The issue of salary is a personal – and often emotional – one for both employee and employer, and sometimes it's negotiable. But it is important to let facts, not emotions, guide you throughout the process of asking for a raise.

With a little planning and a straightforward game plan, you can present a case to your boss that clearly demonstrates your value to the organization. And with these invaluable tips, you'll soon find yourself on the road to an income representative of the hard work you put into your job.

Can You Play the Game?

Salary negotiation tips to give you the upper hand

Oftentimes, employees go into a review or salary negotiation without knowing exactly what they want out of it. A higher salary, a different job title and flex time are only a few of the negotiable aspects of the review, but employees usually focus only on the monetary value of their job. (See "Other Perks" on page 27).

Pre-meeting planning is a critical point of the negotiation process for the employee, says Marty Latz, a former negotiator on the White House Advance teams and founder of the Latz Negotiation Institute in Phoenix. "You need to prepare strategically, not instinctively," he says. "'OK' may be the two most expensive letters in the alphabet because that's what most people say when they are offered a raise. This negotiation may define your future job satisfaction and experience in a number of different ways, so you really need to take the time to prepare. Don't just go in and instinctively or intuitively try to negotiate from there."

Latz says to start pre-planning strategies by finding the fairest standard. Employees should evaluate precedent, such as previous raises they have received, coworkers' previous raises, as well as knowing what the specific job salary range is in the geographical area. "Do your homework and find out the market value for your position," he says. "There are a number of standards to help you justify a fair and reasonable raise or salary. [Employees] are going to find a lot of different standards; some may be good for them and some may be good for the employer. What they want to do is find the one that is best for them and then tie their hat to it," says Latz, who is also author of *Gain the Edge: Negotiating to Get What You Want* (2004, St. Martin's Press) and an adjunct professor teaching negotiation at Arizona State University College of Law in Tempe.

Tony Lee, editor in chief of CareerJournal.com, credits the Internet for allowng people easy access to salary data. "At CareerJournal.com, for example, we have free and in-depth data that can

By Tom Schaffner

be researched by salary title, function, industry and location, so when you sit down to negotiate, you're not just saying, 'I think I should be making more.' You're saying, 'The industry average for my job is 'x' and I'm currently paid 8 percent less than the industry average. Don't you think it would be fair if I were paid the industry average?' You'll have a lot more leverage if you have factual data you can offer the person you are negotiating with."

Another informative Web site to research salaries is www.salary.com, which also breaks down salaries by occupation and location (zip code), as well as calculating compensation packages by industry.

Some other good places to search for salary information pertinent to your job are your local chamber of commerce and professional trade organizations.

Once you have established your market value, you should then calculate the raise percentage that best matches your job performance. "All too often, employees will march into the boss's office and lay out a convincing case for an increase, only to sit there in stunned silence when asked, 'So how much are you looking for?'" says Shawn Smith, JD, president of Next Level Consulting LLC, Harrison, N.Y., and author of *The Answer Book* (2004, Amacom Books). "It is customary to ask for slightly more than you expect to get, but don't turn off your manager by requesting an unrealistically high raise," she says. "Be prepared to be flexible. Your employer may not be able to offer you a higher base salary, but may throw in other perks and benefits of substantial value."

KNOWING THE OUTLOOK

The art of the negotiation process lies in the picture you paint to your boss. Peter Handal is president and CEO of Dale Carnegie Training, Hauppaige, N.Y., a company that provides business seminars and training courses to corporations. He recommends that the employee put himself in his boss' shoes when presenting his case for a raise.

"You should ask yourself, 'What is the facility trying to accomplish?'" says Handal, "Then try to assess, in advance of the meeting, how you fill their needs. It's a selling situation, similar to any other sales process. You have to convince the other side that you have what they want."

Since your job responsibilities will most likely affect your boss, you will need to demonstrate how your higher salary – and possibly more job responsibility – will benefit your boss and, ultimately, the organization. By taking on more responsibility, will you lessen your boss's workload? Will your new duties bring more influence under your boss's domain? Can your efforts increase company revenue or decrease expenses?

Another important aspect of raise negotiations is determining your organization's financial status. Sometimes it's not a matter of "if" you get a raise, but "when" you can get a raise. In today's rigid economy, a company may place salary freezes on their employees until a time when the company is more financially stable. If a company is currently going through layoffs, then marching into the boss's office and asking for a raise may not be the smartest move.

"If you know that your company has been struggling, no one has gotten pay increases for some time and you're asking for something that is above and beyond what everyone else gets, then you better have a very good reason for requesting a raise," says Lee. A "good reason," he says, has nothing to do with personal needs. "The fact that you have a kid going to college or another one who needs braces doesn't matter to the company. That's not the issue. It's what you contribute to the company that makes you worth more dollars."

Latz suggests the employee rehearse scenarios to prepare himself for different possible responses during the meeting. For instance, "What am I going to do if they offer me 5 percent and I am disappointed? Do I want to say that I am disappointed? Do I just simply accept it?" These rehearsals could prevent the meeting from turning into an emotional display and possibly taking the review in a negative direction.

The Golden Rules

In Marty Latz's new book, *Gain the Edge: Negotiating to Get What You Want* (2004, St. Martin's Press), he discusses his five golden rules that should be used as a practical strategy template in any and every negotiation.

1. Information is power – so get it. One of the first things you should do in any negotiation – including a salary negotiation – is get sufficient information to determine your goal. What do you want to achieve? Is salary the most important element? Is it financial? Is it hours? Some people don't want to start work before 10 a.m., and they are not going to take a job that makes them do so. "You can't negotiate strategically if you don't have a goal," Latz says. The goal needs to be reasonable, but aggressive, so you don't leave value on the table.

2. Maximize your leverage. There are two elements of leverage. The first element is your level of need. How desperate are you? The more desperate you are, the weaker your leverage. The more desperate your counterpart is, the stronger your leverage. "One of the biggest challenges in salary negotiations is that people feel a fairly significant level of need if they are employees because [their job] is their livelihood," Latz says. "And if they don't have it, then it is a major problem."

The second element of leverage is related to your alternative. What are you going to do if you don't agree on a deal? If you have another job offer going into negotiations, for example, then you have a very good alternative. If you don't have another job waiting, then your alternative is not as good, and therefore your leverage is much weaker.

3. Employ "fair" objective criteria. You need to find the fairest standard. The question revolving around this is, "How

NOTHING PERSONAL

The shock of not receiving the increase that you had hoped for or – worse case scenario – no raise at all can trigger unplanned reactions and result in adverse effects on the employee/employer relationship.

Handal urges that, if denied a raise, employees should be very careful not to lose their heads or leave a bad impression. "In a moment of [duress, employees] could say something they really don't intend."

Again, it is necessary for the employee to put himself in the boss's shoes to understand the reasoning behind the decision. As previously mentioned, a company's financial stress could inhibit raises, even if the employee has done an above-average job since their last review. The employee must then make a decision: stay or go.

Staying with the company means either accepting the situation as it stands or making your case for a raise. The latter situation is a delicate one. Handal says you first have to look at yourself and really understand the problem. Did you not receive a raise because of the company's situation or was it simply that you did not do the job you were supposed to do?

"If you can't document why you deserve it, don't even ask for it," says Francie Dalton, president and founder of Dalton Alliances Inc., Columbia, Md., a business consulting firm providing services in the management and behavioral sciences. "If you are going to get a chip on your shoulder because you are denied a raise when you can't document why you deserve it, then stop whining and grow up. These days, people think that just because they have 'x' number of years in grade that they deserve a raise. I don't agree," she says. "Everybody deserves a cost of living increase. However, beyond that, raises should be earned. The fact that you stick with your job is no more a reason to get a raise than the fact that the job remains available. Raises have to be earned. So in order to earn it, you have to be able to articulate, demonstrate and provide evidence that your performance is worthy of a raise. Constantly ask your boss what his expectations are, so you can surpass them," says Dalton, who also teaches business management at the University of Maryland, College Park.

If you feel you have presented a good case for your raise, but were unsuccessful and you want to stay with the company, Dalton provides another option. She suggests another meeting with your boss to develop a specific pathway that clarifies what needs to be accomplished for you to earn the salary you would like. "If your boss cannot do that or will not do that, then I would suggest that you look for alternatives within the organization and see if you can fit in somewhere else," she says. "That, at least, preserves the value of your institutional knowledge."

If you choose to leave the company, Dalton says to make sure the departure is on your timeframe. "That means you don't emote; you continue until you find the job you want. If you tip your hand and show such displeasure to your boss that you become vulnerable, you might erode the quality of the reference and the time of your departure from that organization may not be on your schedule. You want

Other Perks

When it comes to raises, most people think that money is the only negotiable factor. Here are a few other things to consider next time you are looking for some good job incentives.

- more vacation time
- flexible scheduling
- a title change
- continuing education reimbursement
- conference traveling reimbursement
- first-class travel (if applicable)
- auto expenses
- deferred compensation
- an office

do you determine what is fair?" and "How do you determine what both sides perceive to be fair?" Latz says "fairness" boils down to a matter of relatively objective standards. "To me, if someone says, 'This is the fair salary,' that communicates almost no relative information," he notes. "What I want to know is why they believe it is fair. Possible answers to the 'why' question could be 'It's fair because it's market value' or 'It's fair because it's a 5 percent raise over what you were receiving last year.'"

4. Design an offer-concession strategy. No one wants to leave value on the table gratuitously. The best way to avoid this is to be very strategic in designing the right offer-concession strategy. Do you want to make the first offer? Do you not want to make the first offer? "One of my sub-rules in this area relates to first offers: When in doubt, don't start out," Latz says. If you say to your employer that you want a 5 percent raise and your boss agrees, you don't know if he really budgeted for a 10 percent raise. Oftentimes, you want to evaluate the advantages and disadvantages of making a first offer, then make a strategic decision.

5. Control the agenda. Effectively managing the negotiation process – overtly or covertly – is extraordinarily challenging in many contexts, especially in salary negotiations. You need to decide if you want to handle this formally or informally. "Sometimes the salary and the raise context come in the conversation of your annual performance review," Latz says. "That's a fairly structured process and you need to evaluate if that agenda is in your interest or if you want to have the conversation in a different environment."

T.S.

to choose when you go, not have it chosen for you," she says.

The denial of monetary adjustments doesn't mean that you have no other options for compensation. Lee notes that one-time bonuses after achieving specific goals seem to work well at some companies. "But make sure you have some other things up your sleeve," he says. "If [your boss] says, 'We can't pay any more,' then you can come back and say, 'OK. How about if I work half-days every Friday through the summer?' Whatever is important to you that feels like a victory and you think the company will go for, then that's always a good second offer."

TIMING IS EVERYTHING

In most medium to large-size organizations, regular review periods are usually established. And in most cases, if an employee was interested in negotiating a raise, this would be the opportune time to do so. If you are thinking about discussing a raise at a time other than your review, then you had better have a good reason – and the proof to back it up – as to why you should be compensated.

"You can simply say to your boss that you need to schedule a few minutes to talk about something important," Lee says. "Get it on the calendar, and when you sit down say, 'I know this isn't the usual time to discuss this type of thing, but it's important that we talk about my current salary and here's why.' Then you lay out the reasons why you think you're underpaid."

Note: Make sure you schedule a time to meet when you know you will have your boss's undivided attention.

However, Dalton feels differently about the appropriate time to talk about salaries. "The time to negotiate a raise is not at the end of the year; it's at the beginning of the year – when you agree with your boss on what his or her expectations of you are, and in measurable ways," she says. At the beginning of the year, Dalton suggests that the employee sit down with his boss to determine goals and timeframes in order for a set compensation to be earned.

But even if your initial efforts to obtain a raise are not successful, you should not get discouraged, says Smith. "Look at the issue as part of an ongoing conversation between you and your manager," she says. "Find out what, if anything, you can do to get the raise you want. Request that you set up another meeting to discuss the issue within the next several months to review your progress toward your goals."

Smith urges employees to always ask their bosses for feedback on what they can do to earn a raise. "Remember though," she warns, "there is a fine line between persistent and pushy. If you feel you are getting nowhere in your attempts over time, it may do you best to explore your options elsewhere."

DETERMINING FACTORS

Employees hoping to increase their raise will greatly benefit from understanding their company's salary structure, which includes how, when and why raises are given.

"In my experience, 90 percent of the time, it's more of a matter of 'This is what the organization has decided,'" says Latz. "The individual says, 'Thank you very much,' and that is the end of the discussion. What an employer often tries to do is control the agenda to present the perception that the conversation is not negotiable. And from their perspective, oftentimes, that makes sense."

Handal says most companies determine raise allotments in two different ways. One way is to decide upon a budgetary percentage for the entire company, then divide that amount among the departments within the company. It then falls on each manager's discretion to allocate raise percentages for each of their subordinates (e.g., 4 percent for satisfactory performance, 2 percent for acceptable performance, no raise for poor performance).

The other way Handal says companies determine raises is by individual performance, and that depends heavily on the responsibilities an individual has. "At Dale Carnegie Training, we emphasize interpersonal skills because we think they're important in any job, whether it's a technical job or a social kind of a job."

In the medium- to large-scale companies, Lee notes that human resources departments usually have compensation planning tools in place to determine various aspects of an individual's position, such as salary scale and job requirements. "That's a good way [for employers] to start," he says. "After that, you should judge the contributions of that particular employee. If it's someone you value and don't want to lose, then you should attempt to compensate him better than someone who is just a marginal performer that you wouldn't mind if they left."

Smith notes that employer salary structures in related fields for similar positions can have a direct effect on what the company is paying in terms of salaries, raises, bonuses, etc. "Generally, if you do not remain competitive, you risk attrition in your workforce," she says.

Most businesses also tie the increase directly to the employee's performance, Smith says. "If you have a formal evaluation form, you can designate a specific percentage for those falling into each performance rating. Some organizations give cost of living increases instead of, or in addition to, merit increases tied to changes in the consumer price index."

The Short List for Negotiating Raises

- **Be prepared** – Compile a list of your accomplishments before your meeting. Ask yourself, "What have I done for the company that warrants a pay increase?"
- **Know your company's policy on raises** – Are raises only given during review time or can they be given throughout the year?
- **Know your company's financial status** – Is your organization in a position to give raises at this time? Are they going through cutbacks or salary freezes?
- **Know what you want before you go in** – raise increase amount, flex time, more vacation time, etc.
- **Be professional** – Don't let emotions get the better of you because you did not get what you wanted.
- **Don't make it personal** – No one wants to hear that you need more money because you need a new car or your kid needs braces. Stick to the facts about your job.
- **Paint the big picture** – Show your boss how this will benefit him and the organization. Demonstrate things such as how you can save the company money or increase revenue.

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But no matter what increase structure a company chooses, some employees will never be happy. "There is no one perfect way to compensate employees, nor is there a perfect way to deal with dissatisfied workers," Smith says. "The more comfortable [a boss is] with the reasoning behind salary decisions, the better he will be able to effectively communicate his decisions to the employees and obtain buy-in from them. If the employee is not getting a raise due to performance issues, communicate to the employee the areas needing improvement and the performance goals that must be achieved in order to merit a raise."

RED FLAGS

In the most unpleasant cases involving salary discussions, an employee may threaten to quit if he is not given a larger raise. As a boss, it is not wise to give in to ultimatums.

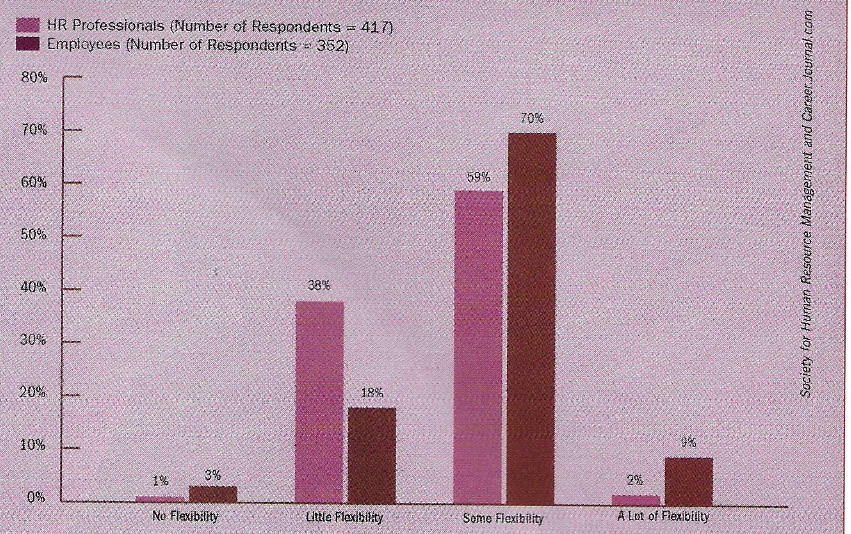
"It is a common scenario where an employee enters a manager's office, announces that they were offered a new job and request a substantial increase or ask that the employer make a counteroffer to get them to stay," Smith says. "Before automatically succumbing to that ploy, consider the entire situation. If the employee was on the low end of the salary spectrum, it may be appropriate to grant the raise or extend a counteroffer. But often, employees adopting this approach already have one foot out the door and may no longer be emotionally invested in the organization," she says. "Remember, they have already interviewed at and been offered a position in another organization. If you grant the raise, the employee may well continue to use this tactic in the future."

At Dale Carnegie, Handal says they teach managers to be very clear in their communications. "These are very sensitive issues. It's very important that both parties in the conversation understand what is being said," he says. "Some of the worst things I've seen is when one person thinks he was given a different number than the other person in a raise negotiation, or that the raise was effective on one date rather than on another date. People tend not to listen too well in conversations like those."

One of Dale Carnegie's training sessions demonstrates the best techniques for handling tough reviews. "We teach that you should start the conversation in a friendly way because if you start with a negative, people tend psychologically to turn it off," Handal says. "For example, the approach of, 'We have a salary freeze, so you are not getting a raise' could be replaced with something like, 'We really value your work. You are doing a very good job. We wish we could give you a raise, but as you may know, there is a salary freeze because the industry is having a very tough time.' Someone is much more likely to hear the second approach when you start in a friendly way as opposed to a confrontational way."

But no matter what side of the table you are on in the negotiation process, the most important thing to remember is to be prepared: prepared to know what you want, what your boss expects, what your company's situation is, what alternatives you have, etc. Even if you don't get everything you ask for – and possibly nothing you've asked for – at least you will have a game plan and goals to shoot for in future negotiations.

Degree of Flexibility for Negotiating Salary, Bonus and/or Benefits



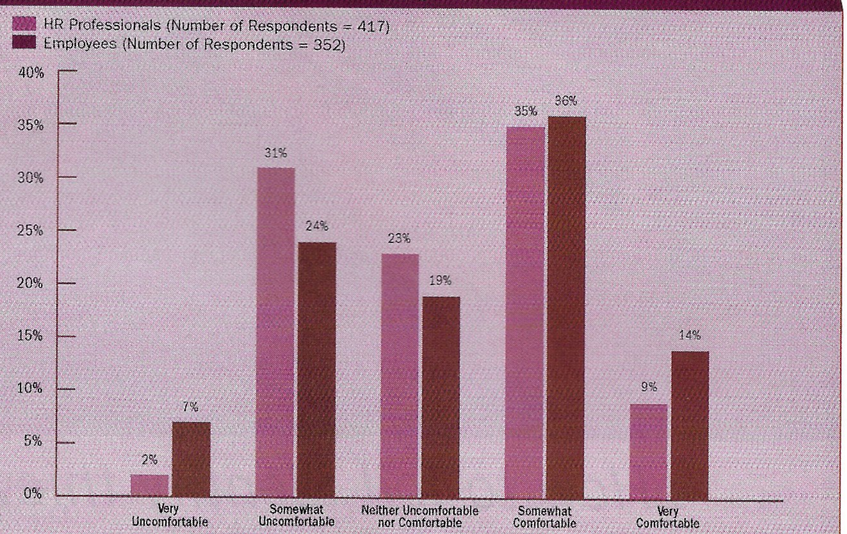
Note: Percentages may not total 100% due to rounding.

Note: Employee data were gathered from a convenience sample of CareerJournal.com Web site visitors through a pop-up window directing them to the online survey. Readers should proceed with caution when generalizing these results.

Note: On a scale where 1 = No Flexibility and 4 = A Lot of Flexibility, the average for HR professionals was 2.61 with a standard deviation of .55; the average for employees was 2.86 with a standard deviation of .60. A standard deviation of 1.0 or greater indicates a relative lack of consensus. Readers should proceed with caution when generalizing the results.

Source: SHRM® / CareerJournal.com Job Negotiation Survey Findings

Employee Comfort With Negotiating



Note: Percentages may not total 100% due to rounding.

Note: Employee data were gathered from a convenience sample of CareerJournal.com Web site visitors through a pop-up window directing them to the online survey. Readers should proceed with caution when generalizing these results.

Note: On a scale where 1 = Very Uncomfortable and 5 = Very Comfortable, the average of HR professional predictions was 3.16 with a standard deviation of 1.04; the average for employees was 3.25 with a standard deviation of 1.18. A standard deviation of 1.0 or greater indicates a relative lack of consensus. Readers should proceed with caution when generalizing the results.

Source: SHRM® / CareerJournal.com Job Negotiation Survey Findings

Have you ever asked for a raise? Or do you accept what you are given and leave it at that? Visit www.RT-Image.com and take our Readers Poll on raises to see where you fit in. Check in from time to time to see who is in the same boat as you.

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