushion to fall back on should an emergency arise or unemployment insurance and severance run out before you've gone back to work. A HELOC is significantly easier to secure while you're employed and very difficult to get once you're out of work. Keep in mind that such a line of credit represents "security" for you and your family and is not to be used for anything other then emergencies.

If you find that you need additional income over and above what we've mentioned already, you can take systematic payments from your IRA and avoid the 10 percent penalty.

Benefiting from an IRA Rollover

Like many Americans, you are probably working hard to build wealth in the form of retirement savings. Undoubtedly, you also appreciate the importance of strategies to help preserve those assets when you change jobs or retire. One of the best ways to do so is through an Individual Retirement Account (IRA) rollover, which can help maintain your retirement funds' tax-advantaged status and may provide you with better control over your asset allocation strategy and the distributions you will ultimately take from the account.

Unfortunately, many individuals fail to take advantage of the rollover option. In July 2006, Hewitt Associates, a consulting firm in Lincolnshire, Ill., surveyed nearly 200,000 U.S. workers and found that 45 percent took their 401(k) plan distributions in cash. The costs of that decision are substantial, because the IRS imposes income taxes and a 10-percent penalty on most pre-retirement distributions. The distributed funds also lose the long-term advantage of tax-deferred growth potential inside a retirement account.

An IRA rollover offers other benefits in addition to preserving tax deferral. These include:

Increased investment flexibility. Most employer-sponsored retirement plans offer participants a limited number of investment options. In contrast, a rollover to a self-directed IRA gives you a much broader selection of investments, including stocks, bonds, exchange traded funds, certificates of deposit and real estate investment trusts, among others. This flexibility allows you to customize your retirement portfolio to help meet your financial goals and risk tolerance levels.

Increased control of estate distributions. Employer-sponsored plans typically limit beneficiary designations. With an IRA you retain much more control over the account's distributions from your estate, which allows you to integrate the IRA with your overall plans. You can name younger family members as beneficiaries to stretch out the required distributions. If you wish to contribute to your favorite charities, an IRA allows you to designate those organizations as beneficiaries. You can also leave your IRA to a trust to help reduce potential estate taxes, while distributing the funds among multiple recipients.

Rollover Techniques

Your circumstances will determine which IRA rollover technique to use. In a *full*

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Productive Hours

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essential for executives looking to better manage their time and get their most important tasks accomplished.

"The secret is knowing what needs to be done, identifying who must do it, and then setting up layers of disciplined processes and improving on them on an ongoing basis," says Saraf.

In today's world, it's also necessary to speed up the time it takes to accomplish tasks and quicken decision-making. But asking executives to identify their tasks and then handle them without delay shouldn't be a stretch. "They wouldn't be executives if they didn't have the capability to make quick decisions," says management consultant David Allen, founder of Ojai, Calif.-based The David Allen Company, and work-life management system "Getting Things Done" (GTD).

"They need to apply it [their time] in a more proactive way." Allen adds that executives need to learn how to make decisions "on the front end, when they show up, instead of on the back end, when they blow up." There are many effective strategies many executives have implemented that may just work for you.

Focusing on the Task at Hand

If you find yourself moving from one task to another, you know that the end result is a collection of uncompleted projects. But how can you stay focused on that first task? Liz Ryan, CEO of Boulder, Colo.-based WorldWIT, says that she makes a to-do list in her planner and won't begin a new project until she completes everything on that list.

"I find that if I put things off, they disappear from my consciousness — I never get to them at all," says Ryan. "There is nothing worse, in my view, than taking a project 80 percent of the way through and ignoring the final details."

For example, Ryan says that when a web seminar she recently hosted concluded, her job related to the presentation wasn't over — there were still thank you notes and speaker gifts to send. "I won't start anything new until I get that done," says Ryan. "Details are terribly important in business. Doing things badly is definitely not worth the time."

For Jason Alba, his day begins with his biggest task — writing a daily blog post. After that, he relies on his e-mail inbox to keep him focused. "I have my contact manager send me e-mail reminders of things I need to do," says Alba, CEO of JibberJobber.com. "I try to make sure I get other big projects out of the way as soon as I can; but sometimes I have to schedule them for other days to make sure that I am doing everything I need to, or that I can get a couple of quiet hours to concentrate."

Alba says he also tries to schedule tasks he doesn't want to do earlier in the day, "and I have to be okay letting something wait for a while," Alba adds.

Learning How to Say, "No"

Allen, who authored *Getting Things Done: The Art of Stress-Free Productivity and Ready for Anything: 52 Productivity Principles for Work and Life,* says that the clearer your focus, the easier it will be to determine what needs to be done. "It's important to keep track of the inventory of what's going on in our multiple horizons (which include your purpose, vision and actions)," says Allen. "If you don't have a clear inventory, you'll overcommit because you don't know what you're committing to."

It's also important to have the courage and discipline to say "yes" or "no", adds Kathy McAfee, The Marketing Motivator, and president of Kmc Brand Innovation, LLC in Simsbury, Conn. "By eliminating 'maybe' from your vocabulary, you will save time," says McAfee. "Avoid piling up proposals for future study. Avoid postponing phone calls to vendors or candidates because you hate to tell them 'no' and risk hurting their feelings. Decide. Respond. Move on. You will save time and gain respect from those you serve."

You may actually find that people will graciously accept a "no" answer. "I want to be 'democratic' in my availability, so that I'm as responsive to junior-grade people as I am to senior-grade people," says Lee Rainie, founding director of Washington, DC-based Pew Internet & American Life Project. "At the same time, I find myself setting the bar higher and higher for claims on my time. That means I say 'no' more often to requests for slices of my time and I am spreading out my commitments too."

Rainie adds that it helps to respond to requests for time in a polite manner (and offer alternative solutions), such as "I'd really like to help you, but I am totally jammed up with other commitments now. Here are some alternative was for you to have your needs met. Try calling Professor ABC for help. Here are some good research firms that also look at this subject."

It's a strategy that has helped Alba maintain control of his time. "I just recently started practicing saying no," says Alba. "It felt weird, but it was nice to not have one more responsibility added to my list."

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Identifying and Eliminating Your Time Wasters

You need to examine your daily activities and your interactions with others to gain a better understanding of where and how you can save time. Dilip Saraf, an executive, career and life coach at Fremont, Calif.-based Career Transitions Unlimited, offers the following tips:

1. Understand your management responsibilities and identify the scope of the four functions that you must perform as a manager (lead, plan, organize and set up controls).
2. Set clear expectations from those around you of how you want to access the everyday flow of events and set clear standards for behaviors and actions.
3. Do not begin a task unless written requirements are nailed down.
4. Take risks and allow people below you to grow by letting them make supervised mistakes. As subordinates learn new skills, it elevates your stature and frees up your time.
5. Manage upwards and proactively. Upper management does not like surprises.
6. Ambiguous communication is a time waster, especially when it comes from upper management. Everyone must learn how to communicate effectively and know what a well-written message looks like. Establish a culture of "straight talk."

Productive Hours

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Delegating Some Responsibilities

You may feel that if you don't do something yourself, it won't be done right. It's important to take a closer look at your daily responsibilities and determine which are the most important and which really do deserve your attention. Assign the rest to others on your staff. After all, they're there because you value them and the work they do.

Rainie says delegating has worked for him. "There are some things I need and want to do myself, but there are also lots of things that I know my colleagues can do as well or better than I can," says Rainie. "If you appreciate and respect the people on your staff who do things to help you manage your time, it goes a very long way to getting more things done. The baseline question I ask myself: 'Is this the most valuable and productive use of my time or can it be done in other ways just as well without my having to worry?'"

Organizing Your Goals

Your goals are statements of what is important to you, says Jane Allen Petrick, Ph.D., an organizational psychologist, vice president of Informed Decisions International, and author of *Beyond Time Management: Life Balancing Connections and Making the Connection: Getting Work to Work.*

In *Beyond Time Management*, she says goal-setting is key to effective organizing, and it can help individuals understand what they really want to do with their lives.

Here are a couple of goal-setting exercises Petrick outlines in the book:

Values: The One-Hundred Years-Old Exercise

A radio show host is interviewing you on your 100th birthday. You are asked, "Looking back over your life, what five things are you the most proud of?" What would you want to say? Petrick advises that there should be one response from every facet of your life: family, personal and professional.

Objectives: What Do I Want My Life to Be Like in 200X?

Create a list of questions about what you want your life to be like in five years; and then answer those questions. Petrick offers these examples:

Five years from now, what do I want my personal life to be like?

- What do I want to look like in 200X?
- What skills and educational accomplishments do I want to have in 200X?

Five years from now, what do I want my work life to be like?

- What do I want my job title to be in 200X?
- What do I want my annual income to be in 200X?

Dealing with E-mail and Other Electronic Interruptions

E-mail and mobile devices seem to make you more time-efficient because they're able to keep you "in the loop" at all times. Oftentimes, technology instead just eats away at your time. Recent ExecuNet research reveals that executives were almost evenly divided on whether their mobile Internet devices actually improved their work-life balance, as a scant 11 percent of survey respondents said their companies didn't expect them to be accessible outside of working hours.

"Having your BlackBerry or cell phone always at your side and in the 'on' position doesn't give you greater control of your time," says McAfee. "In fact, it makes you more reactive and prone to distractions. Use it only on your terms."

However, there are times that e-mail can serve as a buffer between you and distractions. Rainie says he recently began using his e-mail system's autoresponse "out of office" messages to let people know he is busy working on a project. That way, he doesn't have to waste time responding to every message. "So far, no one has complained," says Rainie.

Leave that Overwhelmed Feeling Behind

At times, you may feel overwhelmed by the size of your to-do list. While many of the above strategies may help you take control over that list and get more things done, you may have to accept that some tasks will not be accomplished.

Alba says that he has found that he just doesn't do some of the things he did previously as a general manager; he realizes his priorities have changed and he's content with that. "I am very focused on the tasks at hand, which has enabled me to move rapidly into design and marketing — two areas where I spend most of my time," says Alba. "Since these are my priorities, I've made great strides, and I've had to come to terms with some other areas that I've let slide a bit. There will be a time when I catch up on those, but not until the time is right. If I let that bog me down, it would be too overwhelming and I probably wouldn't be able to function effectively."

"I have learned over time to limit my commitments," adds Ryan. "I don't make every parent-teacher conference at school, and I don't attend every meeting at work. It's nice to think 'I can do everything' but it only gets you stressed out and depressed." ■

Expert Resources:

- Jason Alba, JibberJobber.com (JibberJobber.com)
- David Allen, The David Allen Company (DavidCo.com)
- Kathy McAfee, Kmc Brand Innovation, LLC (MarketingMotivator.net)
- Jane Allen Petrick, Informed Decisions International (WisdomForWork.com)
- Lee Rainie, Pew Internet & American Life Project (PewInternet.org)
- Liz Ryan, WorldWIT (WorldWit.org)
- Dilip Saraf, Career Transitions Unlimited (7Keys.org)

Your Career Advisor
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rollover, your employer transfers 100 percent of your retirement plan balance directly to the IRA's custodian. Some employer plans do not permit rollovers, though, so you'll need to ask your human resource department about the plan's details. For example, defined benefit plans — also known as pension plans — frequently allow only periodic payments to you and your beneficiary. Other plans, however, such as 401(k)s, 403(b)s, 457s, and profit-sharing plans, allow rollovers.

A partial rollover combines a lump-sum distribution with a rollover and works well in several instances. If you own company stock in your retirement plan and that stock has appreciated in value, the net unrealized appreciation (NUA) distribution strategy may reduce your tax liability when you sell the shares. You instruct the plan to distribute the company stock to a traditional (i.e., non-IRA) brokerage account.

At the time of distribution, you'll pay income tax on the average cost of the shares, not their full market value. The difference between your average cost and the market price at the time of distribution is the NUA; when you sell the shares, you'll pay capital gain taxes on the NUA and any subsequent appreciation. The top long-term capital gains rate is 15 percent versus 35 percent for ordinary income, so the tax savings can be substantial.

If you are age 55 or older and are separating from your employer's service, a partial rollover from a 401(k) plan can give you access to additional income. Most distributions before age 59-1/2 are subject to a 10-percent penalty, but distributions from a 401(k) are penalty-free if you meet the age and separation from service conditions. If there is a chance you'll take withdrawals before 59-1/2, leave some funds in the 401(k) to cover those withdrawals and roll the balance to an IRA.

Avoiding Rollover Mistakes

Because rollover amounts can be substantial, it's important to avoid mistakes when setting up the transfer from your employer's plan. One common mistake is instructing the plan administrator to distribute the funds to you instead of a direct transfer to the IRA custodian. If you do that, the administrator will send 20 percent of the distribution to the IRS, even if you subsequently roll the remaining 80 percent into an IRA.

A second mistake is naming your estate as the IRA's beneficiary. That designation will expose your IRA to probate and limit your heirs' control over the timing of distributions. Naming specific beneficiaries — individuals, trusts or charities — avoids those problems. ■

Insider Insight

Avoid Headaches When Negotiating Executive Employment Contracts

By Cheryl Burtzel

You're about to be offered your dream job at your dream employer. The company has courted you heavily. This opportunity affords great potential for growth — both yours and the company's.

However, if you don't execute an executive employment agreement with the company before you occupy your new corner office, this dream scenario could turn into a nightmare.

An employment agreement provides protection for you and your new employer. The agreement can spell out everything from your compensation and healthcare benefits to your title and duties. The availability of and need for such contracts can vary by position, industry and state.

The timing of an executive employment contract should be similar to a prenuptial agreement, according to Hay Group. The parties should agree to the details "when everyone is still happy," the management consulting firm says.

The Evolving Employment Contract

"The employment contract is increasingly being rewritten as companies work to match their employees' ... expectations," according to a 2005 report from Mercer Human Resource Consulting LLC. "Career progression and other intrinsic work factors are superseding base salaries and are playing a key role in attracting and retaining employees and positioning companies for growth."

Asking the Key Question

A critical question when you're negotiating an employment agreement is this: What are the keys to ensuring I'm happy and successful in my new position? Don't be afraid to ask for what you want, but be professional, diplomatic and courteous during negotiations. Make sure you address as many of your financial and career concerns as you can up-front — in writing.

Particularly if you're going to become a senior executive at a public or private company, large or small, you'll likely want to enter an employment agreement as a safeguard for you and your employer. Surprisingly, according to a 2004 study from Hay Group, nearly one-third of corporate chief executive officers, roughly half of executive vice presidents or senior vice presidents, and about 65 percent of vice presidents work without employment contracts.

Questions you should ask yourself when negotiating an employment agreement with a company include:

- What are my title and responsibilities? Which team or teams will I manage? Who is my supervisor?

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- How will my compensation be structured? What are the details of my bonus package (signing, annual, anniversary, performance-based)? What are the tax consequences of my pay and bonuses? How will my stock options be handled? What about stock grants or restricted stock?
- What are the particulars of my healthcare benefits? How much life insurance coverage will be provided? What are the specifics regarding my 401(k) plan or other retirement benefits?
- What will the company cover in terms of relocation expenses?
- What sort of resources will the company supply so I can perform my job? Will I have administrative support? What type of operating budget will I have? What sort of expense account will I be given?
- What happens if the company is involved in a merger or acquisition? How will my relationship with the company be affected? These questions are especially important if you're joining a small or midsize business, as companies in that size range tend to be prime acquisition targets.
- If I've been brought in to help rescue the company, what happens to me if the turnaround effort fails? Especially if you're becoming a chief executive officer or a chief financial officer at a company undergoing a turnaround, the risks are too great for you to not have protections in writing.
- If I leave the company, will I be subject to a non-compete clause if I want to work for a competitor?
- What happens to the rights to any patents or intellectual property I develop while I work for the company?
- Will my contract include a provision of company-paid errors-and-omissions coverage?
- If the company and I part ways, what will be contained in my severance package? The best time to discuss severance is during contract negotiations — well before a potential departure from the company.

Before You Sign...

As you prepare to negotiate your employment contract, you may want to seek guidance from an attorney, an executive compensation expert, a business consultant, professional advisers, executive recruiters, or your personal network of colleagues and friends.

In addition, complete your due diligence before signing a contract. Investigate the company's background (which, presumably, you've been doing throughout your interview and negotiation process). Examine the industry and the company's competitors. Study the company's organizational chart. Contact current or former executives to get their take on the company. Visit the place where you'll work to get a feel for the corporate culture.

No amount of contract negotiations can overcome the failure to undertake that sort of due diligence. By the time you and your prospective employer reach the negotiating table, both sides should be rather familiar with each other. Contract negotiations can be a waste of your time and the company's if the proper homework hasn't been done.

Many companies might want you to sign their standard employment agreements and not deviate from those documents. However, there are ways to diplomatically approach contract changes without appearing to be over-reaching. Once you have a contract in hand, take a few days to review it — by yourself or with an attorney — before signing on the dotted line.

According to Hay Group, 79 percent of companies surveyed indicated that severance terms are the top reason for offering employment contracts, followed by specification of duties and compensation, non-compete clauses, takeover protection, preservation of trade secrets and explanation of front-end bonuses.

Even if you don't enter into a written agreement, always ask for an offer letter. Your response — either in a letter or an e-mail — should include your acceptance of the offer as well as your basic outline of the position and its responsibilities.

Once you've signed an employment agreement and are part of the management team at the company, you can renegotiate your contract, just as many professional athletes do. However, you're less likely to get what you're seeking this time around compared with when the company was wooing you, because your bargaining position often isn't as strong.

Adding Some Perks

The bottom line with any employment agreement is that if you don't ask for what you want, you may not get it. Some perks you can request include:

- Career development opportunities, such as tuition reimbursement for pursuit of additional education or training that would benefit the company.
- Regular company-paid trips back home if you're on an overseas assignment.
- A company car.
- A golf club membership.
- A paid sabbatical.

Still, while those perks are desirable, no employment agreement is perfect. The lengthiest contract in the corporate world can't rescue you — or the company — if, say, its investors back out or the company is on the hook for major damages in a protracted legal case. If you and your employer decided to separate or the company is acquired, for example, an executive employment contract can help prevent your career — and your life — from becoming a nightmare. ■

Cheryl Burtzel is a partner at Austin, Tex., law firm McGinnis, Lochridge & Kilgore LLP. She leads the firm's technology practice and has handled several executive employment contracts. Burtzel earned her Bachelor's degrees in management and in government and Juris Doctor from the University of Texas at Austin. She is former in-house senior managing counsel at a Fortune 50 company. Burtzel can be reached at cburtzel@mcginnislaw.com or (512) 495-6062.

From the Forums

Answering the Salary Question

ExecuNet's Forum is the online community area where members can meet and help one another network their way into their next assignment or share information and experiences. [Access the Forum under "Connections" on the ExecuNet member homepage] In this excerpt from a recent Forum conversation, the question about when to discuss compensation with a potential employer is raised. [Some content has been edited.]

ExecuNet member 622073: Sometime during the interview (at the end or in the middle) a question is asked, "So what do you make now or what compensation are you looking for?"

How should we handle this type of question? I reply indicating that although salary is important criteria, it is not the only one. Growth opportunity and to work for a professional organization is very important. But they don't quit until they get an answer. How do you best deal with this situation until a bit down the interviewing process?

ExecuNet member KenUTgrad: I reply: "I have been and I am still compensated at a market rate for my profession. I am not seeking special consideration. The range for my services in the market today is _____ to ____, and I am in that range now. How would you describe the range for the position you're trying to fill?"

This turns the conversation to them and gives you a chance to see if they have done some research on the current market for individuals with similar skills, education. If they have not performed current research, then your specific compensation answer will likely look high to them, which is not a good impression to give.

ExecuNet member Lasernet: There's nothing wrong with the company asking for your compensation level that you have in mind; the company needs to know, if it can afford your services or not. The bottom line affects both you and the company, dancing around a direct question probably doesn't give a good impression for most people who interview you.

If I am on an interview, I have no problem with telling them what I am looking for. On the other hand, when I interview someone and don't get a straight answer, I do question in my mind the reason for holding back.

ExecuNet member WilliamExec: Well, I view it as a negotiation. I've seen some reports that something like 50 percent of all candidates leave money on the table by responding too early to "the question."

My response has always been that I'm interested in the total compensation (including value of salary, bonuses, stock/options, benefits, etc), balancing the relative ability to achieve the compensation. And that I'd expect to be compensated commensurate with the market.

Surely an employer has an idea as to what the position will pay. And traditional negotiating practice will indicate that the person who offers first is usually at a disadvantage in the negotiation, because (for the job seeker) it sets a floor.

If they offer first, and it's too low, then you have three choices: walking, negotiating it up, or deciding that the lower offer is worth it given other considerations. If it's right — or high — then you'll want to take it. On the other hand, if you offer first and it's too low, they will not have any incentive to make a higher offer...and if you haven't done your homework, you're leaving money on the table.

In my opinion, a good manager recognizes this and responds appropriately when a candidate pushes back in response to "the question." Assuming, of course, that the candidate responds in a polite and understandable manner. Rude, inappropriate, or other kinds of responses should put a question in the mind of the manager. A polite and appropriate deferral should not raise questions, it should indicate that the candidate might be willing to compromise on the salary if everything else works. This is especially true at a senior level.

I always like to talk money last. Finding a way to defer the discussion ("Why don't we see if I would be a good fit for the position, because 'fit' and satisfaction are more important than hard numbers") will help immensely in considering the value of the position to you, and your value to the employer. ■

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