

# NEGOTIATING

REASONS WHY

# YOUR

AND A PLAYBOOK FOR HOW TO

# PAY RISE

WRITTEN BY

# MELISSA DAVIES

EBOOK EDITION 22.1

[WWW.CAREERING9.COM](http://WWW.CAREERING9.COM)



*“Everything is negotiable. Whether or not the negotiation is easy is another thing.”*

Carrie Fisher

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## Disclaimer

While Careering is designed with women in mind, to share tools and insights to help women navigate the complexities of career and life in general, most of the content is relevant for all humans, and there is no intention to exclude any party.

There are gendered terms used throughout this ebook and other content from Careering, and these gender-specific terms may be used in order to ease the text flow.

- Whenever a gender-specific term is used, it should be understood as referring to both genders, and any party identifying as non-binary or any other marker, unless explicitly stated.
- This is done solely for the purpose of making the text easier to read, and no offense or sexism is intended.

If you have suggestions and ways to improve on this specific topic or in general, your feedback is very welcome. Please send to [hey@careering9.com](mailto:hey@careering9.com).

# Introduction

*“If you don’t value your time, neither will others. Stop giving away your time and talents. Value what you know & start charging for it.”*

Kim Garst

It is unlikely a manager will come to you and say “Hey, I’ve been thinking, you’re worth \$15,000 more than we pay you so we’re gunna fix that” (but if they do, you are working for a legend!) so it’s up to you.

Remember that saying “if it is to be, it’s up to me”? Well, the only person who truly cares about your earning potential and income over your life time is you. Linda Babcock’s known for reminding us that when we don’t negotiate our salaries when we enter the work force we’re leaving between \$1,000,000 and \$1,500,000 on the table. Ouch.

But here’s the best thing – you know this now so all you can do now is acknowledge you’ve just been informed how about the size of the prize, and reminded that it’s up to you, (you can’t un-see this!) so get on and get yours!

Make a plan, read up on how to negotiate, and when the time is right, give it your best shot. There’s a lot of upside to taking a well thought out step into uncomfortable territory. Don’t worry, there’s a step by step guide below to get you ready to clearly and concisely, ask for what you’re worth.

If you need extra inspo and some “what not to do” examples, the podcast Season 1, Episode 2 is all about it. Listen [here](#).

Negotiating

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# Negotiating Pay

Research shows men are four times more likely than women to ask for a salary raise, and we're less likely to ask when we're looking at a new role, and this is where [Linda Babcock](#) of Carnegie Mellon University, says this has a snowball effect. "Even a small pay boost will mean bigger annual raises and possibly bigger bonuses and it will carry over to a new employer, who is almost certain to ask: *What was your last salary?*".

This question isn't one you have to answer honestly, the best way is to flip it back and ask them to outline what they believe the role is worth based on the tasks and responsibilities. If you're backed into a corner, guessing you've done your research and have an idea of what it's worth, so based on that, and what you'll read below, this is the one time I wouldn't be fully transparent. What you were last paid is irrelevant, this is about what you deserve to do this role, so if you need to bump up the number \$10-20k or more, do that.

"I tell my graduate students that by not negotiating their job at the beginning of their career, they're leaving anywhere between \$1 million and \$1.5 million on the table in lost earnings over their lifetime," Babcock says.

Did you see that number? Imagine what society would look like if all women had an extra mill at their disposal!





Why

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# Why We Don't Ask

A study by Emily Amanatullah, the Assistant Professor of Management at the University of Texas completed a research study that ask men and women to negotiate for themselves and on behalf of another. Her findings showed that when the women negotiated for themselves, they asked for an average of \$7,000 less than the men, yet when they negotiated on behalf of a friend, they asked for just as much money as the men.

Amanatullah says this is because when women negotiate for themselves, its not just about money its about their image and reputation too. "Women worry that pushing for more money will damage their image".

Women hate negotiating! Babcock and Laschever's research in their book *Women Don't Ask: Negotiation and the Gender Divide*, shows that 2.5 times more women than men said they feel "a great deal of apprehension" about negotiating. Men initiate negotiations about four times as often as women and when asked to pick metaphors for the process of negotiating, men picked "winning a ballgame" (they're American, it would be the same as winning a rugby match) and a "wrestling match," (what is the Kiwi or Aussie equivalent of wrestling? Cricket? Surfing? Bowls?) while women picked "going to the dentist."

So that's not good. Pretty sure dentist visits are at the bottom of the list of 'ways to spend an hour of my life'. How do we get negotiating up from the depths of dentistry and up to the tolerable 'fitness test at the gym', or better yet, right up there with other areas you feel a sense of achievement like smashing a PB at the gym or your chosen sport, completing that assignment or work project on time, or hearing your little ones read a book on their own for the first time?



Like learning a new subject at uni or work, or a new technique for your sport - its about skill, having a game plan and practising. Negotiating is just like achieving that project deadline – you set yourself up for success from the start: I know what I want to achieve, I have a plan to get there, I’ve researched and I’m prepared, I’m practicing and I will push through till I get the outcome I want.

Selena Rezvani says her own research interviewing women executives shows that top women learned these skills with experience. She says we need a different mindset, it’s just a conversation and to prepare those that ace it are doing this: ”Getting clear on why we’re asking, and knowing that we deserve a seat at the table and that our case is worth pursuing can make the difference. Women who negotiate ignite a deep, healthy kind of self respect.” Selena goes on to say:

*”Women that make it to the top also challenge long-standing beliefs in order to get themselves to the negotiating table. They push back on the "good girl"-isms with which they grew up. They didn't buy into: "Be seen and not heard," "Always be nice" or "Don't be too outspoken." On the contrary, to survive in a top role, they ask for what they want. They're firm. They don't accept what's unacceptable.”*

# Why it Matters

Firstly – everyone deserves to get paid a fair wage for a good day’s work. It’s up to you to ensure you receive this. Your value and your contribution is important. You are a contributor to the workplace, your home, the community and the economy and having a salary that reflects your employment output is a key part of enabling you to deliver your best contribution and grow day after day.

It’s not just you. We all need to get better at this, teach this skill, pay it forward, coach others, share stories, learn the lessons from when it goes well and when it doesn’t. We should talk about it more and collectively, build capability.

Statistically speaking, women also report "a great deal of apprehension" about negotiation--at a rate 2.5 times more than men, according to the research of Carnegie Mellon's Linda Babcock and Sara Laschever. So it also matters that you take on the challenge of building your ‘negotiation muscle’ to receive fair pay for your work and it’s an important context to understand the gender pay gap.

“gender pay gap (also known as gender wage gap, male–female income difference, gender gap in earnings, gender earnings gap, gender income difference) is the difference between male and female earnings expressed as a percentage of male earnings, according to the OECD”

According to the World Economic Forum's 2015 Global Gender Gap Report, it may take around 118 years to close the gender gap worldwide

Have you heard of equal pay day? Fawcett Society calculation sets symbolic date as 9 November with men in full-time work earning over 14% more than women.

“Imagine if your boss came over to your desk this afternoon, thanked you for all your hard work so far, but said that the company wouldn't be paying you for the remainder of the year. You're still expected to be in the office on time every morning, work late on that big pitch or project and hit those targets. You just don't get paid for your time. Why? Because you're a woman.”

The Global Gender Gap Report 2014 emphasizes persisting gender gap divides across and within regions. Based on the nine years of data available for the 111 countries that have been part of the report since its inception, the world has seen only a small improvement in equality for women in the workplace. According to the Global Gender Gap Report 2014, launched today, the gender gap for economic participation and opportunity now stands at 60% worldwide, having closed by 4% from 56% in 2006.

Here in Aotearoa, there is now 'Mind the Gap' which is designed to give transparency to pay rates, they say that “In 49 years, the Equal Pay Act has not closed our pay gaps. For the first time, our country will have a Pay Gap Registry which will show whether or not a business has published its pay gaps”. Check it out at [www.mindthegap.nz](http://www.mindthegap.nz).

How To

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# A Negotiating Game Plan

This is for when you're in a role and you want to have a pay review discussion. Most of the tips and preparation here also apply for you to prepare for the salary chat for a new role.

Here's what you need to know:

- How you do it, how you say it, matters.
- Be professional at all times, do not take any comments personally or react emotionally
- Be okay with silence - one of the most important tactics to an effective negotiation is learning to become comfortable with occasional bouts of awkward silence
- Be prepared on all of the following – your role, how you've performed, market conditions, company position etc
- Know the market conditions and market rates – know your value
- Allow time for them to review your case and come back to you
- This is a skill that takes time to build competency in – practice makes perfect.

Let's expand on these a little more. From the outside in, the job market overall has a big impact. If you've a skillset that's in hot demand, the power is in your hands, if unemployment is low, it's easier to negotiate. Market conditions have a significant effect on your salary and whether it's likely to rise or fall – basically how many skilled people are there for each vacancy, a good benchmark is the national unemployment rate.

When overall unemployment is high, there is strong market pressure for salaries to fall as there are a lot of people willing to do what it takes to get a job, no matter how crappy the conditions or salary. When the economy improves and skilled labour becomes scarce, the market forces push salaries higher.

Either time is the right time to negotiate if you are not being fairly paid for your efforts.

It's important to be aware and be sensitive to what is happening in the employment market and also to what you are worth in the market as being prepared helps you determine fair value for your work and arms you with facts for your negotiation conversation.

Research your role in other companies and what they are paying – look for jobs similar on job search sites such as seek.com etc and list those close to yours. If you're based in Australia or looking to head there, [www.mycareer.com.au](http://www.mycareer.com.au) has a salary benchmark.

Many employers use an external salary benchmark to determine the salary band for each role in the company, start with these ones to get a line of sight on what a fair rate of pay would be:

Hays Salary Guide <https://www.hays.net.nz/salary-guide/index.htm>

Hudson <http://nz.hudson.com/latest-thinking/salary-guides>

Robert Walters <http://www.robertwalters.co.nz/career-advice/salary-survey.html>

In each of these guides you will see a salary range based on job title or title and a list of tasks that role is responsible for. The company's management, HR or your manager may determine the role title and responsible and tasks have the salary band in Auckland may be from \$85-110K, in Wellington \$75-110K, in Christchurch \$70-90K.

It will usually detail the range and therefore the median salary - many companies aim to pay their 'experienced' staff toward the top end of the band, most staff around the median, and newer, less experienced staff will likely be below the median, and move closer to the median as competency grows. It is unlikely people will be paid above these bands. These bands change for each city based on the cost of living and average salary for that role currently.



In instances where the company uses these benchmarks, it means the manager may have restrictions on salary amounts, and may need to align with company intention. If you're not sure how salary calculations are made, it never hurts to ask and get a better understanding – the more informed you are, the better position you are in to prepare a water-tight case for increasing your pay.

It is also common for companies to have a maximum salary increase per person, per year. It's often possible to work around this if you know how, or build a longer term plan to increase value to the company and to you, but knowing this early helps determine the best game plan.

Some employers might ask you what your previous salary was however it's simply not relevant. Your current salary has to do with your performance and the market rate today, not whether it's 5% more than your last role. One way of responding to this question is by politely stating that your previous role had different conditions and your salary reflected the requirements of that role, and you would prefer to focus the discussion on your current role.



# Know the company position

Knowing the company's position on salaries and headcount and its financial health will provide you with more information on how to negotiate, and as mentioned above, understanding the policy and framework helps even more.

Knowing the company's position will give you clues on how to approach the discussion. You always want to appear sensitive and understanding to the company's position even if you are negotiating an increase – businesses need to be performing and delivering profit to be able to keep paying everyone so its about finding a win-win.

Consider these questions:

- What's happening in the markets your business operates in? Are things positive or are things slowing down?
- How is the company tracking to their overall sales or profit plan?
- Are there headcount restrictions?
- How is your business unit or region performing to budget expectations?

# Your Performance

Evidence is crucial here - be specific and have examples. Use your performance contract and clearly explain where you have performed well on each of the KPI's. The single most important factor on securing a pay rise is you and how you have performed over the past year, and how you feel you can add value over the next twelve months.

Obviously the better your performance, the stronger your chances of securing a rise ... but its not the only factor. Identify specific examples over the past year where you have added value and performed well both for the company and your reviewing manager.

Use your KPIs and competencies as the strongest measure of your performance. If you can add specific examples where you have created value for the com pany, your team and colleagues or clients, through increasing performance or minimizing risks, have a list of these on hand and if you have testimonials supporting this – even better. Evidence of your efforts and positive results are powerful.

## Identify Additional Responsibilities

Consider what you can take on that would create more value for the company and therefore give you an option greater financial reward. If you can identify additional responsibilities that you can take on from other people or that no-one's really owning now, and you can demonstrate that you can do those responsibilities effectively without affecting your overall performance you will improve your case for a pay rise.

## It's Just a Conversation

When negotiating in your pay review, it's important that it is a professional and friendly discussion about your merits and deliverables. Objectivity is crucial, as is the focus on your work performance and why your work and output is the foundation for the case to increase your salary.

You want your manager to be impressed not only by the merits of your case but the professional way you have presented yourself. While the conversation is friendly and amicable you are likely to achieve this.

## Negotiate on Cash and Other Benefits

Sometimes it can be easier to negotiate an increase in benefits (e.g. extra leave or study support) than cash. If you think it will be difficult to achieve an acceptable cash increase then identify a benefit that is of value.

## Next Steps

1. Allow them time to review your case.
2. Don't issue any ultimatums – it's okay for you to know your walk away point, and what you will do you're unable to reach an acceptable agreement, but don't throw that out there – it will discredit all the great ground work you've laid so hold fire, let the process play out. It does take time, especially in larger organisations or where there are processes and policies to consider, or multiple decision makers.
3. Do follow up – at the end of the meeting it is great to ask 'what are the next steps for us to progress this' so you have clarity, and then, if appropriate, ask 'when shall we meet next to discuss this'?
4. Re-listen to the [Podcast episode](#), review your notes, get really sharp at this skill so you're able to leap into action when ever you need to and can easily share your know-how with other women so we're all getting paid what we're worth!

## More

Other great Kiwi money-related resources:

Power. Money. Security. a podcast redefining PMS. Michèle A'Court chats to a series of amazing Kiwi women about all things money: <https://seatatthetable.co.nz/>

Girls That Invest

Your step-by-step guide to financial independence <https://girlsthatinvest.com/>

If you know of others, let us know and we'll add them to the list. Share the love!



McKinsey talk to the same concept and detail the exact same example that Gary does, but they also share why project teams often don't focus on the possible potholes. They talk to studies that show that project leaders tend to be overconfident, their plans are reasonable and logical so there appears to be little cause for worry. The McKinsey article also reminds us that at the start of a project or when a new team is formed there's usually great harmony at the start so being the one to raise worries can be challenging.

“Research also shows that most individuals are afraid to speak out against the group and explicitly identify problems with a plan” – McKinsey

So you've got a great team together, but no-one wants to be the one to ask the hard questions and highlight where it could all fall apart? Be that person if you can, better still, lead or ask for a pre-mortem session so everyone's 'hindsight' can be harnessed – it will lead to better decision making and way better outcomes.

*“Money frees you from doing things you dislike. Since I dislike doing nearly everything, money is handy.”*

Groucho Marx



# Official Stuff

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## Contact

All feedback and questions can be sent to [hey@careering9.com](mailto:hey@careering9.com)



# THANK YOU

WRITTEN BY

**MELISSA DAVIES**