

SALARY NEGOTIATIONS

Start Early

As soon as you begin looking for a job, begin preparing for salary negotiations.

- Gather information on the salary range for the position you are seeking or comparable positions.
- Assess market forces. How high is the demand for your unique combination of skills?
- Gather information on the pay profile at the companies you are interested in. Do they pay top dollar? Do they have great benefits, but pay just an average salary? Do they offer signing bonuses or stock options?
- Ask everyone you talk to in the field some version of the following questions: “What’s your sense of the salary range for this position?” or “What salary range should someone with my skills and experience expect to be in?” People may say they don’t know. Ask them for a rough ballpark anyway. With enough pieces of data, you’ll have a pretty good idea of the salary range.

Understand Leverage

You want to negotiate your salary when you have the maximum amount of leverage.

- Early on in the interview process, the employer has maximum leverage and intends to use it. There are usually multiple candidates, and one easy way to reduce the list is to eliminate the expensive merchandise. If you price yourself out of the job at this point, the job is lost to you. It is therefore critical to keep away from any discussion of salary history or requirements. On salary, at this stage in the process, you are endlessly flexible.
- Leverage continues to favor the employer throughout the remainder of the interview process. Getting into salary negotiations in the third, fourth or fifth interview is risky, because the employer isn’t committed to you. If all of a sudden you look too pricey, they will focus on finding a more “suitable” (read: less expensive) candidate. You should continue to defer salary discussions.
- You have maximum leverage at the time an offer is made. They have decided they want you, and are actively fantasizing about the work you will take off their hands. The employer will be prepared to do whatever is feasible to get you to say “yes.” Negotiate only when you are in the driver’s seat.

- Your leverage drops back to nearly zero once you accept the offer. If something is important to you, get it during the salary negotiation. Once you are on the job, there is little incentive to make big changes for you. The employer's assessment is that you won't quit even if they don't meet your demands. Sadly, this is based on long experience that employees will stick with a company, even when denied requested raises or adjustments.

Don't Talk Money Until You Have an Offer

Since you have no leverage, avoid discussing money during interviews. Be prepared to deflect or defer questions about salary requirements or salary history.

- If you don't know what the job pays, the interview is not the time to ask. If you ask what the job pays, they will want to know what your salary requirements are. Find this information out from other sources.
- Prepare for questions about requirements/history. Give an appropriate response and then immediately follow up with a question: "What I'd really like more information on is how you evaluate performance." Asking them an unrelated question diverts the conversation from salary.
- If you get asked about your salary history, try to give a general response "I have been fortunate to work for organizations that paid very competitively. Based on my research, your organization also pays competitively." Then, ask a question.
- If you sense that your interviewer is concerned that he/she can't afford you, answer the question behind the question: "If your concern is that you won't be able to meet my salary requirements, let me assure you, based on my research, that I don't expect salary will be a problem. "
- If you really get pushed to reveal your salary history or requirements, use the following formula, suggested by John Lucht, author of *Rights of Passage above \$100,000*: "In recent years, my compensation has ranged from \$XXX to \$XXX." Give a REALLY wide range that encompasses your three-years-ago, stripped down, no benefits/bonus compensation as well as your most recent, bonus and all the goodies compensation level. The range can be \$50,000 or more for high level positions. The purpose of the range is to ensure that you don't under- or over-price yourself for the position.
- Be ready to say "It's too early to discuss salary." It often is too early. You don't know enough about the job requirements to be able to assess what salary is appropriate. As one of my clients memorably said "For THAT job, they'd have to pull up a Brinks truck!" Some jobs just need to pay more in order for you to be willing to take it. Some are so divine, you'll settle for less money than you make now. You don't know yet. Don't start salary negotiations until you know what you are getting into.

- The employer may toss out the salary range. Avoid the temptation to get into a negotiation. If it's in the ballpark, say that. If it isn't, just say "That's good to know" and keep talking about something else. Companies have been known to make huge adjustments to salary when they find an ideal candidate. Don't be too quick to write off a job that looks like it might fall below your range right now.

Always Negotiate Your Offer

In the vast majority of cases, the employer has more that he/she can offer you. A recent survey of HR managers found that 80% expect job applicants to negotiate their offers. That means that they are preparing for negotiations by offering less than the full amount.

- The first mention of salary should be made by the employer, and usually comes as part of an offer: "We'd really like you to join us as a senior analyst, and we'd like to offer you \$67,500 plus our very generous benefits package." If they offer a job without giving a salary figure, ask "What salary are you offering?"
- Always get the offer in writing. Vellum paper is not necessary. Fax or email will work fine. Just get it in writing. If they are not willing to put the offer in writing, ask why. You just want time to review it, and having it in writing avoids any misunderstanding. Be very suspicious of any offer that an employer won't even put in an email.
- Always ask for some time to review the offer. 48 hours is about the minimum. For senior level positions, you may reasonably ask for up to a week. NEVER accept a job immediately. It precludes any type of negotiation. If you really want the job, make lots of positive sounds, be excited, give the right signals, but hold out on your final answer until the adrenaline rush subsides.
- Agree on a deadline for your response.
- Prepare to negotiate the offer. Take some time to work through the offer and determine how you will approach the negotiation.

The Negotiation Is About Exploring Options

Most people shy away from negotiating an offer because they assume it will be an unpleasant confrontation. It doesn't have to be. You are simply going to explore your options.

- Silence will be a critical tool during salary negotiations. The tendency is to make a point "Can you do better on salary?" and then immediately pull back "Well, it's not that critical, I was just wondering...." Make your point or ask your question, and then stop talking and watch the reaction.
- Try to pocket your vacation time up front. Many people have accumulated significant amounts of leave, and would like to keep it. For example, you might say "I'd like to talk about your offer, but first, let me ask a question. At my current job, I get four weeks of

annual leave a year. I'm assuming you'll be able to match that?" If they can, great, you've got it. If they can't, then ask about the possibility of leave without pay. This signals that vacation is important to you, and they need to make up this deficit elsewhere.

- Push on the salary. A gentle push is "Can you do any better on the salary?" Or "Do you have any flexibility on the salary?" If the offer is way out of line with what you need or expect, than express surprise. Say "Based on my research, I would have expected a position with this level of responsibility to pay between X and Y." Stop there and see if they squirm. Don't say anything further until you see whether they are prepared to up the salary. If they need to discuss this with someone else, agree, but ask to review the whole offer first.
- Ask "Do you offer signing bonuses?" Wait for response. If no, move on. If yes, ask what they can offer you. Whatever is offered, ask "Is that the maximum bonus you offer?" Stop, see if more money hits the table. You don't want to spend a lot of time on this, but you do want to push for the maximum. Signing bonuses are often a good way for companies to make you happy without messing up their internal pay scale--it doesn't add to your base salary.
- Next, ask about performance bonuses. Do they offer them? What percentage of base salary is usually offered? Will you be eligible for the maximum percentage? If not, that's something you would like. Again, this is a way for the employer to open the door to a higher level of compensation without affecting your base pay.
- Explore the possibility of moving up your first salary review to six months. "I think you'll be really pleased with my work, and I would expect to see that in my salary review." This opens up the possibility of more money within six months.
- Stock options. If stock options or profit-sharing are part of a company's compensation package, explore whether you are getting the maximum. Make sure you know what the company's stock price is, so that you can evaluate the value of this component.
- In discussing salary, signing/performance bonuses and stock options, you are letting the employer know that there are multiple ways to sweeten the pot for you.
- Move on to non-monetary items, which can be very valuable. If the company offers flextime or telecommuting (which you should know from your research) ask about the possibility for an alternative work schedule.
- Do you like your title? If you'd prefer something different, ask for it.
- Will they pay your association memberships, or cover part of a club membership? Will they promise to send you to the annual convention for your profession? Will they provide a company car, computer, home phone and/or fax line, cell phone? Will they cover tuition costs for further education? All of these are questions you can ask to determine where they have flexibility.

- If you like the offer you have heard, review the numbers, and then accept the offer. If you need more time to weigh the offer, review the numbers to ensure you have them written down correctly, than ask for a day to consider.

Always Get the Offer in Writing

- Once you have reached an agreement, get it in writing. An email or letter is fine. You are simply looking for a document that covers all aspects of what was promised to you. Supervisors get fired, move on, or die. Your next supervisor may not feel compelled to abide by an “agreement” whose only copy is in your head. Be extremely wary of an offer that cannot be put in writing.

SALARY NEGOTIATION WORKSHEET

Below are the issues you should address in any salary negotiation. Fill out what is being offered and what your goal is to help you stay focussed. Suggested approaches are included.

		Offer	Target
VACATION TIME	# of Days/Weeks	_____	_____
<p>“At my last job, I got X weeks of annual leave, and I was assuming you would be able to match that.” “Do you offer leave without pay?”</p>			

SALARY	Amount	_____	_____
<p>“Do you have any flexibility on that number?” “Is that the maximum you are able to offer?” “I’m surprised. Based on my research, I was expecting the salary to fall into the X to Y range.”</p>			

SIGNING BONUS	Amount	_____	_____
<p>“Do you offer signing bonuses?” “Is that the maximum?”</p>			

PERFORMANCE BONUS	Percentage of Base Pay	_____	_____
<p>“Is that the maximum percentage?” “Can we increase the percentage?”</p>			

TIMING OF SALARY REVIEW

“Can we move my salary review up to six months? I think you’ll be very pleased with my performance.”

STOCK OPTIONS	Number	_____	_____
<p>“Is that the maximum available?”</p>			

OTHER ITEMS

As appropriate, ask about flex-time/telecommuting options, title, tuition benefits, professional membership/conferences, club membership, equipment, relocation expenses, temporary housing.

ALWAYS GET THE FINAL OFFER IN WRITING!