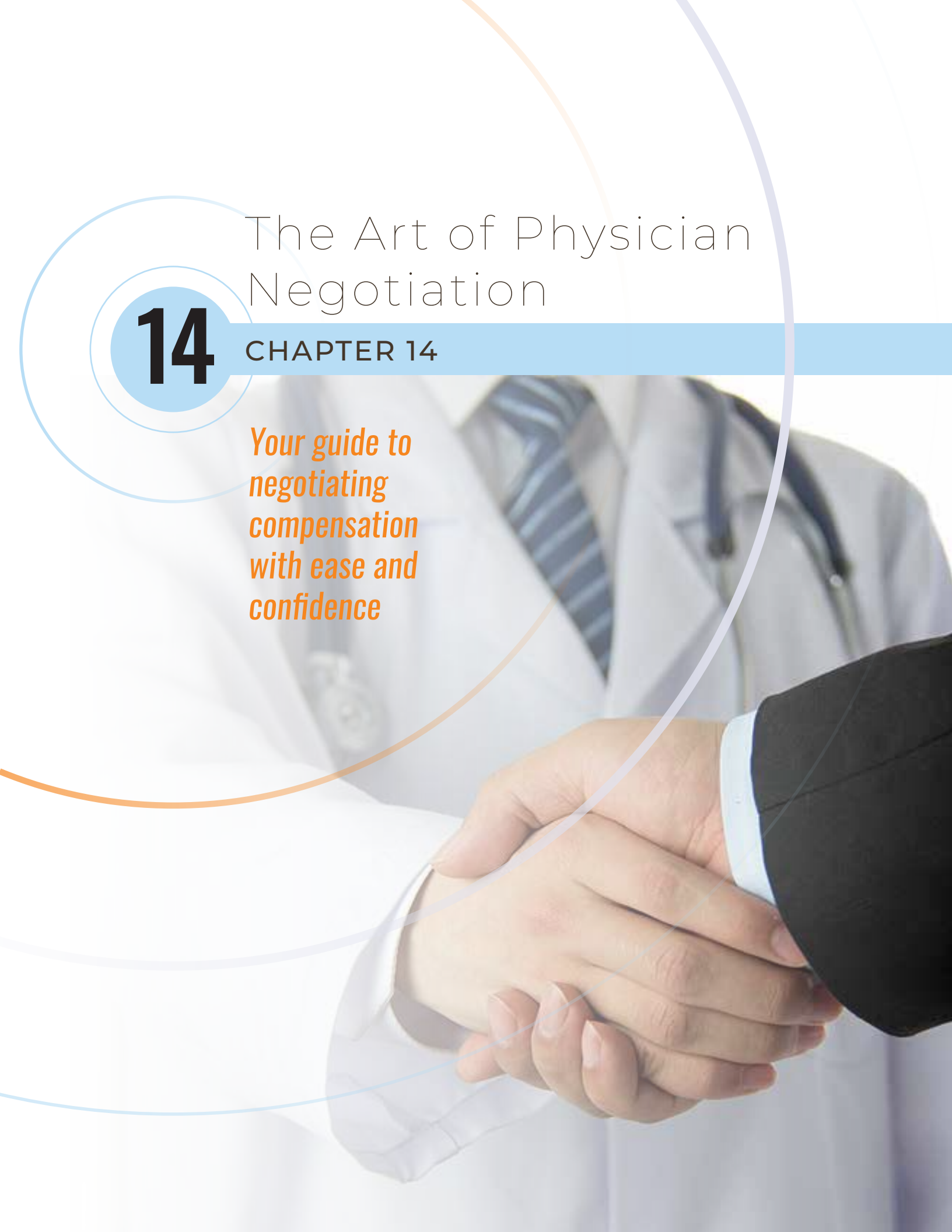


The Art of Physician Negotiation

14

CHAPTER 14

*Your guide to
negotiating
compensation
with ease and
confidence*





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Todd is the managing partner of Arlington HealthCare (AHC), a physician placement firm, and has helped facilitate more than **10,000** physician interviews, completed over **2,000** permanent physician placements and negotiated over **\$500,000,000** in physician compensation.

In addition to receiving a bachelor's degree in Business Administration from Indiana University, Todd completed an intensive study at Purdue University on Napoleon Hill's *Keys to Success: The 17 Principles of Personal Achievement*, including "Definiteness of Purpose." He utilizes these principals extensively in coaching new residents and helping physicians with their job searches.

CHAPTER AUTHOR

"During a negotiation, it would be wise not to take anything personally. If you leave personalities out of it, you will be able to see opportunities more objectively." – Brian Koslow

In This Chapter

After many years of training to become a physician, you can finally see the light at the end of the tunnel as you finish residency or fellowship. You are probably receiving endless emails advertising positions with amazing starting salaries, signing bonuses, and loan repayment that seem almost too good to be true. You may have received numerous calls on a weekly basis from recruiters who want to help you find your dream job, and the prospect of potentially quadrupling your income has certainly caught your attention.

You are likely excited about maximizing your income, but don't get caught up in all the excitement with blinders on. You must enter the world of negotiation with your eyes wide open to successfully navigate a field filled with potential landmines as you begin to negotiate your first opportunity out of residency.

Negotiation is a thoughtful discussion between two parties with reasonable expectations, with the goal of achieving a successful outcome for both parties. Negotiation is an art form – press too hard by demanding something that's unreasonable and you may lose the job. Take the first offer and you may leave tens of thousands of dollars on the table.

In this chapter, you will learn the negotiation mindset needed to position yourself in the most favorable light to maximize your potential, while setting the foundation of a solid relationship between you and your future employer.

OUTLINE

1. Adopting A Negotiation Mindset
2. The Employer's Perspective – Seek to Understand Before Being Understood
3. Market-Driven Factors
4. Rules of Engagement
5. Preparation
6. Negotiation
7. Commonly Asked Questions

GOALS

- Learn how to position yourself to be the successful candidate for the job you want.
- Create a win-win mindset.
- Learn when to initiate the negotiation process.
- Leverage the most powerful secret to successful negotiation.
- Improve your market position by making apparent your understanding of the market.
- Learn how to demonstrate emotional control.
- Strengthen your relationship with your employer before, during, and after negotiation.
- Learn the basics of contract negotiation including terms and conditions that are typically open for negotiation and those that are not.
- Understand the importance of Fair Market Value for both yourself and the employer.
- Learn the importance of active listening and productive discussion with the employer.

LET'S GET STARTED



**READ:**

Adopting A Negotiation Mindset

At the end of negotiation, both you and the employer should walk away from the process feeling you struck a win-win agreement or you both risk starting a relationship on uneasy footing which may impact your relationship and the longevity of your position.

Adopting a winning negotiation mindset may help you negotiate more money depending on your specialty, type of practice, and demographic area while developing a strong relationship with your new employer. Of course, a negative mindset is not pretty – not only can you lose tens of thousands of dollars, you could jeopardize losing your desired career opportunity. So, having a positive negotiation mindset, based on reasonable expectations, is critical to your success during and after the negotiation process.



Attractive Personality

Remember the old saying that you catch more flies with honey than you do with vinegar? There's a reason for that: a positive attitude and outlook gets you much farther than a negative one. Negotiating with an ego or with a sense of entitlement breeds negativity, thus putting you at risk for an unfavorable outcome.

According to Napoleon Hill, author of *Keys to Success: The 17 Principles of Personal Achievement*, one of the most important principals in achieving lasting success is to develop a pleasing personality.

Hill breaks up the "Pleasing Personality" principle (1) into 25 different personality traits that are important to develop. You'll find each trait is closely related. Although we won't review each of the traits here, we can show you that working to bolster some of them will help you strengthen others, thus improving your chance of a positive interaction and negotiation.

Below are eight characteristics as described by Napoleon Hill that are considered the most beneficial in negotiation.

1. Positive Mental Attitude – A positive mental attitude (PMA) is the right mental attitude in any given situation; it is most often composed of the "plus" characteristics symbolized by such words as "faith", "integrity", "hope", "optimism", "courage", initiative", "generosity", "tolerance", "tact", "kindliness" and "good common sense".

Your attitude will set the tone for negotiation one way or the other. For example, if you share with the prospective employer, "I am excited to discuss the terms of your contract, and I am confident we will come to a mutually-beneficial agreement", this

will help set the tone for successful negotiation. This is contrasted with a candidate who positions themselves in a negative light by saying, "I have many offers on the table with significantly higher compensation. I hope you can pay me what I'm worth".

2. Flexibility – Being able to adapt yourself quickly to changing circumstances and challenges without panic or loss of temper is key both in medicine and contract negotiation. You spend hours each day learning how to be prepared for the unexpected; this tool can serve you well in the negotiating arena as well! Flexibility should be displayed throughout the interview process, including the phone interview, onsite interview and post-interview, contract negotiation, and of course, throughout your employment. Being flexible means that in every situation you consider meeting the other party's priorities, which gives you leverage in acquiring your priorities.

The ability to listen to the employer's needs and concerns and demonstrate your flexibility will have a positive impact on the negotiation process. For example, if you show your understanding of an employer's perspective by saying, "I understand Dr. Smith's concern, what are your thoughts if we..." you display an ability to compromise, which is crucial to developing a positive relationship with your future employer.

3. Sincerity of Purpose – There is no substitute for real commitment to your defined major purpose. Sincerity of purpose – or lack thereof – writes itself so indelibly into your words and deeds that anyone can recognize it.

Napoleon states, "Andrew Carnegie told me once how he called a new employee into his office to issue a directive. The man listened, then looked him squarely in the eyes, and with a good-natured smile said, 'you are the boss, but I feel confident that your request is going to cost you money unless you investigate the matter more closely.'

Napoleon continues, "Something about his assured manner, with no hint of insubordination, convinced Carnegie to delay his decision and investigate further. He discovered that he had been wrong, and the new employee was right."

The higher the guaranteed salary an employer offers a physician, the less likely the physician will maintain that same salary once the guarantee period ends and the physician transitions to a production-based compensation plan. This is important because physicians who do not maintain or increase their income as they transition into a productivity-based salary are more likely to leave that position in search of a higher salary.

How do you think a potential employer would respond to the candidate who presents the following plan when negotiating a higher starting salary and demonstrating an understanding of the importance of productivity thresholds?

Based on your production model, generating 8,500 RVU's annually will increase my earnings by \$35,000. My plan is to surpass the annual 8,500 RVU threshold by generating an additional:

- XX per quarter
- XX per month
- XX per week
- XX per day
- XX per hour

There is no guarantee the employer will increase the candidate's guaranteed salary by \$35,000; however, the candidate will position themselves in a positive light...hearing a candidate communicating the importance of productivity, the understanding of the production formula, and his/her plan to reach the threshold will be music to the employer's ears.

4. Promptness of Decision – Dilly-dallying does not inspire popularity or confidence in your interest in a position. In this fast-moving world, those who do not move quickly cannot keep up with the parade.

Successful people reach decisions definitely and quickly, however, they can become annoyed and are inconvenienced by others who do not.

In general, employers interview multiple candidates and candidates interview with multiple employers. Just because you receive an offer doesn't mean the offer is evergreen. Whether you are presented with a verbal offer, letter of intent, offer letter, sample employment agreement, or executable agreement, the job is NOT secured until there is a fully-executed employment agreement between the employer and physician.

This will no doubt create some anxiety whether or not to accept the position. The only remedy is to start the process early, discover your true north, identify the type of position and community you want to practice in, and once you find it, grab it with both hands. As you read through our guidebook, remember to use the tools described in Chapter 8 on Job Searching Chapter to help you find your direction.

The most powerful negotiation strategy is:

Desired Terms + Compromise or Negotiation of Terms = Signed Agreement by Date

5. Courtesy – The cheapest and most profitable quality in the world is courtesy. It is free, save for the moments it takes to express it. Unfortunately, today it is also scarce, thus more valued when displayed.

A candidate who shows appreciation to the in-house physician recruiter by saying, "I'm excited about the opportunity and appreciate you planning my onsite interview, facilitating a community tour, and making my family and I feel welcome." will go

much farther than a candidate who says, "I wish you hadn't ordered pecans on my salad".

6. Faith in Infinite Intelligence – Faith in Infinite Intelligence inspires faith in others. Confidence begets confidence. Those who have faith in Infinite Intelligence, faith in themselves, and faith in others inspire others to have faith in them.

The mechanism which opens the gate of faith and confidence is desire or motive. There is no other way to open the gate. It is opened by degrees, which are dependent on the intensity of those same motives and desires. Only a burning desire will open the gate to its fullest.

A burning desire is accompanied by deep emotional feeling. Sheerly, logical motives do not open the gate as widely as those which spring from the heart.

Your burning desire to be part of the organization will help nullify your future employer's financial concerns of potential turnover cost, which can reach \$1 million per physician when all recruitment, start-up, and lost revenue costs are factored in (3).

7. A Keen Sense of Justice (Fairness) – Unless you deal justly with others, you cannot cultivate an attractive personality or succeed in your definite major purpose.

A keen sense of justice is not merely a tool for gaining material rewards. It enhances every human relationship. It discourages avarice and selfishness and gives you a much better understanding of your rights, privileges, and responsibilities. With it, every aspect of an attractive personality grows stronger.

Your goal is to negotiate the best compensation and benefits package possible without jeopardizing the opportunity, and the employer's goal is to pay fairly to avoid losing a candidate. Successful negotiation creates a win-win outcome for both parties.

Candidates who only try to "win" the negotiation set up a win-lose situation. Even if you "win" a higher

salary, the employer may have “lost” the “fairness” and that may negatively impact the foundation of your relationship with your new employer. By seeing the other side’s perspective and keeping fairness as a goal, you and the employer will both feel good about the outcome.

8. Emotional Control – Much of what we do is directed by our feelings. Since our feelings can

lift us to great achievements or hurl us down to defeat, we owe it to ourselves to understand and control them. The first step is identifying the feelings which motivate us.

Hill identifies 14 emotions (seven negative and seven positive).

These 14 emotions form the language with which you

Seven Positive Emotions:

- Love
- Sex
- Hope
- Faith
- Sympathy
- Optimism
- Loyalty

Seven Negative Emotions:

- Fear
- Hatred
- Anger
- Greed
- Jealousy
- Revenge
- Superstition

will write your plan for success or failure. They can be combined meaningfully or chaotically.

You most likely will have some anxiety when you start the negotiation process. Be aware that anxiety can stir up negative emotions, including, fear, anger, and greed.

You already have the right mindset by reading this chapter. Check in with yourself throughout the process and remind yourself to focus on the positive emotions, including optimism, faith, and hope.

FIELD NOTES

The optics of the message matter when physicians are communicating with a prospective employer throughout the interview, negotiation, and post-placement processes. Before writing an email or speaking to an employer, or anyone for that matter, clear your mind and remove any negative emotions.

– **Philip Schaefer, FACHE, Senior Vice President
Southern Illinois Healthcare**



Make Sure Your Requests Are Reasonable.

The most popular advice candidates receive from their colleagues is, "it doesn't hurt to ask" or "the worst thing the employer can say is no". Unfortunately, candidates who try to negotiate a term that's not reasonable for the specific market, type of position, and specialty may not hear from that employer again. Also, you should not request anything that is immoral, unethical, illegal, or improper.

Don't Negotiate Like Bart

Bart, a third-year internal medicine resident is well-liked by his colleagues. His program director describes Bart as the ideal physician, employee, and colleague.

Bart's goal was to secure a position before the New Year to give him plenty of time to obtain his licenses and credentials and prepare for life after residency.

Due to a busy rotation, studying for his exams, and figuring out whether to pursue a hospitalist position, a traditional practice, or a 100% outpatient position, Bart hadn't begun searching for a position.

As Bart headed back home to spend Thanksgiving with his family, his loved ones grilled Bart on how his job search was coming along, Bart's anxiety heightened because he hadn't started yet. He placed his search in high gear and started applying for positions and scheduling interviews in January and February.

Bart was overwhelmed with the process of selecting his first position. A few weeks before Bart was scheduled for his first onsite interview, he sat down with his fellow third-year residents for a quick bite to eat.

As Bart took a bite of his sandwich, his colleagues began to share the offers they received. Bart sat quietly listening to each of the offers and applied the respective offers from each of his colleagues when he tried to negotiate.

We recreated Bart's luncheon with his fellow residents and Bart's negotiations with his ideal employer as an example of a negotiation landmine to avoid.



<http://md.careers/Negotiate>

Bart ended up securing a position; however, he lost out on the position he really wanted. By the time he went back to the two positions he was offered, both were filled. Bart had to start the process over and started his position four months after he completed his training with his third-choice employer.

Position Yourself for An Offer Before You Start Interviewing

Adopting a negotiating mindset starts well before the actual negotiation process. Positioning yourself for the most favorable outcome starts when you submit your CV and cover letter and continues throughout the interview process, including the phone interview, onsite interview(s), reference/background check, offer stage, contract review and negotiation. When reading our chapters on these topics, be sure to keep this positioning in mind!



Recommended Tool

Interviewing

Use this tool to develop a negotiation process before the interview process begins.

<http://md.careers/Ch12>



READ:

The Employer's Perspective – Seek to Understand Before Being Understood

According to Stephen Covey, author of the *7 Habits of Highly Effective People*: "If I were to summarize in one sentence the single most important principle I have learned in the field of interpersonal relations, it would be: **Seek first to understand, then to be understood.**"

If you're like most people, you probably seek first to be understood: you want to get your point across. And in doing so, you may ignore the other person completely, pretend that you're listening, selectively hear only certain parts of the conversation or attentively focus on only the words being said, thus missing the meaning entirely.

So why does this happen?

Because most people listen with the intent to reply, not to understand. You listen to yourself as you

prepare in your mind what you are going to say, the questions you are going to ask, etc. You filter everything you hear through your life experiences and your frame of reference. You check what you hear against your autobiography and see how it measures up. And consequently, you decide prematurely what the other person means before he/she finishes communicating" (2).

This is a lesson you've likely learned in medical school and residency when learning how to interview a patient. In that setting, your job is to listen to what the patient is saying, not just the words that they are choosing. Apply the tools you've spent years honing in hours of patient interactions to your job searching process. By seeking to understand your employer's needs before communicating yours, you will help position you for successful negotiation.



Understanding the Employer's Position

Hospitals and medical groups are under pressure to provide quality patient care while managing the financial responsibilities of running an organization on ever-shrinking financial reimbursement. Organizations balance governmental requirements, payor expectations, and patient satisfaction in managing day-to-day operations, all while leading strategic development initiatives required for long-term success, including:

- Delivering high quality patient care
- Delivering strong financial performance
- Creating a positive and productive organizational culture
- Setting standards for operational excellence
- Hiring and retaining qualified staff
- Implementing effective policies for clinical procedures, safety measures, and governance
- Safeguarding required compliance with state, federal and CMS regulations
- Developing positive relationships with outside organizations, including the medical community, referring physicians, and the media

Hiring a physician who doesn't align with the organization's mission and vision can lead to unhappy or uncooperative physicians who poison the culture, while hiring the right physician strengthens the organization's pursuit of purpose.

Flight Risk

Even when a new physician aligns with the organization's values, one of the biggest fears an employer has when interviewing and negotiating with a candidate is that the physician will not stay for the long term. Mary Ferguson, Chief Executive Officer

at Desert Sage Health Centers states, *"My biggest fear is hiring a physician who doesn't understand the organization and community and leaves shortly after starting. A vacant position for us means that good staff might need to be laid off or terminated. Just like we invest in our providers, we invest in staff as well. We attempt to reassign, but that's not always easy to do."*

When a physician resigns, the medical staff, patients, and community are impacted. According to Ms. Ferguson: *"If the provider has established a following of patients and decides to resign, it can be devastating. Not only can it mean a loss of revenue to the practice, but it also compromises patient health when they start to avoid important screenings and follow-ups because they are not happy with the providers exit. This is especially hard on our older patients who depend on continuity and don't like change."*

When a candidate demonstrates a long-term commitment to becoming part of the community, they gain important leverage in negotiating a win-win contract.

Why Productivity Matters

Compensation is an important factor when determining which opportunity is best for you, but is not the only consideration, and for some it may not be the most important. Your colleague may accept an opportunity with a significantly higher starting salary, but you may determine you would not thrive in the same type of community or practice.

In my career, I've helped negotiate some \$500 million in physician compensation packages, and I understand the importance physicians place on the "guarantee" part of compensation. But you cannot overlook how you will maintain or increase your income if/when you transition to a productivity-based payment structure. Philip Schaefer, FACHE, Senior Vice President at Southern Illinois HealthCare states: "Physicians who wish to negotiate for higher compensation should confirm if that compensation will result in an expectation of higher productivity

targets from the employer. Physicians should verify what those expectations are before agreeing to the additional compensation.”

From an employer’s perspective, the longevity of a physician weighs heavily on their mind. Again, one of most common reasons’ physicians resign after a year or two is that they can’t maintain their income on productivity

I’ve seen too many physicians purchase homes and cars and create a lifestyle based on their first-year guaranteed compensation. Those who are unable to sustain the same or greater level of income on productivity may end up feeling under-valued and may look for a new position with another guaranteed salary. Some physicians work for six or seven different employers over their first ten to 12 years of practice. Suffice it to say, you do not want to find yourself in that situation.

To avoid this pattern, I recommend placing as much focus on the big picture in your negotiations as you do your initial salary. You must consider what it will take to maintain or increase your income over time. Before negotiating, ask your prospective employer the following questions to assess what is needed to generate an acceptable income when you transition to a production-based salary:

- Can you walk me through the compensation structure?
- Is there a productivity formula? If so, how does it work?
- If I perform well, what is the income potential for the first, second, and third years?
- Do you anticipate acquiring any new systems that will impact and improve patient flow?
- Describe the process and formula you use in transitioning from a guaranteed salary to productivity compensation.
- How have other physicians adapted to the change after the guaranteed period?

- How many patients will I need to see to generate the required RVUs per year?
- What is the waiting period for new patients to see a physician in my specialty?
- How busy will I be from day one?
- Will the hospital help market my practice? If so, what is included in the marketing?
- What are my responsibilities in building a successful practice and are there bonuses for reaching patient goals?
- Are there patient satisfaction and quality goals? If so, are there bonus rewards?

By asking these questions, you will gain a keen understanding of how the productivity structure works, and you’ll be able to set forth a plan to maximize your productivity to meet or exceed your post-guarantee income goals. And by demonstrating your understanding of the production formula, you may ease the new-hire anxiety of the employer and negotiate a better compensation package.

Financial Costs to Replace a Physician

Estimated turnover costs to replace a physician are as much as \$1 million per physician when all recruitment, start-up, and lost revenue costs are factored in. Retention of good physicians is a critical strategic priority for the financial health and patient satisfaction of an organization. ⁽³⁾

Compensation is an important factor when determining which opportunity is best for you, but is not the only consideration, and for some it may not be the most important.



READ:

Market Driven Factors

In almost every industry, salaries in metropolitan areas are higher than in non-metropolitan areas. For example, the annual mean employment wage in the Chicago Metropolitan Area is \$55,670 (4) compared to the annual mean wage of \$44,960 in Rockford, IL, just 88 miles from Chicago (5).

For physicians, this is almost always reversed with starting salaries significantly lower in metropolitan areas versus non-metropolitan areas. For example, a starting salary for a family physician in Elgin, Illinois, just 40 miles from downtown Chicago, is \$130,000, but in Rockford, Illinois, only 45 minutes northwest of Elgin, the starting salary is \$220,000, plus a signing bonus.

Trying to negotiate a salary in Elgin based on the salary in Rockford will be an exercise in futility because of the vast difference in the supply and demand of physicians. There is a greater number of physicians looking for positions in the larger metropolitan areas compared to smaller markets. Because of this, smaller markets like Rockford are forced to compete with higher compensation packages.

Whether or not you will be able to negotiate your offer will depend on the type of practice, geographic region, community size, supply and demand of specialty and the employer's circumstances.

Physician Compensation Data

Employers use a combination of data to determine physician compensation, including:

- Physician compensation surveys conducted by national healthcare organizations.
- Production analytics from their physicians within the same specialty
- Supply and demand of specialty
- Urgency of the need
- Compensation data from other employers located in similar markets
- Candidate specifics such as practice experience, previous production history, references, and even training programs

Julia Zimmerman, Vice President of Swedish American Medical Group and Regional Development at SwedishAmerican Health System, uses a three-prong approach to determine physician compensation. Julia shares:

“First, I analyze the most recent physician compensation surveys. Based on our specific market—a mid-size community of 150,000 located 90 minutes from Chicago- we start with the median salary reported for that specialty.

Next, my team and I analyze the production of our physicians and adjust the compensation up or down based on the median production of our existing physicians.

Finally, we evaluate the supply and demand of the specialty. For specialties that are in high demand (with more positions than candidates, such as psychiatry) we adjust the compensation up. For specialties like sports medicine with a surplus of candidates to available jobs, we adjust the compensation down accordingly.”

Provider Compensation Surveys

Employers leverage one or more physician compensation survey reports to help determine starting salaries for new physicians. The most-frequently used physician compensation production reports used are:

- American Medical Group Association (AMGA)
- Sullivan Cotter and Associates
- Medical Group Management Association (MGMA)

Several employers use physician compensation survey data that includes TOTAL CASH COMPENSATION which includes salary, signing bonus, loan repayment, residency stipend, performance bonuses, production incentives, and any other income considered taxable. When negotiating a salary, it's important to know what data is being used to determine your salary.

The most popular physician surveys break up the data into the 15th percentile, 25th percentile, median, 60th percentile, 75th percentile and the 90th percentile.

Data Application:

As discussed in the Physician Compensation chapter, employers will leverage physician compensation survey data based on their geographic region, demographic classification, type of practice, and employer circumstances to determine the starting compensation for each specialty.

For example, the chart below is a general guideline on how employers of different demographic classifications located in the Midwest Region, may interpret the data:

Demographic Classification	Population	Examples	Employers interpretation of starting compensation based on community size
Metropolitan	More than 1,000,000	Chicago	10th to 25th percentile
Midsized cities / Suburbs or metro areas	250,001 to 1,000,000	Indianapolis, IN, Chicago Suburbs	25th percentile to median
Medium Sized	50,001 to 250,000	Rockford, Illinois, Peoria, Illinois	Median
Rural to Small community	Less than 50,000	Located 2 to 5 hours away from a metropolitan area	Median to 75th percentile

The total compensation packages may vary significantly based on the community size. The greater the area, the lower the compensation. For example, a starting compensation package for a family physician in Chicago may range from \$130,000 to \$160,000 compared to a starting compensation package of \$250,000 in a small community. Another example; a starting compensation in Chicago for a gastroenterologist may be \$250,000, compared to a starting compensation package of \$600,000 in a small-sized community.

Please note creating a rule of thumb is quite difficult due to several compensation factors and the constantly changing markets. Again, these assessments are loosely based on demographic classification only. There are exceptions to the rule, but this data should provide insight on how employers apply physician compensation survey data to establish starting compensation packages according to the respective demographic classification.

Practice Type

The type of practice you're considering—such as hospital employed, solo practice, academic, independent contractor, or group employee with a track to partnership—will impact your power to negotiate.

Academic:

The pay for academic positions is, in general, significantly lower than other practice types because the academic and administrative portions take away the opportunity to generate revenue like other practice types. Because of this, it is more difficult to negotiate compensation.

Physician-Owned Group:

Physician-owned groups are overall competitive in salary, but generally offer less than hospital-employed practices. Because this type of group generally operates on a production-based "eat-what-you-kill" basis, you may find they are less inclined to negotiate and offer shorter guarantees.

Hospital Employed:

Hospital-employed positions tend to be the most competitive in salary compared to the other practice types because they capture additional revenue from ancillary services each employed physician generates. This helps to offset the cost of higher physician salaries.

Solo Practice:

For physicians who are seeking to work as a solo practitioner, hospitals may consider paying you an income guarantee which is basically a forgivable loan, in exchange for your commitment to practicing in the area for a specific length of time, generally four to five years. Be aware though, that the higher the loan (Income Guarantee), the more risk you carry to repay the loan if you leave before completing your commitment.

The total compensation packages may vary significantly based on the community size.



READ:

Prepare

Planning for salary negotiation is an important part of job-search preparation. As we discussed earlier, adopting a negotiation mindset is essential to your success. Research consistently indicates that 85% of success in almost any endeavor depends on attitude and only 15% depends on aptitude. This holds true in negotiating too! Stay positive, keep your ego in check, and emphasize your value as a member of their team.

Collect All the Facts

You cannot make a good decision without gathering all the facts regarding the compensation offer and comparing them to your priorities.



Recommended Tool

Compensation Package Worksheet

Use this tool to collect all the compensation facts prior to the negotiation process

<http://md.careers/E-23>

Know When You're Ready

Once you have collected and analyzed all the specifics, it's time to decide whether or not an offer is fair based on your specialty, the specific region,

and community market. Be careful to compare apples with apples. The offers you receive may not be comparable in all areas.





Recommended Tool

Decision-Making Worksheet

Use this tool to make a better-informed career decision by ranking each of your personal values and work priorities, evaluating the probability of each organization meeting your needs, and deciding which priorities you are willing to sacrifice, if necessary, to land the job.

<http://md.careers/E-26>

What do you do if you find the perfect position, but the compensation package doesn't meet your expectations? You identify the terms that will satisfy your priorities.

Identify Your Desired Terms

Once you identify the specific terms you are willing to accept, sleep on it before negotiating. Give yourself time to think about whether you're committed to signing an agreement if the employer accepts your terms.

Again, the most powerful negotiation strategy is your commitment to the employer that in the event your proposed terms are acceptable to the employer, you'll sign by the specified date.

Desired Terms + Compromise or Negotiation of Terms = Signed Agreement by Date

For this strategy to be effective, the desired date needs to be specified, reasonable, and doable.

If you don't receive a sample contract before you receive an executable agreement, remember to allow enough time for a thorough review by you and your legal counsel.

Create an Outline

Before you begin negotiating, create an outline of talking points you will make during negotiation. By having an outline, you will stay on point and position

yourself for the best outcome. Below is a sample outline.

- I. **Small talk.**
- II. **Thank them for their time, effort, and support.**
- III. **Recap your interview journey.**
- IV. **Paint a verbal picture of your decision-making process.**
- V. **Communicate that you want the job.**
- VI. **Restate your value—why you are worth more?**
- VII. **Present compensation research.**
- VIII. **Present your desired terms.**
- IX. **Confirm your commitment if your terms are accepted.**
- X. **Thank them for their flexibility and consideration.**
- XI. **Next steps.**

Identify the Decision-Maker(s)

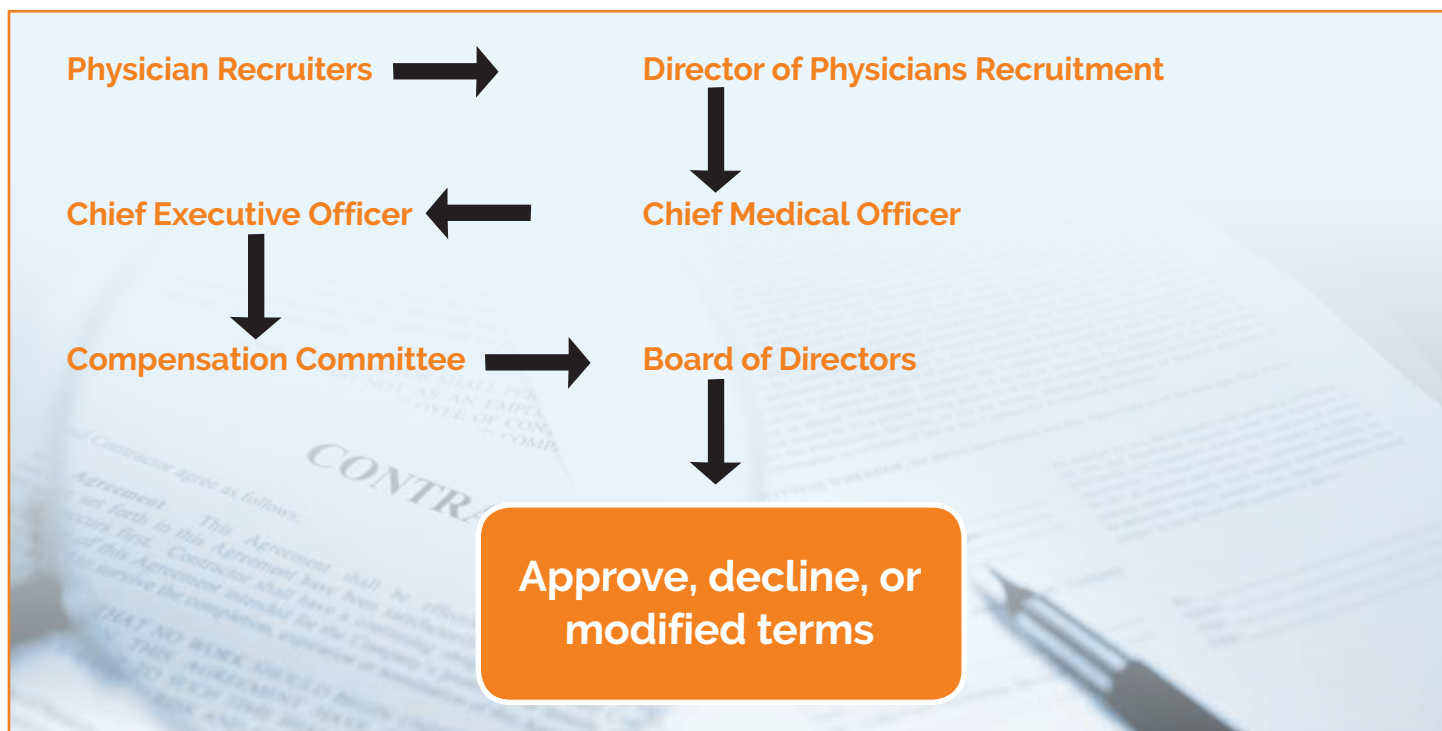
Now that you've done your research, evaluated the offer, and know what you're prepared to accept, it's time to identify the decision-maker – the person or people who make the final decision on the terms of your contract. Depending on the size and infrastructure of an organization, the decision-makers may include a physician compensation committee, a

medical group administrator, a chief medical officer, or even the board of directors.

Even if there are multiple decision-makers, identify and speak with the person who has the strongest ability to influence the outcome. If you are not sure who this person is, you can discretely ask your point

contact (third-party physician recruiter and/or in-house physician recruiter) who is responsible for determining compensation.

It's much easier to negotiate directly with the decision-maker rather than working through multiple layers in an organization (see chart below).



However, if the final decision is made by a compensation committee or the board of directors, direct negotiation will be improbable at best. In this case, try to discuss your compensation priorities with the person who presents your information to that group.

Deciding How to Deliver Your Desired Terms

Although negotiating face-to-face with the decision maker can be effective, in most cases, it may not be feasible due to your schedule and proximity to the employer. But the most important reason may be time. The sooner you start negotiations after an interview, the better your chances are in securing the position and your desired terms. In the world of physician recruitment, time is money, and the longer

you wait to negotiate, the more likely the employer will fill the position with another candidate.

If you are unable to negotiate in person, schedule a phone call to present your proposed terms. Once you've discussed your priorities and terms, email a summary of your conversation as a follow-up that can be forwarded to others involved in the decision-making process.

**READ:**

Crafting a Negotiation Script

Scripting out what you are going to say will help you present your information in a concise manner. Plus, you'll be able to easily convert your script into an email when summarizing your call. Let's take the negotiation outline we discussed earlier and script a few examples.

Start with pleasantries.

"What was the best part of your weekend?"

"How is your day going?"

"What did you think of the [sports] game the other day?"

"Are you enjoying the weather?"

"How long have you been the [Role] with [Employer]?
What is the best part of your position?"

Thank them for their time, effort, and support.

"My experience interviewing with you and your team has been nothing but spectacular! From [First Name] facilitating my travel arrangements, to [First name] facilitating a comprehensive itinerary, each person I met has been pleasant and welcoming. The interview was a very positive experience for me."

"First and foremost, thank you for taking the time to chat with me about your organization, as well as communicating the next steps about the interview process."

"Just want to share that I am very appreciative of you and your team for making the interview process enjoyable."

"Thank you for the opportunity to interview. Everyone has gone out of their way to make me feel welcome."



Paint a verbal picture of your decision-making process.

"When I began the process of securing my first position post training, I must admit, the process was a bit overwhelming. There are so many things that I have to take into account, such as [customize to your situation].

> Bullet Point 1 – Sample

"...finding the right practice type with the right organization and team to work with."

> Bullet Point 2 – Sample

"...securing a position in a community that meets both my professional and personal goals."

> Bullet Point 3 – Sample

"...selecting an employer and community where I can develop a loyal patient panel and realize my dream of developing lasting relationships with my patients."

Communicate you want the job

After interviewing over the past [XX months], I am excited to share with you that [name of employer] and [name of community] is my first choice.

Recap your value—why should the employer give you more?

"I am excited about making a positive impact with [Name of Employer] in [Name of Community]. I believe:

- >** My values align with your organization's mission, vision, and values.
- >** Drs. [First and Last Name] and [First and Last Name] and I will work well together.
- >** My strong work ethic and motivation will help me develop a productive, sustainable practice for years to come.

> I will make a great team member by utilizing a positive, glass half-full outlook.

> I will make a positive impact on my patient's lives in [Name of Community]."

Provide compensation research.

"After researching compensation data for [describe the position], i.e.:

> [Practice Setting Description] 100% outpatient Family Medicine position

> [Practice Type] Hospital Employed

> [Geographic Region] located in the Midwest

> [Demographic location / size of community] with comparable community size of [name of community]"

The [name of research, survey, report] states the [25th%tile, median, 60th%tile...] total cash compensation for [Specialty] is [\$X]."

Transition

"Over the past few days, I've been consumed with trying to make the best decision for my family and whether I accept one of the offers in hand or continue to interview. Before I decide, I'd like to run something by you for consideration. Salary is not the only criteria I'm basing my decision on, but it's an important factor. Over the past decade, I've accumulated [\$X in loans], and I am looking to purchase a home."

"I appreciate the generous offer and most of the terms are acceptable, including [list out each term which is acceptable]:

> [Term 1]...

> [Term 2]...

> [Term 3]...

Communicate the terms needed for you to accept the opportunity.

There are, however, (one, two, several, etc.) that I would prefer to negotiate:

> [Term 1]...

> [Term 2]...

> [Term 3]...

Your commitment if the terms are acceptable.

"If these terms are acceptable, I am prepared to:

> Sign an offer letter within 48 hours of receipt.

> Sign an employment agreement within 7 days of receipt."

Thank them for their consideration.

"I appreciate you allowing me to talk through the process and look forward to coming to a final agreement with you."

Next steps.

"So I can plan accordingly, can you walk me through the next steps and when I can expect to hear back from you one way or another?"

Send Follow-Up Email to Confirm Your Commitment

Regardless of whether you are in contact with the decision-maker or the organization has multiple layers for approving a physician compensation package, sending a follow-up email to confirm in writing you are prepared to execute an agreement by a specific date will only help your case.

Sample Follow up Email

Dear (Negotiator):

Thank you so much for the time you spent with me discussing the terms of your employment offer. I am very excited to enter into a final agreement and begin my career with (employer).

As I mentioned, in the event [name of employer] offers me the following terms, I am prepared to sign an executable agreement by [Specified Date] and call [name of community] my home:

1. An increase in my starting salary to recognize my experience with (?) and my enthusiasm for exceeding the RVU target.
2. A signing bonus of \$? to bring your offer more in line with other offers I am considering.
3. A loan repayment agreement to be forgiven over the course of a four-year contract.

I am very excited to join (employer) and happy that you consider me to be a good fit for your position. I look forward to hearing from you in the next day or two.

Sincerely,

John Smith, MD/DO





READ:

Commonly Asked Questions

What items are open for negotiation in my contract offer?

In some agreements, none of the terms are negotiable. In others, some terms may be negotiable, most often salary, signing bonus, and start date. Other terms that are occasionally negotiable are vacation time, relocation package, and type of compensation structure.

How do I recognize if something is or isn't open to negotiation?

One of the conditions on whether or not terms of the agreement are negotiable is the market. The more in-demand the position, the more likely there will be flexibility.

The geographic market may also play a significant role in whether there is room for negotiation. Opportunities in the Midwest tend to offer more flexibility than opportunities in the Northeast, and opportunities in rural markets tend to be more negotiable than metro markets. The ability to negotiate primarily depends on supply and demand — the higher the demand for a physician in a specific market and specialty, the more likely the terms will be negotiable.

In addition, flexibility increases as income potential for the employer rises. Income potential may depend on the payor mix and the rate of collections on billable dollars, so procedure-heavy specialties and those with high rates of testing referrals may be more flexible. Organizations with higher profit margins may also be more willing to negotiate.

Do I need an attorney to help in negotiation?

Attorneys may help with interpreting the language of the agreement and may have suggestions or recommendations; however, the attorney should NOT participate in negotiation.

How long can negotiation go on?

After you provide the terms that you would accept, the organization should be able to provide an answer quickly, usually within a day or two. If the organization comes back with a counter offer, you may have one more opportunity to go back and work out some small terms. Overall, negotiation should not take longer than a few days to complete. On the other hand, delays may occur due to decision-makers who are on vacation, or committees and board meetings scheduled two, three, four weeks away.

How do I know when negotiation has come to an end?

If the terms are reasonable, the employer should respond to your proposed terms within a few days to one week. If the terms are not reasonable or you have asked for something out of the ordinary, such as removing a non-compete clause from the agreement, you may not hear back from them at all because it may be a deal breaker from their perspective.

If I am seen as a tough negotiator, will that be held against me when I'm hired?

As long as you are reasonable, present yourself well, show flexibility, and communicate effectively, there is no reason for concern.

What should I do if I'm still dissatisfied at the conclusion of the negotiations?

Your career is a big part of your life and you should feel good about going into a new opportunity. Remember not to take anything personally. Negotiation outcomes have more to do with the market and than your needs. If you can't come to a comfortable win-win agreement, it may be in your best interest to move on.

*“Happiness is less important than fairness in negotiations.”
– Philip L. Schaefer, FACHE, Senior Vice President
Southern Illinois Healthcare*





Chapter Tool Box

The **CHAPTER TOOL BOX** consists of **RECOMMENDED TOOLS** featured throughout the chapter, along with additional resources and recommended links.

These tools will help you gain valuable insight about **The Art of Negotiation** to help ease your transition from training into your life and career

PHYSICIAN COMPENSATION (CHAPTER 11)

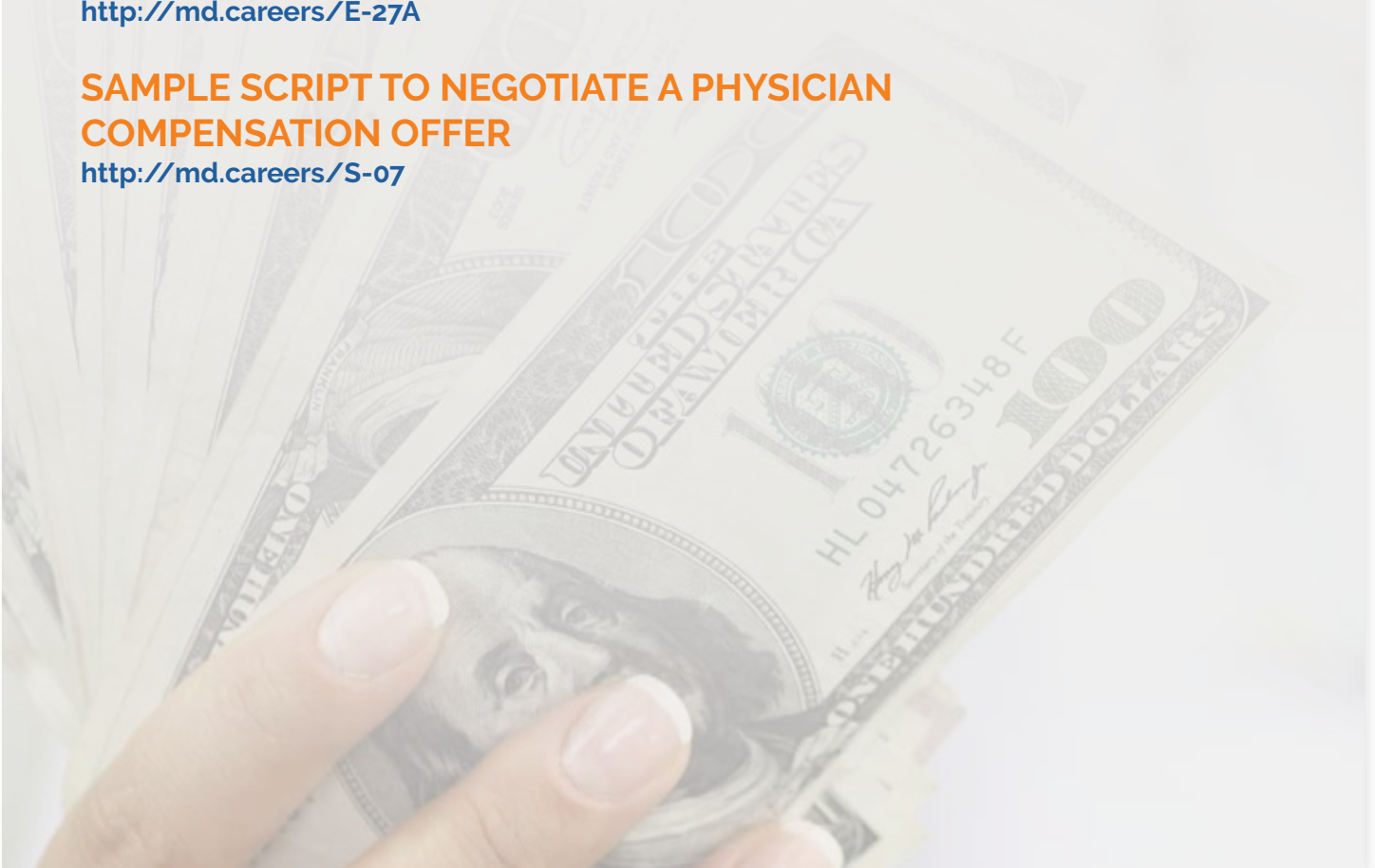
<http://md.careers/Ch11>

STEP-BY-STEP PROCESS TO NEGOTIATE A PHYSICIAN COMPENSATION OFFER

<http://md.careers/E-27A>

SAMPLE SCRIPT TO NEGOTIATE A PHYSICIAN COMPENSATION OFFER

<http://md.careers/S-07>





Chapter Bibliography

This chapter is editorial in nature with anecdotal evidence based on the experience of healthcare professionals willing to share their personal experiences to support and inform the decision of those new to the field. Therefore, no specific research is referenced for this chapter.

- (1) *Keys to Success: The 17 Principles of Personal Achievement*, Principal 3, Pleasing Personality; by Napoleon Hill
- (2) *The 7 Habits of Highly Effective People* by Stephen Covey
- (3) "Understanding the Real Costs of Recruiting" by NEJM Career Center
- (4) May 2018 Metropolitan and Nonmetropolitan Area Occupational Employment and Wage Estimates for Rockford, IL
- (5) May 2018 Metropolitan and Nonmetropolitan Area Occupational Employment and Wage Estimates for Chicago-Naperville-Elgin.

Congratulations on reading *Art of Physician Negotiation!*

NEXT STEP: Track your progress with **THE TRACKER** – an action plan for you to apply *Art of Physician Negotiation* lessons learned.

This step-by-step action plan consists of reading assignments, exercises, checklists, assessments and additional resources to help you transition from training into your work/life by making good sound decisions.

To access your *Art of Physician Negotiation TRACKER*, go to <http://md.careers/T14>

The most difficult thing in any negotiation, almost, is making sure that you strip it of the emotion and deal with the facts.

- Howard Baker, an American politician and diplomat