Negotiating a Compensation Package

Knowing how to negotiate will make this conversation less daunting.

Some employers may expect you to negotiate your salary and often ask about your expectations on application forms or during the interview.

Advanced preparation will not only maximize the potential for a better compensation package, but will also show that you’ve done your homework and know your value and the “market rate” of the position.

Whether you get what you think you deserve will depend primarily on:

• How well you lay the groundwork and deliver your request.
• The salary range the employer has in mind and the budget available.

The Reality of Salaries

The salary for many jobs is usually flexible within a pre-determined range. Most employers know what they are willing to pay for a particular position. On occasion, an employer may be willing to come up with more money or additional benefits to accommodate your particular skills and abilities. Under these circumstances, you are in an excellent position to negotiate an attractive compensation package.

What is Your Bargaining Power?

As a general rule, employers will negotiate within a range, but rarely exceed it unless you are an exceptional candidate. Most state and federal government jobs have rigid, non-negotiable salary scales based on education and experience.

• Entry-level base salaries are usually subject to no more than 10 percent of the original salary offered. Note that many top employers have set, non-negotiable salaries at this level.
• Mid-level positions typically have a negotiation range of between 10 and 20 percent.
• Higher-level management and executive positions offer the greatest opportunities for negotiation.

TIPS TO HELP YOU EFFECTIVELY NEGOTIATE

Evaluate Your Worth

Assess your value and importance to the organization. Know your skills and what they are worth to the employer. Be sure to clearly communicate your strengths and capabilities during the interview.

Determine the Going Rate

Salary surveys are fairly easy to access and will provide an industry wide perspective. However, you will need to take into account differences in the cost of living, which may be significantly higher in a large metropolitan area than in a smaller city, town, or rural area. Before relying on salary data, check whether it is current and from a reputable source. The UCLA Career Center provides a salary calculator at career.ucla.edu/SalaryComparison.

Research the Job Market

Scan newspapers and trade publications for classified ads or browse Internet job listings to get an idea of what similar positions pay for a person with your education, background, and experience. Check with professional organizations. Ask friends and networking contacts. Call employment agencies or search firms.

Take a Hard Look at Your Salary Requirements

Construct a basic budget by listing your expected monthly expenses. Your actual paycheck will reflect income tax and other deductions. Use the Monthly Budget Worksheet on page 53 to get started.

Have an Amount in Mind

Decide what you want and what you’ll accept. This means knowing three important figures:

• Your “dream” salary—the most you can ask for without fear of alienating your prospective employer.
• Your bottom line—the lowest figure you’d settle for.
• Your goal—a realistic amount you think you have a good chance of getting.

Be Ready to Compromise

Most employers are willing to negotiate, but they also need to know that you are willing to as well. A heavy-handed “pay me what I’m worth or else” ultimatum is not recommended. If the employer comes close to what you’re after, you’ll have to decide whether to settle on this figure.

Emphasize Your Skills and Abilities, Not Your Needs

Avoid presenting your request in terms of how you will benefit (e.g., pay off your student loans or buy a new car). Instead, point out how the company will benefit by the experience and contributions you will make.
HANDLING SALARY QUESTIONS

There are many books and resources, including UCLA Career Center counselors, available to provide assistance in preparing for this part of your job search process. Here are just a few tips on how to respond to salary questions:

What are Your Salary Requirements?
One appropriate response might be: “I understand the current market rate in Los Angeles for this job is $40,000-45,000.”

Another approach: summarize the requirements of the position as you understand them, and then ask the interviewer what the company’s normal salary range is for that type of position.

How Much Did You Earn in Your Last Job?
Salary history may be used to help determine compensation that will be offered and sometimes a salary history is required. For a first full time job, past pay may not be a good rubric for establishing future salary. While a straight forward answer concerning previous earnings is best; it is often worthwhile to gather additional information to effectively address this issue. It might enable you to better negotiate compensation. Reassure the employer that you are confident you will be able to reach a mutual agreement if there is a good match between your qualifications and the company’s needs.

The Salary Range for This Position is $40,000 to $45,000
Is That What You Were Expecting?
It is important that you think this question through before the interview. You need to do your research about salaries and the market rate for that position within that area of the country or world.

After the interviewer poses this question to you, if the salary offered is less than what you were expecting, consider politely telling the interviewer that it is close to your expectations but that you were thinking in terms of $43,000 to $45,000. This keeps you within their price range but keeps the conversation open for further discussion.

This strategy can be a delicate one, especially during challenging economic times. Most salary negotiation conversations will happen live, whether in person or over the phone, so it is important that you back up your request with the research you collected about similar jobs in that area. There is a good chance that the interviewer may ask you why you think your salary should be higher, so you should be prepared to answer clearly without hesitation. Be prepared with materials and resources you can share with the employer.

Where to Get Salary Information
A general search on the Internet will provide links to numerous general and profession-specific salary surveys, a salary IQ test, and salary negotiating strategies.

Numerous references, such as the following, are available at public and university libraries, bookstores, and newsstands.

- General periodicals such as U.S. News and World Report or Working Woman
- Major newspapers
- Trade journals
- Websites:
  - JobStar: Profession-Specific Salary Surveys
    http://jobstar.org/tools/salary/sal-prof.cfm
  - NACE Salary Calculator
    www.jobsearchintelligence.com/NACE/jobseekers/salary-calculator.php
  - salary.com
  - glassdoor.com/salaries

BENEFITS

Part of the Compensation Package
It’s important to keep in mind that your total compensation is based on more than just your salary. Other benefits may be worth at least one third of your compensation.

Many employee benefits are considered standard. They come with the job and are not subject to negotiation.

However, an increasing number of companies offer flexible benefit packages which give employees a variety of choices and “perks.” Most entry-level employees can expect a basic benefit package consisting of:

- Health, dental, disability, and life insurance.
- Paid vacation, sick leave, and holidays.

A More Comprehensive Benefits Package Might Include:

- Cell Phone
- Child & Day Care services
- Company Car
- Computer Equipment
- Corporate Discounts
- Cost of living adjustments
- Desirable office & furnishings
- Education & training programs
- Expense accounts
- Flexible work schedule
- Maternity or parental leave
- Preferred parking
- Professional membership dues
- Profit-sharing & savings plans
- Relocation expenses
- Retirement & 401(k) plans
- Stock and equity options
- Supplementary pay plans
- Telecommuting
- Termination agreement (severance pay)
- Unpaid leave time
- Concierge services

Note: Please keep in mind that this is just a sample of possible (not guaranteed) benefits.