Making the Leap, Part 5: Let's Make a Deal

simplyblood.org/2017/12/making-leap-part-5-lets-make-deal.html

ISEH Headquarters December 14, 2017

Negotiating a startup package can be an intimidating venture. Few of us scientists are well trained in business negotiation or contract law. Beyond that, there's a great deal regarding startup packages that will seem unfamiliar to individuals making the transition to an academic faculty position. However, there are a few key guideposts that can help prospective faculty members successfully navigate the process from getting a draft offer to sealing the deal in a way that maximizes opportunities for success. Below I'll discuss some of my experiences, as well as those of colleagues who have also recently made the leap.

Negotiation 101: It's not personal, it's business. How you conduct yourself in a negotiation process is just as critical as the substance of the discussion itself. After my interview process, I received offers from three institutions. My negotiating partner at each institution was the head of the program, department or division offering the position. In other words: they were my future colleagues and mentors. It was absolutely critical to 1) be proactive in scheduling phone conversations and/or meetings, 2) be on time and appropriately prepared for the discussions, and 3) to be consummately polite and professional at all times, treating the discussions as a partnership working toward a common goal. Startup package discussions are business negotiations, and there really are no fancy 'tricks' to it other than knowing your needs and advocating for yourself in a professional manner. You make arguments based on the requirements of your research program and your career objective during the startup period, justified by calculations, standards in the field and/or other evidence. Your negotiating partner either agrees or counters. You re-evaluate and if necessary repeat. I negotiated with all three institutions over different components of their offers. In each case the program head was receptive and the offer was revised in a satisfactory manner. It's not about winning, and it's not personal; it's about working together to reach an agreement that meets your needs or, if necessary, respectfully deciding that your needs are better met elsewhere. Taking offense, showing contempt, getting flustered or impatient (or alternately gloating, bragging or being insincere) is a quick way to expend your future colleague's patience and enthusiasm. If you are not clear on something your negotiating partner says, politely ask for clarification or explanation. If you feel you are not positioned to make a decision on a negotiating point immediately over the phone, say so and take the time to think about it after the conversation. If a counter-offer is not satisfactory, be

honest, respectful and seek to convince your partner, rather than browbeat or beg. Try to negotiate over the phone, Skype or in person as much as possible to ensure you correctly interpret your partner's tone and meaning. Follow up on key points in writing via email to ensure interpretation of substance was correct.

Understand your objective in the negotiation process. As a junior faculty recruit, your objective in negotiating a startup package is to secure a position with sufficient resources, salary/personnel support and mentorship. This will enable you to develop your research program, successfully obtain independent extramural funding and progress to promotion and/or tenure within roughly five years. It's not about getting the biggest startup fund in institutional history, ten years of full-ride research support, an army of twenty technicians, the highest salary in the division, or some other 'victory' that isn't directly connected with your ability to achieve the aforementioned goals. You should be able to justify what you ask for. Persistently asking for resources you don't need or that are outside of institutional norms, such as exorbitant salary, excessive space/equipment other random perks is unlikely to be successful and may actually sour the overall interaction. Also keep in mind that while you may be salivating over the prospect of negotiating a much higher salary than you ever had as a trainee, many institutions may expect you to fund your salary and benefits almost, if not entirely, from extramural money down the road and from your startup fund in the interim. This double-edged sword is worth keeping in mind as you will probably be the most expensive employee in your group.

Know what you need to be successful. In part three of this series, I made a point about putting together a list of equipment, resources, mentorship and staff you would need in order to maximize your chance of success. That list becomes critical in the negotiation phase, because in a sense it's your opening bid. Before my second visit to each institution, I presented my 'wish list' to my negotiating partner at the institution. During the second visit or shortly thereafter, I also obtained the cost information the core facilities, vivarium facilities and other resources I would use at the institution. I (typically with assistance or insight from my negotiating partner) determined what nearby equipment my group would have access to, whether it would require monetary buy-in (such as contributing to service contract costs) to use, and what equipment I would need to purchase. In the last case, I obtained quotes from vendors to know how much specific large-ticket items like centrifuges, incubators, PCR cyclers and the like would cost. Lastly, I obtained information on institutional salary/stipend brackets, including fringe benefit costs, for myself, my future technicians, students and postdocs. All of this information was plugged into an Excel spreadsheet I generated, which allowed me to produce a five-year expense projection for each institution based on my estimate of the amount of vivarium space, core instrument and/or service usage, equipment purchases, consumables expenditures and personnel salary and benefits costs based on who I predicted would staff my lab.

Using this approach, I was able to determine for each institution whether the startup package

offered was sufficient for covering such expenses in their entirety (I worked under the assumption that major extramural funding might not be nailed down within the first five years; working under the opposite assumption could leave you with a smaller-than-optimal package). I also wanted some wiggle room to ensure flexibility, and that at least some ongoing pool of discretionary funds were available after the end of the startup period; more on that point later. How did these principles inform my negotiations? In one case, I received an offer of significantly less funds than the other institutions, and in my negotiation with the program head I made the point calmly, clearly and based on evidence why I would need more resources to be successful at the institution. In another case, vivarium per diem costs were significantly higher, and the institution agreed to offset the cost with additional funds in the package. Overall, the process was straightforward, mutually satisfying and all three institutions were receptive to my needs. In some cases, negotiations can be more complex, such as when spousal hires are involved, or where infrastructure such as available lab space or specialized facilities need to be revised or acquired for a research program to be successful. I know colleagues who have had to turn down offers in these cases and even go back through another interview cycle. This is why keeping in mind the objective of your negotiation, i.e., your success (and perhaps your spouse/partner's success as well) as opposed to simply landing a faculty job somewhere, is so critical. It can prevent you from accepting a position for the wrong reason(s), which in turn can potentially introduce complications down the road.

Know what the institution is offering. It's critical to have an awareness of what is actually in your offer and what it means. Typically, a startup package for a junior faculty member conducting experimental hematology work at a major biomedical research institution will have a total value of $1 to 1.5 million US dollars, intended to be spent mainly within the first five years. There are of course higher and lower monetary amounts, and some of this depends on how the amount is calculated. A few key considerations as you plan your negotiation:

Salary: Many, though not all, institutions guarantee some percentage of your salary as 'hard money,' support, i.e., paid by institutional funds separate from your startup fund, for some or all of the startup period. In some cases, the amount of hard money salary support subsequently decreases down to whatever ongoing salary support is offered after the startup period. For instance, 100% support may be offered for the first couple of years, maybe down to 50% for the remainder of the startup, and down to 30% (typical of US basic science departments) or even 0% (typical of clinical divisions in the US). Individuals at schools with undergraduate teaching components might have somewhere around 75% ongoing support, and this is usually accompanied by a more significant teaching load. Some positions are accompanied by higher levels of ongoing support, either as a percentage (like 50%) or a fixed monetary amount (keep in mind for the latter that your salary will increase with time) absent a teaching load, due to endowments or other funding sources. Seeing 100% support for a startup period looks great, but it's critical that you are mindful of what ongoing support looks like after this time.

Discretionary funds: This is the majority, and perhaps all of, your startup money. Discretionary funds are just what the term says – money you can use for essentially anything allowed by institutional rules. Equipment, computers, salaries, consumables, office supplies, core and vivarium services, and the like can typically be paid for with these funds. Their flexibility means you can use them for multiple projects, salaries or general items not covered or allowed by project-specific grants. Many offers give a schedule by which the money is disbursed to you, ie, $200,000 in years 1 and 2, perhaps less or more thereafter. Often this is based on the projected availability of funds from the institution. Be mindful of that schedule in planning how you will fund your lab. If it appears too restrictive, such as too little money up front for equipment or salary for instance, you should consider negotiating. Critically, some offers place an expiration date (for instance after five years). While you should absolutely spend your startup money freely and responsibly (it does no good sitting around, so don't treat it like an interest-bearing savings account), there is no guarantee that you will have spent all of it after five years, and the discretionary nature of the money can later be beneficial to fund items or people not covered by grants. This is a key point for negotiation and generally I feel such restrictions are best removed from the language of your offer letter, and be replaced with an explicit statement that the funds will be available on an ongoing basis after the startup period. Once you have passed your startup period however, be sure to continue spending from the startup fund; inactive accounts can be interpreted by institutional administrators to be a source of money that you no longer need and be taken back accordingly.

FTEs: On some occasions, a startup offer may have monetary support specifically earmarked for a technician or other staff member(s). This may look good when you are first evaluating the offer, but worth considering is 1) whether the money supports a type of position and seniority level at which you are looking to hire; and 2) what happens to the money if you don't fill the position, or the position goes unfilled for some period of time between hires. The complication lies in whether such money just goes down the drain in those cases, so to speak. Thus I prefer that staff salary comes from my unrestricted discretionary fund. Exceptions to this can include if your position incorporates leadership of a core or resource not directly tied to your primary research program, and the FTE money is to be used for hires in the core.

Endowed chairs and other goodies: Some institutions include additional goodies like endowed 'mini-chairs' that provide some salary support, or money/resources beyond the main body of the startup package, like promises to purchase equipment, funds to defray costs of big-ticket items you require, development of core facilities you need, etc. With monetary support, once again it is important to know what level of flexibility there is for that money. If you are starting out with 100% salary and benefits covered by external funds for your first years, there is little use for an endowed chair that provides 50% of your salary. Whether that money can be re-routed is worth discussing.

Research and office space: It's not money but it's crucial to your success. Presumably by the time you've received an offer you have seen your lab space and office space firsthand. Hopefully these are cleared out (or at least contain some relevant equipment in good condition that you may be able to take over at no cost). As mentioned before, potential red flags include space that is currently occupied, space that is not yet built, space that requires significant renovation or space that is either too small, obsolete, or nonexistent. Your negotiating partner should have a clear answer relating to the location of your office and lab. You also want to ensure that you have access to the equipment you need and that the vivarium has sufficient space for you to build out an animal colony of sufficient size based on your projections.

Money you are bringing with you: There's an increasing likelihood if you are applying for a position in the US that institutions expect you to already have a K or even an R award. In Europe for instance, you may already have such money, since many positions require you to have a grant. External money you bring should probably not be counted by the institution as part of your startup, and as such the funds provided by the institution ideally should not be less than what would have been offered had you not brought your own external funding. While discussing the structure of your startup, pay close attention as to how your own money is being regarded by your negotiating partner. Ask for clarification if you are unsure.

Teaching and clinical loads, and other institutional expectations: These vary depending on institution, so you need to know in clear terms what is expected of you regarding where your efforts are directed. If you are a physician-scientist, how much of your effort is expected to go to clinical duties? How much of your salary will that support? If you are at an institution with significant teaching duties, how much effort needs to go to teaching and, importantly, how soon after you start? Not all institutions at which I interviewed provided protection for new faculty from having to take on significant teaching loads straight out of the gate. For some that is not a problem. For others it may be, so know what is expected of you. The same is true of requirements to sit on committees and perform other service functions for the institution. While these are a dimension of your tenure/promotion portfolio, if you are a research-heavy faculty member, they are by no means the most important. Understand from your negotiating partner in clear terms what is expected of you and when, with respect to teaching and service requirements to obtain tenure and/or promotion.

Understand that institutions don't necessarily love you back. When I'd started my faculty position, my faculty mentor sent me a paper by Joseph Simone, then director of the Huntsman Cancer Institute in Utah (USA), entitled Understanding Academic Medical Centers: Simone's Maxims1. I think it's great reading for any faculty or prospective faculty, because it places into perspective what your relationship with the institution hiring you actually is. Simone points out, and many of my colleagues agree, that when it comes to your relationship with the institution, it's not personal, it's business. You have been offered a faculty position and certainly you've noticed how enthusiastic your potential colleagues are to bring you aboard. These individuals have and will continue to invest their time, energy and resources in your career, and will look out for your interests. They may love you, but the wider institution as an entity will probably not. What this means is that at the institutional level, you are one of many, and institutional prerogatives, or changes in fiscal health or leadership have the potential to override even what is in your offer letter because these matters are much bigger than you. The space provided for you can be re-evaluated or re-allocated depending on productivity or usage. Your salary support and even elements or amount of your startup package can be re-adjusted based on availability of money, or decisions well above your level on how institutional resources are allocated. Your individual success or failure occurs on a timescale much shorter than that of an institution, and thus its priorities may not always align with yours. The bottom line is to do your best when negotiating to see that your interests are looked after. Use the negotiation process to continue building a productive and enjoyable relationship between you and your potential future colleagues. Remember that ultimately, you're looking for a place where you feel welcome and where you can maximize your potential to do great science and grow your career. My decision was based on many of the above factors, but also included matters of quality of life, opportunities for my spouse, and the excitement of working with outstanding mentors and colleagues. You are embarking on an exciting new journey. Make your decision in an informed manner, start up your lab, make discoveries and have fun doing so! A faculty

position opens up incredible new doors for personal and scientific freedom that make the job ridiculously enjoyable and rewarding. In our next entry, we'll talk about that unique time between signing your offer letter and truly making the leap to your new institution.

1. Simone, JV. Clin Cancer Res (1999) 5, 2281-2285.

Eric Pietras, PhD
ISEH New Investigators Committee Member

Assistant Professor
Division of Hematology at the University of Colorado
Anschutz Medical Campus
Aurora, CO, USA