Tips for negotiating business contracts

Making the Rounds podcast

In the first episode of season 1 of the new Making the Rounds podcast, AMA senior attorney Wes Cleveland provides tips on what to consider before you begin the contracting process.

Whether you are looking for your first job out of residency or have been practicing for years, negotiating your employment contract is one of the most important steps you will take in your career.

It is important to consider the employment offer and prospective employer in totality, weighing both the positives and negatives of the offer. Remember that a positive or negative answer to any single question may not, by itself, make or break the deal. Keep these three tips in mind:

Do not be timid

Physicians just coming out of residency sometimes feel self-conscious or timid about raising issues or trying to negotiate. Do not let this stop you. Potential employers will expect you to ask questions, and doing so will demonstrate that you have done your homework. This will impress the employer and speak well of you professionally.

Negotiation is expected

A prospective employer will not retract an offer if you try to negotiate. If the prospective employer has gone through the trouble to make you an offer, the employer values you and wants to see you come aboard. And, if an offer is rescinded because you raised some questions about the employment agreement, ask yourself, would you want to work for that organization anyway?

Willingness to negotiate will vary

While employers expect potential hires to negotiate, be aware that some employers will be more
flexible than others on what items they will negotiate. Large entities may sometimes be less flexible than small independent group practices, but even if your prospective employer is not willing to negotiate, there are a few things to keep in mind.

First, do not take it personally, or think that you are being “stonewalled,” or that the prospective employer is “playing games” with you. A large entity may have to administer hundreds, even thousands, of physician employment agreements. To make contract administration manageable, the employer may utilize standard physician employment agreements from which, as a matter of institutional policy, it does not often significantly deviate.

Still, although the prospective employer may not budge on major institutional issues, such as a non-compete clause; the employer might be willing to concede on issues that it considers minor but that might be important to you, e.g., research projects.

Second, even if you do not get what you want initially during negotiations, ask for an arrangement whereby you and the employer revisit specific issues after you have been working for a specified time, e.g., 3 months.

After you demonstrate that you are going to be one of its best hires, the employer may be open to revisiting some issues because it ultimately sees your value and wants to keep you as an employee.

This article was written in collaboration with Wes Cleveland, JD, AMA Senior Attorney.

Negotiating contracts

Watch the video for tips on evaluating a prospective employer by considering issues beyond a written contract.

Additional resources

- Understanding employment contracts
- Evaluating prospective employers checklist (PDF)
- Health worker mapper
- Physician Guide for Contract Negotiation (ReachMD)