Professionalism, networking and negotiating associate's value proposition to prospective employers

Charlotte Lacroix, DVM, JD

Veterinary Business Advisors, Inc., Whitehouse Station, NJ 08889, www.veterinarybusinessadvisors.com

Abstract

As a part of a veterinary practice team, you may need to negotiate with vendors, and with challenging clients – and almost certainly there will be times that you need to negotiate with your employer about a raise, a revised benefits package, and evolving workplace perks and policies. When you negotiate fair compensation for yourself, you will become more committed to the practice, which translates into better care for the practice's clients and their pets. As an employer, when you negotiate fairly with employees, you will help to build loyalty that will stabilize and strengthen your practice. Gaining the ability to negotiate well help you to be more successful at work long after you've begun a particular job.

Résumé

En faisant partie de l'équipe d'une pratique vétérinaire, il est possible qu'on vous demande de négocier avec des vendeurs et aussi des clients très exigeants. De plus, il vous faudra presque assurément négocier avec votre employeur pour une augmentation de salaire, un ajustement des bénéfices sociaux ou de conditions eu égard aux règles et avantages du milieu de travail en constante évolution. Si vous vous négociez une juste rémunération, vous serez plus engagé dans la pratique vétérinaire ce qui se traduira par un meilleur soin des clients de la pratique et de leurs animaux. En tant qu'employeur, lorsque vous négociez de bonne foi avec les employés, vous allez renforcer la loyauté ce qui stabilisera et renforcera votre pratique. Être apte à bien négocier va vous aider à avoir plus de succès au travail bien après avoir commencé un emploi particulier.

Introduction

When you're offered a job at a veterinary practice, it's important to get as much information as possible about the specifics. You'll typically be offered a certain wage, often along with benefits such as health insurance, retirement benefits, vacation time, and the like. But, the offer may not mention workplace flexibility and other perks that can have a significant impact on your job – and so it's crucial to negotiate all of the key elements of the offer.

Many people feel uncomfortable when negotiating a work package, but gaining the ability to negotiate well help you to be more successful at work long after you've begun a particular job. As a part of a veterinary practice team, you may need to negotiate with vendors, and with challenging clients–and almost certainly there will be times that you need to negotiate with your employer about a raise, a revised benefits package, and evolving workplace perks and policies.

When you negotiate fair compensation for yourself, you will become more committed to the practice, which translates into better care for the practice's clients and their pets. As an employer, when you negotiate fairly with employees, you will help to build loyalty that will stabilize and strengthen your practice.

What Negotiations Are and Why They're Needed

A negotiation is a process in which 2 or more parties attempt to resolve differing needs and interests through a series of communications. An employer, for example, may want to offer someone higher wages, but needs to consider the overall profitability of a practice. Meanwhile, an employee may understand and support the need for a thriving practice, but also needs to earn a certain wage to support his or her family.

Employers and employees negotiate because they each have what the other one needs, and they believe they can obtain a better outcome through the process than if they simply accept what the other party is offering. Sometimes, negotiations occur because the status quo is no longer acceptable for 1 or both parties. Negotiations take finesse because, besides dealing with specific tangible points (wages, insurance benefits and workplace perks, as just 3 examples), emotions play a part and ongoing relationships are involved. The parties are choosing to try to resolve their different positions through discussions, rather than arguing, ending the relationship, having 1 person dominate the relationship or taking the dispute to another party with more authority.

Negotiation Terminology

Using the example of wages, employers and employee alike have a *target point*, which are the wages they would like the other party to agree to. The difference between what an employee wants to be paid and the employer wants to pay is the *bargaining range*. Meanwhile, the *resistance point* is where a party would walk away from negotiations; if too low of a wage or raise is proposed, an employee may begin job searching or a job candidate may decline an offer; the employer also has a point at which he or she will reject a wage request and end negotiations. When the buyer (employer) has a resistance point that's above the seller's (employee), this situation has a *positive bargaining range*. The employer, in this case, is willing to pay more than the employee's minimum requirements, so this situation has a good chance of being satisfactorily resolved. With a *negative bargaining range*, though, 1 or both of the parties must change their resistance point(s) for there to be a possibility of resolution.

In a wage negotiation scenario, either the employer will offer a starting wage or raise, or an employee or job candidate will request a certain dollar amount; the first person to name a dollar amount is making the opening offer. If at least 1 of the parties has a BATNA - best alternative to negotiation agree*ments*-then he or she will probably approach the discussions with more confidence, having another alternative. So, if an employer offers someone a job, but has another excellent candidate waiting in the wings, the employer has another alternative and can set a higher and/or firmer resistance point. Conversely, if an employee or job candidate has a unique set of skills that are needed in today's practices, that person probably has more options in the job market-perhaps even other pending offers. The quality of a negotiator's alternatives drive his or her value by providing the power to walk away and/or set a higher and/or firmer resistance point.

Bargaining Styles

There is more than 1 type of bargaining style. One way to differentiate them is to divide them into distributive bargaining and integrative bargaining.

In distributive bargaining, parties' needs and desires are in direct conflict with one another's, with each party wanting a bigger piece of a fixed tangible such as money or time, so these negotiations are typically competitive. Parties are not concerned with a future relationship with the other person. A slang term for this type of negotiation is "playing hardball" or "one upping" someone. Strategies often include making extreme offers, such as an employer offering a very low wage or a job candidate asking for an exceptionally high one. Tactics include trying to persuade the other party to reconsider his or her resistance point because of the value being offered-in this example, the job candidate might say that a high salary was required because of his or her abilities or an employer could say that lower wages would be compensated by a great work environment.

With integrative bargaining, though, the goal is win-win collaborations that will provide a good opportunity for both parties. The employer would acknowledge the employee's value and need for a decent wage, and negotiate accordingly, while the employee or job candidate would recognize the value of working at a particular practice as well as the fact that the employer has numerous other financial commitments to fulfill. They recognize that they need one another to maximize their respective opportunities and negotiate from a place of trust and integrity, with a positive outlook that recognizes and validates the other party's interest in the transaction.

Here's an interesting psychological truth. Negotiators are more satisfied with final outcomes if there is a series of concessions rather than if their first offer is accepted, because they feel they could have done better.

Negotiation Styles

To successfully negotiate, it's crucial to clearly define the issues involved, and to prepare for the negotiations. Each party should be clear about his or her target point, opening offer, resistance point and BATNAs.

Multiple negotiation styles exist, each on the spectrum of assertiveness and cooperativeness. Here are summaries of common styles:

- Competing (high in assertiveness, low in cooperativeness): these negotiators are self-confident and assertive, focusing on results and the bottom line; they tend to impose their views on others
- Avoiding (low in assertiveness and cooperativeness): these negotiators are passive and avoid conflict whenever possible; they try to remove themselves from negotiations or pass the responsibility to someone else without an honest attempt to resolve the situation
- Collaborating (high in assertiveness and cooperativeness): these negotiators use open and honest communication, searching for creative solutions that work well for both parties, even if the solution is new; this negotiator often offers multiple recommendations for the other party to consider
- Accommodating (low in assertiveness, high in cooperativeness): these negotiators focus on downplaying conflicts and smoothing over differences to maintain relationships; they are most concerned with satisfying the other party
- Compromising (moderate in assertiveness and cooperativeness): these negotiators search for common ground and are willing to meet the other party in the middle; they are usually willing to give and take and find moderate satisfaction acceptable

As long as both parties are committed to the business relationship and believe there is value in coming to an agreement, negotiations can typically proceed. If one or both parties, though, are unreasonable, uninformed or stubborn – or listening to advisors with those characteristics – negotiations can fall through. Other challenges exist when 1 party doesn't necessarily need the deal, isn't in a hurry or knows that the other party is without other options and/or in a time crunch.

Negotiation Fears

You may dread negotiation. If so, you're not alone. Common reasons for this include:

You have not yet solidified your position: in this case, more preparation is clearly needed

Fear of looking stupid: nobody likes looking foolish, so some people will avoid negotiations altogether rather than taking the risk of not negotiating well

Liking people and wanting to make them happy (but perhaps not being able to give them what they want!)/ not wanting to affect someone else in a negative way: if you are interviewing for a promotion at a practice, say, and you really like the practice manager, you may worry that negotiations will upset the manager or put him/her in a difficult position

Fear of failure: some people would prefer to not negotiate at all, rather than making an unsuccessful attempt

Feeling uncomfortable with money: some people were taught that it wasn't polite to talk about money!

Still other people have an aversion to conflict, overall, and so they avoid the potential of it by not negotiating. Yet others feel vulnerable when negotiating.

Women in particular are reluctant to negotiate, with only 7% doing so. They suffer the costs associated with not negotiating because they tend to have lower expectations, fear being considered a "bitch" and can be penalized for negotiating. As a solution, women can consider framing their wants into the value that they will bring to the other party, and share how they can solve the underlying problem of the other party.

Areas where negotiating may not feel as intimidating include:

- Negotiations for resources, whether it's asking for more equipment or for a practice to hire more people
- Negotiations about how to use resources; with a common purpose, solutions can be reverse engineered fairly easily
- · Negotiations where you have expertise
- Negotiations with big companies where nothing is personal
- Negotiations where you have evidence to support your position, including facts, data and logical reasoning

Salary and Benefits Negotiation Tips

Even though the examples given so far have focused on monetary compensation, when negotiating, don't focus solely on wage or salary. Also discuss benefits offered and workplace perks – meaning the entire package. This can include, but is not limited to, health care coverage, life insurance, retirement programs, vacation time, and flextime. If you're job hunting, investigate what companies are offering. Where do you think the place you're interviewing falls on that spectrum? What is the minimum pay level that you're willing to accept? What is your preferred wage? What benefits are important to you?

If you want to work at a particular practice, but the pay rate isn't quite what you want, ask if you can have a salary review in, say, 6 months. This doesn't mean accepting a salary that is clearly sub-par, nor does it mean that you should try to put more pressure on a potential employer who is already offering you a good deal. It is simply something to consider in relevant circumstances.

What workplace perks might be desired? Would a company cell phone help you? Better equipment or software? If so, you could consider accepting somewhat lower pay if you get more tools to do your job.

Although telecommuting is seldom an option for veterinary staff, outside of perhaps financial or other purely admin functions, you could negotiate coming in half an hour later so that you can take your children to school or schedule a lunch break that coincides with when you need to pick them up. If you bring crucial skills to the negotiating table, you're more likely to get these concessions than if you are entry-level.

If relevant, ask about practice policy if you become pregnant. How acceptable is the policy to you? How important of a negotiating point is this for you? What about if you are injured in the workplace? Educate yourself on your workplace rights before negotiations occur, as well as company policy. If you are valuable to the practice, perhaps you can negotiate some additional flexibility.

Who should be the first to make an offer? Some experts believe that, if you allow the other party to provide a starting dollar figure, he or she has shown his or her hand. But, research indicates that final figures tend to be closer to the original number stated than what the other party had originally hoped.

What NOT to Do

Beware of "between"! It probably feels reasonable to ask for a certain salary range – or range for a raise. But if you do that with a current or prospective employer, you have basically tipped your hand as far as how low you would go. Using the word "between" is actually a concession!

Another risky term: "I think we're close." A savvy negotiator will recognize "deal fatigue" on your end and perhaps stall in the hopes that you'll concede, just to complete the deal.

For Best Results

People tend to feel more confident during negotiations when it focuses on an area of their expertise and/or where solid evidence exists to back up the negotiations. Overall, success is achieved when you first:

Determine the interests of the other party

- Embrace compromise
- Observe the Golden Rule, treating others as you would like to be treated: fairly and reasonably, without defensiveness
- Be prepared, both in factual information and in strategy

Good luck!

Veterinary Employment Contract Legal Issues®

High turnover among veterinary associates is caused principally by the failure of practice owners and employees to properly articulate their respective expectations and negotiate and document the employment relationship. Time and effort invested up front will help avoid mismatched expectations, misunderstandings and separation down the road.

Can the practice even afford another full-time veterinarian?

Management consultants estimate that a small animal practice vet needs to produce 3,000 to 4,000 transactions annually and collect a minimum of \$225,000 to \$300,000 gross income (excluding OTC product sales) to be worth his or her salary.

I. What is an Employment Contract? A contract is a set of bargained for promises between 2 or more people, where 1 party promises to do X in exchange for another party's promise to do Y. Courts require that an enforceable promise meet certain conditions. For example, the parties must be of age (no minors), of sound mind, and not under duress; there must be no fraud or mutual mistake over an important aspect of the transaction, and the deal must not be so one-sided as to be "unconscionable."

Consideration. To distinguish binding promises from charity or gifts (you can't sue Santa Claus because he didn't give you enough presents last year), the law requires that the party to whom the promise is made give "consideration" for the promise in the form of a benefit to the promissor and/ or detriment to the promisee. Thus, Dr. Newgrad promises to work 50 hours per week in consideration for an annual salary of \$58,000 (i.e., a benefit to Newgrad and detriment to Oldguy). Oldguy promises to pay such salary to Newgrad in consideration for Newgrad's labor (benefit to Oldguy and detriment to Newgrad). Consideration exists for each promise which is therefore enforceable.

Avoid Oral Contracts. Oral contracts generally are binding only if their performance lasts less than a year, because the law assumes that the parties' recollections of what was agreed to become unreliable over time, increasing the tendency to remember events in a self-serving way. Few disagreements are less productive than the "you promised X," "I don't remember X but you promised Y" litany. Prevent such wasteful bickering by always insisting on a written contract, regardless of its term.

II. Contract Formation. Legal theory provides that a contract is formed once an offer is accepted. Real life usually

is a lot messier.

Offer. An offer can be oral or written (e.g., employer advertisement in a professional journal, on a bulletin board or mailed to the applicant). Typically, the prospective employee will ask for clarification and wish to change the terms of the original offer by making a counter-offer. The employer counters such counter-offer with his own counter-counter-offer. This confusing and frustrating process continues until either the parties reach an agreement or, realizing they can't make a deal, go their separate ways.

Acceptance. Legally, the contract is formed as soon as the offer is accepted. This can be a trap for an impulsive party who accepts an offer, but who later (like Columbo) asks for "just 1 more thing." After acceptance, it's too late and the other party can sue for damages if the impulsive party doesn't perform his or her obligations under the originally accepted offer.

Ideally, an accepting party will clearly indicate his acceptance to the offering party, at best by signing an employment agreement or acknowledging acceptance in writing on the offer. More difficult to prove, but still unambiguous is an oral "I accept" or words to that effect.

Avoid unclear contract formation situations. Courts have created the so-called "action in reliance" (promissory estoppel) doctrine to find enforceable contracts even when 1 of the parties thought no contract existed. Courts have found valid contracts in cases where an:

- employer knew or should have known that the employee had acted " in reliance upon the offer" such as incurring expenses to move to the job location, searching for lodging thereat, and informing other employers they no longer are job applicants; and
- employee made the last offer or counter-offer, and such employee knew or should have known that in reliance thereon, the employer ceased advertising for the position, informed candidates that the job was filled, or bought new equipment or hired additional support staff in anticipation of the employees arrival.

Accordingly, a party considering an offer should not talk or act in a way it knows or should know will lead the other party to believe that such offer was accepted and should make sure that the other party is not taking action "in reliance" on anything it did or said.

III. Contract Terms. Assuming that the offer, counteroffer, counter-counter offer, etc. ballet results in the bliss of acceptance, the employment contract terms contain the nuts and bolts of the "meeting of the minds" of the parties. Following is a list of the main questions addressed in a proper employment agreement:

1. How Long? Is there a fixed term (period) of employment (6 months, 1 year, 2 years, or is it "at-will" (i.e., the contract continues until a party decides to terminate it)? Is the term automatically renewed on the expiration date?

2. Work Schedule. How many scheduled hours per

week must the employee work, and beyond the schedule, how many additional hours will employees actually spend phoning clients, performing diagnostics, interpreting laboratory work, overseeing patient care, etc. What is the schedule for any required emergency work? Is it equitable?

3. Duties. What are the associate's responsibilities? May employees decline (without penalty) to perform procedures they deem ethically wrong? How much emergency duty is required?

4. Compensation. Is compensation a fixed salary or commissions based on the revenue generated by the employee and collected by the practice, or is it a hybrid system under which the employee earns the higher of a base salary or a percentage of generated (and collected) revenue (a.k.a. percentage based compensation)? How are production bonuses calculated? Is there a performance bonus and if so what are the evaluation criteria? What is it based on? Is emergency work paid extra? How much?

- National starting salary information is published at least annually in the *Journal of the AVMA*. See also the latest biennial edition of the American Animal Hospital Association's *Compensation and Benefits-An In-Depth Look* and the AVMA's *Economic Report on Veterinarians and Veterinary Practice*. Two periodicals, Veterinary Economics and Veterinary Hospital Management Association Newsletter, also regularly publish helpful articles.
- **Pay attention to deductions**. What will be deducted from employee compensation? Some employers deduct not only the employee's portion of payroll taxes, but also the employer's share.

5. Employee Benefits. Practices usually offer at least some of the employee benefits described below to their employees. The cost of many benefits (such as health, professional, and disability insurance, qualified retirement plans) are tax deductible business expenses to the employer and are not included in the employee's income, resulting in a savings to the employee of 25 to 40%. Not taking advantage of this juicy gift from Uncle Sam is wasteful. On the other hand, employees must realize that the practice probably can't afford all the benefits they desire. One leading veterinary management consultant has calculated that small animal veterinary employers cannot afford to allocate more than 23 to 27% of the collected income generated by an associate veterinarian to pay his or her salary and benefits (due to lower overhead, the range is 28 to 32% for large animal practices).

- **Health Insurance**. Does the employer offer health insurance? If not, what does the employer do when *he* or *she* gets sick? If so, what kind of medical plan is it (e.g., fee for service, HMO, PPO)? What about pre-existing conditions, vesting, eligibility, deduct-ibles and co-payments?
- **Disability Insurance**. Employees at age 25 have a 58% chance of becoming disabled for more than 3 months (with an average disability duration of 3

years), so employees need disability insurance to protect their greatest asset: the ability to work. If the employer does not offer disability insurance, employees are well advised to get it on their own (after asking, of course how the employer, protects himself or herself against disability).

- **Professional Liability Insurance PLUS License Defense**. Do employers pay the premiums on the employees' professional liability insurance?
- **Retirement Plans**. Has the employer established a retirement plan for the employees? (Profit sharing plans are the most common type of retirement plan offered by veterinary practices.) When do employees become "vested" or "eligible?" If the employer does not offer a retirement plan, employees will need to save on their own, and that means more than just the annual IRA contribution.
- Vacation. One week? Two weeks? More? How many consecutive days may be taken? How much advance notice must be given? May unused vacation days be carried forward to next year? How are vacation days paid for percentage-compensated employees?
- Sick Leave and Disability. Does the employer offer paid sick leave? Disability leave? After how long can disabled employees be terminated? May unused sick days be carried forward?
- **Continuing Education**. How many CE leave days are granted and are they paid? To what extent do employers reimburse CE expenses?
- Association Dues. Are national, state and/or local veterinary association dues reimbursed?
- Veterinary License Fees and DEA Registration. Are these fees paid by the employer? Should the employee register with the DEA so she is permitted to prescribe and order controlled substances rather than just administer them under the supervision of a DEA licensed veterinarian?
- **Relocation (moving) Expenses.** Most corporate and government employers provide some form of moving expense. Sometimes a "signing bonus" or short-term loan can cover all or part of these costs.
- Vehicle allowance or mileage payments. Employees using their personal vehicles for practice business should be reimbursed for a pro-rata portion of their insurance, general maintenance, registration and inspection fees, fuel, repairs, depreciation, and lost opportunity costs.

6. Performance Evaluation. Will the employer provide written and/or oral performance evaluations? How often? Will these be used to modify compensation?

7. Non-Competition. Many employers require their employees to sign non-competition clauses (also called restrictive covenants) forbidding terminated employees from competing with the employer. Such clauses must be limited

in time (e.g., 3 years after termination) and geographic area (e.g., 15 air-miles from the practice) to be enforceable. The precise limits on the scope of such clauses vary from state to state. From the employer's perspective, this is the most important reason to have a contract. Without a non-compete, employers cannot protect the goodwill they have worked so hard to build.

8. Termination. Does the contract have a specific term, e.g., "this agreement will expire after one year" or is it employment "at-will", in which case, either party can terminate the relationship at any time, for any reason? Contracts with no term are deemed to be "at-will" in most states. If there is a term, then an employee leaving or an employer firing before the term would constitute a breach unless the contract provides otherwise. Most contracts which provide for termination before the expiration of the term require that the terminating party give advance notice, e.g., 30 days to the other party. Such contracts usually also contain a list of situations (e.g., suspension of the associate veterinarian's license) permitting the employer to fire the employee at any time without notice (a.k.a. termination "for cause").

Employees should make every effort to leave their employer on good terms even if they are not requesting a reference. The veterinary industry is quite small, and an employee's reputation can easily suffer through casual conversation among colleagues.

9. Option to Buy-In. Experienced associates that have their own clientele may not wish to enter into an employment agreement with a non-compete without also being provided with an opportunity to buy an interest in the practice after a 1 to 3 year "try-out" period. These often are complex provisions to negotiate depending on the amount of security the associate wants up-front, and should not be undertaken without consultation with an attorney that has experience with medical practice transactions. Too often associates lock themselves into a non-compete, and agree to an "option" provision that turns out to be a smoke screen.

IV. Lawyer Review. Negotiating and drafting an employment contract can be long, painful and complicated. It therefore makes as much sense to seek professional help in this endeavor as it does to take a pet to a qualified veterinarian when it is sick. Lawyers are expensive, of course, just as much as veterinarians...

Pearls of Wisdom, Red Flags, and Other Things to Know

Recommendations from a New Grad

Pearls of Wisdom

- Have your Contract Reviewed
- Walking Money Always make sure you have some extra money just in case you need to leave a job before you have found another. Many money market companies will allow you to set up an account with \$0 if you let them automatically debit \$25/month from a checking or savings account. Start now!
- Meet Everybody The 1 doctor in the practice who you haven't met could very well be a thorn in your side. Hospitals are very good at conveniently having you around when this person is out. Ask lots of questions. If you want colleagues who will mentor you ask them; don't assume that everybody who hires a new graduate will be willing to teach.
- Never Agree To Give More Than 1 Month Notice 1 month is tough, 2 months is unbearable, 3 months is impossible. Rejection is a difficult emotion for some people to deal with; even the nicest employer may have difficulties with professionalism after you have given your notice. The support staff may also have difficulties and have feelings of abandonment.
- Make Sure You Have a Lunch and Dinner Break This time will not be spent eating. There are always cases to finish, blood work to read, and phone calls to make. If the break is less than 1 hour you may very well not have time to finish the above tasks, let alone eat.
- Avoid Exclusivity Clauses You never know when you might want or need to work at another hospital to make some extra money. Relief work is very lucrative.
- Don't Agree to an Excessive Restrictive Covenant

 You may be making an investment in where you live, especially if you are buying a house. You don't want to make an agreement where you can't work anywhere within a reasonable distance from your home. Also try to have your restrictive covenant go into effect AFTER your 90 day review. The good folks at Priority Veterinary Consultants will help you define a reasonable distance. *Please* have youR contract reviewed, especially if your covenant is > 5 miles.
- Have a Relief Work Clause Written into Your Contract – You don't want a restrictive covenant prohibiting you from serving as a relief veterinarian

several days a month or preventing you from helping with a low cost spay and neuter program. Also, you shouldn't be restricted at all from working in an emergency facility whose hours do not coincide with you previous employer's hours of operation.

• Have Your Contract Reviewed!!

Red Flags

- **Revolving Doors** If the turn around time for a hospital needing a new vet is a year or even worse less than a year RUN THE OTHER WAY. This information can be difficult to find. Join a mentorship program or ask subtle questions to tease out this valuable information. Don't forget you can ask a prospective employer for references from previous employees.
- Family Members In Important Positions A deadly combination exists when the boss's spouse is the office manager-trust me you will NEVER win.
- Newly Created Positions Filling a vacancy is always a safer bet than becoming the new addition. Many times a hospital overestimates how busy they really are. Also, it takes time for staff to make the adjustments needed when a practice is growing. You'll have enough to deal with in your first year out; therefore, this may be a situation to avoid at first.

Other Things to Know

- **Respect Yourself** Remember that in order to take good care of patients you must take care of yourself first. Take time to eat, sleep, and enjoy life outside of the hospital. You deserve it!!!
- **Don't be Afraid to Ask for Help** The veterinary profession can be very stressful. There may be times when it's helpful to talk to a mental health professional, religious professional, legal professional.
- Keep in Touch Your friends from school will all be going through the same things that you are. They will be a wealth of knowledge.
- Treat Support Staff With Respect. Receptionists, technicians, and doctors may have different job descriptions, but we're all earning our livings through bettering the lives of animals.