

Careering Podcast

SO1 E02. Negotiating a Pay Rise

Melissa Davies 0:03

Welcome to the careering podcast a collection of rants and reckons on all things Career hosted by author and creator of Careering9 Melissa Davies and her partner in crime, Kelsie Inglis. If you're brave enough, take a seat, settle in and listen as we tackle difficult career and workplace issues. Sometimes we'll be wrong, sometimes we'll be right. But we will deliver it with confidence and a touch of colourful language so it will at least be entertaining

Welcome back to the careering podcast, you're here with me, Melissa Davies and my partner in crime at Kelsie Inglis. We may or may not be drinking a Rose right now.

Kelsie Inglis 0:41

I'm gonna say that we may.

Melissa Davies 0:44

So we're going to be super super eloquent this evening.

Kelsie Inglis 0:49

I mean, that's probably not the word I would use. But yeah.

Melissa Davies 0:53

So what is meant that you've needed a win tonight Kels? talk me through what's happening for you. What's the theme this week?

Kelsie Inglis 1:00

To be honest, my theme for the week is just I'm bloody tired, I'm absolutely shattered. I think just the chaos going on with multiple long weekends. And

Melissa Davies 1:14

that wasn't that wasn't a complaint, right?

Kelsie Inglis 1:16

No, there wasn't a complaint. I just I am looking forward to getting back into routine. But I am also looking forward to this wine. How has your week been? Melissa, what's your thing?

Melissa Davies 1:29

Well, my theme has been that I've realised in the last couple of years with all of the COVID Crazy. And these these kind of rules we've had to live with that life has felt like it's been outside of most of our level of control. And we've stopped daydreaming, I think we've lost the ability to really think big and think about what our potential could be. And I'm going huge.

Kelsie Inglis 1:48

I'm talking about being tired. And you're like daydreaming, like we need to get ideation and needs to be bigger, like girl drink your wine!!

Melissa Davies 1:57

Let me finish. Because it was really self indulgent and more thinking about travelling to Corfu, and hiking, the, you know, the trails around Spain and just getting global again, and our experiences

our thinking, all of that, like just the ability to get outside of ourselves. So I just think what do we stop dreaming of? What do we stop thinking is possible? Because we've had to exist in a survival space. So let's get back to thinking Big.

Kelsie Inglis 2:22

Yeah, Can I have a nap first?

Melissa Davies 2:25

Your Absolutely welcome to have a nap Kels. But can you hold off for about half an hour? Because I want to have a chat with you about pay rises,

Kelsie Inglis 2:31

Jesus Christ? Because that is the thing that's going to keep me awake. Right? What have you got to say about pay rises?

Melissa Davies 2:39

Oh, got some facts and stats to kick things off. Because you know me, I think there's some pretty alarming stuff around the gender pay gap and the ethnic gender pay gap. And while I'd love to think that we can change the system in the next decade, what worries me is that it's been in place for a long time. And it might be too hard yet, if we can empower every woman to show up to the table ready to negotiate knowing her worth and get that extra dollar an hour more or more, then the impact through society is huge and

Kelsie Inglis 3:08

and educating men in positions of power on how to have those conversations with women who might not necessarily be brought up to actually ask for a pay rise in those spaces.

Melissa Davies 3:20

100%. So that's such a good point by being a leader in a position of power, knowing that there might be some cultural implications or gender implications for why people are reticent to have a salary conversation. 100%. And you know, I think it's a really important point, because research actually shows that men are four times more likely than women to ask for a pay rise. And there's an awesome lady out of the US called Linda Babcock. And she actually says that this has a snowball effect. And a small pay boost now means that carries on every pay rise, if you start your first job in an organisation negotiating, or having pay parity with your peers, every job you apply for after that, or every internal promotion means is off that baseline. And she actually says what she says to her grad students is that by not negotiating their salary 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.

Kelsie Inglis 4:11

So wait anywhere between \$1 and \$1.5 million worth of lost earnings.

Melissa Davies 4:15

Yeah, if you don't negotiate your salary when you first start working. Fuck. Talk to me about how you negotiated your first pay rise or your first salary when you started working.

Kelsie Inglis 4:26

I was just like, give me money. I did it because I had like I said on the last episode, I was six months unemployed out of university and was just like, give me a job, any job. I just needed a job. And I like I think I took on like an hourly rate for 20 hours a week before I made myself indispensable, basically wouldn't leave and that's when they you know, still kept me on an hourly

basis. But then I think my second job was when I had to actually like negotiate a contract and a salary. But it was like this big move up to Wellington, from Nelson, it wasn't actually that big. And I just remember just being grateful that I was gonna get \$45,000 a year, and I look back on it, and I go, how would I survive in Wellington on \$45,000?

Melissa Davies 5:21

Yeah. When the average cost of a house now is waaaay more.

Kelsie Inglis 5:24

I can't even imagine. So, yeah, I just I definitely didn't start out in my career negotiating anything. One, because I just didn't realise I could. Yeah, so

Melissa Davies 5:33

like, Linda says, you probably left a million bucks on the table over the course of your career. It is depressing, right. So that's why we've got to show up ready to have the money chat, even though like you say, often we're grateful to have income. And it's an awkward, uncomfortable conversation to have. And interestingly, another lady did some research, Emily Amanatullah, and she said that when women negotiate for themselves, we ask for \$7,000 less than our male counterparts. But if we negotiated for a friend, we asked for the same amount. So basically, what that saying is, if I'm asking for money for me, I would ask for seven grand less than a male counterpart. But if I was negotiating on Kels' behalf, I would absolutely go in to bat for her. And I would, I will, I will

I'd be interested to know whether it's like because it is awkward, the money conversation is always awkward, it's awkward, within an like, just within an organisation and talking to your boss, but it's also awkward talking to you, like your peers and having sort of like pay parity and being able to see what everyone else is doing. But in Australia, is it different to what it is in New Zealand? Like, are people more comfortable talking about it?

I think the difference in Australia, well, I'm only speaking from my experience, is I worked for large organisations. And what typically happens with larger organisations is there's an HR function, which has a more structured remuneration strategy. And you know, one of the examples I had is, so interestingly, when I first started at BOC, I'd gone from, I'd gone from a student benefit of \$110 a week, that's my total income to getting paid \$29,000 A year and I thought I was rich. I went and bought a brown suede jacket and thought I was the shit.

Kelsie Inglis 7:17

That was great in the rain

Melissa Davies 7:22

Browns not my colour. So I don't know why I think I just thought it was the ultimate sign that I had some money to spend on something luxurious, like it felt like an achievable a luxury item.

Kelsie Inglis 7:32

I think we all remember, like the thing that we bought when we got our first paycheck. That was super important. Yeah, mine was an iPhone, like one of the earliest iPhones. I was like, yes, I've made it

Melissa Davies 7:43

Yeah, it's amazing how we have this, that ability to have freedom with our money and spend it on things we choose, rather than just keeping the lights on. Yeah, and I guess that's what. There is two parts of it. One is the lifestyle that the money we earn gives us and one is the ability to feel

valued, and that our contribution we're rewarded fairly for the contribution we make to an organisation. And yeah, so if I think back that back to my time at BOC, what was interesting is they did have a large HR team, and many of the organisations I've worked for since then have had a structured remuneration strategy. And it's been really transparent. And the process was quite was done in a structured way, usually, same time every year on the calendar. And when when I worked for BOC it was done on what they called the head salary bands for each role. And the I think it was like 17 or 18 bands. And every roll was sized externally by an HR agency or recruitment company, and then apply assigned a salary band. So you knew what your salary range would look like,

Kelsie Inglis 8:48

Would you know, when you went into the organisation?

Melissa Davies 8:51

no, it was only when I was internal on applying for new roles within, or when I had asked for a pay rise when I was already in a role. And I was hitting up my manager for a pay rise. Because I did have a situation when I first moved to Australia, I was grossly underpaid. I think I was so excited to get this huge opportunity to move to Australia and take on a new role. I just said yes, I leapt at it. Three weeks later, I landed in Sydney and I was like, Oh, the cost of living here is what

Kelsie Inglis 9:15

Yeah, especially with the taxes on top of it.

Melissa Davies 9:19

And I didn't understand things like trp, a total remuneration package. So it wasn't just a salary. I used have a company car, because I was a sales rep and the role I was in before I moved to Australia and I didn't know that trp was the equivalent of super and a car. And so I went backwards for the first year or two. What really upset me is the two colleagues that I worked alongside who did amazing work were men 30 years older than me. And they had engineering degrees. So I can see that there was a depth of experience and capability that meant they should be on a higher pay bracket. Their portfolios were larger than mine too. So I objectively I see all of that. But the pay differential or I would on this band strategy, I was just inside of the band, and they were nearly capping out at the top.

Kelsie Inglis 10:06

Yeah. And then I was, you know, add on top of that, that you're going backwards. And you're watching these two other people thrive when you're putting in 130% effort, and you're still not getting anywhere, I can imagine that that kind of rips you down.

Melissa Davies 10:18

Yeah. And luckily for me, I had an organisation where we could have those conversations. And I, they explained the HR strategy, how it worked, and six months into the role, when I proven the level of competency, then my salary moved up a little and continue to do so. But it was very much on me to drive that. And also, luckily for me, those two guys that I worked with, were awesome. And they were super transparent about their pay. And they really helped me negotiate and prepare for a conversation which was also about, you know, knowing what an external like if someone if they had to hire a replacement for me knowing what they would pay what's that job worth in the market, so not personalising it, not making it about me understanding the competencies and skills I was bringing, and what that was worth to the organisation or another organisation. So I always really encourage people to do the same thing, do some external salary benchmarking. So you know, why you're going in and what you're asking for. Because I think from if I flip it later in my career as a manager, it's really hard to have a salary conversation when they come to you and say, hey, my rents gone up. Can I get a five grand pay rise?

Kelsie Inglis 11:19

Yeah. Yeah, absolutely. And I think, you know, there are some great tools out there like, I know, Hayes has an awesome pay checker. So you can literally put in your title put in where, like, Where in the world you are. And it will tell you what the lowest end is what the average is and what the highest is for a specific role. And so you can kind of see where you sit within it, obviously. I mean, because I've just moved from Wellington to Christchurch. And every recruiter when I moved down here told me to expect 20 to 30 grand less than what I would expect in Wellington. Which, to be honest, I've kind of found that yes, but also No, I think it's about the organisation that you go into. And I think if you go in with those expectations, too, like too intensely, you kind of cut yourself off for asking more of what you're actually worth.

Melissa Davies 12:17

Yeah. And I think you and I've had some really good conversations about the power of non cash benefits and negotiating those. So talk me through some experiences you've had with not just having a salary conversation, but what are some of the other things you think are important to look at, in terms of a total package?

Kelsie Inglis 12:32

Yeah, and I, well, I guess, you know, being able to look at an organisation and go a job, you getting a pay is payment for a service, and you do a specific set of tasks for a specific set of money. And if you are going to do more than therefore you should be getting paid more. But that doesn't necessarily mean that the organisation can actually afford to pay you more within cash flow. And so I've got really good at negotiating car parks and bonuses and holidays, and just kind of looking at all of the other pieces of the puzzle that might help make my life nicer. That doesn't necessarily mean that it's in my actual paycheck every two weeks.

Melissa Davies 13:19

Yeah, that's, that's super important to think outside the box around what's of value to you. You know, I know some people that have negotiated with their company to just work a half day on Thursday, so they can go hiking with their Dad on Thursdays or start late on Tuesday. So they can golf with Nana, or have some study leave, or some financial aid for study, or even just extra, you know, like two weeks a year off to attend training courses that are for their personal interest, not for what not for work related things, which is in addition to paid leave. The other thing that's been quite interesting lately, I've been really I've been hearing a lot about working for startups. And typically, startups tend to pay below market rates. And early stage employees get offered like get offered equity in the company and founders think that that's massive, like they're giving up a piece of their baby, and this person should feel grateful. Any thoughts on that?

Kelsie Inglis 14:11

I mean, maybe back in the heyday of what when startups, you know, especially when we think of startup when we think of Silicon Valley startup and if you're going into it, you're almost taking a gamble on with the founders on what's going to be an organisation that might actually become one of the the unicorns. But most don't. Think being able to take that punt If you want to go for gold, that's awesome. But you have to go into it with your eyes wide open knowing that it's a punt. But then I also think there's a difference between going into a startup and going into a small business who have got no idea what they're up to, and they might be a new small business but I wouldn't classify them as a startup. And that one was definitely a risk.

Melissa Davies 15:05

Yes. You've had some experiences in those smaller scale businesses, do you think that the pay scale looks different in a small organisation? Typically?

Kelsie Inglis 15:12

Yeah, 100%, I think they've got a very finite amount of money that they can actually afford to pay on cash, pay to these staff members based on cash flow. And it adds pressure to their workforce to bring in that cash flow so they can get their pay. And so I think there's a level of, there can be a level of guilt tripping, for want of a better word, around if you don't do this work, you will not get paid. And that does not create psychological safety in a workplace. And doesn't make it easy for you to want to turn up to even do that job in the first place. And so I think there's a lot to be said, in terms of how managers and bosses and owners of small businesses have conversations about pay and have transparent conversations about pay and doing it in a way that is not putting the onus on the employee that's taking responsibility as an employer.

Melissa Davies 16:15

Yeah. So would you say, what was the process? Like, then I guess I've used that large corporate example. And I know so in local government, it was really structured. How have you found it in those smaller organisations?

Kelsie Inglis 16:26

varied. I've worked in lots of different smaller businesses, and some were year on year reviews, and same thing, having to push it yourself and manage that conversation yourself. And if you don't bring it up, they won't ask. And I mean, fair enough, if I really, you know, if I don't have to pay you more, I probably wouldn't, because I'm trying to run a business. And so are like, I get it, but also at the same time, it does show you a level of value, valuableness, want of a better word. When an employee's out an employer starts that conversation with you.

Melissa Davies 17:08

Yeah, but I wonder. Like, in larger organisations, if it wasn't part of an HR strategy that the head of HR said, every year line managers have to sit down and have a performance review with their staff and submit a salary increase recommendation, that probably wouldn't happen either, right? Because otherwise, most I guess, we're talking about for profit entities. Yeah. And they have a numerical target to hit. And if they hit that target, they have a salary review conversation, however, to hit that target, not paying your staff more, helps you get there a lot faster.

Kelsie Inglis 17:39

I mean yeah, as a business owner, as an employer, I can even see that it is an absolute balance. And just being able to have that conversation in a transparent way that doesn't, that's not personalised. Yeah. Making sure that it's not actually based on the human being behind it. It's based on the role like you said it, if that person left that role, and someone else had to come in and do exactly the same amount of work. How much would that person be asking for? And how much would you be willing to pay them to get them on board to do that role? That's how much you should be paying on the person in that role at that point in time.

Melissa Davies 18:16

Yeah. And that's why I like the banding piece. Because I totally agree with that. But someone with 10 years experience could potentially do that role more efficiently, you have greater impact. So they might get paid a higher amount based on their level of competency. I'm not saying ten year means that they deserve that salary. Yeah, yep. I don't agree with that at all. I know some people that have been in a role for 10 years and, and are nowhere near as competent as someone who's been in that role for six months, because they've got the right skill set. So that's why I think the banding is really helpful, right? Yeah.

Kelsie Inglis 18:44

Yeah, absolutely. And I yeah, I definitely had a few people and had a few conversations where people gone well, I've been there for a certain amount of time, I should be getting a raise, and it's like, but if you're not, if you haven't added any more value to that organisation, if your skills and your your skills haven't improved, and your task list hasn't improved, and your job description is still exactly the same. Why should you be being paid more? Yeah. Apart from inflation, yeah. Because inflation obviously affects the value of the role that you're doing. Yes. And the dollar that you're receiving back, but bigger, bigger pieces. If you're not adding anything, why should they add anything to your paycheck?

Melissa Davies 19:25

So how would you prepare to have that salary conversation?

Kelsie Inglis 19:28

Well, in the past, I have sat down with my JD, and looked at all the tasks written in it and listed out all the tasks that have somehow managed to fall on my desk because of a woman who doesn't know how to say no, I'm working on it, it'll be fine. And sat next to it and gone. Okay, well, there are probably about seven more tasks on here. There's a level of responsibility that's also been given to me, not necessarily through having direct reports. But there is level of responsibility with a level of a project that I'm working on or a client that I'm working with, or there's an implied seniority or a higher level of responsibility within that, and being able to sit back with that list and go to the My employer and go, Okay, let's talk about what's changed over the last year. And if I'm giving you more, I'd like to talk about you giving me more, and we can discuss what that looks like. And so approaching it as a discussion, rather than I've done more work, give me more money. Because let's be fair, no one likes being told what to do. And I think that's where some people can go in, some people are so scared of having this conversation that they go and way too hard, and it doesn't help them and doesn't help that conversation. And so I yeah, I've tended to go through list everything that has changed in the last year. And then I've done exactly what we talked about before, gone and had a look at industry market rates, and use things like the Hayes salary report and the Page checker, and actually been able to come back to the table with hard data that says Hang on a second, I'm not even within the band of what the low to the high within this role is nationwide. Come on like this, we should be having discussion about that.

Melissa Davies 21:21

Awesome. So some really good insights in there about the level of preparation that goes into having a salary conversation, it's making sure that you're having an objective conversation with your manager, or the person who can make the decision about salaries and outlaying, factually what tasks you are responsible for how you've delivered against those tasks, what you've achieved, looking at external benchmarking, so you're keeping up with market rates. And I guess what wasn't said, but I know, I know, you do this is you signal really early on to manager that you want to have a salary conversation. So they're showing up prepared to like,

Kelsie Inglis 21:56

Yeah, I mean, one of like, one of the biggest tips and pieces of advice is just ask, like, literally just ask, because you're never gonna get a pay raise, if you don't actually ask.

Melissa Davies 22:09

Yeah, and I think being doing that early on, like saying to manager, a really easy way to do it. And I've done this and I've been on the receiving end of it, as someone saying to me, I'd really like to have a conversation with you about my salary, can I book a time with you in the next few weeks, when might work? And so you just say that to your manager, or as the manager hearing that, you know that you've got to do some preparation as well and be prepared to have a robust fact based objective conversation.

Kelsie Inglis 22:33

Yeah and I mean, if you're scared of having like, just outright coming out with the word salary, because it is a hard conversation to have, if you haven't had it before I say, look, I want to have a review of my job description, and my role and my salary. So lump it in as a full full piece of yearly review, or try and capture it in a way that is a bit more comfortable to you

Melissa Davies 22:58

you. Yeah, but just remember that if you don't, you're leaving 1.5 million on the table over your career lifetime.

Kelsie Inglis 23:04

Don't be like me, get that dollar, get that million dollar,

Melissa Davies 23:08

don't be like me and buy a suede jacket, not good dresses. The other thing I thought that might be quite interesting talk about is is a line manager leading a team and being the person responsible for having a salary conversation, I thought it might be quite useful to share some insights of what happens behind the scenes. Because I know in many organisations I've worked for including small teams, small business, local government, as well as the large corporates, there was a calibration session that happened across the organisation to make sure that any pay rises with fear, because what would often happen is one manager might be a real hard ass and everyone only got, you know, say a performance rating of three means they meet the standards, everyone's getting a three and that person's team, someone else might be really generous and really supportive and give everyone a five. And so from an organisational perspective, if you've got four teams, two of the managers are grading people really harshly, and two of the managers are grading them really high. And that performance rating affects the salary component that they get. Typically what would happen as a manager, as you're told, the organisation has achieved as has achieved the targets, you have got, say \$6,000 per person on average divvied up across the team, it's up to you how you decide to allocate that across your team. And typically, you would reward your high performers, and those that are looking like they're not on par with market rates slightly more, then what happens in a really objective fair process is you come together as a leadership team, and you put everyone's names and your recommendations up on a board and you discuss the merits of them because what can happen is your favourites the ones you get on really well with the ones you really like you can give, you can come up with an internal argument for why they deserve more pay. Yeah. And so I thought was quite important to talk through that because what can happen in those moments is you do have a finite bucket you can't give everyone a pay rise, and you have to make some hard decisions, but also you then have to defend why you might be giving your star performers a big pay rise, because they might already be near the top of the salary band. And if you don't reward your star performers, they will go elsewhere. So it's a really, it's a really hot seat to be in, in that managerial capacity. So,

Kelsie Inglis 25:12

and it's and it's definitely, I mean, from that manager level, it's hard work. It's hard as well, being the middle person, the middle manager between that role and the end employee. And I've done that before. And that is a hard conversation to have, because literally got no control you are just the messenger, you can go back and go, can I ask for more? Can't ask for more. You're gonna have to deal with do Would you accept this? No, you won't accept this, okay, I'll go back and ask for more. And just having to be the in between person, when you've got literally no control over what that looks like. That's really hard. It's really hard. And knowing that it's a person that is taking on more responsibility and wants to do the right thing. And is a really star performer and deserves more. But you've got literally no control over what that person gets. And all you can do is get on

your knees and beg for it. Yeah. And that is hard work as well. Because you have to be the person that is pissing off the person above you. And like, avoiding the person underneath?

Melissa Davies 26:21

pissing off the person above you? Who also controls your salary? Yeah. Yeah, it's

Kelsie Inglis 26:26

It's hard. It's really hard. But then obviously, you don't get that within small organisations. And to be honest, I think half the small businesses I've worked for, they've just kind of put the finger on the one and gone on that. I think it can be I can go both ways to be honest.

Melissa Davies 26:43

Yeah. I think what's really interesting is at the moment for every organisation is there are a lot of predictions about there is a global talent war. And now that borders are opening, there is a prediction that we are going to lose really savvy people heading off overseas. And so if you are in a position where you're thinking about going overseas, or staying here, do whatever you want to do. But if you're going to work somewhere, make sure that you negotiate your worth from the first opportunity you have and don't stop.

Kelsie Inglis 27:11

Yeah, I think I was reading some stats the other day on I saw on Twitter, and it was you the average salary increase in a role that you're already in within the states is between three and 12%, sort of three covers or inflation. 12 is kind of if you're doing well. If you go and move into a new job, you can negotiate pay between 20 and 30%. And so it's a lot easier to do it right at the start of a job than it is to do it inside of a job.

Melissa Davies 27:41

Yeah, agreed. And I would always say this, I really believe in honesty, but there was one time I reckon everyone should lie. And that is when a new employer or recruiter says What's your current salary? Absolutely bullshit.

Kelsie Inglis 27:55

I was reading the other day. And they were saying there was recruiters just going, Who are these recruiters that are asking this? They should not be asking it?

Melissa Davies 28:04

Yeah, I think we, if a recruiter did ask you that, my recommendation would be to flip it on them and say, I'd really love to hear from you. You've heard the tasks and competencies that I bring, the tasks I'm responsible for the competencies I bring, what do you suggest a role like this is worth in the current market?

Kelsie Inglis 28:20

Yeah, you've read the JD, you tell me Yeah.

Melissa Davies 28:23

And it's amazing how you know, if we're already going in and asking for 7k less than our male counterparts for ourselves, then our expectations of what that role is worth is probably going to be lower too. So So I really recommend, especially if you're changing organisations going something completely new, you've got the you've got a new chance to have a fresh start. Aim high, because you can always negotiate down, it is so hard to keep negotiating up and in like Kels said, it's really uncommon that someone's going to tap you on the shoulder and say, Hey, I don't think we pay you enough can't give you a pay rise.

Kelsie Inglis 28:57

Has that ever happened to you?

Melissa Davies 28:58

No. But I've done it to one of my team actually, when I was working for BOC in Queensland after a massive restructure inherited a whole new team. And I did have 17 direct reports to females one was a sales coordinator and one was a sales rep. And the sales rep compared to her male colleagues that did a really similar role was paid quite a lot less. So I took her for lunch and said I want to have an informal conversation where I'm not your manager, your paid your we need to have a salary conversation. And you know, what's your background and turns out she worked in physio which like most healthcare is negotiated as an award, so it's unionised and as a kind of structured paygrade. So it's really hard to negotiate individual salaries. So she'd never done that before. So I gave her some insights on how to negotiate a pay rise and really encouraged her to do her research and told her to when we had our manager and employee hats back on, to set up a meeting with me to have a salary negotiation, because it was the only way I could think to get her to understand the process so she could keep negotiating for herself in the future. So I have actually, I haven't had it happen to me. I'd love it to happen to me. I'm self employed, I might take myself out to lunch tomorrow and have a chat.