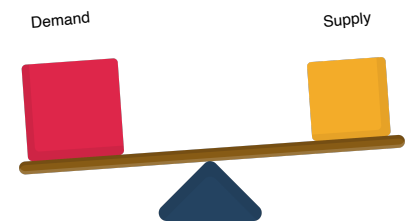


Developing Market Awareness

Knowing what your skill set is worth in the market goes a long way in negotiating a lucrative and above-average compensation package at software development companies.

At the very crux, compensation for various occupations and specializations within each occupation is governed by the age-old principle of “**supply and demand**”. The fewer the number of people who can perform a highly in-demand task, the higher the compensation for performing that task. As the world races towards digitization, software engineers and tech workers in related jobs have enjoyed growing salaries over the years. Marc Andreessen had once famously said, “**Software is eating the world**”.



Writing complex, high-quality, and efficient code is the purview of a select few and these folks are viciously sought-after by big tech. Google and Facebook have not shied away from intense bidding wars to get the most talented individuals on their teams. Given this context, before entering into a salary negotiation, it is important to determine what is a rough or ballpark range for your profile. The primary factors that govern what you can make are:

- **Geography:** The cost of labor in the city/country you live in could put a floor and a cap on what you can make.

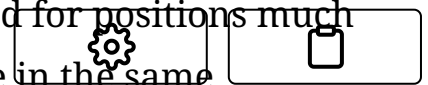


- **Years of Experience:** The number of professional years of experience you have will slot you for a particular level, which in turn is tied to a range.
- **Various Attributes:** These could include educational qualifications, e.g., a PhD, unique skill-set, exceptional interview performance, contributor or founder of a popular open-source project, thought-leader in a particular space, part of a company with a successful exit, meteoric career rise, highly cited researcher, current level or position in the company's hierarchy, etc.

Let's consider an example: Jenny is a fresh graduate and has zero years of work experience. If she works in the Bay Area or on Wall Street, she can expect a compensation of \$200K at one of the top-tier employers. The cost of living in these places will correspondingly be just as high. Contrast this scenario with that of Adam who has seven to eight years of experience but is working in a state like Texas and can expect to fetch the same amount of money as Jenny even though he has several years more of experience under his belt. The chasm in their compensation numbers is explained by Adam's presence in Texas, which is a low-cost state, versus the locations where Jenny intends to work.

If we hold geography as a constant, the next variable - years of experience - kicks in. If Adam moves to the Bay Area too, he will be considered for mid-career software engineering positions and will be able to field salaries anywhere between \$200K and \$400K. If both Jenny and Adam were in the Bay Area with the same number of years of experience, then various factors such as their interview performance, educational/professional pedigree, or expertise in a particular domain, will decide their compensation. To further our hypothetical example, if Jenny experiences explosive growth in her

career and makes a partner at Microsoft, she'll be slotted for positions much higher than what Adam will be even though both reside in the same geographic area and have the same number of years of experience.



You must be cognizant of what constitutes fair market compensation for the role you are working in, taking into account the broad factors such as years of experience and geography. There is also variance in companies' philosophies when paying for talent. For instance, Netflix claims to pay at the top of the market whereas some like Nvidia refuse to compete with peer employers over compensation.

As you gear-up for interviews, reach out to friends and acquaintances working in your target company for information on what you may expect as compensation for your role. Unsurprisingly, prying out compensation numbers from friends and acquaintances may not be straightforward. Most people balk at disclosing their personal remuneration and the question may come across as distasteful.



Rather, ask your friend about “what you may fetch working at their company?” and share your profile. You'll find a lot more folks comfortable answering that question and may anonymously include theirs and their colleagues' details. Do not be shy to share your own compensation numbers with friends and co-workers who in turn will open-up about theirs. In our experience, engineers who isolate themselves with respect to compensation discussions receive the short end of the stick as they remain aloof of market trends and turns. Additionally, you must also scour the internet for compensation information. Two reliable and fairly accurate resources you can tap are the Blind app and www.levels.fyi (<https://www.levels.fyi/>).

As an example, let's consider Facebook's level E5 compensation. Salary data for engineers leveled as E5 in Facebook would have a bell-curve distribution, ranging roughly from \$325K to \$525K. The bulk of E5 engineers should be making within this range. Note that this data represents the offer made by the company to the engineers at the time of their joining. An E5 engineer working at Facebook for the last two years may see higher compensation numbers if the stock has appreciated by, say, 50%. This variance in compensation grows larger and larger as you climb the corporate ladder and is much smaller at entry levels. The point is you should know what the market is willing to pay for your skills and have a baseline to work with, otherwise, you are flying blind and may sell yourself short or turn-off recruiters with unrealistic demands. You can leverage online resources or personal contacts and acquaintances to gain an understanding of the compensation range for your profile.

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