



The rpc Group of Companies
Executive Search and Selection Consultants
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Information Guide No. 16

Negotiating Salary

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1. INTRODUCTION

People are reticent to 'talk money' in relation to themselves, and job seekers tend to fight shy of the process of negotiating salary.

Those who are applying for a job in which skills of evaluation, bargaining or the exercise of judgement are called for could well be expected to show some evidence of those abilities in negotiating their own worth. Even where those abilities may not actually be required in the job, prospective employees who show that they put a value on the contribution they can make, command more respect than those who have never taken the trouble to assess their own worth.

Increasingly, jobs are advertised with 'salary negotiable', or 'circa £NN, 000'. The implications to be drawn from such an advertisement are that the employer wants to find the right person for the job, a salary figure that can be justified will not constitute a stumbling block, and the right person should be able to talk knowledgeably about the worth of the job and be able to justify an appropriate position in the salary spectrum.

This will demand some prior research into the current market rate of the job, as well as a reasoned justification for your proposed position within the salary range, according to your level of experience. Without such information your ability to negotiate may be severely restricted.

Where salary is known to be 'negotiable', it should be regarded as an invitation to be taken up for as long as the interviewer is prepared to discuss the matter.

There is only one circumstance in which this advice to negotiate should be considered subject to exception; that is where a salary or a 'package' offered is in excess of the best that could reasonably be expected. In such a situation, the only sound advice would be not to play games! Indicate acceptability of the offer 'in principle, subject to it being put in writing'. This is important for two reasons: it would be unwise to consider an offer as firm and binding until it has been put in writing; and secondly, it at least gives time to reflect meanwhile upon any snags attached to the offer before submitting yourself to it.

As noted earlier, an interview should be regarded as an opportunity for discussion; the negotiation of salary, being part of the interview process, should therefore be regarded in exactly the same light – that is, as a friendly discussion between two people trying to evaluate how much a job is worth in terms of the experience and expertise being brought to it.

By definition, salary negotiation dictates that you never put yourself, or the interviewer, in the position of having to give an unreserved 'no' to anything under discussion. The art of keeping negotiations live is to question propositions made, on the assumption that they are not inflexible, but there are other aspects that – for you – may condition acceptability of what is being proposed.

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2. PRICING YOUR PACKAGE

Before you can consider negotiating a price for your next position, you must know the worth of your current or last salary package. We all understand what our monthly or annual salary is, but do you know the monetary value of all your benefits?

An exercise you should complete is to price all your benefits. This is not always an easy activity, but if you use the following guideline it should give you a clearer picture of your true worth. Some figures you will be able to research; others you may have to calculate on what it would cost you if you had to pay for the benefit yourself. Don't neglect some aspects by saying you wouldn't pay for them yourself, because this is minimising your own worth.

The following form may help you to explore some of the benefits you may have forgotten.

Benefit	Annual Worth
Salary
Pension/Death in Service
Life Insurance
Health Care
Car
Petrol/Running Costs
Travel Concessions
Subsidised Meals/Luncheon Vouchers
Professional Memberships
Loan Facilities
Mortgages
Health Club Facilities
Subscriptions to Journals
Telephone Expenses
Training/Study Costs
TOTAL SALARY PACKAGE	_____

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3. SALARY RESEARCH

One of the activities you should build into your job search is salary research. As you scan adverts or talk to head-hunters, you should be expanding your knowledge about the market rate for your skills and experience. In addition, knowledge of the type of benefits that are provided by other organisations will help you collect better information for future salary negotiations.

4. SIX RULES OF SALARY NEGOTIATION

- a) Avoid being the first to raise the subject of salary. The interviewer will have to bring up the topic sooner or later.
- b) If, early in the interview, you are asked to name the salary level you want, don't give a figure. Seek to have the matter deferred for later discussion, after the responsibilities and duties of the job have been fully described.
- c) If pressed, suggest a salary range to offer a negotiating margin that stipulates a baseline from which to negotiate upwards.
- d) Never talk of your needs – always talk of the worth of the job.
- e) Never fight a maximum – always build in assurances for the future.
 - When can a first review be expected?
 - By what percentage increment, assuming satisfactory performance?
 - With what frequency thereafter?
- f) Never accept or reject an offer on the spot - always take it away to think it over.

5. TWO KEY QUESTIONS

a) 'What salary do you have in mind?'

- i. If asked early in an interview, seek to have the matter deferred until you know more about the job and its scope

If pressed, nonetheless, to give a preliminary indication of your expectation, give as wide a range as is sensible but express this to be 'dependent upon the extent of the responsibilities of the job' so as to ensure maximum flexibility for your negotiating position in later stages of the interview.

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With recruitment agencies and head-hunters, however, you are not in the same negotiating situation as a potential employer; they cannot put your name forward without the sort of salary range you are looking for, it would be advisable to give them a wide range 'dependent on all aspects of the job'.

- ii. If asked later in an interview, try to get the interviewer to reveal first what figure he or she has in mind:

'It is difficult to answer that question satisfactorily without knowing how much the job is worth to you. Could you give me some idea of what you have in mind?' or '...could you give me an idea of what you normally pay other executives at a comparable level of responsibility?'

- (a) If this elicits a figure lower than you think is justified in relation to the 'going rate' for this type of job, or in relation to the scope and extent of The particular responsibilities, counter act with:

'From my understanding, that does seem to me to be rather less than normal being paid for jobs of comparable responsibility..... I consider the job to be worth something between £xx, 000 and £yy, 000'.

- (b) If, on the other hand, your question elicits a high salary figure, indicate its acceptability in principle, but continue to query other aspects of the 'package'.

- (c) If, however, you are pressed to volunteer first, try using this tactic:

'In the light of what I have been able to find out about the level of Salaries being paid elsewhere, for positions of comparable responsibility, I believe that something in the region of £xx, 000 and £yy, 000 should be right for this type of job...would that be inline with your evaluation of the job's worth?'

It would be sensible to pitch the range some 10% to 15% higher than the known market range; this will give you some leeway if the interviewer's focus is at the lower end of the range.

If, say, three advertisements appear over a week or so from three different advertisers for positions under the same job title, one being advertised at 'c £25,000', the second at '£27,000 negotiable', the third at 'up to £30,000', then, the range to be quoted should be 'somewhere between £26,5000 and £32,000'.

Researching the market rate for the job is thus patently desirable in order to be able to adopt a justifiable negotiating stance.

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b) 'What is your present salary?'

This is a straightforward question. Evasion or refusal to answer will not help your cause: give a 'round figure' indication – 'I could expect to earn £x thousand plus this year.'

The word 'plus' should be stressed; it provides a base, not a ceiling

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