

# Employment Negotiation

Employer – Terry  
Employee - Pat

## **Situation:**

Pat is 28-years old, married with 2 children (3-year old & 6-month old), resides in Hingham, and has been an attorney for a Boston law firm for the past 3 years. Terry is the sole owner of the firm. There are 9 other attorneys who work at the firm. They range in age, experience, and salary.

The firm has been very successful and profitable each year for the past 25 years. Pat makes \$60,000/year, feels underpaid and deserves to make more money. Pat had a performance evaluation about 6 months ago and received an excellent rating. Terry told Pat that Pat would only be receiving a 3% salary increase as the firm was trying to keep the expenses low since the economy was beginning to slow down.

Both Pat and Pat's spouse work, which means that the children are in daycare Monday-Friday and costs \$300 each week (\$150 per child). The commute on the boat from Hingham to Boston is not that convenient (total commute time is 2 hours each way). Pat frequently works 12-hour days and weekends - whenever the firm asks. Pat works extremely hard, is very reliable (has only called in sick one day in 3 years), and gets along well with Terry and his co-workers. Pat enjoys the work, his co-workers, and likes the nature of the job. Pat has 3 weeks of paid vacation each year and pays 50% of the family health insurance coverage (his contribution is \$500/month).

Terry is thinking of the big picture and wants to make sure the company will continue to survive and grow if business begins to slow down. Terry is also concerned about any impact to the other 9 employees if Terry makes any changes to Pat's compensation (salary & benefits). Currently, the employer contribution to family health insurance coverage is 50% (\$500/month).

## **The Task:**

You will be assigned to a group to negotiate on behalf of either Pat or Terry.  
As a unified group, you will agree (accept) or disagree (not accept) the terms.

You will need someone to "face off" with someone from the "other side":

- You will also need someone to take notes and document goals (demands) – for your group
- You will also need someone to document what the other side is demanding each time you face off

Please let Mr. George know when you've reached agreement – and please give him the terms in writing.

**Terry:**

Terry is in a difficult position to negotiate a higher salary for Pat. Terry has 9 other employees(all lawyers). See the chart below.

Terry doesn't want the other employees to get upset if Pat gets a raise. Plus, then other employees will start demanding more money. If Pat leaves the company, then Terry's going to have an extremely difficult time replacing Pat. Terry will need to advertise, recruit, and train a new person. Plus, Terry would lose 3 years worth of experience that Pat has obtained at the firm. In addition, everyone likes Pat and Pat's work ethic.

Terry needs to clearly explain to Pat that more money for Pat means less money for the company. Terry also needs to explain why raises were low last time (conservative raises to counteract a potentially negative economic cycle)— Terry doesn't want to be put in a position to lay off employees if business goes down. Remember, Pat is a star employee at the firm and Terry doesn't want to lose Pat under any circumstances.

**Salary Chart**

| Name    | Years of Experience | Salary | Vacation weeks per year |
|---------|---------------------|--------|-------------------------|
| Happy   | 10                  | 81k    | 5                       |
| Sneezy  | 8                   | 75k    | 4                       |
| Doc     | 5                   | 69k    | 3                       |
| Bashful | 5                   | 67k    | 3                       |
| Grumpy  | 4                   | 64k    | 3                       |
| Pat     | 3                   | 60k    | 3                       |
| Dopey   | 2                   | 55k    | 2                       |
| Michael | 2                   | 53k    | 2                       |
| Rita    | 2                   | 52k    | 2                       |
| Sinbad  | 1                   | 50k    | 1                       |