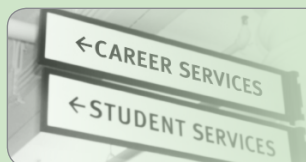




Robert F. Wagner Graduate School of Public Service

# SALARY NEGOTIATION →



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## »» INTRODUCTION

### **WHAT IS SALARY NEGOTIATION?**

Salary negotiation is the process of determining and agreeing on the amount and/or types of compensation that an employer will pay an employee in exchange for some form of labor.

### **WHAT SALARY NEGOTIATION IS NOT**

Salary negotiation is not simply a series of talks designed to increase your pay. Rather, it is an opportunity for the employer and prospective employee to agree upon a complete compensation package that meets both parties' needs. It is an important part of the interview process, and should always be conducted in good faith.

### **THE POWER OF SALARY NEGOTIATION**

For most people, discussing salary is a nerve-racking experience. However, when managed correctly, it can also contribute to a positive and more fulfilling professional relationship between you and your future employer. The following tips and guidelines will help you successfully manage the salary negotiation process.

## »» **NEGOTIATING PRINCIPLES**

The way that you approach salary negotiation has a tremendous impact on its outcome. The following five principles should always guide your negotiations:

1. **Salary is best discussed when the employer has made you an offer**
2. **Salary should be viewed in the context of other employment issues**
3. **Know what you are worth and what the current market will bear**
4. **Most offers are negotiable**
5. **It is okay to ask for what you want**

### **SALARY IS BEST DISCUSSED WHEN THE EMPLOYER HAS MADE YOU AN OFFER**

When an employer makes you an offer, it means that you've successfully demonstrated your full worth as a prospective employee. This is the best time to negotiate, as an employer who knows that you are the best person for the job is more likely to be flexible on issues of compensation.

What's more, if the interview process reveals that you have more to offer than originally expected, you could end up being considered for a different job with a higher salary range. Because salary negotiation shifts the employer's focus from your attributes to your requirements, a premature salary discussion may prevent the employer from ever learning that you warrant consideration for a higher paying opportunity.

### **SALARY SHOULD BE VIEWED IN THE CONTEXT OF OTHER EMPLOYMENT ISSUES**

Salary is only one piece of a complete compensation package, which can also include health insurance, time off, flexible hours, loan forgiveness, and bonuses. Other factors, like a connection to the organization's mission, professional advancement, and opportunities to break into a new field, can also be considered as forms of compensation.

It is best to know about and consider all of these factors before discussing salary. You may find that the rate of pay being offered is more or less appropriate after you've considered the other benefits. For example, some candidates decide that flexible hours and upward mobility are more important negotiation points than salary. Similarly, employers may be more willing to accommodate your salary requests if you do not require other benefits like health insurance.

### **KNOW WHAT YOU ARE WORTH AND WHAT THE CURRENT MARKET WILL BEAR**

Successful negotiation begins with a great deal of background research, as you will need to determine the types and amounts of compensation that a person with your level of experience, education, skills and other qualifications can command in your industry and target organization. Base your salary requirements on information gathered from several sources. Speak to professionals in your field; review the salary ranges for similar positions in similar organizations; know the agency's size/budget; and visit different salary calculator websites to help ensure that your information is accurate. The following websites will aid you in your research:

- <http://www.salary.com>
- <http://www.payscale.com>
- Wall Street Journal: <http://careerjournal.com/salaryhiring>
- Monster Salary Center: <http://salary.monster.com>
- Quintessential Careers Salary Wizard: <http://quintcareers.4jobs.com/JS/CareerResources/Salary>
- Job Star Salary Survey Links: <http://jobstar.org/tools/salary/index.php>
- Abbott Langer and Associates: <http://www.abbott-langer.com>
- The Salary Calculator: <http://www2.homefair.com/calc/salcalc.html>
- WetFeet U.S. and International Salary Calculator: <http://www.wetfeet.com>
- Nonprofit Times Salary Survey: <http://www.nptimes.com/>
- Federal Salary Tables: [www.opm.gov/oca/payrates](http://www.opm.gov/oca/payrates)
- OCS Recent Graduate Employment Statistics: [www.nyu.edu/wagner/careers/stats.php](http://www.nyu.edu/wagner/careers/stats.php)

### **MOST OFFERS ARE NEGOTIABLE**

Do not assume that an employer's first offer is the best offer. Many employers will initiate salary discussions by proposing a salary figure that is at the lower end of the position's allocated pay scale. This is to allow room for the candidate to negotiate.

### **IT IS OKAY TO ASK FOR WHAT YOU WANT**

When you accept a position you are agreeing to make a significant investment in an organization. It is realistic and fair to expect that organization to make an equitable investment in you. As long as you are tactful and realistic, it is unlikely that an employer who has a vested interest in you will withdraw an offer because you tried to negotiate a better compensation package.

# »» MANAGING EMPLOYERS' REQUESTS FOR SALARY INFORMATION

## **DURING THE APPLICATION PROCESS**

Some job announcements will ask you to indicate your salary history and/or requirements in your resume and cover letter. This is a screening tool! If you list a number that is above what the organization can afford, you may be eliminated from the candidate pool. If your number is too low, the employer may offer you a lower salary than what was originally intended.

As a general rule, when salary information is requested in an application, you can:

- Ignore the request altogether; or
- Explain that you would be happy to discuss salary once you have more information about what the job entails; or
- Give a salary range (not an exact number) and indicate that your requirements are negotiable and flexible. Only do this if you are indeed willing to negotiate.

★ *Note: Some consider it risky to ignore a request for salary information, because the employer may view your application as incomplete and eliminate you from the selection pool. While this is a legitimate concern, know that it is equally risky to discuss salary before you have been made an offer. Furthermore, if an employer is impressed with your resume and cover letter, she/he will most likely call you in for an interview and raise the salary issue at that time. Ultimately, depending on your own level of comfort, you will have to determine on a case by case basis which method carries the least risk and the most potential for reward.*

## **DURING THE INTERVIEW**

Employers may ask for your salary history and/or requirements during the interview. If possible, avoid this discussion until you've been made an offer, or at least until the end stages of the interview process. The interview should center on the value you would bring to the employer—what's in it for them. Salary and other benefits—what's in it for you—are best discussed once you've proven your full worth to the employer.

## **IF YOU WANT TO KNOW THE SALARY RANGE BEFORE THE EMPLOYER MAKES AN OFFER**

Your background research on the organization, the position type, and the field of practice should help you estimate the salary range with some accuracy. Also, remember that salary is only one

piece of a compensation package. As you move forward with the interview process, you may find that the position has more to offer than you originally thought. A salary that you would have initially ruled out may be more attractive once the employer offers you the entire benefits package.

### **IF THE EMPLOYER WANTS TO DISCUSS SALARY BEFORE MAKING AN OFFER**

Consider using one or more of the responses listed below.

**Question:** "What are your salary requirements?"

**Answers:** "Since salary is only one piece of the puzzle for me, I'd like to find out more about the job before determining my salary requirements. This sounds like an excellent opportunity so far. Can you tell me a little more about...[insert an area where you have additional questions]?"

"That's a good question. Would you mind telling me the average salary range for this position or similar positions in this agency? My requirements are flexible, and I'd like to consider those rates before deciding on an exact range."

**Question:** "What were you making in your previous/current job?"

**Answer:** To be quite honest, I prefer to have a full understanding of everything a job has to offer before discussing salary. With that said, do you mind if we delay this conversation until we've talked a bit more about the position itself and where we are in the interview process? (*Follow-up with specific questions.*)

### **IF THE EMPLOYER INSISTS THAT YOU GIVE YOUR SALARY REQUIREMENTS OR HISTORY**

If you have indicated that you would like to postpone the salary discussion in a polite and respectful manner, most employers will not push the issue. However, if the employer insists on knowing your salary information, be prepared to have this discussion. Further avoidance will only make you seem resistant and defiant.

#### **Giving Your Salary Requirements**

Give the employer a salary range (never give an exact number) that is at the higher end of the position's pay scale. For example, if the position pays between \$50,000 and \$60,000 a year,

\$60,000 should be at the middle or low end of your required salary range. This helps you to avoid giving a figure that is too high or too low.

★ *Note: If you do not know what this specific employer is offering for this specific position, reflect on your market research. Base your requirements on average rates of pay for similar positions in similar organizations, keeping in mind the current value of your experience and qualifications.*

### **Giving Your Salary History**

Consider using one of the responses listed below.

- If your current salary is **at market rate**, give the employer a salary range that includes and slightly exceeds your current salary and tell them that you are looking to move up from there.
- If your current salary is **above market rate**, give the employer a salary range that includes your current salary. Tell them that you are very interested in working for this organization, and that you are certain that you will be able to work something out.
- If your current salary is **below market rate**, give the employer a salary range that includes and slightly exceeds your current salary. Tell them that you are aware that your current salary is below market rate, but that you were willing to make certain sacrifices in order to gain the skills and experience necessary to qualify for more advanced opportunities—such as the position for which you are interviewing.

## »» NEGOTIATING THE OFFER

Congratulations! Your hard work has paid off and the employer has made you an offer. However, your work is not done yet. Never accept a job offer right on the spot. Take time to consider the details carefully, get information on the complete compensations package, and make sure that there are no unanswered questions.

### **RESPONDING TO THE OFFER**

Whether an employer makes you an offer via telephone, email, or in person, be sure to:

- Express your appreciation for the offer.
- Indicate that you have a few follow-up questions about the job (i.e. vacation time, start date, position title, etc).
- Thank the employer for the information, and ask for time to consider the offer (anywhere between a few days and one week is standard).
- Ask if it is okay to call back if you have additional questions before making a final decision.

See the following sample response to an offer (in person or via telephone):

“Thank you very much for extending the offer. Again, this is an excellent opportunity. Can you tell me more about the benefits package (vacation time, health care benefits, the performance evaluation process, etc)? Great, thanks for clarifying those details. I’d like to take some time to think about the offer. Can I contact you with my decision by...[insert a date or time frame]? If I have any questions before that time, do you mind if I give you a call? Thanks again, and I look forward to speaking with you.”

Before you accept or decline an offer, consider every aspect of the job. The following questions can help you determine if this is the right position for you:

- Is your interest in the organization still strong?
- Will you gain new skills or bolster old skills in this job?
- Is the position consistent with your short term and long term goals?
- How does this job compare to your ideal job?
- How will this position impact your personal life and relationships?
- Is the salary acceptable?
- How are the other elements of the benefits package?

## DECIDING TO NEGOTIATE THE OFFER

If you are satisfied with the complete compensation package and you do not want to negotiate any aspect of the position, you can accept the position as offered.

If you are not satisfied with the complete compensation package and you want to negotiate one or more aspects of the position, keep the following principles in mind:

- Always negotiate in good faith. You should only go through with negotiating an offer if you are seriously considering taking the job.
- Always negotiate in person or over the telephone. Tone plays a big role in negotiation and it is more difficult to convey in written form.
- If you are considering other organizations, contact those employers, inform them of your offer, and inquire about the status of your application. If they are interested in you and have some flexibility, they may speed up their decision-making process. However, you may have to make a decision before you have complete information on all possible offers.
- You should only accept an offer if you intend to stick with it.

## INITIATING NEGOTIATIONS

If you decide to negotiate an offer, you must be clear about the aspects of the position that you would like to have improved. Remember to consider every aspect of the job. Do not feel compelled to focus exclusively on salary.

## REQUEST TO ENHANCE THE OFFER

Contact the employer well in advance of the day that you said you would give them a final answer. Your conversation should go as follows:

“As I mentioned before, I’m very interested in the position and I believe that I can bring \_\_\_\_\_ and \_\_\_\_\_ to the agency. I was wondering if it were possible to enhance the offer in terms of [salary, vacation, benefits, opportunities for review, etc]?”

★ *Note: At this point, shut your mouth! Bite your tongue! Do not try to fill in the silence with further explanation, an apologetic sigh, a nervous giggle, or anything of the sort. Wait for the employer’s response.*

The employer can either agree or disagree to consider your request. See the following page for instructions on managing each response.

### **IF THE EMPLOYER DOES NOT AGREE TO CONSIDER YOUR REQUEST TO ENHANCE THE OFFER**

Maintain a positive and gracious tone. If you do not want to make a second attempt, simply thank the employer for the offer again and indicate that you will get back to her/him with a final decision on or before the original deadline. If you would like to make a second attempt, see the *Second Request to Enhance the Offer* section on this page for information on managing this request.

### **IF THE EMPLOYER AGREES TO CONSIDER YOUR REQUEST TO ENHANCE THE OFFER**

Express your appreciation for the consideration and tell the employer what type of enhancement you had in mind. If you want to raise the salary, do not state the exact figure that you desire. Instead, choose a realistic round number that is slightly above the exact figure that you want. For example, if you would like to increase the salary from \$50,000 to \$55,000, you might say “I was hoping to move towards \$60,000.”

- **If the employer agrees to the figure you propose**, express your appreciation for the enhancement. If you are now completely satisfied with the compensation package, you can accept the position at that time. You can also let the employer know that you will get back to her/him with a final decision on or before your original deadline.
- **If the employer does not agree to the figure you propose**, express your appreciation for the consideration and ask what type of enhancement the employer would be willing to consider. Once the employer proposes an option, express your appreciation again and state that you will get back to her/him with your final decision on or before your original deadline.
- **If the employer says that she/he needs some time to think about your request**, express your appreciation for the consideration and ask when you can expect a response.

### **SECOND REQUEST TO ENHANCE THE OFFER**

Some people choose to continue negotiating after the first conversation. If you feel that negotiating a second time can bring added rewards, follow up in the manner highlighted below before the date that you agreed to give your decision.

- **If the employer did not agree to consider your first request to enhance the offer**, you can respond by requesting to improve a different aspect of the compensation package. Consider responding with: "I understand. In lieu of a salary increase, would you be able to consider \_\_\_\_\_?" Remember, some employers are more willing to negotiate areas like flexible hours and covering transportation costs than actual salary rates.

- **If the compensation package was enhanced from your first request**, express your appreciation and follow-up with your additional request. "I really appreciate that! It is certainly helpful. Would you also be willing to consider \_\_\_\_\_?"
- **If the employer agrees to your second enhancement request** and you are now satisfied with the complete compensation package, you can accept the position on the spot or indicate that you will give your final answer on or before your original deadline.
- **If the employer does not agree to your second enhancement request**, you can end negotiations at this point by thanking the employer and accepting the position on the spot or you can indicate that you will give your final answer on or before the original deadline.

### THIRD FOLLOW-UP CONVERSATION

Some people have successfully negotiated by going through this process three times. If you intend to continue negotiations at this point, do recognize that the employer has already gone through considerable efforts to accommodate you and may indeed be limited in what she/he can offer.

You should also investigate industry norms for negotiating offers. Some types of employers may be more accepting of lengthy negotiations, while others may interpret your persistence as disinterest in the position.

★ *Note: Your negotiations should not extend beyond the start date of the position.*

### CONCLUDING NEGOTIATIONS

Once the negotiations are finished, it is appropriate for the employer to put the offer in writing. If you decide to turn down the offer, contact the employer via phone and inform her/him that you have decided not to accept the position. Be sure to thank the employer once again for the offer.

The employer may inquire about your decision to decline the offer. Make sure that your response is polite, clear, and concise. Consider saying "As I mentioned before, this position is an excellent opportunity. However, I've decided to pursue another opportunity at another organization. Thank you again for your consideration and I wish you all the best as you move forward with the successful candidate for this position." Send a formal declination email to follow-up on your conversation. This professional courtesy should leave the employer with a good impression of you in the event that your paths cross again. The letter should include:

- A statement of your appreciation for the offer (name the position)
- A statement of your respectful decline of the offer
- A statement that leaves the door open for future contact.

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