SALARY NEGOTIATION STRATEGIES
Salary Negotiation Do's and Don'ts

Here are the keys to successful salary negotiation. Follow these simple rules and you should achieve success in this important strategic tool of job-hunting.

- **Do** make sure you’ve done your research on the salary you should expect for the position you’re seeking. And **do use sources such as salary.com and others.**
- **Don’t** bring up salary before the employer does. And **do** delay salary negotiation for as long as possible (until you know exactly what the position entails).
- **Do** be aware of your strengths and achievements. And **do be sure to demonstrate the value you’ll bring to the employer.**
- **Do** let the employer make the first salary offer. And **do**, if asked, say you expect a salary that is competitive with the market - or give a salary range that you find acceptable.
- **Don’t** inflate your current earnings just to get a higher salary offer.
- **Don’t** feel obligated to accept the first salary offer. And **do** negotiate salary if the offer made is inadequate.
- **Don’t** get overly aggressive in negotiating the salary you want.
- **Don’t** just focus on salary. **Do** look at the entire compensation package.
- **Do** try to obtain other concessions (shorter review time, better title, better workspace) or benefits (bonuses, vacation time) if you aren’t successful at negotiating a salary you want.
- **Don’t** enter salary negotiations as part of an ego trip or part of a game.
- **Don’t** accept the first acceptable salary offer you receive if you’re not sure about the job or the company.
- **Do** get the offer in writing.

Negotiation 101

What are the top three rules for job seekers to follow to successfully negotiate the best possible compensation package?

Successful negotiation is based on preparation and patience. Always anticipate what you may need to know when you next speak with any potential employer.

- **Research your value.** Research the value of your talent in the employment marketplace. Find sources that tell you what companies pay for the job you’re considering. The sources should take into account the size of the company you work for and its industry and region. It is even more helpful if you can use a source that helps you calculate the potential value of your personal skills and background such as education, length of experience, certifications, and management responsibility.
• **Don't be the first to disclose a number.** If possible, try to get the employer to disclose the pay for the job before you tell your requirements. If you find this too difficult or awkward, consider providing a broad range (based on the research you did above) and say you expect "a fair total pay package for the job and my unique set of skills, including....” It is also fair to ask the employer what the market data says the job is worth.

• **Prepare a counteroffer.** About half of all job seekers accept the first offer that’s put on the table, but most employers make offers expecting candidates to counteroffer—so go ahead, ask for what you want. Remember that your counteroffer can include more than just base pay; it can include bonuses, stock options, vacation time, and a flexible working schedule. Every time you speak with a potential employer, you should be prepared with a complete, prioritized summary of your ideal offer, and you should know in your mind how negotiable you are on each item.

What are the three biggest mistakes made by jobseekers when negotiating compensation?

1. **Accepting the first salary offer.** Because employers anticipate a counteroffer, many include room for negotiation in their first offer. This is truer for jobs at a higher level or higher salary. If you accept the first offer, you may be leaving money on the table. This could be compounded as future bonuses, salary increases, and insurance coverage are often based on the base salary level. Regardless of whether the employer has room to increase the salary offer, you should be comfortable asking. But be careful: don’t make demands or issue ultimatums unless you really are willing to walk away from the existing offer.

2. **Not being prepared with relevant information.** Too many people rely on the potential employer to determine the fair compensation for the job. Spending a little time learning how the relevant labor market values a particular job and how your unique skills may further increase those values can have a dramatic impact on your ability to maximize your total compensation. Knowing the facts and being able to speak intelligently about them can support and justify your desired pay.

3. **Neglecting to negotiate things beyond base pay.** Base salary is just one of the negotiation points. There are many more items to consider when negotiating your initial employment package, such as variable pay, performance expectations, benefits, perquisites, schedule for salary increase, and minimum severance. Once the salary negotiation is complete, moving on to the other components of total pay can be rewarding.
If a jobseeker has been earning $30,000 and the position they’re applying for typically pays $48,000, what can the candidate do to avoid being low-balled by the employer?

- **Be sure you’re qualified for the new position.** A dramatic difference in pay like this (60 percent increase) may actually indicate a promotion or perhaps a position that is significantly more demanding than your current role. Whether or not it’s a significant change, and whether or not you are qualified for the new job, you should be prepared to answer the question.

- **Determine the differences, if any, between the content of the current job and the new job.** Knowing the differences between the jobs will help to explain why the pay packages are different. It will also help to demonstrate that you have the skills to meet the challenges of the new position. For instance, if you are moving from a non-profit or government organization to a large corporation, you will most likely be able to increase your pay significantly.

- **Determine all the differences in the total rewards packages including pay, schedule, benefits, and intangibles.** There may be differences other than just the base pay—this is particularly likely if there’s a vast difference in the base pay but not a major difference in the job responsibilities. You may find differences in bonus opportunity, profit sharing, stock options, benefit plans, and vacation time.

- **Reconcile the real differences between the jobs.** Create a side-by-side summary of the individual job responsibilities, qualifications, compensation, benefits, intangibles, etc. Add an extra column to summarize the magnitude of the differences. Note the key differences in each category for use in negotiations.

- **Focus salary discussions on the market data for the new job (rather than your current pay at your current job).** Your current pay is not really relevant if the market data for the job establishes a reasonable pay of $48,000 and your skills and experience demonstrate you’re a fit for the job. Of course you shouldn’t tell a potential employer that the information is not relevant, but you can lead them to that conclusion by focusing on the much more relevant market data and value of the job in question and your value as an employee with a set of skills that qualify you for that job.

- **Avoid disclosing your current salary if possible.** If the potential employer does not know your current salary is $30,000, there is no problem. If asked what your current salary is, you can try to deflect the question by responding with something like, "I'd expect to be paid reasonably for someone with my skills [name a few] working in this job. Based on what I’ve seen, it seems that would be between $46,000 and $53,000."

- **Keep discussions focused on the new job, the salary for that job, and you in that job. (Leave the past in the past.)** Being underpaid at your current job
doesn't give your new employer license to underpay you as well. It does, however, give you a justifiable reason to look for a new job.

- **If your current salary is known, use the three to five most compelling differences to justify why you deserve at least the $48,000.** Don't try to overwhelm a potential employer with an impressive litany of differences between the two jobs that justifies the pay differential. Selectively choose three to five of the major reasons. Including a lot of the minor differences will simply dilute the impact of the major ones.

- **If possible, use other current salary offers to justify what you are worth and to mitigate the effect of your current pay.** If the employer thinks your current salary is relevant, you can bring in salaries from other current job offers. These have the added effect of implying a value for you in the job as well as the fact that you are a desirable employee for this type of job. (Of course, this cannot work with the first new offer.)

- **If you have a lot of nerve, try to justify why you deserve $50,000 to $55,000.** The job typically pays $48,000—perhaps you're better than typical. If the employer sees that, then you should be worth more than $48,000. Go for it!

### Salary Negotiation Know-How

Whether you're after a more lucrative job or are just trying to fatten your weekly paycheck, asking for a raise is an exercise in negotiation. And the first step is to know what you want.

"Look at the total compensation picture before you start to negotiate your paycheck, including bonuses, commissions, health insurance, medical and dependent care spending accounts, profit sharing, paid vacation, stock options and other offerings," says Allen Salikof, president and CEO at Management Recruiters International Inc., one of the world’s largest search and recruitment organizations.

"All of these benefits can impact your total financial picture -- never evaluate your salary in a vacuum," he adds.

Salikof offers these 10 tips you should keep in mind as you head into salary negotiation talks:

**Ask**

You've heard of "Don’t ask, don't tell" rules, right? Well, the first rule of salary negotiation is, "Don’t ask, don't get." You're unlikely to ever get more than a cost-of-living adjustment unless you have the guts to ask for more. So get your arguments set, your nerves steeled and go for it.
Do Your Homework
Find out what others in your position make. Also, check with trade associations, ask recruiters what folks in your niche earn, and browse through the job postings to see how your salary compares to those being offered to new employees.

Know Your True Value
Have you saved your company money, improved a process or met your quota? If you’ve had an impact on the company’s bottom line, know the exact figure. You could even suggest that it’s fitting for you to see 5 percent of that figure in your paycheck. Suggest the company tie your compensation to measurable bottom-line results. If your position doesn’t have a specific line in the budget, be ready to prove that your work improved morale or employee retention. The key is to provide data that shows your value to the company.

Be Your Own Advocate
Make sure you bring your list of accomplishments to your boss’s attention. You are the best source of information about you, and you have to be willing to step up to the plate and go to bat for yourself. Don’t count on your boss to simply suggest you ought to earn more money or to notice you haven’t had a raise in 10 years. You need to be willing to brag about yourself.

Plan Ahead
If you want an early raise, let your bosses know you’d like to discuss the issue so you can give them a peek at what you want from the next raise. Ask for a meeting to conduct a pre-review discussion.

It’s Never Too Late to Ask for More
If you’ve already had your performance review, ask for a different type of raise -- perhaps a merit increase or an accelerated performance review that’s retroactive based on meeting agreed-upon objectives.

Wait Your Turn
Don’t even think about being the first one to ask about money during an interview. Wait for your interviewer to put an offer on the table. What should you do if you’re pressed to name a salary? Give the interviewer a range or a vague answer, like "The salary I expect depends upon the job’s exact specifications. Can you tell me more about it?"

Know When to Fold
Consider other job opportunities and be prepared to leave your job if you can’t get the salary you deserve. Nothing gives an employee more confidence in asking for a raise than having another job offer in the hopper. On the other hand, if you go into a performance review and don’t get the raise you want, don’t ever quit on the spot. It’s easier to find a job when you have one than when you’re unemployed.
Everything Counts
When calculating your salary, remember to include the value of benefits, such as bonuses, commissions, health insurance, flexible spending accounts, profit sharing, paid vacation and stock offerings. If a potential employer asks how much you make in your current position, you can honestly say, "My total compensation is..." and then give them the figure that includes everything.

Don't Underestimate the Value of Happiness
If you're happy in your job and the only thing you can't get is more money, maybe it's not time to leave. There's no way to put a price tag on having a job you enjoy.

References:
