



Salary Negotiation

Remember, salary is the amount the market will support for your services. Most organizations, both large and small, establish salary ranges for every position based on standards and general practices for the field. Organizations determine where an employee falls in the salary range based on experience and special expertise or knowledge. It is in the organization's best interest to hire you for fair market value for several reasons. First, the hiring process can be long and expensive. It would be inefficient for an organization to make low offers only to be rejected and have to begin the recruiting process all over again. Second, organizations want to hire and retain good employees. It is unproductive to pay you less than other employees.

The What, Why, and When of Salary Negotiation

What is it?

Salary negotiation is the process of reaching an agreement on what an organization will pay for your skills, knowledge, and experience. Contrary to popular belief, this is not an adversarial process. It is both the organization's and your best interest to come to a mutually beneficial agreement.

Why or Why Not Negotiate?

The *only* reason is to get fair market value for your skills, experience, and knowledge. The process is important for future earning because most raises will be based on your starting salary. However, *it is unwise to negotiate for negotiation's sake*. For example, sometimes job seekers think a hiring manager expects them to negotiate, or that salaries should be negotiated as a general principle. Although organizations respect employees who can articulate the value they add, recent grads (or anyone else) can quickly alienate potential hiring managers if they are inappropriate and over zealous in their approach to negotiating their salary to "get a fair deal."

When Should You Negotiate?

Two things need to happen before you negotiate. First, begin discussing salary only *after* you have received a formal offer, preferably in writing (refer to the Question and Answer section for what to say if a hiring manager or human resources person raises the "money" question before a formal offer). Initiating a discussion regarding salary before this point

could eliminate you prematurely from hiring consideration. Second, negotiate only after you have researched what the market will pay for your services in this field. This research will arm you with the evidence you need to know if the salary offered is reasonable or whether you should make a case for a higher salary. The fact that your friend has received a higher salary for a similar job at a different company is insufficient data for negotiation purposes.

The Salary Negotiation Process

Before Negotiating

Let's say you have received an offer. You can either: accept it, reject it or ask for something else. If you decide to ask for something else, you need to know three things before you begin:

1.) Know Your Market Value

Your success in negotiating a better compensation package (and the only reason you should be negotiating) rides on data you have which suggests your market value is higher than that reflected in the offer. To determine your market value, see the *Salary Research* section. Often recent grads don't have the experience or the expertise to warrant a higher salary. However, there are exceptions. Here is some salary negotiation "positions of strength" for recent grads:

- You have relevant work experience (internships, summer jobs, etc.) that positively impacts your ability to do the job.
- You have a particular technical expertise, which is in high demand.
- You have an advanced degree in a specific and sought-after area of expertise.
- You have a written offer from another company that proposes a higher salary.

2.) Know What You Want

In addition to knowing your market value, you also need to know what you want and where you are willing to compromise. Salary is only one part of the total compensation package. A package might include any of the following:

- base salary
- stock or stock options
- 401(k) or retirement type plans
- medical, dental, and vision benefits
- life insurance and disability benefits
- signing bonus
- performance bonuses or profit sharing
- vacation time or sabbaticals
- education reimbursement
- relocation costs
- extras: company, car, computer, child care, etc.

During the process of evaluating job offers, some of these elements may not seem as important as annual income, but they can make a big difference in the long run. In order to evaluate offers you need to consider all appropriate elements, including cost of living expenses for the area and anticipated out-of-pocket costs for things not covered. You need to do a cost/benefit analysis to determine which is the best opportunity for you. Also, ask your hiring manager or HR contact any questions you have about the benefits package *before* you make a decision.

3.) Know The Job

Before you start negotiating, you want to be clear on how your skills benefit the organization. This can be difficult to assess if you don't have a lot of work experience. However, here is a technique that might help you. Try to identify the needs of each person who interview you and how you are a solution to their problems/challenges. Then, when you are negotiating, you have specific data about how you will add value. You will be able to confidently state that you are worth \$5L more because of your ability to create specific software, design the new manual, or write the necessary grant proposal.

What To Say And Do During A Negotiation

Step 1: Receive the Offer

Thank the hiring manager or human resources person for the offer and express enthusiasm for the position. Then, reiterate how important this decision is for your and ask for some time to think it over in order to make a good decision. If it is a verbal offer only, ask when you can expect to receive the offer in writing.

Step 2: Evaluate The Offer

If you have any questions about benefits, etc., ask the hiring manager or human resources contact for clarification. Evaluate the compensation package based on the elements listed in the *Know What You Want* section. Identify several backup options should your first request be denied.

Step 3: Negotiate

You've evaluated the offer and done your homework. Now you are ready to negotiate. Here is a sample script for what you might say in a negotiation:

“I want to say again how extremely pleased I am to have the opportunity to work with you and this organization. However, I would like to discuss the compensation, as it is less than I had expected.”

The answer might be something like, “What did you have in mind?”

“First, I’d like to know how you arrived at this compensation to make sure I understand the salary structure. I want this to work for both of us.”

Listen to the manager’s response. Then, say something like:

“I understand the organization prefers to bring new college graduates in at the lower end of the range for this position because they typically lack the experience that warrants a higher salary. However, I feel my three years of summer internships experience within this industry plus my leading edge technical skills warrant a higher salary.” (If you have other hard salary data from your research, diplomatically mention it here.)

Now let the hiring manager think and/or talk. If the compensation is not negotiable, you have a decision to make based on the current offer, or you may suggest the next option from your backup plan (such as a higher signing bonus, if applicable).

The most important components of this process are:

- 1.) Know what you want and what is realistic based on solid research.
- 2.) Communicate what you want clearly, diplomatically, and succinctly.
- 3.) Stop talking and start listening once you have made a request.

After Negotiating

Once you and your manager have come to a mutually satisfying agreement, ask for something in writing that reflects your mutual understanding. This will likely be in the form of an amended offer letter. And, once you have signed the letter, you got yourself a job - congratulations!