

Exercise 1

Negotiating A Job Salary:

Suppose you're searching for your first full time job post-college graduation. You've been searching for employment for 6 months. Your college roommate informs you that her employer is hiring for a position in the field you studied. You decide to apply and human resources contact you for an interview. On interview day, you meet with HR and then the hiring manager. When you prepared for the interview at home, you had in your mind what amount you want as your annual salary. Prior to the interview you do not know the amount the company is paying because it is not mentioned in the job description and you do not have access to other sources to give you that information prior to the interview. During the interview, the hiring manager reveals to you what the salary is. She thinks you are qualified for the role and wants to hire you. You are also very interested in the position and want the job. However, the salary amount hiring manager reveals to you is \$2000 less than salary amount you want to get paid. What do you do? How do you ask and negotiate with hiring manager to pay you \$2000 more than what they are offering. What do you do if she does not agree to your request?

Set up – Have students split into pairs; one student to take role of hiring manager and one student to play role of interviewee. The students will role play what each person wants and negotiate; be sure to give them 5-10 minutes to prepare.

Tip – Be sure to understand what each person wants and why:

- Hiring Manager – wants to hire you because you have the skills necessary for the role and think you will be a good addition to her team
- You/interviewee – want the job because you need to start working full time, need a stable job and salary. You also like the company and the people you've met on the interview including the hiring manager.

Consider the following factors (both sides): Salary, vacation, perks, insurance benefits, bonus, commuting distance and expenses.

Exercise 2

Negotiating On College Financial Aid Package

As a graduating high school senior, you've been accepted into two of your top choice colleges. One is your home state university and the other is a small private university approximately 5 hours away from home. Each school offers you very different Financial Aid packages. The package from the private school consists mostly of loans, and the package for the state school consists mostly of scholarships. You really, really want to attend the private school because it has exact major you want and you think you will adjust quicker and better on a smaller campus. Given the less favorable financial aid package and considering greater traveling costs to and from school if you attend the smaller university, you are without additional aid. As you go through the process of deciding on which school to attend, you realize that a recent change in your parents' job status, resulting in lower income, will impact your financial packages. As such, you want the schools to adjust the financial packages to reflect changes in your family's need level. The period for submitting financial aid application has passed. The private school has agreed to re-review your paperwork but you must reply that you will attend the school. You might be in a losing situation if you agree to attend the school without knowing how the updated paperwork will impact your financial aid. How do you negotiate that you can not commit to attending the school without the revised financial package?

Set up – Have each students take time to prepare for a meeting with financial aid office at the small private university; given it is the top choice school. Use “Tips for Preparing” sheet as guide.

Tip – Determine which negotiation style is best applicable in this situation.

Exercise 3

Negotiating In Car Buying

Background: Before purchasing a car you should know which car you want, what the dealer cost is, how much you want to pay, what your trade-in is worth, and how much equity you have in it. In order to collect information go to www.edmunds.com, www.bluebook.com, or www.cars.com

Philosophy of Car Salespeople: They have got to convince you to buy the car “now”. Once you leave the lot the chance of them selling you a car plummets. If they don’t sell cars, they don’t get paid.

Your Attitude Should Be: I’m an informed customer who is ready to buy today, and this is the price that will get the job done. If you can do it, I’m an owner, if you can’t I’m outta here.

Buying a car is an emotional experience. We love the color, the style, the shine, and the newness. If we like the new car smell, and driving the car, then the Salesperson will see and feel that, and they may play hardball with the price. So keep your emotions in check!

First, try to put some time between test driving the car and negotiating. Go to lunch, walk around the lot, use the bathroom, and do not negotiate right after driving the car.

Second, try not to show your “Hot Buttons”. Don’t let the sales person see you excited about anything particular about the car.

Third, try to put a dollar value on your emotions. For example, if the car is exactly what you want and it’s a \$100.00 off from your target price, then you may want to take the deal. But if it’s \$1,500.00 off your target price then do not take the deal.

Lastly, always remember there will always be another car, another sale, another car that you fall in love with. Sometimes it’s better to pass on a deal until you can find the right match and price.

Here are some tricks to watch out for:

- 1) Buy it today! Or the price will not be the same.
- 2) Value package discounts- They will tell you the manufacturer already discounted the price.(rubbish)
- 3) The “Switch” Close-Maybe this car is too expensive; let me show you a cheaper car.
- 4) Paying cash instead of financing. - Never tell them you are paying cash until a price has been negotiated. They make their money by charging you financing and interest on car loans.