

# Fundamentals of Salary Negotiation: Becoming a More Effective Negotiator

## Exercise 1: Creating Your Position of Strength

In salary negotiations many believe that they have minimal leverage with the employer. The employer will make an offer and it will be difficult to increase that offer significantly.

The objective of this assignment is to help you position yourself for the maximum compensation offer at the outset as well as put you in a position where the employer would be willing to even increase the already generous initial offer.

I call this developing your Position of Strength (POS) and to do that you need to answer the questions below with as many specifics as you can find.

The POS process is about completing your personal balance sheet. What are your assets and liabilities? What makes you great at your current firm and what qualities or issues could be holding you back or are making you not as competitive within your company?

The questions below are designed to help you identify your assets and liabilities. A liability could be something that is holding you back or that makes you less competitive. Please don't limit yourself to just the below questions. You should consider anything else that fits into the POS objective.

Answer the below questions to build the strongest POS:

1. **Your ROI:** What have been your 3 to 5 most valuable accomplishments for your company in the past 12 to 24 months?
  - a. For each of these accomplishments you need to gather specific metrics that define the accomplishment. For example did your project save 100 hours of developer time? Reduce customer churn by 20%? Increase sales by 25%? What was the result?

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- b. Once you have those specific numbers you need to convert hours or other metrics into estimated dollars. If you saved 100 hours of development time multiply that by the average hourly rate for the level of developer. So if that was \$200 per hour then you saved the company \$20,000 in that example.
2. **List your Assets:** Have you managed any key projects, brought in any large target accounts or done any other accomplishment that would put you in the top 5% of the company for something? If so you will want to highlight those as well as your strongest skills that define you as the best of the best in your organization.
3. **List your Liabilities:** Are there any issues where you are not as competitive? Not fluent in a process, application or language. Or are you one of the most qualified at the firm in these and other key areas?
4. When was your last promotion? What is the average time others get promoted in your company? Say that the average promotion time is 2 years and you are going on 4 years with no promotion; you need to think about why that may be? Is there some issue you need to overcome?
5. What other companies could you get a job with?
6. What is the demand for your job in yours and other industries?
7. Any other assets or liabilities for you?

You will want to note this information on a sheet of paper and we will discuss everyone's findings shortly. Please do your best to estimate the numbers as this exercise is more about understanding the process then calculating the exact numbers. You can always revise it later once you have the actual numbers.

Please feel free to ask questions about how to overcome any liabilities as well as the optimal way to capitalize on your assets.