

# NEGOTIATION

## Overview:

Knowing how to negotiate is an important skill. Negotiation can feel self-serving; however, asking for fair reimbursement for your skills and time is a form of stewardship. Businesses have strong incentives to hire staff for the lowest amount of pay possible. In this competitive market, the employee has an advantage in haggling on the details of employment. Employers are struggling to find candidates in entry- to mid-level jobs. To negotiate, or advocate, for yourself, you must know several things:

1. Know how much money you need to live well
2. Know what range of compensation is normal for a person in your field with your skills and experience
3. Know what areas of your employment contract are negotiable
4. Know what special skills, assets, or characteristics you can leverage.

Once you know these things, you are in a good position to make a fair "ask".

## Know What to Expect

The Bureau of Labor Statistics provides regional and national information of the salaries of every registered career in the U.S.

In addition, sites like Glassdoor also track regional salaries for many different job types. A quick internet search for your career and your region will inform what the average salary is for someone of your experience level and skills. Knowing this average helps give you a range for your "ask". When you make your "ask", you want to be in the industry's ballpark.

## TIPS • TRICKS

## Know What You Need

| Twin Cities Cost of Living          |                     |
|-------------------------------------|---------------------|
| Housing (with insurance)            | \$ 1,600.00         |
| Transportation (with insurance)     | \$ 400.00           |
| Food                                | \$ 300.00           |
| Debt Payment                        | \$ 280.00           |
| Cell Phone                          | \$ 80.00            |
| Medical                             | \$ 150.00           |
| TV Service and Streaming            | \$ 40.00            |
| Clothing                            | \$ 15.00            |
| Savings/Retirement                  | \$ 500.00           |
| Personal and Discretionary          | \$ 100.00           |
| <b>Total Monthly Expenses</b>       | <b>\$ 3,465.00</b>  |
| <b>Total Annual Expenses</b>        | <b>\$ 41,580.00</b> |
| <b>Required Salary (Before Tax)</b> | <b>\$ 50,727.60</b> |

## Predict Your Expenses

- Determine how much you need to make to meet your financial obligations
- Research the cost of living in your desired area and add up your expected expenses
- Your budget should reflect the reality of your living circumstances
- Multiply your expected monthly expenses by 12 for a yearly estimate
- Add a 22% tax rate to your total to determine a minimum salary

## Know What Areas of the Employment Contract are Negotiable

First, you need a contract of employment, also known as a formal offer. It is critical you get the details of a job offer in writing. A job offer is a legal document. Do not accept handshake promises on pay or benefits. It is critical to have agreements about compensation in writing. It is also acceptable to ask about pay and benefits at the interview. It is important to make sure you are interested in both the company and the job, in terms of the benefit package.

Some forms of compensation are negotiable, and some are not. Salary or hourly pay is almost always negotiable. Programmatic benefits, such as medical insurance and time off benefits, are rarely negotiable because the employer must demonstrate equity and consistency in how they administer these benefits. Here is a list of some negotiable benefits:

1. Salary or rate pay
2. Bonuses
3. Incentive pay or bonus pay linked to performance
4. Timing and amount of pay increases
5. Moving expenses
6. Transport expenses, such as parking reimbursement, bus passes, or use of company cars
7. Start date/ time
8. Hour flexibility (work from home)
9. Education reimbursement

There are many more. For you, flexibility in working from home may be more important than pay rate. You must prioritize the areas of negotiation most important, since it is likely you will need to concede on some points to find agreement.

## Know Your Points of Leverage

It is important to be aware of any areas of advantage you may have in a negotiation process. Is there anything you offer or are that is needed by the company?

Perhaps you know a second language. Perhaps you can start the job or relocate very quickly. Perhaps you are an amazing softball player and the company is desperate to win the tournament trophy.

Experience is always a point of advantage. If you bring experience with other similar tasks or experience in the company with which you are negotiating, you greatly reduce their risk in hiring you. You are a proven entity – an important point of leverage for you.

## Make the “Ask”

Unfortunately, asking for an increased benefit or pay is always uncomfortable. You may need to reinforce yourself with some confidence boosters. You may need to practice power poses, wear clothes that makes you feel strong and confident, or call a friend who can pump up your ego. Here are a few reminders when you make the “ask”.

1. *Be specific.* Avoid giving a pay range. A good starter statement may be, “We are little far apart on salary. I am at \$XXXXXX.”
2. *Work up to negotiate down.* You “ask” should be higher than your need. For example, if I need to make \$54,000 to take home \$41,000, I may want to make my “ask”, \$58,000. By doing so, I leave room to counter and still hit my minimum take-home figure.
3. *Don't explain.* Avoid giving the sob story of why you need more money. Yes, you have loans. Yes, you are technically poor; but so are most of us. You are asking for more money, not because you need more money, but because you are worth more money.
4. *Don't complain.* Closely related to #2, complaining about the offer is not proactive.
5. *Give it time.* Hiring and compensation decisions are not usually made on the spot. Be patient. Follow up in a few days. Don't concede until you hear a “no”. If you hear a no, consider other areas of negotiation.
6. *Know your bottom line.* You need to be prepared, in advance, for the next step. If the company submits a new offer, you need to counter or accept. If the company says they cannot negotiate in one area, see if there is a concession in another benefit area. You do need to be prepared with a bottom-line number. You need to know what offer you cannot accept. Most people pick a minimum number. For example, I cannot accept a job that pays less than \$54,000 a year. Having a bottom-line protects you from committing to a job that creates debt.
7. *Be earnest.* If this is company you want to work for and job you want to have, tell them. A good phrase is, “I really want to join your team, but our salary figures are too far apart. How can we make this happen?”

