

Salary Negotiations in 6 Easy Steps

Congratulations. You received an offer from one of your target companies! You aced the interviews, the chemistry between you and your soon-to-be boss is solid, and you are passionate about the company's products and services. Now take a deep breath and pat yourself on the back. It has probably taken you a few months to reach this point in your job search – savor the moment! Ok, time's up!

Now it's time to negotiate a compensation package that is competitive, meets your financial needs, and falls within the company's budget. And you thought the hard part was over! Salary negotiation is difficult, but once mastered, will take your earning power to new heights. The goal is simple: to arrive at a final compensation package that offers mutual rewards. This may mean that your new employer gives a little and gets a little. If both sides feel the other compromised, it is a win-win for everyone! With that in mind, here are the steps you need to complete to increase the likelihood of securing a competitive salary.

Step 1 – Research and spend time gathering comparable numbers. Think of salary negotiation like buying a house – you wouldn't make an offer unless you knew what similar houses in the same area were selling for. Your salary is no different. Ideal sources include other open positions, colleagues who are in a comparable role, compensation consultants and recruiters.

Sometimes it can be difficult to get an “apples to apples” comparison since the composition may be different from company to company. As an example, we have a client that is offering a base salary that is 20% below market, however their bonus structure is 30% above market. The key is to consider the entire package, and then break out each piece (base, bonus, equity, benefits, car, commute, on-site perks, expense account, etc.). If possible, also connect with current or former employees of your new employer to learn more about the company's negotiation practices. Some companies extend an offer at the high end of their internal range, making it clear that they are unable to negotiate. Conversely, other businesses prefer going the “low-ball” route, expecting the candidate to negotiate a higher package.

Step 2 – Calculate your “3 Numbers” - your dream number, your walk-away number, and your comfort number. In other words, know exactly what would compel you to accept the job on the spot. At the other end of the spectrum, what number would be so insulting or ridiculous that it would drive you to walk away without ever looking back! This walk-away number is equally important post-negotiation, as you work to develop a compromise offer. If they are not willing or able to accommodate your financial needs, then they may not appreciate your value and the position probably isn't a good fit for you.

Hopefully, you've discussed some ballpark numbers during the interviewing process to eliminate any surprises, but it's important to be prepared for anything. It is also during this step that you want to weigh the pros and cons of the position. Consider everything including, your daily commute, the people you would be working with, your potential boss, the business model, and the opportunity for advancement. If you don't do it now when the level of emotion is low, it will be very difficult to do it after the offer it made. Money changes things and you don't want to deviate from your “ideal job criteria.”

Step 3 – Don't make the first move. If you're asked to provide a target salary, offer a range rather than a specific figure. Do not state your salary goal while other candidates are still being considered. Ideally, the company will make the initial salary offer so you can negotiate in confidence knowing they want you on board.

Generally speaking, the company will allow 10%-20% of “wobble room” depending on the candidate's specific qualifications and the level of the position. This is especially true for sales, marketing and general management positions that will directly affect the top and bottom line. In fact, most employers expect to negotiate salaries for these types of positions. As a result, your final salary will likely wind up somewhere between your counter and the company's original offer.

Remember, you must maintain a positive attitude throughout the salary negotiation process. Continue to demonstrate your excitement and enthusiasm for the position even if things don't go exactly as you planned. After all, assuming you

come to an agreement, you will be working alongside the very same people you negotiated with. It's important that you start out on the right foot.

Step 4 – Be patient and ask for time to make your decision. Don't feel pressured to decide on the spot. After receiving the first offer, take a moment, pause, and say, "Thank you, I really appreciate you extending the offer and I am optimistic that we can come to an agreement." Do not say, "Ok," or "That sounds great," or "I'll take it." Assuming you are dealing with a rational and fair-minded negotiator, they will expect you to ask for time to think it over. Once you have a preliminary offer, you should feel comfortable enough to say, "Great! I think I have the information I need to decide but let me take the next 24 (or 48 or 72) hours to absorb the details and I will get back to you by XYZ date and time. Again, I am very optimistic about this opportunity, and I'm confident we can make it work. I just want to be sure I haven't missed any details."

If you are one of the lucky ones with multiple offers, now is the time to remind them of this. Remember, you are negotiating from a position of strength. You might say: "Thank you for the opportunity to interview with you. I am very optimistic that we can come to an agreement. However, I do have another offer that I am considering, and that offer is a bit higher. I don't want you think I am trying to pit your company against the other one, but is there any wiggle room in your offer?"

This will set the stage for a dialogue about the pros and cons of each position. Once again, if you have already created this list, it will be much easier to incorporate the dollars and cents into your final decision.

Step 5 – Stay strong and be focused. It's easy to get caught up in the emotion of an offer, especially if you've been looking for work for a while. But stick to your guns, be committed to the value you bring to a prospective employer and be confident in communicating that value during the negotiation process. Take the emotion out of the equation to ensure that you are making the best decision for the long term. This might also be a great time to enlist the help of a coach. Whether it is a friend, a family member, a peer, a former boss or a professional career coach, having an objective sounding board will greatly enhance your ability to make a rational decision.

Step 6 – Always leave the door open and offer creative solutions. If the prospective company is not able to match your minimum base salary, it's time to consider alternative solutions. These may take the form of stock options, signing bonuses, expense accounts, profit sharing, pre-determined raises or even performance bonuses. If this is your dream job, you should also consider the potential for future earnings and the timing of a promotion. Propose alternative situations such as a 3-6 months consulting agreement, a lower starting salary with the guarantee of a raise in a specified timeframe, or even working part time. These alternatives can temporarily save the company money until they can increase their hiring budget. However, if you decide to accept a lower temporary salary, a consulting agreement or a part time role, it is imperative that you set boundaries. If the company does not follow through on their commitments in the specified timeframe, don't allow this to continue. Walk away as soon as you see signs of the company's inability to follow through on their commitment.

After working for 11 months for a company, one of our coaching clients was offered a full-time contract with benefits from a company but agreed to take a 50% cut in hourly consulting pay. He agreed because the company agreed to increase his salary within a year. Two years later, the company still hadn't reinstated the higher pay and now he is in the throes of negotiating his salary all over again.

These six salary negotiation steps can lead you to a positive outcome. Done effectively and for the right position, you will be the proud owner of a new job. You will be earning a competitive paycheck and your new employer will have gained a committed, engaged and savvy employee. However, if an agreement is not reached, it is very important that you avoid burning bridges. If your ultimate response to their offer is, "I'm sorry, but I just can't accept this position for that salary. I am going to have to turn your offer down," it is important that you keep it professional and respectful. Chances are your paths will cross again someday and this town is too small to risk leaving a bad taste in their mouth.