Salary Negotiation: Make More Money, Be More Valued

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[**Editor's note**: At nearly 7,000 words, you probably don't want to try reading this on an iDevice. Bookmark it and come back later.]

Imagine something a wee bit outside your comfort zone. Nothing scandalous: just something you don't do often, don't particularly enjoy, and slightly more challenging than "totally trivial." Maybe reciting poetry while simultaneously standing on one foot.

If I told you I would pay you a hundred thousand dollars if you did five minutes of poetry recital while standing on one foot, would you do it? It's an absurd image, but play it straight. There is no hidden gotcha here. You won't be videotaped. Your friends will never see you make a fool of yourself. The revolution will not be YouTubed. The offer is exactly as simple as you think it is: poetry, foot, $100,000.

Would you read poetry for me?

Of course you would. You'd be screamingly stupid not to. In fact, not only would you read poetry, you'd probably take a poetry class to make sure you did it right, or go to the gym to verify "Yep, sure enough, I can stand on one foot. Phew. Pass me the Shakespeare." If you couldn't stand on one foot, you'd fix that, because you know that is much easier than other things you routinely accomplish and you suddenly have a hundred thousand wonderful reasons to learn it, too.

What if you were talking about this at dinner with your friends, and one of them said "Oh, no, I'd never do that. I just don't do poetry. I'm an engineer. And besides, my father told me that people who stand on one foot look silly. And what do I need $100,000 for anyhow?" You would not clap them on the back and say "Damn straight! Man, poets, always trying to tempt

virtuous engineers into their weird poetry-spouting flamingo-standing ways." You'd say "Dude, it's five minutes. Heck, I'll help you practice."

This is pretty much how I feel every time I talk to my engineering friends about salary negotiation. We overwhelmingly suck at it. We have turned sucking at it into a *perverse badge of virtue*. We make no affirmative efforts to un-suck ourselves and, to the extent we read about it at all, we read bad advice and repeat it, pretending that this makes us wise.

Dude, it's five minutes. Let's un-suck your negotiation.

(New to the blog? Hiya. I generally write as an engineer for engineers. Non-engineers can benefit from many of the same techniques, though the hiring market isn't nearly as in your favor at the moment as it is for engineers in most major US metro areas.)

Why Negotiation Matters

Your salary negotiation — which routinely takes less than 5 minutes to conclude — has an outsized influence on what your compensation is. Compensation can include money or things which are more-or-less fungible replacements for money, but it can also include interesting things which you value from "more time with your family" to "opportunities to do tasks which you find fulfilling" to "perks which make a meaningful difference in your day-to-day quality of life." That makes your negotiation **five very important minutes**. You generally can't do a totally bang up job on any five minutes of work this year and have your boss give you an extra $5,000. **You can trivially pick up $5,000 in salary negotiations just by sucking *less*.**

Since salaries are shockingly durable over time, particularly if one is not good at negotiating, you can expect a $5,000 increase in salary to compound with your standard annual read-the-HR-chart-percent raise, cause a similar increase in your 401k contribution (which also compounds), and establish a higher peg for any further jobs you take (if you're unsavvy

and allow these other jobs access to your prior salary history, at any rate). Accordingly, over the next ten years, the value of $5,000 a year extra salary is close to $100k gross, and the value of $15,000 a year extra (very achievable if you're e.g. a young engineer who doesn't realize that the hiring market is *on fire* right now, even outside of tech epicenters like Silicon Valley) is over $100k even net of taxes.

Shifting Your Mindset To Embrace Negotiation

We'll discuss tactical advice in a moment, but let's talk about the psychology of negotiation first. I think that middle class Americans are socialized from a very young age to view negotiation as something that is vaguely disreputable and engaged in only by poor people. Think of the associations you have with the word "haggling": do you think of a successful young professional talking about thousands of dollars in a brightly lit office? No, you probably think of an old woman arguing over a trivial sum of money in a dirty flea market.

If I were a little more paranoid and a little more Marxist, I'd honestly think that you're so misinformed about reality that that is almost prima facie evidence of a conspiracy to keep you in the dark about this, to the advantage of people who a) you won't negotiate with and b) who will feel absolutely no compunctions about negotiating with you. Principally, this will be your employers. People say that your house is the biggest purchase you'll ever make, but it won't be the most consequential negotiation. If you're sane only about 25% or so of your gross income is subject to the results of real estate negotiations. Close to 100% is subject to the results of salary negotiations. Thus, your salary negotiations are probably going to be the most important financial decisions you will ever make. We socialize middle class Americans to go into them unprepared, demotivated, and fearful of success.

The reality is that **rich, successful people negotiate**. (This is one important way in which they get — and stay — rich.) It is

an all-day-every-day thing in much of the business world, which is where most rich people get their money.

Your Counterparty Does Not Share Your Mental Model of Negotiation

Salary negotiations are very asymmetrical. Companies know this and routinely exploit it. Job seekers don't, perhaps because they think doing so would be unfair and the word "exploit" makes them acutely uncomfortable. So we often default by pretending that the employer is evaluating the negotiation like we would. This is not true, and acting like it is true will harm both your interests and the interests of your future employer.

For example, many people's mental model of employment is that an employee with a $60,000 a year salary costs about $60,000 a year to hire. If they negotiate $65,000 instead, that's $5,000 extra which has to come from... somewhere. If the negotiation breaks down, then that is $60,000 saved. **This mental model is broken**.

First, get into the habit of seeing employees like employers see them: in terms of fully-loaded costs. To hire someone you need to pay for their salary, true, but you also have taxes, a benefits package, employer contributions to retirement, healthcare, that free soda your HR department loves mentioning in the job ads, and what have you. (Trivia: for a US employer of professionals, the largest component after salary is usually healthcare, followed by payroll taxes.) The fully-loaded costs of employees are much higher than their salary: exactly how much higher depends on your locality's laws, your benefits package, and a bunch of other HR administrivia, but a reasonable guesstimate is between 150% and 200% of their salary.

The fully loaded cost of an engineer receiving market salaries these days in California or New York is close to $20,000 a month. It is "only" $10,000 a month if they're receiving a heavily below-market salary, such as if they're working for a startup. If you have a kid brother who majored in Flemish

Dance and got a modest full-time job at a non-profit, his fully-loaded cost is still probably $4,000 a month or more.

This is a roundabout way of telling you that companies are not sensitive to small differences in employee wages because employees are so darned expensive anyhow. You see $5,000 and think "Holy cow, even after taxes that's a whole new vacation. Five thousand dollars. Five thousand dollars. It would be so very, very greedy of me to ask for five thousand whole dollars." The HR department sees $5,000 and thinks "Meh, even after we kick in the extra taxes, that is only about 3% of their fully-loaded cost for this year anyhow, or seven hundredths of one percent of that team's hiring budget. I wonder if the cafeteria has carrot cake today?"

Virtually any amount of money available to you personally is mouse droppings to your prospective employer. They will not feel offended if you ask for it. (I received a comment that this is untrue for startups by someone today. For a funded startup which has enough engineers to warrant a foosball table, the company payroll is well north of $100,000 a month. Making a new hire is a big commitment, but they still have a lot of flexibility on the details because the details do not shave months off of their runway.)

We've been talking about your employer as an abstraction, but in the instant case you're talking to an actual person. Let's call him Bob. It is Bob's job to get you signed with the company as cheaply as possible, but Bob is not super motivated to do so, because **Bob is not spending Bob's money to hire you**. Bob is spending Bob's *budget*. Bob generally does not get large performance incentives for shaving money off of his hiring budget: you get a new Macbook if you convince Bob to give you $5k extra, but Bob gets (if he is anomalously lucky) a dinner at TGIFridays if he convinces you to take $5k less. In fact, there are many organizations (and Bobs) for whom power, status, and money come from asking for *more* budget every year. If you turn out to be on the expensive side, that is great for Bob, because a) he manages a high-powered peon so he must be a

high-powered manager and b) this will help Bob get more budget next quarter. So if you're worried about what Bob will think of your moral character, or you want to compensate Bob because you feel you owe him for this job opportunity, do Bob a solid and negotiate in a spirited fashion with him.

You don't owe Bob for giving you this job opportunity, by the way. Internalize this: everyone in this discussion is a businessman. (Some might call themselves "regular employees," which just means they're businessmen with self-confidence issues and poor business skills.) If the deal makes economic sense, it will happen. If it doesn't, firm handshakes will be exchanged, non-specific promises will be uttered, and everyone will forget about this discussion in a matter of hours. You will not be blackballed for negotiating. Bob couldn't care less and, even if he did care, he has better things to do with his time than worry about a candidate he didn't hire. Bob is working through a list of a dozen people right now, and his manager Dave is being such a hard case about that project's schedule, and he's not sure he can make his daughter's piano recital, and the cafeteria's carrot cake was a little dry. Bob is **far, far less invested in this negotiation than you are**.

Your Negotiation Started Before You Applied To This Job

Your negotiation doesn't happen in a vacuum. Generic career advice is a little outside the scope of this post (though I've previously written a bit with engineers in mind (https://www.kalzumeus.com/2011/10/28/dont-call-yourself-a-programmer/) that folks from many walks of life tell me was useful), but to make a long story short, many people think job searches go something like this:

1. See ad for job on Monster.com
2. Send in a resume.
3. Get an interview.
4. Get asked for salary requirements.
5. Get offered your salary requirement plus 5%.

6. Try to negotiate that offer, if you can bring yourself to.

This is an effective strategy for job searching if you enjoy alternating bouts of being unemployed, being poorly compensated, and then treated like a disposable peon. (I served three years as a disposable peon in a Japanese megacorp and might be projecting a tad bit here. Regardless, my loss is your gain.)

You will have much, much better results if your job search looks something more like:

1. (Optional but recommended) Establish a reputation in your field as someone who delivers measurable results vis-a-vis improving revenue or reducing costs.
2. Have a hiring manager talk with you, specifically, about an opening that they want you, specifically, to fill.
3. Talk informally (and then possibly formally) and come to the conclusion that this would be a great thing if both sides could come to a mutually fulfilling offer.
4. Let them take a stab at what that mutually fulfilling offer would look like.
5. Suggest ways that they could improve it such that the path is cleared for you doing that voodoo that you do so well to improve their revenue and/or reduce their costs.
6. (Optional) Give the guy hiring you a resume to send to HR, for their records. Nobody will read it, because **resumes are an institution created to mean that no one has to read resumes**. Since no one will read it, we put it in the process where it literally doesn't matter whether it happens or not, because if you had your job offer contingent on a document that everyone knows no one reads, that would be pretty effing stupid now wouldn't it.

You might think that desirable jobs at well-managed companies (Google, Microsoft, hot startup FooWithTheWhat.ly, etc) have layers and layers of bureaucratic scar tissue (a great image from 37Signals (http://37signals.com /svn/archives2/dont_scar_on_the_first_cut.php)) to ensure that their hiring will conform to established processes and that

offers will not be given to candidates sourced by using informal networks and interpersonal connections. If you believe this, you have a dangerously incomplete mental model of how the world operates. I have a specific recommendation for you to make that model more complete: start talking to people who actually work for those companies and who have hiring authority. Virtually no company has a hiring process which is accurately explained by blog posts about the company. No company anywhere has a hiring process which is accurately explained by their own documents about how the hiring process works.

I won't give names, but all of the following are companies you've heard of:

- Ironclad non-compete with an IP assignment provision of major multinational... struck from the contract with four sentences of discussion.
- Major popular tech employer offered desirable employee $X as a salary because "it was the max the HR department allows for that position." He got hired that week at $2X. All parties — hiring organization, HR, and employee — think they pulled one over on the other participants.
- ~~Funny story goes here~~. I now can't tell you the funny story, because literally two hours before publication someone emailed me for advice about a situation that he believes is incredibly unjust at his company, and it is exactly the funny story to the letter. Now if I tell you the funny story he might think "Dang, I write Patrick in confidence and it ends up on the blog." So, no funny story today. Suffice it to say that in my old age I treat Dilbert less as farce and more as documentary.
- "We can't hire engineers fast enough through our standard processes so, meh, I guess we'll circumvent them by just tossing $1 million per employee at whomever they currently work for. Who cares, it isn't *my* million."

When Does A Salary Negotiation Happen?

Only negotiate salary after you have agreement in principle from someone with hiring authority that, if a mutually acceptable compensation can be agreed upon, you will be hired.

This is really, really important because it has direct implications for your negotiating strategy. First, the company is going to spend a lot of time and effort on getting you to the point of agreement-in-principle. Pretend you've gone through six rounds of interviews. (You probably won't if you get hired on informal networks, because all barriers vanish when important people want a deal to get done, but let me give some advice to someone a little less well-situated.) Do some quick mental math on what that actually cost the company, with reference to "one man-month of an engineer's time costs $20k" like we discussed earlier. You'll quickly reach the conclusion that the company has spent thousands of dollars *just talking to you*, and that doesn't even count the thousands they spent deciding to talk to you instead of whoever isn't in the room right now. Walking away from the negotiation means that they lose all that investment. (Yeah, sunk cost fallacy and all, but since people predictably act in this fashion you should, well, predict that they will act in this fashion.) They really **want** to reach an agreement with you.

The second implication is that the inner serf worrying "If I even attempt to negotiate this, the deal will fall through" is worrying for nothing. They've got thousands invested in this discussion by this point. They **want** you. The absolute worst outcome of negotiating an offer in good faith is that you will get exactly the contents of that offer. Let me say that again for emphasis: **negotiating never makes (worthwhile) offers worse**. This means you need what political scientists call a commitment strategy: you always, as a matter of policy, negotiate all offers. (In this wide world I'm sure you can find a company who still makes exploding offers, where you get one yay-or-nay and then the offer is gone. You have a simple recourse to them: refuse them and deal with people who are willing to be professionals. You're not a peasant. Don't act like

one.)

This also means **you do not start negotiating until you already have a Yes-If**. (Yes-If we agree on terms.) Do not start negotiating from No-But. (No-But we might hire you anyway if you're really, really effing cheap.) You don't want to work for a No-But for the same reasons that smart employers hate hiring candidates who are a No-But (http://www.joelonsoftware.com/articles/GuerrillaInterviewing3.html) (No-But maybe if not on my team, etc). If they're leaning to not hiring you, you will compromise excessively on negotiation to get them to hire you. Compromising excessively is not the point of the exercise. It is a seller's market for talent right now: sell to someone who is happy to buy.

This means that **any discussion of compensation prior to hearing Yes-If is premature**. If you're still at the job interview and you're talking price **you are doing something wrong**. (Read the room: it is entirely possible that you came for a job interview, finished it, and proceeded directly to a salary negotiation. That's probably suboptimal, but it is OK. Just don't give the employer the option of having the schedule be job interview, salary negotiation, and back to job interview if they discover that you have a spine.) The ideal resolution to the job interview is for both sides to be optimistic about the arrangement, and then you close with a warm handshake and "I look forward to receiving your offer by, oh, would tomorrow be enough time for you to run the numbers?"

You then have a high likelihood of doing your salary negotiation over email, which is likely to your advantage versus doing it in real time. Email gives you arbitrary time to prepare your responses. Especially for engineers, you are likely less disadvantaged by email than you are by having an experienced negotiator talking to you.

The First Rule Is What Everyone Tells You It Is: Never Give A Number First

Every handbook on negotiation and every blog post will tell you not to give a number first. This advice is almost always right. It is so right, you have to construct crazy hypotheticals to find edge cases where it would not be right.

For example, if your previous salary was set during the dot-com bubble and you are negotiating after the bubble popped, you might mention it to anchor your price higher such that the step down will be less severe than it would be if you engaged in free negotiations unencumbered by the bubbilicious history. Does this sound vaguely disreputable to you? Good. This vaguely disreputable abuse of history is what every employer asking for salary history, salary range, or desired salary is doing. They are all using your previous anomalously low salary — a salary which did not reflect your true market worth, because you were young or inexperienced or unskilled at negotiation or working at a different firm or in another line of work entirely — to justify paying you an anomalously low salary in the future.

Never give a number.

"But Patrick," you cry. "I don't want to be *difficult*." You're not being difficult. You're not doing anything immoral. You're not being unprofessional. They're businessmen, sometimes they don't have all the information they would love to have prior to making a decision. They'll deal.

They *already* deal with every employee that they've ever had who was not a doormat at negotiations, **which includes essentially all of the employees they really value**. Ramit Sethi (more on him later) introduced me to a concept that he calls Competence Triggers: basically, if you have to judge someone's skill based on a series of brief interactions, you're going to pattern match their behavior against other people who you like. When people with hiring authority think of winners, they think of *people like them* who live and breathe this business thing. They negotiate things as a matter of course: that is a major portion of the value they bring to the company. Volunteering a number when asked says the same thing to people with hiring

authority that flunking FizzBuzz says to an engineer: this person may be a wonderful snowflake in other regards, but on the thing I care about, they're catastrophically incompetent. It will also cause them to retroactively question competencies they'd previously credited you with.

I have literally heard that feedback, in so many words, from folks with whom I've had successful business dealings. (A funny in hindsight story: I cost myself five figures with a single email. The particulars are boring, but suffice it to say I fairly recently made a wet-behind-the-ears-engineer error in quoting a client. He noticed. So did my bank statement. My bank statement kept quiet, but the client opined that it made him think less of me until we actually got to work together.)

So anyhow, you may well hear reasons why you should give a number.

Objection: "I really need a number to move the process forward."

What you should think: "You're lying to me to attempt to get me to compromise my negotiating position."

What you should say: "I'm more concerned at the moment with talking to you about discovering whether we're a mutual fit. If we're a great fit, then I can be flexible on the numbers with you and you can be flexible on the numbers with me. If we're not a great fit, then the numbers are ultimately irrelevant, because your company only hires A players and I only work at roles I would be an A player at."

(Don't talk like that normally? Fine then, talk like yourself, but say substantially the same things. Engineers overestimate how different we really are from business people: we say "10x engineer," they say "A player," but at the end of the day we believe that there are vast differences in productivity between workers. OK, gut check: is this something we actually believe to be true or just something we wish for? If it is actually your best guess about the state of reality, that has immediate news-you-can-use implications about how you should conduct your life.)

Objection: "This form needs a number."

What you should think: "You're lying to me to attempt to get me to compromise my negotiating position."

What you should say: "Give me git access and I'll fix it in a jiffy! *both people laugh* No, seriously, speaking, I'm more concerned at the moment with discovering whether we're a mutual fit... Oh, it's physically impossible? Put in $1 then to get the ball rolling, and we'll circle back to this later."

Objection: "We want to figure out whether you're an appropriate candidate for the position."

What you should think: "You're lying to me to attempt to get me to compromise my negotiating position."

What you should say: "It's so important to me that this is a good mutual fit for us. Let's talk about why I'm a great fit for this position: I know you're concerned about $FILL_IN_THE_BLANK. In addition to my previous successes doing it, I have some great ideas for what I'd do about that if I was working at your company. Would you like to drill into those or is there another job area you're more concerned about to start with?"

Objection: "I'm sorry, great try at a dodge there, but I just can't go forward without a number."

What you should think: "You're lying to me to attempt to get me to compromise my negotiating position."

What you should say (if you're an engineer): "Well, you know, I would hate to have to walk away from the negotiation over this. Working with your company looked it would have been such a wonderful opportunity. I hear the hiring market is super-tight right now, would you like me to introduce you to

other candidates? Maybe we can shave a couple of months off of you filling this position."

What you should say (if you're not an engineer): "Damn, I guess I should have studied engineering."

What you should say (if you're a little put out by that comment): "Well, you know, salary is only one component of the total compensation package. In terms of total compensation, we're probably looking at something like $FILL_IN_NUMBER_HERE." (Suggested calculation: take the package value from your last company and add 5~10%. If you don't know how to calculate the value of your compensation package, *learn that*, but as a rough guesstimate salary + 30 ~ 50% for full-time employees in professional roles and the multiplier tends to scale up as your base salary scales up.)

P.S. I double majored in making things and making things up. The joking comes from a place of love. OK, love and schadenfreude, in solution with each other.

Listen To What People Tell You. Repeat It Back To Them.

Properly run negotiations are not jockeying contests, they're persuasive exercises. (We'll give the company a pass on the "what's your number?" question because it is an established social ritual that they get one free pass at screwing you. You still don't have to cooperate with it, though.) You know what people find persuasive? Their own words. People love their own words. When you talk to them, you should use their own words. Seriously, watch the eyes light up.

Did the solicitation for the job say "We are seeking someone with strong skills at scaling traffic in a fast-moving environment"? Pick out the key words. Scaling traffic. Fast-moving environment. "Scaling traffic" doesn't sound like how I'd phrase it if I were writing or speaking for myself, but if you've just described your need to me as scaling traffic, by golly I will tell you how great I am at scaling traffic.

Reinterpret or rephrase the (true!) bits of your own story such that it fits the narrative framework which they have conveniently told you that they are going to respond to. Did you previously work at a small business which was unencumbered by lots of process? Sounds like a fast-moving environment, right? Call it *exactly* that, then.

Micro-tip: Take notes during job interviews and salary negotiations. It's easy: go to the convenience store before the job interview, buy a writing instrument and a $1 notebook, jot down occasional notes when appropriate.

Can I do that?! Of course you can. Do you know anyone who you've ever thought "Man, I thought they were competent, but then it turned out they had a notebook so I had to write them off?" No. Taking notes says "I'm attentive and detail-oriented and I care about what you say." (Make sure you can take notes without playing with your pen or otherwise appearing to fidget.) In terms of specific things that should get your pen moving, among others, I would focus on specific words they use and concerns they have so that you can come back to them later in the conversation. Numbers are another good thing to hit the notebook, because numbers should only ever trend in a direction of "Better to you," so you don't want to do something stupid like saying "So how many days of vacation was that again?" and let a 24 suddenly become a 20. (You might think "I'm going to write down the offer so I have proof of it for later." Get offers written, that goes hopefully without saying, but get it written *by them* and/or follow-up the discussion with an email recapping the important points and asking if you understood them correctly. Your notes will not convince their HR apparatus to honor the agreement in event of a retroactive miscommunication, but an email from their decisionmaker likely will.)

People say the damnedest things. For example, someone might spontaneously volunteer during a job interview that they've been interviewing for the position for six months. (None of my clients would ever say that, of course, but then again one would

hope none of their consultants would chop five figures off their own invoice with an email.) If they say the position has been open for six months, take a note of that. During the salary negotiation, if they have a pricing objection, one of your first responses should be "I appreciate that this is a little more money than you might have been thinking about, but this is an opportunity to get this position filled without *delaying your business by another six months*. What is the value of that six months of execution to you?" (Conversely, don't say stupid things during job interviews such as "I need this job because..." You never need a job. Being needy means that the party who is not needy has automatic leverage over you: your BATNA (http://en.wikipedia.org /wiki/Best_alternative_to_a_negotiated_agreement) to the negotiation is very poor. Instead of being needy, aim for "I'm enthusiastic about the opportunity with working with you, assuming we can come to mutually satisfactory terms.")

Micro-tip: Notice how often I say "We" and variations on "mutual win." Those work pretty well. The only thing better than "We" is "You" (and variants), because people care a heck of a lot more about their problems than about your problems. (This advice is stolen shamelessly from Dale Carnegie (http://www.amazon.com/How-Win-Friends-Influence-People/dp/1439167346).) This means that a) you should talk about their problems, concerns, and wishes and b) you should guard against your own natural tendency to bring up irrelevant things like your own problems, which typically will not help you sell the decisionmaker on adopting the mutual win you're proposing. Similarly, I generally try to phrase things positively rather than score debating points. ("You just said X, but that was contradicted by your earlier statement Y, which means..." wins debating points but does not win friends and influence people. You might try something like "Good good, but taking into account your earlier concerns about Y...")

Research, Research, Research

Many people will tell you that you should familiarize yourself

with the approximate salary range for the position in your region. This advice is easy to act on (go to a salary aggregation site, guess what "the position" is, pray that this gives you a better number than rand(40000,120000)), but it leaves a lot to be desired. It is 2012. Facebook and LinkedIn exist. You should, before any job interview, have intimate knowledge of the target company. Prospective peers within the company are one obvious way to get it. So are ex-employees, folks who've had dealings with them professionally, etc. Key things you want to learn:

- What do they value?
- Who do they value within the company? (Roles? Titles? Groups?)
- What does the career path look like for successful people within the company?
- Roughly speaking, how generous are they with regard to axes that you care about?
- Do they have any compensation levers which are anomalously easy to operate? (For example, if you asked around, you might hear a few people say that a particular firm pushes back modestly on out-of-band increases in salary but they'll give in-the-money option grants like candy.)
- All the fuzzy stuff: what's the corporate culture like? Yadda yadda.

You can even bring a lot of these questions to the job interview, which is (again) prior to the negotiation. (Maybe not "So are you guys tightwads?" but culture-esque questions like "What are the projects this company thinks are really key to its future and how would a motivated person go about getting on them?" are both a) totally fair game and b) will win you brownie points just for asking. Similarly, a lot of employees will, out of company loyalty, attempt to sell you on taking the job with the company by trading you very useful information.)

The more you know, the more options you have when doing negotiation, because you'll have more things and more

motivational things which you can offer in exchange for things you want. It will also help you avoid making mistakes like e.g. getting into a rigid classification system where the classification you're aiming at will make forward advancement towards your goals very difficult. (Example: there are some companies where Product and QA are run like separate fiefdoms which haven't forgotten the most recent war, and in those companies getting hired as an engineer may not be a career enhancing move if you like making things for a living. There are other companies where people cross-function in those responsibilities all the time and applying for a job advertising as "Support Engineer" makes lateral moves onto customer-facing projects trivial. You can find which one you're applying to by taking any engineer out for coffee.)

New Information Is Valuable And Can Be Traded For Things You Want

There was a post (http://rachelbythebay.com/w/2012/01/21 /notfree/) recently on Hacker News about someone's experience with a job offer from Google. They wanted more money. The recruiters offered to think it over, and came back with the reply that Google's food benefit was worth a significant amount of money, with a calculation to back it up. That is a pretty brilliant reply. Google's food benefit is about as old as the company. Approximately all people wanting to work at Google are aware of its existence. However, the explicit calculation of what it is worth is new, so if you bring up that calculation, by implication you're offering newly found value to the negotiation. This successfully convinces people that they didn't really need that extra money. It is so successful at this that Google recruiters apparently have this entire interaction scripted, since multiple people report having the exact same experience.

You should steal this tactic. You are an expert in your own skill set, life story, and (ideally) value you can create for the company. However, the person you are talking to is not. If they ever resist about something which you want, consider reaching

into the treasure chest that they are buying mostly blind and revealing one of the many glittering jewels inside. They are going to get them all anyhow if they buy the chest, but each one you bring out decreases the perceived risk of buying it and therefor increases its perceived value.

Company: We can't see our way to $88,000.

Applicant: Well, I know you do a significant amount of business with your online store. At my last company, I increased sales by 3% by $YADDA_YADDA. What would a 1% increase in sales be worth to you?

Company: Well, I don't have that figure in front of me, but…

Applicant: Would it be safe to say "millions of dollars"?

Company: That sounds about right, yeah.

Applicant: Great, I can't wait to get started. Getting me that extra $4,000 would make this a much easier decision. Considering that this is conceivably worth millions to you, we'd be silly not to do business with each other.

Company: I'll see what I can do.

Applicant: Let me help give you some options! [See below.]

(This hypothetical applicant is doing well on the negotiation but apparently needs to do more research on what conversion optimization specialists can get away with charging these days. Here, let me help: six figure salary with all the usual perks as an employee, "senior engineer project rates" through "you might not believe me if I told you" as a consultant.)

Anyhow, simply by bringing attention to something which was hopefully already in bold print on their resume, they just increased their perceived value to the company, thus justifying the company moving a lever which (again) the company isn't really sensitive to at the end of the day.

You Have A Multi-Dimensional Preference

Set. Use It.

Don't overly focus on your salary number. It is important (of course), but there are many parts of your compensation package, and many more things that you value. Should you and the other party reach an impasse on any part of it, offer to table that part of the discussion (to be returned to later) and bring up a different topic. You can then trade improvements for concessions (or apparent concessions) on the earlier topic.

Employer: "We were thinking $80,000."

Applicant: "$80,000 is interesting (*) but not quite where we need to be to get this done. Do you have any flexibility on that number?"

Employer: "I think I can convince HR to approve $84,000 but that is the best I can do."

Applicant: "I appreciate that. $84,000, huh. Well, it isn't quite what I had in mind, but the right package offer could make that attractive. How much vacation comes with the package?"

Employer: "20 days a year."

Applicant: "If you could do 24 days a year, I could compromise on $84,000."

Employer: "I think I can do that."

For those keeping score at home: the applicant never gives up anything but the employer will walk away feeling he got a good deal.

* Micro-tip: "Interesting" is a wonderful word: it is positive and non-commital at the same time. If they tell you a number, tell them it is an "interesting" number, not a "wonderful" number.

Hoping around the offer also helps you defuse common negotiating tactics like "I have to go to $EXTERNAL_AUTHORITY to get approval of that." (This is in the negotiation playbook, because it works well: it injects an automatic delay in the process, and gives you a scapegoat for

refusing a request while not being guilty of the refusal yourself.
You should strongly consider having an
$EXTERNAL_AUTHORITY of your own. Significant others
work well. Note that in the US your would-be employer is
legally prohibited from breathing about the subject of your
marital status, so something like "We'll have to talk that over"
or "That sounds reasonable, but I'll have to run it by the
family" has the dual virtues of being a socially acceptable
reason to delay any major decision while also being equally
available to unattached young'uns. I talk shop with my family
all the time. I'll certainly continue discussing employment
with my family after it includes my fiancee, too.)

Anyhow, say your decisionmaker says that approving
deviations from the company's salary structure is outside of his
discretion and those evil ogres in HR will likely deny his
request. That's fine. Express sympathy with him, because he
just said he wants to give you more but can't, then refocus the
discussion on things which are within his personal authority.
 (Vacation days, work hours, project assignments, travel
opportunities, professional development opportunities, and
the like are good areas to probe at.) You can then use the
unspent "You wanted to do something nice for me" obligation
which he just acknowledged on one of the things which he has
authority to grant you.

For Your Further Perusal

I'm deeply indebted to a few buddies of mine, principally
Thomas at Matasano (http://www.matasano.com) and Ramit
Sethi (http://www.iwillteachyoutoberich.com), for teaching me
to be less of a doormat in terms of negotiation. Thomas has
forgotten more than I'll ever know about doing negotiations
with clients. Check out Hacker News search
(https://hn.algolia.com) with [tptacek negotiation] for some
good advice, or (if you're in Chicago) take him out to coffee.

Some years after I wrote this article, Josh Doody, one of my
buddies, wrote the literal book (https://www.amazon.com

/Fearless-Salary-Negotiation-step-step/dp/0692568689) on salary negotiation. If you learn best from books, I recommend it. If you'd prefer more personalized advice, he has that available (https://fearlesssalarynegotiation.com/salary-negotiation-guide/), too.

ABOUT AUTHOR
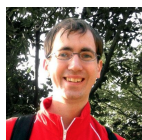
Patrick McKenzie (patio11) ran four small software businesses. He writes about software, marketing, sales, and general business topics. Opinions here are his own.

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Bingo Card Creator (and etcetera) Year In Review 2011 (/2011/12/21/bingo-card-creator-etc-year-in-review-2011/)

I'm Patrick McKenzie (patio11 on the Internets) and for the last several years I've run a small software company. My first product was Bingo Card Creator (http://www.bingocardcreator.com), my current product focus is Appointment Reminder (http://www.appointmentreminder.org), and I do occasional consulting for a variety of clients, mostly on helping them sell more of their software over the Internet.

NEWER

Why I Don't Host My Own Blog Anymore (/2012/02/09/why-i-dont-host-my-own-blog-anymore/)

I moved my blog over to WPEngine (http://wpengine.com) recently. Why? Read on.

Shoutout to Elle Kasai for the Shiori Theme (https://github.com/ellekasai/shiori).