



Salary Negotiations

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KNOW YOUR VALUE/ DO YOUR HOMEWORK

- Evaluate realistic personal salary requirements. How much do you need to earn?
- Research what your skills and level of experience are worth in the job market: auburn.edu/career.
- Research career fields and salary averages: Occupational Outlook Handbook, NACE Salary Survey and Auburn graduate data are available at auburn.edu/career.
- Research cost of living adjustments to salary based on employment location: salary.com, homefair.com, usacitylink.com.
- Develop a salary range (not too broad) with a high, low and middle range.
- Examine the company's hiring history to learn what has been paid/advertised for this position and the skill/experience level required for the position. This information may be found through informational interviewing (see **Tip Sheet**). Many companies' websites list their job postings and may list salary ranges and job descriptions.

KNOW WHEN TO NEGOTIATE

Ideally, an offer is made by the employer after an interview. Discussing salary before an offer is made may screen you out of the job if your requirements are too high or it may even lock you into a low salary. So, let the employer make the offer first. Also, try not to negotiate over the phone; ask to meet in person to discuss if possible.

If a potential employer asks for your salary requirements during an interview, indicate a range, not a dollar amount. (i.e. "Based on the industry average and my level of experience, I am seeking between \$33k and \$37k"). This range should be slightly higher than the low end of your range. Be prepared to verify how and where you researched!

Once an offer is made, then consider negotiations. Maintain an honest yet non-emotional response. This response should be based on your research. First, restate the offer, then "digest" it. Your body language should demonstrate thought, not emotion.

If it is less than you expect, you can indicate that it is lower than you expected based on your research. Then counter their offer with your researched response and desired range. Remain objective, positive and courteous during this conversation. They will respond with what they are able or not able to offer. Sometimes this may involve speaking to another person in the company and getting back to you. Know that employers will not usually rescind an original offer as a result of your counter offer. In rare instances, however, employers may be forced to rescind based on current corporate circumstances such as downsizing, mergers, acquisitions etc. The employer should

return with a response which, hopefully, meets your needs; otherwise they will discuss why they are unwilling to negotiate and state that the offer stands.

Occasionally there will be circumstances where salary requirements will be discussed prior to an offer. Handle each situation with confidence. While these are not negotiations, they can influence how later ones may go. Here are examples of situations where salaries may be discussed and suggestions on how to handle them:

- When responding to an ad/application, indicate "open" or "negotiable" under salary requirements. Under salary history, indicate "competitive" unless it asks for a specific amount. If asked for specific salary dollars list total compensation package (base salary, bonuses, medical, profit sharing, etc.). Be truthful as most companies verify past salaries with previous employers.
- At networking events, discuss what your general interests are and get their opinions on salary ranges for those positions.
- When dealing with recruiters and employment agencies, be honest about your expectations and salary history.

SALARY IS NOT THE ONLY AREA TO NEGOTIATE

When salary is non-negotiable from the start, know that you have other options to negotiate. These include: bonuses, salary reviews (consider timing, basis and percentage), health, dental, life and disability insurance, pension plans or retirement, overtime policies, profit sharing plans, sick days and vacation, tuition reimbursement, employee discount, company car/expense accounts, termination contract, stock options, relocation/moving expenses, professional memberships, certifications and sign on bonuses.

For example, you may negotiate the timing of your first salary increase. Instead of receiving your first increase at one year, you may negotiate to be evaluated in six months and receive the same percentage allowable at that time based on your performance.

OVERCOMING OBJECTIONS

Here are typical **objections (O)** and suggested **responses (R)**:

O: Not within the budget.

R: Communicate your **VALUE** to the employer.

O: Others in the organization with similar qualifications and experience aren't paid that much.

R: Emphasize fair compensation for expected performance based on **VALUE**.

O: Your salary history does not justify such an increase.

R: Stress that you expect to be compensated for the **VALUE** of your work and what you expect to achieve.

KNOW WHEN TO SAY WHEN

If you feel like the employer is getting frustrated with your proposals or states that is all they can do for you, stop and evaluate what is on the table. You do not want to appear greedy or impatient. When the company comes back to you with their final offer, evaluate the offer and make a decision.

THE FINAL OFFER

Take time to evaluate the offer

One to two days is usually acceptable. Weigh your options and evaluate your total compensation package (salary, benefits, incentives, allowances, etc.). Ensure you are clear on specific duties, responsibilities and performance expectations.

Get the offer in writing

Once both parties have confirmed an offer verbally, ask for a copy in writing. You should follow up the conversation with a thank you letter outlining your understanding of the terms of the offer, your enthusiasm about starting with the company and your appreciation for their decision to hire you.

DIFFICULT EMPLOYER QUESTIONS

- Have you thought about salary?
- What salary are you expecting?
- What is the minimum salary you would accept?

Best approach

- If possible, answer the question with a question.
 - “What is the salary range for this position?”
 - “Most of my peers who are also graduating in xyz major have been receiving offers in the \$## K range. What range is authorized for this position?”
 - “My current salary is \$##. What are your guidelines?”

OTHER NOTES

Most jobs are in a set salary range

Realistically, most entry-level candidates do not have much clout in salary negotiations and some entry-level jobs have fixed, non-negotiable starting salaries. Yet you will not get more unless you ask for more. Your ability to negotiate within the existing range depends on your qualifications together with the salary information you have learned from doing your homework. There is no substitute for knowing the facts and using them to your benefit. Understand your own bargaining power. Assess your worth, analyze the competition, identify your special skills and take a hard look at what you bring to the relationship.

Consider the type of industry with which you're dealing

Salaries are more negotiable in the private sector than at universities or government agencies. Small companies tend to be more flexible about titles and responsibilities than large ones. Industries with labor shortages are more accommodating than those with many applicants.

Plan the conversation and how you will communicate it

Identify the major points you want to make. Summarize the requirements of the job and match your skills and abilities to them. Anticipate how you will deal with any response from the employer. Many times, no matter how unusual his or her response (anger, quietness, etc.), the interviewer is checking your reactions and tenacity. Develop convincing arguments to possible objections. Your task is to convince him or her that what you bring to the relationship is valuable and should be reimbursed.

Practice ahead of time

Rehearse (with someone or recording yourself) what you will say and how you will handle any questions. Approach the process of negotiation with a cooperative, friendly, but persistent attitude.

You must also consider how long you are willing to hold out for a specific job. Remember, a higher salary will not necessarily make up for the salary lost as you continue to job hunt. Also, if the company reviews salaries frequently, the starting salary is less significant.

CALCULATE TAKE HOME PAY BASED ON GROSS INCOME

Review the **Life After College Tip Sheet** for more information about budgeting, insurance and benefits. Also, review cost of living comparison charts to assess costs in the location you are considering. This exercise will help you determine how much money you will actually bring home based on the salary offer. Take home pay can be reduced by a fourth to a third:

Salary		\$ _____
Sign-on bonus	+	\$ _____
Relocation bonus	+	\$ _____
Performance bonus estimate	+	\$ _____
Year-end bonus estimate	+	\$ _____
35% income tax / social security	-	\$ _____
Medical/dental/optical insurance	-	\$ _____
Deductibles for doctor's visits	-	\$ _____
Amount deducted for pension plan/life insurance	-	\$ _____
**Net figure	=	\$ _____

**Equals the amount available to live on including rent, car payments, student loans, utilities, telephone, food, entertainment, dry cleaning, laundry, clothing and shoe purchases, travel home, furniture purchases, kitchen utensils, etc.