

NEGOTIATING SALARY AND BENEFITS IN PUBLIC SERVICE CAREERS

*"Being realistic means knowing what both you and the position are worth and then reaching common ground with the employer on the question of compensation." Ronald and Carol Krannich in Dynamite Salary Negotiations. **

Necessary background: know the sector, the organization and your own needs

- Be savvy about the differences in salary and benefit customs among sectors. In a government position, for example, the pay range is standardized for a given level, but you may be able to negotiate what level you will be hired at. In nonprofit and private sectors, the salary is more flexible, but is limited by the importance of the position, internal equity issues, and the funds available. Both the expected annual salary increase and the value of benefit packages may differ significantly among sectors. Generally, the more entry-level the position, the less negotiable the salary.
- Research the organization. Know where the position you are seeking fits within that organization. In a government agency, salary ranges for a given level position are public information. For nonprofit or private, you may have to use industry information and informational interviews to ferret out good estimates of salary structures for that organization. Try to sense whether the employer has more flexibility with salary or benefits and negotiate accordingly.
- Know your own financial needs and pursue opportunities that can be reasonably expected to meet these. Draw up a detailed budget and know the minimum salary you can take and be able to cover important needs. This is for your own personal guidance as you consider different options - employers are not willing to fund your personal wish list. Their calculus is based on the location of the position in the organizational hierarchy, their knowledge of the "going rate" for their industry, and their estimate of the value of the skills and experience you bring to the position. In negotiation, your strategy will be to get them focused on the third part of this equation (your value) more than on the first two.
- Finally, check out your own attitudes about money. Are you uncomfortable talking about it? Do you consistently underestimate (or overestimate) the worth of your skills and knowledge? Get a reality check on your attitudes and your financial value in the professional world.

28 Deadly Salary Mistakes*

Ronald and Carol Krannich in *Dynamite Salary Negotiations* (pp. 23-25) list the following 28 errors that they find their clients making in dealing with salary and benefits:

1. Avoid facing the salary question head-on in terms of goals, salary ranges, and negotiating techniques.
2. Fail to do research on salary comparables and thus are unprepared to deal with salary questions and issues with employers.
3. Don't know how much they are really worth.
4. Reveal a specific salary figure when asked about their "salary requirements."
5. Assume their "qualifications and performance" will determine their salary level.
6. Think salaries are predetermined by employers.
7. Believe they are indispensable to employers who will give them substantial raises rather than risk losing them to the competition.
8. Under-value their worth.
9. Over-value their worth. They may even think they are irreplaceable to both the employer and the organization.
10. Think employers are always in the driver's seat when it comes to negotiating salary and terms of employment.
11. Approach salary negotiations from a perspective of need or greed rather than as a process of assigning value to their qualifications and promises of performance.
12. Personalize salary issues by believing a salary is assigned primarily to them rather than to [a] position...
13. Prematurely discuss salary before acquiring information about the job as well as communicating their qualifications to employers.
14. Fail to compile *supports* for a negotiating position - [documentation of your professional value, including examples, illustrations, descriptions, statistics, comparisons and testimonials].
15. Don't know how to close and follow-up the salary negotiation interview.
16. Forget to calculate benefits as part of the compensation package.
17. Put too much emphasis on benefits rather than concentrate on the gross salary figure.
18. Project an image that is not commensurate with the salary being negotiated.
19. Put too high a price tag on themselves without providing supports to justify the salary figure, such as previous salary history or indicators of performance.
20. State a specific salary expectation figure on resume or cover letter.
21. Negotiate salary and benefits over the telephone.
22. Are too quick to accept employers' first or second offers.
23. Don't know how to use *timing* as part of establishing their value in the eyes of employers.
24. Fail to adequately assess the employer's needs and develop a strategy to meet those needs as well as relate this strategy to their salary requirements.
25. Fail to raise intelligent salary questions of employers.
26. Don't know how to handle employer's salary questions or say the wrong things.
27. Don't give themselves much room to negotiate.
28. Don't know when to leave a job or company for opportunities elsewhere that will pay better.

Timing is Everything

- Salary questions come up primarily at two points in the job-hunting process: when applying for a position that requests either salary history or salary requirements and in the late stage of the interview process when an actual salary is being negotiated. As much as possible, you want to push salary questions to that late stage to allow you to communicate your unique value before discussing compensation.
- How do you handle salary questions in the early application process?
 1. Ignore the question. This can be risky if the application requires a salary history. HR may treat your application as incomplete.
 2. State your *compensation* history rather than your salary history. Your compensation history includes the value of all your benefits as well as your gross salary. For example, graduate assistants make \$13.12 per hour, but get a benefits package worth an additional 67.58% (which is huge - a normal professional fringe rate is closer to 30%). This means that the total hourly value of their compensation package is \$21.99 (which would represent an annual salary of \$45,739). This presents a very different picture, but it may price you too high for the position you are applying for. Another option in this case would be to take a 9-month cut of total compensation and report it as \$34,304, or simply to report the hourly compensation figure. Your choice depends on knowledge of the market.
 3. When you are asked for salary requirements (as opposed to salary history), you may state "Open" or "Negotiable", indicating that you are willing to deal flexibly with this question during the interview. Or, if you have an idea of the employer's salary range (based on your research), state a range that overlaps the employer's range and is quite broad. For example, if the employer's range is 35,000 - 42,000, you might state low to mid-40's. This is realistic, but broad and leaves you negotiating space.
 4. Never name a specific figure as your expectation. This leaves you no negotiating space, and will almost certainly price you too high or too low for the position. Either way, you lose.
- What do you do when the salary question comes up during the interview?
 1. If it is still early in the process, reassure the employer that your expectations are reasonable and suggest that a specific answer wait until you can address the fit between your skills and the organization's needs. This is meant to *neutralize* the salary question until you have had a chance to communicate your value:

"The reason you want to do this is very simple: the two-fold purpose of your job search, especially the job interview, has been to communicate your qualifications to employers and determine whether the job is right for you. When addressing the issue of compensation, qualifications mean your value as translated into salary and benefits. If you prematurely address the compensation question by discussing dollars and cents prior to communicating your value to the employer, you will commit a serious error in judgment: both you and the employer have decided on price *before* looking at the product. Chances are you will decide on a low price, since few employers are about to pay a high price at this stage of the hiring process." (Krannich and Krannich, p. 96)

2. Be *employer-focused* in your response. If the employer is really anxious about the salary question, then they may not be willing to defer it. If they really need to discuss compensation, then try to turn the discussion into an effort to determine the real value of this position to the organization. You might ask questions such as: What are the duties and responsibilities assigned to this position? To whom does it report? Does it involve extensive travel and overtime? Whom would I be working with, and how many people might I be supervising? How is performance evaluated and is performance important for compensation increases? How does your organization structure pay and promotions? These questions indicate to the employer that you have important insights into the value of work and really do need to know more about the position.

- When it is time to talk about salary and benefits, you want to begin your response by summarizing the job duties and responsibilities as you understand them. This does two things: seeks clarification from the interviewer about the actual job and emphasizes the importance of this job to the organization and the value of the person who will fill it. Follow that by asking, "What is the normal range in your organization for a position such as this?" You may want to follow that with a further question establishing your individual value, "What would be the normal salary range for someone with my qualifications?" Then state a salary range which starts inside and ends just above the employer's range.
- Do not be distracted by the benefits issue at this stage. Negotiate salary separately, then deal with benefits (which are likely to be standardized within an organization).
- If the employer really cannot meet your salary expectations, and you really want the job, you might try requesting a 6-month performance review with the salary to be reconsidered at that time. Or you might ask the employer to consider expanding the job description or upgrading the position and salary.
- If you are negotiating in an environment where all salaries are standardized (government agencies) then you can't negotiate a higher salary within a given position level, but you may be able to redefine your qualifications to reach a higher-level position or a higher step within a given grade.
- Negotiate honestly and professionally, stressing the benefits for the organization. This conversation may set the tone for your relationship long-term.

Benefits Packages

Benefits packages may include the following (Krannich and Krannich, p.123):

- Health, disability and life insurance
- Reimbursement accounts
- Education and training programs
- Child and day-care services
- Paid vacation
- Unpaid leave
- Flextime and telecommuting options
- Retirement plans
- Bonuses
- Savings plans

- ❑ Professional membership dues
- ❑ Profit sharing plans
- ❑ Cost-of-living adjustments
- ❑ Relocation expenses
- ❑ Perks such as company car, parking, special equipment
- ❑ Termination agreement (severance package)

Negotiating benefits in place of compensation may sometimes be helpful where employers have the flexibility (which may be rare). If you really want the job, but the employer cannot meet your salary expectations, you might consider negotiating flextime, telecommuting, additional vacation time, professional dues and conference coverage, etc.

Closing the Agreement

- Get the offer in writing and clarify any questions you might have before agreeing to it.
- Follow up your acceptance with a thank-you letter in which you express your pleasure in the interview process and the people you met during that time and your enjoyment in looking forward to working with them and contributing to the organization. This sets a very positive tone for beginning your new job.

* Ronald and Carol Krannich, *Dynamite Salary Negotiations*, 2nd edition, Impact Publications, Manassas Park, VA. 1994.