

NEGOTIATING A COMPENSATION PACKAGE

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NEGOTIATING A COMPENSATION PACKAGE: It's More Than Just the Salary

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INTRODUCTION TO COMPENSATION NEGOTIATION

Compensation discussions can cause apprehension but they can also be a very constructive experience that helps you recognize your assets and worth. These conversations may come up in different phases of the process:

- ✓ Salary history/requirements may be required with your application materials.
- ✓ Question of salary requirements may come up during one of the rounds in the interview process.
- ✓ Compensation negotiation discussions after the initial position offer.

While it can be challenging, compensation negotiation can create a more positive and fulfilling professional relationship between you and your future employer when handled appropriately.

This document will provide an overview of the salary negotiation process, with guidelines on every step of the process from application, to the interview, to negotiations once an offer has been received. It will help you acquire the necessary skills to feel confident and successfully manage the compensation negotiation process!

COMPENSATION NEGOTIATING PRINCIPLES

As you begin the negotiation process, keep these principles in mind:

1. Compensation is best discussed when the employer has made you an offer

This is the best time to negotiate since the employer already knows you are the best person for the job and is more likely to be flexible on issues of compensation.

2. Salary is just one piece of a compensation package

Total compensation includes more than just salary – it also consists of health insurance, time off, flexible hours, loan forgiveness, bonuses, advancement, and opportunities for professional development. Make sure to consider all of these factors before beginning a salary negotiation and understand what is most important to you.

3. Most offers are negotiable

Many employers will initially propose a salary figure that is at the lower end of the position's allocated pay scale in order to allow room for the candidate to negotiate. Therefore, do not assume that an employer's first offer is the best offer.

4. Understand your market worth

Before beginning a salary negotiation, research what someone of your education, skills, level of experience and other qualifications receives in your industry or target organizations. This information should be acquired from several sources such as other professionals in your field and salary ranges for similar positions/ organizations. Also know the organization's size and budget and visit different salary websites to confirm your information is accurate (see Appendix for online salary resources).

5. Ask for what you want

It is reasonable to expect that an organization make a substantial investment in you when you accept a position. It is unlikely that an employer who has an interest in you will withdraw an offer because you tried to negotiate a better compensation package as long as you are realistic and tactful.

SALARY HISTORY & REQUIREMENTS

- **Salary Requirements During the Application Process:** Some organizations will ask for your salary history along with your resume and cover letter. Do you HAVE to provide salary history?
 - ONLY if a job opening states: “only submissions providing salary history will be considered,” or similar wording.
 - NEVER disclose this information openly without it first being requested.
- **Salary History Challenges**
 - **Currency Conversion:** Write your salary in the same country's currency for which you are applying (or both with conversions).
 - **Stipend:** Indicate that it was a stipend and if other living expenses were covered. Examples:
 - \$11,000 (Stipend), subsidized room and board
 - \$15,000 stipend plus \$500 monthly housing allowance

Sample Salary History Layouts

(Submit as a separate page from cover letter and resume)

SAMPLE 1

Your Name

Street ♦ City ♦ State ♦ ZIP code
Phone Number ♦ Email

Salary History

One Company

123 Main St.
Washington, DC 20001
Phone: (202) 555-1234
Title: Sr. Program Analyst
Starting: \$47,000
Current: \$51,500
Plus: Benefits and Stock Options

Two Company

456 Main St.
Washington, DC 20001
Phone: (202) 555-5678
Title: Program Analyst
Starting: \$42,000
Ending: \$45,500
Plus: Benefits and semi-annual bonuses

SAMPLE 2

Your Name

Street ♦ City ♦ State ♦ ZIP code
Phone Number ♦ Email

Salary History

Research Associate (2012-Present)

One Company
123 Main St.
Washington, DC 20001
Salary Range: \$37,000-\$40,000

Research Assistant (2010-2012)

Two Company
456 Main St.
Washington, DC 20001
Salary Range: \$30,000-\$35,000

Salary Requirements in a Cover Letter

Some employers may ask for your salary requirements in a cover letter. If they don't ask for an amount, address the request generally (Scenario 1). If they require you to name an amount, provide your requirement in a range rather than a single figure if possible (Scenario 2). This range generally should be around \$10,000. This increases the chances that your expectations and the employer's budget will overlap and gives you some room to negotiate later in the process.

Scenario 1 – If the employer does not require you to name a specific figure:

“Per your request, my salary requirements are negotiable and I look forward to discussing this further.”

Scenario 2 – If the employer requires you to list a salary amount:

“My salary requirements are in the \$30,000 to \$40,000 range, depending on the scope of responsibilities for the position.”

or:

“I’m looking for a salary in the mid to upper \$50’s but look forward to learning more about the entire compensation package. “

If the employer asks for a specific salary figure, you can note that you are willing to negotiate.

Salary Discussion During the Interview Process

Some employers may ask you for your salary history and/or requirements during the interview. If possible, avoid this discussion until an offer has been made, but come prepared to respond if necessary. See following examples for how to handle the conversation.

***This is not the time for negotiation!
Negotiation will begin only after you've been offered the position.***

How to Answer the Question

1. First explain you are **open to negotiation** based on the position and overall compensation package.
2. Tell the employer you **look forward to learning more about the responsibilities** and challenges of the job as the interview process progresses.
3. If pressed to offer an amount, offer a **wide salary range** based on your research.

Sample Salary History Interview Conversations

- Always make sure that the tone and messaging of your conversation is open and accommodating!
- There is also the potential to revisit salary negotiations after you demonstrate your value to the company. Consider asking for a 6 month review to re-examine a potentially higher salary.

EXAMPLE 1

Employer: *What are your salary requirements in order to accept this position?*

You: This sounds like a fantastic opportunity and I am excited about this position and would like to learn more about the compensation package. What is the average salary range already budgeted for this position?

Employer: *The details are still being constructed with senior management but I'd like to hear what you think you should get paid in this position.*

You: While salary is important, I am more interested in the right opportunity and organization. I am sure your organization will offer something fair according to my education and experience.

Employer: *We make every effort to be fair. But I was hoping you could give me a specific dollar amount.*

You: Although my salary requirements are flexible, they range in the mid-to-high fifties.

EXAMPLE 2

Employer: *What is/was your salary at your current/previous job?*

You: I am paid fairly for my current responsibilities and according to my educational and professional background.

Employer: *What do you think would be a reasonable salary for this position?*

You: I have an idea of the general market rate for this position but I would first like to start with your range for this position.

Employer: *We don't have a specific range – our range is unique with each candidate. What would your ideal salary offer be for this position?*

You: I am excited to be considered for this position and am confident I can make a strong contribution to the organization based on my skills and experiences. I am sure we can come to an ideal salary agreement when the time comes.

Employer: *Thank you and I look forward to continuing this conversation.*

THE WHOLE COMPENSATION PACKAGE

Benefits add thousands of dollars to the compensation package beyond salary and can also have an impact in your long term career development. Not every job will provide these forms of compensation, but be knowledgeable about your options!

- **Additional compensation options:**
 - Health and dental benefits
 - Retirement Packages
 - Stock options and investment opportunities
 - Vacation, personal, and sick leave
 - Schedule flexibility and start date
 - Maternity and paternity leave
 - Free mobile phone service or laptop
 - Air travel (flight upgrades, frequent flier miles)
 - Professional development/ management training
 - Health club membership
 - Relocation assistance
 - Educational assistance
 - Job Title (at hiring or after trial/first review)
 - Promotion after trial period or first review
 - Waiver of trial period
 - Signing bonus/arrival fee
 - Public transportation benefits
 - Office (home office, size/location)
 - School loan reimbursement
 - Time off for charity/community work

RESEARCHING YOUR MARKET VALUE

Before you begin salary negotiations make sure you are prepared – do research on what you are worth in this position based on:

- | | | |
|--------------|-----------------------|----------------------|
| ✓ Education | ✓ Type of position | ✓ Geography |
| ✓ Experience | ✓ Organization budget | ✓ Additional factors |

Have a clear understanding of the following:

- Your **minimum salary requirement**: Make sure to determine what you will need to cover your living costs for your monthly expenses.
- Your **estimated market value**: Use resources to research the average salary value that can be expected based on your education, experience, geography and type of work.
 - **Research within your network** to get typical salary examples in your field through your contacts from school, work, or internship experiences.
 - **Conduct informational interviews** or speak with career services staff or faculty members.
 - **Use available online resources** to calculate average salaries based on your factors.

Some organizations **do not allow the opportunity** to negotiate salary. There is always risk involved in salary discussions **so do your homework about the organization** before beginning negotiations!

THE INITIAL OFFER

The opportunity to discuss the terms of employment is available once you have been offered the job.

After the initial offer:

- **Express your excitement** about the position.
- Convey your interest in the position and **request for a specified time to make a decision** on the offer - be clear about when they can expect to hear from you.
- Ask to discuss **the compensation package**.
- **Continue to sell your skills** even after the job offer is made!

You should only negotiate an offer if you are seriously considering taking the job!

NEGOTIATING THE OFFER

Once you decide to negotiate the offer, be clear about the aspects that you would like to address.

Remember to consider every aspect of the job, not just the salary.

Remember the following tips:

- Know **exactly** what you want, not approximately. You **may not get exactly what you want**, but knowing what you want specifically will help you decide what you are willing to concede.
- Always begin with **expressing genuine interest** in the position and organization. Always **remain grateful and polite** during the negotiation process.
- Be prepared to **support your proposal** with **meaningful work-related skills** and positive benefits to the employer. **This should be very specific valued added experience.**
- Begin with a **figure 5-10% above their offer**. If negotiating other aspects of compensation, make sure to have a **prioritized list of the most important items**.
- Take thorough notes while negotiating.
- Be flexible to their communication style and perspective.
- **Use common sense** and think in terms of **“Win-Win”** for both you and the organization.
- It is possible an employer will not consider any of your requests. If you have kept a positive, productive and friendly atmosphere during your exchanges, you still have the option to accept the original offer.

Sample Conversation 1 – Employer provides a counter offer

Employer: Thank you for your efforts through this recruiting process. We have decided to offer you the position! We are willing to offer you \$48,000 plus benefits.

You: Thank you for the offer! I am very excited about this position. \$48,000 sounds like a good starting point. When can I get back to you?

Employer: If you can get back to us later in the next week, we would greatly appreciate it.

[2 days later]

You: I'm very interested in the position and am confident that I can bring value to the organization. However, the salary is a bit lower than what I had in mind considering the job responsibilities. Does your budget allow a salary that is closer to the low \$50's rather than the high \$40's?

Employer: *I'll have to check on that internally. Can I get back to you later?*

You: Sure, I appreciate your willingness to look into it.

[at a later time]

Employer: *We've had a chance to discuss internally and look at our budget. The highest we can offer you is \$50,000.*

You: Thank you very much. I'd be happy to consider that offer. Can you please send this updated offer in writing?

Sample Conversation 2 – Employer is open to discussing other types of compensation

Employer: *Thank you for your efforts through this recruiting process. We have decided to offer you the position! We are willing to offer you \$48,000 plus benefits.*

You: Thank you for the offer! I am very excited about this position. \$48,000 sounds like a good starting point. When can I get back to you?

Employer: *If you can get back to us in the next week, we would greatly appreciate it.*

[2 days later]

You: I'm very interested in the position and am confident that I can bring value to the organization. However, the salary is a bit lower than what I had in mind, considering the job responsibilities. Does your budget allow a salary that is closer to the low \$50's rather than the high \$40's?

Employer: *Unfortunately the amount offered is all that we have budgeted for this particular position.*

You: I am really looking forward to being part of your organization. I'd like to come to an agreement that works for both of us. Can we review the entire compensation package to see if it is possible to enhance the offer in terms of [vacation, benefits, opportunities for review, professional development etc.]?

Employer: *Sure. I think we may have more room for flexibility in that capacity.*

You: Thank you for considering additional compensation items! Professional development opportunities as well as additional vacation time are the items that are most important to me. Is it possible to look at adding some funding to support professional development trainings that would enhance my work and increase my value to the organization?

Employer: *We should be able to provide in the range of \$300-500 for professional development. Let me look into this and get back to you.*

You: That would be terrific. Thank you! In the area of vacation time, I know that after a year, the vacation time increases to 15 days a year from 10 days that employees get when they start. Would it be possible to start at 13 days of annual vacation time instead of 10 days?

Employer: *I'm pretty sure that is a possibility. I will confirm this and get back to you by tomorrow morning.*

Sample Conversation 3 – Employer does not accept offer

Employer: *Thank you for your efforts through this recruiting process. We have decided to offer you the position! We are willing to offer you \$48,000 plus benefits.*

You: Thank you for the offer! I am very excited about this position. \$48,000 sounds like a good starting point. When can I get back to you?

Employer: *If you can get back to us in the next week, we would greatly appreciate it.*

[2 days later]

You: I'm very interested in the position and am confident that I can bring value to the organization. However, the salary is a bit lower than what I had in mind, considering the job responsibilities. Does your budget allow a salary that is closer to the low \$50's rather than the high \$40's?

Employer: *Unfortunately the amount offered is all that we have budgeted for this particular position.*

You: I am really looking forward to being part of your organization. I'd like to come to an agreement that works for both of us. Can we review the entire compensation package to see if it is possible to enhance the offer in terms of [vacation, benefits, opportunities for review, etc.]?

Employer: *Unfortunately we do not have the flexibility to adjust any of the other compensation items.*

You: I understand. Thank you for your consideration. In that case, can I have a little more time to think it over?

CONCLUDING NEGOTIATIONS

Once you are **completely satisfied** with the compensation package offer provided by the employer, make sure to get the offer in writing. When you have the offer in writing, you can either **accept the position immediately** or let the employer know that you will **get back to them with a final decision** on or before your original deadline.

Before giving notice to your current job, get the offer in writing!

If you **decide to turn down the offer**, contact the employer via phone and inform them that you have decided not to accept the position. **Be sure to thank the employer** once again for the offer. Send a formal declination email to follow-up your conversation that includes:

- ✓ Your appreciation for the offer
- ✓ A respectful decline of the offer
- ✓ A statement that leaves the door open for future contact

Leave the employer with a good impression of you in case your paths cross again.

ONLINE SALARY RESOURCES

- [GuideStar](#)
- [Salary.com](#)
- [Devex.com](#)
- [payscale](#)
- [Monster](#)
- [indeed](#)
- [SimplyHired](#)
- [JobStar](#)
- [Glassdoor](#)
- [LegiStorm](#)
- [OPM](#)