

Negotiating Salaries

When people think of a compensation package, they usually think of their salary. A compensation package is much more however. When negotiating compensation, one must look beyond just base salary. In fact, benefits may account for up to one third of total compensation. Linda Goldberg (a human resource expert) has identified the following as the major areas of compensation that may be negotiable.

What is a Compensation Package?

- **Direct Compensation**
 - Fixed pay which can be salary, hourly, or piece rate
 - Variable pay including bonuses, profit sharing, incentives, commissions, non-financial incentives
- **Indirect Compensation**
 - Mandated benefits including such things as CPP or Employment Insurance
 - Voluntary benefits include retirement plans
- **Health Care Benefits**
 - Health, Dental, Vision, Prescription
- **Other Benefits**
 - Employee Life, Dependent Life, Accidental Death and Catastrophic insurance, Sick pay, Short term disability, Employee Assistance Program, Vacation

In addition, the following are also becoming more common: Flexible benefits; Domestic partner coverage; On site day care; Retirement plan portability; Adoption support; & Legal Insurance

It's all negotiable. Every performance review, in fact - is an opportunity to negotiate base salary, various kinds of bonuses, benefits, and other incentives that add to job satisfaction and provide financial security.

Before Negotiations Begin

Be Prepared. Take the time to conduct thorough research. Know what is involved in the negotiating process. Understand negotiating basics.

Negotiation requires gathering information, planning an approach, considering different alternatives and viewpoints, communicating clearly and specifically, and making decisions to reach your goal.

Before beginning to negotiate determine what is wanted. This includes making a determination of all of the above areas related to compensation. Know the limits and how much is needed to maintain or exceed the current standard-of-living. Also take into account the organization's perspective. Try to have an understanding of its situation and what can be reasonably offered. Be aware that the organization may be limited by organization policies. Such things as vacation, sick time or other health benefits may not be negotiable. The key is to know what can and can't be put on the table.

Negotiation Tips

Make salary negotiations a win-win situation not a contest between employee and employer.

Know market value and research salary ranges before entering negotiations.

Know the most marketable skills that can be offered to the organization.

Don't get mad!

Keep negotiations personable, friendly and keep everyone talking.

Don't make demands or give ultimatums.

If more money isn't an option, look to other forms of compensation that can be of benefit.

Never talk about financial needs.

Continually sell skills and attributes that are valuable and will help the organization.

Realize that negotiation is OK and expected by most employers.

Know when and how to walk away... if the employee is not willing to leave, then one isn't in a position to negotiate.

Show the organization the salary research information... if salary is the primary sticking point.

Try to see things from the employer's points of view. They have to look good too!

Be sincere, honest and honourable.

Negotiation No Nos.

- ♦ Don't only negotiate salary. Salary is only one part of the compensation package.
- ♦ Don't automatically assume that the organization will try to low-ball the package. Be aware of the "real" dollars that are being offered. This includes such things as health benefits, professional development support and others.
- ♦ Understand that no matter what the employee brings to the table, it's naïve to believe that everything will be realized. Negotiating isn't a win-lose proposition; it's a compromise, and ongoing discussions should be expected.
- ♦ Don't settle for any offer that's made, but sometimes an agreement won't be made. Know before going into the negotiations what settlement is acceptable.
- ♦ Be prepared to decide to "move on" if the package isn't right. Remember, it is still better to search for a new position from a position of strength, i.e. being employed and not completely desperate, rather than being in a position to take whatever comes along.

Web resources

www.career.ucla.edu/PDFs/ChapterSevenNegotiatingACompensationPackageUCLACareerGuide2004To2005.pdf

www.colorado.edu/careerservices/pdf/SalaryBenefits03.pdf

www.delawarenonprofit.org/JobsFAQ5.html

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