

# Do You Know How to Get What You're Worth?

A negotiation expert reveals some rules for success in tricky terrain.

**M**ARK GORDON *has helped businesspeople, governments, and educators understand the intricacies of successful negotiating. A founder of the negotiation consultancy Vantage Partners, he has negotiated in difficult situations around the world, including Nicaragua, the Middle East, and South Africa. Gordon spoke with HMCL about strategies for negotiating a starting salary or a raise.*

## **Is it true that you should never be the first to mention money? What do you do if they ask you first for a figure?**

There is no hard-and-fast rule as to when to bring up salary during a job interview. In most cases, the prospective employer initiates the conversation. You would ordinarily expect the employer to go first both with a specific set of terms and in raising the salary issue. For most regular, full-time employment positions, there are clearly established job descriptions and salary ranges, so it would make sense for the employer, who has access to all those data, to go first.

On the other hand, when a lawyer or accountant seeks an engagement, they would normally go first in indicating the fee basis for their engagement. Similarly, a senior executive or manager seeking employment in a temporary position or for some special purpose like a corporate turnaround might go first because they are not filling a regular employment slot for which there are well-established criteria and a clear job description.

## **What should your main goal be when negotiating salary or a salary increase?**

Broadly speaking, your main goal is always to meet your interests as well as possible. Most of us have an interest in money, but our interests are very diverse. One employee may be concerned primarily with regular, guaranteed current income. Another may be concerned mostly about potential upside and be willing to take a much lower base compensation with an upside potential for bonuses, commissions, or profit sharing. Another may be mostly concerned about building value for retirement, and be willing to defer short-term compensation in return for building a big nest egg with equity for the future. Another may be

concerned about deferring income as much as possible and minimizing current tax consequences, and would find options or warrants more attractive than current cash compensations. Another may trade off current compensation for other nonsalary benefits and perks that he or she finds more valuable.

And all of us have interests that go well beyond money. Sometimes these interests are more important than the actual salary itself.

## **In the current economic climate, what leverage or flexibility does an employee really have?**

In most cases, an employer will be measuring hiring us (or giving us a raise) against their best alternative to negotiated agreement, or BATNA. Their BATNA may be hiring someone else, keeping the current employee in the position, doing without someone in the position and leaving it vacant, eliminating the position entirely and merging those duties into other existing slots, or hiring a temp. Simply put, the employer's BATNA is what they can do without our consent. At the end of the day, if the employer's BATNA is very attractive to them—if they are very well satisfied without us—then we have very little leverage. If the employer's BATNA stinks, then we have a great deal of leverage.

## **What kind of research or work can and should you do before a salary negotiation?**

The more research you can do, the better. If you know people at the prospective employer and can find out what kinds of compensation they pay and have offered others, that will be hugely important for you in getting ready for a salary negotiation.

## **If you get more, the corporation keeps less, and vice versa. How can a salary negotiation be win-win?**

Some aspects of base compensation are indeed zero sum in nature (a dollar more for you is a dollar less for them); these aspects of the salary negotiation are the most difficult. However, lots of other aspects of the negotiation are not at all zero sum. For example, if there are incentive compensation ele-

## Getting What You're Worth *(continued)*

ments to your package, the better you perform for your employer, the more money you make. The whole reason for profit sharing, bonuses, commissions, and other forms of incentive compensation is that they incent the employee to produce value for the employer—yielding a situation where the more the employer pays you, the happier the employer is! This is exactly the opposite of a zero-sum game!

Most of us want whatever compensation we get to reflect respect, value, fair treatment, and if an employer can demonstrate that in ways that are less costly than simply throwing money at us, that might be a win-win.

### **We've all heard stories of persuasive negotiators who get fabulous sums of money for themselves. How do they do it?**

Usually it's some combination of high level of skill in negotiation, a skill set (or intellectual property or product or service) which is highly valued by the counterpart, a bad BATNA on the other side of the table, and massive chutzpah!

### **How important is your salary relative to what your coworkers are paid? Does a lower salary erode your positioning and authority in the company? Is there any way to overcome that besides money?**

This varies tremendously from one company to another. In some companies, most people don't really know what others make, and it is considered bad form (or even outright rude) to ask anyone about their compensation. In other companies, compensation is known by all either because it is completely transparent (management talks about it directly) or because they have a very efficient rumor mill.

In most organizations, power comes from multiple sources (title, awards, "high-potential" or "fast-track" development programs, proximity to key decision makers, speed of promotion, size of office, what floor you are on, number of ceiling tiles, size of company car, getting plum assignments, etc.). It would be pretty unusual to have salary in and of itself be the key determinant of influence in an organization. If you are paid less than everyone else who is similarly situated, either (a) you are a very bad negotiator, or (b) there is something about the perceptions of your performance that you do not get—such as, you think you're a high-performing, rising management star, and your boss thinks that you are a marginal employee who ought to be working on your resume.

### **What's the climate out there like now? Who's winning—the employees or the employers?**

Only in labor/management union negotiations do we see trends in "winning" and "losing" as unions gain and lose

power and momentum. In the non-hourly-paid sector, it is mostly dependent on basic supply and demand in your sector as to whether employers are more able to dictate terms or whether prospective employees can demand increasing salaries and benefits. In the consulting world, for example, qualified IT professionals were in such great demand a few years ago that almost anyone could improve their package by moving on to another job. Now, an IT consultant who has been laid off or terminated can expect that they may not get as attractive an offer, if they find any job out there, as their previous job.

### **Once you've got a job at a certain salary, how can you negotiate significant (as opposed to incremental) raises thereafter? Are you doomed to a couple of percentage points per year for the duration?**

If you had a fair salary to begin with, it is unlikely you can negotiate a step change in your salary, as opposed to incremental increases of something like 4% to 10%, unless there has been a pretty fundamental change in your employer's business structure or profitability. If your responsibilities change dramatically (like taking on a new assignment, changing geographies, etc.), then you ought to be able to capture a dramatic increase in compensation. Similarly, if your company experiences a significant increase in sales/profitability or a fundamental change in structure, then you might be able to get a more substantial increase.

### **During negotiations, how can I prepare for possible obstacles that the other side will bring up?**

Think carefully through your employer's choice as you get set to negotiate over salary. Put yourself in their shoes and keep on asking yourself whether it sounds reasonable, fair, and appropriate from their point of view. Just because you want more money, it may not be reasonable from your employer's point of view to pay it to you. Think about how your boss could explain your requested salary increase to his or her boss in a convincing way.

Ask yourself the following questions to test your BATNA versus your employer's: (1) Do they really need you (as opposed to someone just like you who may be out in the job market and anxious to take your job)? (2) Would it take a long time to get someone else up to speed to do what you do? (3) Would operations suffer in some tangible way if you were to leave? (4) Is it impossible for your employer to get someone with a resume/skill/experience set similar to yours at something like the salary you now receive? (5) Do you have very attractive job opportunities elsewhere? (6) Would you easily get another job at a better rate of pay and working conditions? (7) Would you likely be happier work-

## Getting What You're Worth *(continued)*

ing somewhere else? (8) Could you easily go for an extended period without another job if you had to?

If 1 to 8 are all “yes,” then you can adopt an aggressive negotiating approach because your BATNA is good and your employer’s is bad. If 1 to 4 are “yes,” but 5 to 8 are “no,” then you should have a high aspiration level (because your employer has a bad BATNA), but you should adopt a less risky strategy (because your BATNA is not very attractive). If 1 to 4 are “no,” then beware because your employer may not waste a lot of time negotiating with you—it would be easier for them to ax you and get someone else who is not a pain in the butt whining about their compensation!

### **How can I frame my value to the organization for the greatest possible salary increase?**

Look for compelling arguments of how you add value to the operation of the company that is tangible and different from the value others bring. Try to quantify that to the extent possible—many attributes and skills that are distin-

guishable from others are nice but don’t really add to the bottom line and thus may not translate into true “value” from an employer’s point of view. You might discuss performance metrics for your position and explore whether your employer might consider bonuses or other contingent compensation in the event you can demonstrably exceed performance expectations for your position.

### **If the company decides this year that there are to be no pay increases, are there other ways to get an increase?**

Consider some of the following options: (1) Seek noncash benefits, rather than pure salary, if there is a freeze on increases for this year. (2) Negotiate what the salary increase ought to be next year when there is no freeze. (3) Ask whether there are deferred compensation elements that might not violate the current freeze but would give you an appropriate effective increase. (4) Ask what they can give you in lieu of salary to get you to the compensation you deserve. ✱

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