

Professional Certificate Career Development

Video Transcript

Video 6: Salary Discussions

This session is designed to be a practical approach to a salary discussion. Some common challenges we will talk about are how to answer the question, what are your salary expectations? How to respond when you receive an offer? And of course, how do you negotiate an offer? It's important to know that often an offer may not require a negotiation. It may meet all of your expectations, and you accept it if you decide that the offer you received requires discussion. The goal is to negotiate for a mutually beneficial outcome. You want this for all negotiations, of course, however, unlike buying a house, which is generally a one-time interaction. When you are negotiating for salary, the person you're talking with is your manager.

And this is the person who is approving your compensation package and will be someone you're interacting with regularly afterwards. You want them to feel positive about you and the process, as well as the outcome. And a note on the job market. As supply-demand shifts, your power to negotiate is impacted. That being said, success in negotiating depends on your background, the role you are seeking, and the demand for your skills. So, let's start with the question about your salary expectation. Early compensation conversations are to ensure that your salary expectations are in the same ballpark as what the company is prepared to offer. Everyone wants to ensure that the investment of time and energy in the process is worthwhile.

Here's an example of a recruiter reaching out to you and asking, what are your salary expectations? You do not want to get caught off guard thoroughly in the job search process. If you've not done your homework and you're not prepared to answer this question. My recommendation is not to answer it as it will anchor the conversation, which I will talk about more in a minute. Even if you do know the market as it is a preliminary conversation, you can choose to answer this question or not. For example, you simply might say, "I consider it confidential," and then ask more about the opportunity. Ideally, you want the person contacting you to provide you with information. Here is a second scenario.

You're initiating the contact. You want to be prepared to answer their salary question and have done your research before answering it. There is a concept called anchoring, which means that the first offer or salary number that is mentioned at the beginning of a discussion will become the anchor or reference point for the rest of the negotiation. Therefore, you only want to say a salary range first if you are confident in the numbers you are providing. To give an example, if you say you were open to a range of \$85,000 to \$100,000, you have anchored the discussion at the low end of \$85,000. If you would not take an offer at \$85,000, then you do not want to say it because it is very hard to recalibrate this later.

So, let's talk about the interviewing process for a moment as it relates to negotiating. As the company is evaluating you, you're also evaluating your interest in the role and the organization.

And your level of interest will influence what will be important to you if you decide that there is something you want to negotiate. While interviewing, the hiring manager is looking to determine if you are a good fit for the work, your skills, your knowledge, and your fit for the culture. And you were looking to see, is this the right place for me? My recommendation is to take notes on how you're feeling and what you're reacting to right after the job interview. And on things you want to ask about either later in the interviewing process or after you receive an offer.

So, we're skipping right over to the company wants you. Great news! You're the candidate they want, and they've reached out to let you know. How do you respond? First, don't feel you need to say anything more than a thank you and that you're excited about the opportunity when the offer is extended. If it's email, write a thank you. Always ask for time to review the offer. If you're on the phone, you want to listen carefully to what they're saying. And again, this is a time to be silent. Ask clarifying questions if you have them. For example, when will I receive the written offer? When do you need a response? Who should I speak to about questions with the offer? When do you have the most negotiating power when you've received a job offer?

They have invested a lot of time and energy into you. They want you and are incentivized to make it work. Now, is the possibility for a negotiation. It's always your choice whether to negotiate or not, and that will be a decision you will make based on the offer they provide you. What else might you negotiate beyond compensation? Often direct monetary items first come to mind. For example, salary or performance bonus. However, there are examples of non-monetary items as well. And in a tough employment market, you may have better success with non-monetary asks such as job resources for a partner or additional time for development than monetary requests.

And generally, in the United States, benefits such as retirement and insurances are legal plans, so they are not negotiable. And employment agreements, confidentiality agreements, or non-compete tend not to be negotiable, either, particularly in an established company. So, what are some of salary negotiation elements you want to consider? We will discuss these in more detail. However, you want to ensure that throughout the process, you are balancing assertiveness with empathy. You also want to make sure you are truly interested in the opportunity, and if you can arrive at a mutually agreeable outcome, you will accept position. An employer wants to know that you are serious about the job.

So first, what are your minimum requirements? Here's an example of a way to think about the offer. I suggest you use whatever model of prioritizing works for you. What is important is that you have a clear sense of what you're asking for and why. So, what are your minimum requirements? Here's an example of one way to think about the offer. I suggest you use whatever bottle of prioritizing works for you. What is important is that you have a clear sense of what you are asking for and why. If you're negotiating for an increase in salary, for example, you have done your research, have a good sense of how your expectations for your skills and experience fit with the market.

So, how might you address the interests of both you and the employer in a creative way? And here's an example of creatively coming up with options to meet your needs. What you can do to strengthen your argument for, in this case, to receive an additional \$10,000 is to articulate what you can do for the company and why your knowledge, skills, and abilities are worth more money than what is being offered. What do they value that makes you a candidate? What skills and

experiences do they particularly want from you? Is it your educational background, competitive knowledge, specific technical skills, client contacts? Knowing this helps put you in the best position to negotiate and to think about alternatives.

So, let's talk about your BATNA. This is your best alternative to a negotiated agreement. The intent of this is that you know your alternative if the negotiation does not work out. It also provides you negotiating power. You do not need to give up as much if your alternative to an agreement is an attractive alternative to you. And it determines the minimum you're willing to accept. Let's look at the situation where you would like an additional \$10,000 to your base. First, list all the alternatives to the current negotiation. What could you do if the negotiations fall-through? Stay at your current position, and keep looking for a new one. Leave your current position and look for a new position, or accept a current different job offer that you have.

Second, you want to evaluate the value of each alternative. How much is each alternative worth to me? You want to select the alternative that provides the highest value to you. This is your best alternative to a negotiated agreement. Let's say the highest value to you is to stay in your current position and look for a different opportunity. After determining this, you can then determine what you are willing to accept from a negotiation. Your goal in negotiating was to get an additional \$10,000. However, the organization only agrees to increase it by \$5,000. You decide to accept this offer even though it is \$5,000 less than you wanted because it is still more attractive than staying in your current role and looking for another position.

To give another example. If, for example, you had another equally attractive one for that you would take, and that was your best alternative. You may say that's my best alternative to negotiated agreement and then walk away from that opportunity. And lastly, communication is important. Depending on the size and structure of the organization, that determines who extends offers. Most companies with established HR departments have HR extend the offer. How much influence HR has at determining the outcome can vary by organization. For offers about detail, you want to ask HR rather than your hiring manager. In a smaller organization, you may be talking directly with your hiring manager.

So, if there's clarification, for example, about the benefits plan or how performance reviews work, those are questions for HR. You want to maintain your perspective in the discussion. It's really easy to get caught up in emotions, and your goal is to create a mutually beneficial outcome. They may ask you some tough questions. For example, if we make you an offer right now, will you accept it? If you would, that's great. If not, you want to be prepared with a truthful answer that does not undo your negotiating power. And always, you want to stay focused on the big picture. What is your ultimate goal?

How does this opportunity fit into your career goals? If you're starting on a new career path, are you willing to take less money now for the long-term career trajectory? And finally, I would recommend using multiple sources to determine the range for the opportunities you're interested in. If a search firm calls you, it is a great opportunity to get market data on what roles are priced at, whether you're interested in the role or not. If you're relocating, you will want to consider a cost of living data and will want to look at a couple of sources. Economic intelligence unit has a fee. However, depending on where you are locating to may well be worth the cost.