HIRED

Your Complete Guide to Salary Negotiation

Land the salary you deserve.

Salary Negotiation 101

Know your worth

First and foremost, you need to know what your monetary value is to a company (and the job market) before you go in with a set number for your desired salary. Going in with an unrealistic number (too high, or even too low) shows that you are not prepared for the conversation and aren't convinced of your value, which can be a turnoff to your future or current employer. In addition to Hired's own salary calculator, consult tools like Glassdoor, Comparably, and PayScale to assist you in calculating what the going rate is for positions like yours. If you are a candidate on Hired, your Talent Advocate will assist in setting tailored salary expectations based on your skills and our market data.

Avoid sharing your current salary

Most recruiters and hiring managers will ask for your salary expectations at some point during the hiring process, but it's important not to show your cards too early. If you must answer early on in the process, give a range (i.e. "in the high XX's") to allow for some flexibility when you're negotiating down the road. More on this on page 8.

Articulate your value

Whether you are applying for a new job at a new company, or pushing for salary increase in your current role, you should always emphasize and reiterate the value you bring to the table. What unique skills and abilities do you have that differentiate you from other candidates? If the job description outlines a role that seems more junior than the level your experience warrants, make a case for increasing the seniority of the position. The same is true if you are a junior candidate applying to a more senior role; you deserve to be compensated for the responsibilities you are performing, or are capable of performing. As a current employee, if you are exceeding all of your goals and success metrics, book some time with your manager to talk about how your efforts are contributing to the broader success of the company.
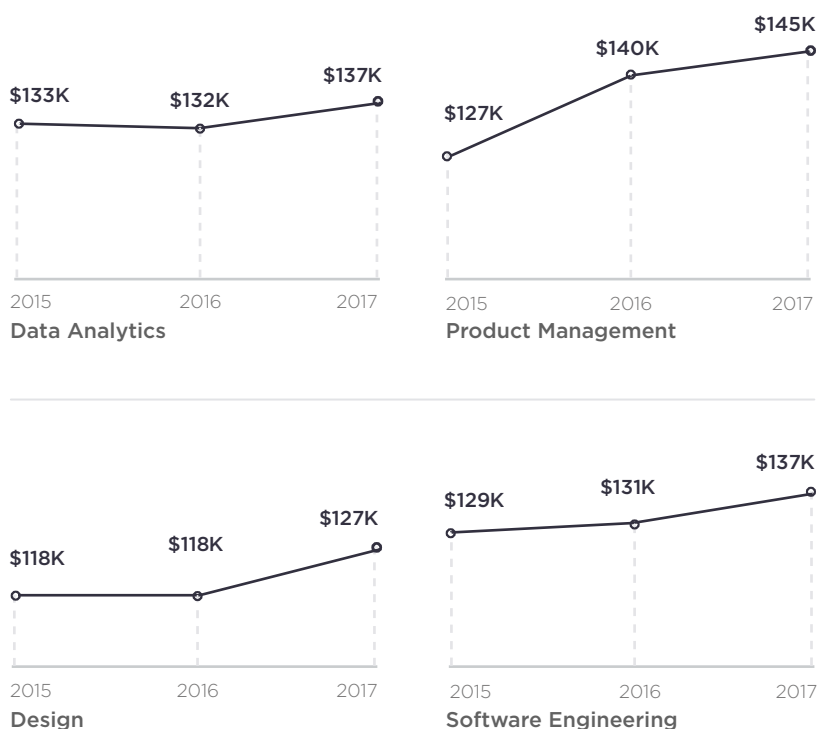
Factors Contributing to Your Salary

If you're waiting to receive a job offer and salary package—or perhaps having already gotten it and are puzzling over what you've been offered— if can be helpful to understand the drivers behind what goes into a compensation package. To be sure, it's not rocket science, but putting some parameters around how companies evaluate candidates and structure their compensation strategies can play an important rol in helping you assess whether you're being paid what you're worth.

01 Your Role

While average salary offers continue to rise, not all skillsets are created equal. Product management roles were offered the most on average based on our data, beating out software engineering and data analytics roles. It's important to recognize that the product manager role has come to the forefront of many tech teams as it requires a melting pot of skills to be effective and successful. With increased popularity, comes more demand and higher salary offers. And then when you take cost of living into consideration, the story changes.
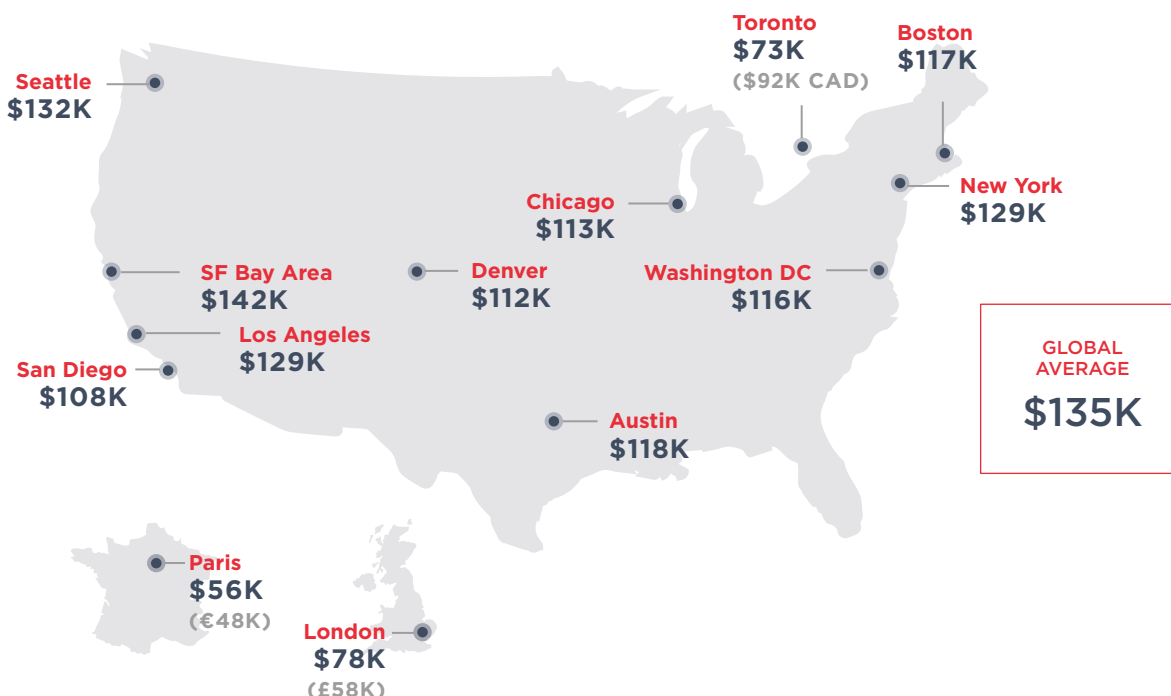
Average Tech Salary Year Over Year by Role

$133K $132K $137K

2015   2016   2017
Data Analytics

$127K $140K $145K

2015   2016   2017
Product Management

$118K $118K $127K

2015   2016   2017
Design

$129K $131K $137K

2015   2016   2017
Software Engineering

02 Your Location

When we analyzed salary offers from technology workers across the country, it's no surprise that the San Francisco Bay Area boasts the highest average salary.
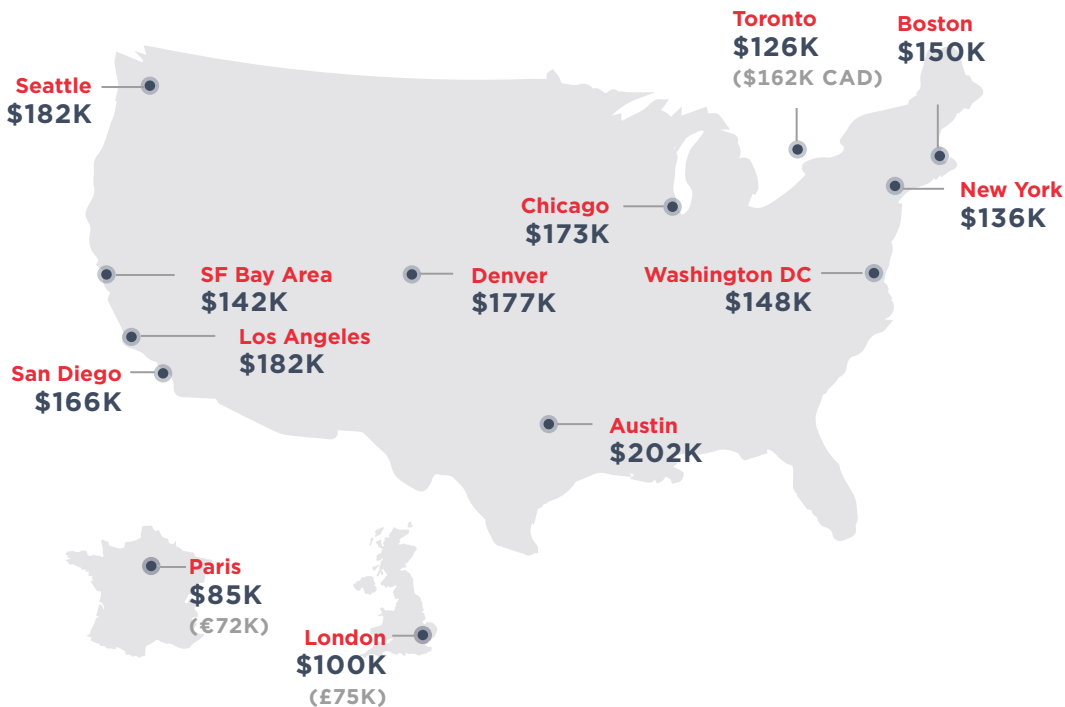
2017 Average Tech Worker Salary

Toronto
$73K
($92K CAD)

Boston
$117K

Seattle
$132K

New York
$129K

Chicago
$113K

SF Bay Area
$142K

Denver
$112K

Washington DC
$116K

Los Angeles
$129K

San Diego
$108K

Austin
$118K

GLOBAL AVERAGE
$135K

Paris
$56K
(€48K)

London
$78K
(£58K)

Despite the fact that the Bay Area offers the highest salaries for tech workers, job candidates are beginning to notice the perks of living and working in other cities. To see how other cities fare in a cost of living comparison, we asked, "If every city had the same cost of living as San Francisco, how much would tech workers' salaries be worth?"

Once again, Austin tops the list at an adjusted salary of $202K, meaning Austin tech workers would need an $84K raise to maintain their current standard of living in San Francisco. Seattle and Los Angeles tie for second place at $182K. Tech workers are noticing the benefits of living and working in those cities, too: When we surveyed our users, Seattle and Austin came out on top of the list of places they'd relocate.The tech landscape is changing and although Silicon Valley still leads the way, other cities have plenty of perks to offer.

Average Tech Salary: Adjusted for SF Cost of Living

Toronto
$126K
($162K CAD)

Boston
$150K

Seattle
$182K

Chicago
$173K

New York
$136K

SF Bay Area
$142K

Denver
$177K

Washington DC
$148K

Los Angeles
$182K

San Diego
$166K

Austin
$202K

Paris
$85K
(€72K)

London
$100K
(£75K)

03 Your Level and Seniority

Before receiving an offer, ask the hiring manager to be clear about the company's leveling process, and be sure to understand where you'll be entering relative to other employees. Companies generally practice leveling in order to standardize compensation, so it's definitely fair for you to ask about their approach to both. Important questions related to leveling include how often the company re-levels employees, which criteria they use to evaluate these decisions, and how compensation and promotions apply to these levels.

Just as important as knowing at which level you'll enter is understanding your career growth prospects once you've joined the company, which can significantly impact the attractiveness of an offer. For example, a company might offer a lower level at entry because they want to first evaluate your performance and cultural fit—then quickly move you up within the organization. This could potentially be even more attractive than an offer of a fancy title, for example, if you'll be stuck in the same position indefinitely. In sum, be sure to account for not just the role you'll join the company with, but also your career growth prospects with the organization in the near and longer-term.

04 Demand

Whether you're a new developer or have been honing your skills for years, these are the languages to focus on as you grow your career—and brush up on before your next technical interview. Our latest data shows JavaScript to be the most in-demand programming language, which is no surprise given its popularity across the world. As a two-sided marketplace that helps the most innovative companies find tech talent, we are seeing this skill rise the ranks of 'must-have' abilities as companies evaluate which potential hires will add the most value to their technical teams.

While it can be tempting to jump right into learning the most demanded skills, spend some time investigating in order to prioritize the skills most relevant to you.

Top 5 In-Demand Tech Skills

01 JavaScript

02 Java

03 Python

04 HTML

05 CSS

Most Requested Positions by Companies

01 Full Stack Engineer

02 Backend Engineer

03 Frontend Engineer

04 DevOps Engineer

05 Mobile Engineer

05 Past Experience

While it's seemingly obvious that a company would base compensation offers on work experience, it can be easy to forget that hard skills and real experiences can play an important role—particularly if you've been moving up in your old company for a while. Remember that companies have very little with which to evaluate candidates and potential hires, so a large portion of their offer will be based on your past experiences—and how well you recount them.

If you decide to negotiate your offer, focus on specific skills and qualifications you've gained as a result of your work experience, tieing them to industry benchmarks for the role you're considering. By helping the hiring manager better understand why you're better-qualified for the job than other candidates, you'll put them in a better place to advocate for hiring you—and offering an attractive compensation package.

06 Management

In general, compensation tends to increase as you manage larger and more strategic teams, so you can expect your offer to reflect this. Whether you'll be managing a team, how big it will be, and how much management experience you bring can all impact salary offers—so it's important to adjust your expectations accordingly. Keep in mind that more strategic leadership positions that carry more accountability will generally command higher salaries than individual contributor (IC) roles with small teams under them. However, it's important to note that some highly talented ICs (particularly within engineering organizations) receive salaries at levels that rival their peers in management—but don't count on this always being the case.

If you're looking for management experience to boost your credentials when you move to the next job, seek out less traditional activities that provide the opportunity to showcase your abilities. Within the workplace, propose hiring an intern who would report to you, or make an explicit effort to laterally manage your peers more effectively. Outside of the office, seek management opportunities through volunteer work, or even by getting involved with alumni associations. Regardless of your tactic, if your goal is to manage teams, make that clear to your manager—but also be proactive to gain managerial experience from a variety of activities.

What Not to Say During Salary Negotiation

Whether you're looking for a new job or simply hoping for a raise within your current company, salary negotiation is a skill that can not only help to secure higher pay, but also positively affect how your work is valued as you progress through various roles. But it's not an easy skill to acquire, and—for better or worse—most people don't get too many chances to practice in the course of their careers. If you're going into a negotiation, read on for our list of things to avoid as well as some suggested workarounds.

"The original offer works for me"

The first (and perhaps most common) salary negotiation mistake is not negotiating in the first place. In the excitement of a new job offer, it's easy to fold to the first salary package proposed. But agreeing to the first offer means surrendering your rights to negotiate a higher salary, or even to ask for different non-salary benefits. Even if the offer sounds great, ask for some time to think about it before making a decision.

In most situations, it makes sense to at least attempt to negotiate. Even if the company can't (or won't) offer you more, many employers will respect that you value your skills highly. In addition, if the company can't offer a higher salary right away, the fact that you negotiated now may put you first in line for a raise in the future.

"My current salary is..."

Most recruiters and hiring managers will ask for your salary expectations at some point during the hiring process, but it's important not to show your cards too early. If you must answer early on in the process, give a range (i.e. "in the high XX's") to allow for some flexibility when you're negotiating down the road.

"My desired salary is [exact number]"

Similar to giving away your exact current salary, avoid disclosing an exact target, as you'll box yourself in by doing so. Let the employer propose a number first, leaving you more room for negotiation.

"I'm not sure"

While it's important not to give away all of your (current and desired) salary numbers, you'll also want to avoid the other side of the spectrum. Appearing unsure of what you're looking for gives the other side of the negotiating table permission to shape the discussion, so do the necessary research and go into the discussion with at least a ballpark range of what you're like to end up with.

"I know [specific person] makes X"

According to Susan Peppercorn, a career coach from Boston, "negotiations should be based in fact, not emotion." A surefire way to get emotionally involved is to name a specific person's salary. Whether for a new job or for negotiating your salary within a company, compare what you're being offered to industry averages (Peppercorn suggests Salary.com or GlassDoor—or you can use the our salary calculator for a more granular view of how you stack up), rather than to what specific individuals are making.

"I think..."

Facts can be useful not only in comparing yourself to industry averages, but also in demonstrating why your work is worthy of a higher salary than you've been offered. Avoid phrases like "I think" or "I feel" when speaking about past performance, which can give the impression that the value of your work is subject to interpretation. By sticking to the hard facts, you'll assert the importance of your past work and give the hiring manager tangible evidence of why you deserve a higher salary.

"The least I'll accept is..."

If you disclose the minimum you'll accept, there's a good chance you'll get just that, and no more. Additionally, if it's not feasible for the employer to offer you at least the minimum you propose, the negotiation will be over, and you'll have to walk away with nothing.

"I can't afford my [student loan payments, rent, etc.]"

Sure, you'll need to earn enough to pay your bills—but again, an emotional appeal like this has no place in a salary negotiation. Any amount you propose above the original offer should be justifiable by the value you'll bring (or already do bring) to the company, not by how much you need the money.

If you're worried about living costs, make sure to ask about additional benefits or stipends the company provides, such as a cell phone plan, gym membership, or travel reimbursements. These might not be factored into your salary offer, but can take a chunk out of your monthly expenses.

"That's my final offer"

If you've gotten to the stage of having a job offer, the employer definitely wants to get you onboard, so avoid getting fed up and posing an ultimatum. Even if the company can't offer you more money, there's usually some leeway to negotiate an alternative benefits package.

Valerie Streif, a Career Adviser with Mentat, suggests asking about the possibility of extra paid time off or the ability to work from home, two increasingly common benefit package add-ons. Streif urges candidates to think about what might enhance their quality of life beyond a higher salary, as many companies will work with the employee to tailor a benefits package that suits both parties.

Salary vs. Equity: Choosing What's Right for You

Things to Consider

01 Options are usually granted on a four-year vesting schedule with a one-year cliff, which means you won't actually have the option of owning equity in the company if you leave within your first year of working there. Further, on the common vesting schedule, only 25% of the options are available to you after the first year, and the remaining shares typically vest incrementally each month or quarter thereafter.

02 They're called 'options' for a reason, as stock options don't actually imply ownership in the company, but rather the option to purchase the specified number of shares. If you decide to buy the shares in the future, they'll cost the 'strike price' when the options were granted, which should be significantly lower than the market value of the shares when you sell (otherwise you'd have no reason to buy them in the first place). The ultimate hope is that the value of the company's shares increases significantly over the time you work there.

03 Even if you do purchase the shares, they're not actually worth anything until some sort of exit event, like an IPO or acquisition—and the unfortunate reality is that a large percentage of startups fail, rendering the shares worth nothing. Particularly if the company is early-stage, keep in mind that even if its future looks bright, an exit could take years, meaning you'll have to hold onto the shares for a long time in order to capture any value from them.

04 It's not the number of shares that counts, but the percent ownership that those shares represent. Ask the hiring manager for each role for the company's number of shares outstanding and calculate the percent ownership each offer would represent. Compare these numbers, not number of shares, between your offers.

Making the right choice

Having options when it comes to compensation packages is never a bad thing, but it can be confusing to choose between them. Here are some points to consider as your evaluate your alternatives.

Can you survive on the lower-salary offer?

It can be exhilarating—not to mention a great learning experience—to join an early startup, but you'll typically see much lower salaries paired with higher equity stakes, as the smaller the company, the lower the chances they've raised (or made) tons of cash. Take a look at your own expenses to determine the minimum salary you'd be able to accept, particularly if you're living in an expensive tech hub like San Francisco, where living expenses can eat up a huge chunk of your income.

What's your four-year plan?

If your equity is on a typical four-year vesting schedule, you won't have the option to purchase any shares before year one, and the remainder will take an additional three years to vest. If you know you have a big move ahead, you're planning on going back to school, or otherwise don't expect to be with the company for long, be sure to factor that into your considerations.

How strongly do you believe in the company?

Hopefully you're excited about the prospects of any new company you're joining, but trading off between salary and equity is a time to think critically about how optimistic you are about the company's future, as well as its exit prospects, which will ultimately determine what your equity will be worth. Of course, this isn't easy, and there are professionals (like ventureveture capitalists) who get paid to do this and still get it wrong a lot of the time, but it's an important factor to consider if you're leaning towards a job with a lower salary but a company you're more excited about.

Do the alternatives make financial sense?

If a company has offered you two different packages, one with more equity and the other with a higher salary, it's worth running some quick calculations to figure out if the two numbers are reasonably equal. Wealthfront has a helpful blog post about how to do this—the numbers will never be foolproof, but it's a good idea to generate some ballpark figures to make a more informed comparison.