



Negotiating Women, Inc.

Negotiating Salaries: Beneath the Survey Statistics

Through the summer and into the winter of 2002, we surveyed over 500 women about their experience in negotiating salaries. At the end of the survey, participants were asked to talk about their best and worst experiences in negotiation.

Collectively, the “worst” commentaries spoke more of opportunities perceived to be missing than of overt discrimination. An unspoken assumption drives these accounts—the women felt powerless to buck the system. Fully half recounted being caught in situations they believed were “non-negotiable,” where salary levels and raises were more or less fixed. “It seems the salary increase is pretty much set even before I enter the room. It doesn’t matter what my achievements have been. It is a standard 3%, which is so very awful.” Some looked for explanations beyond their organizational limits and pointed to the economic downturn. “Being unemployed and needing a position, I accepted a lesser salary than I thought I deserved.” In those few cases (7) where discrimination was considered the culprit, age was as likely to figure as the discriminating agent as gender. “By the end of the year I had made more than if they had given me the increase I originally asked for. One year later I was replaced with a younger and cheaper model.”

A fine line often separates “the good, the bad, and the ugly” in these commentaries. Here are some of the factors that made a difference for our respondents:

Expectations matter

Expectations have a way of becoming self-fulfilling prophecies in negotiation. One respondent set her sights low and then felt frustrated by being underrewarded on the job. “Got what I wanted but was still underpaid once in the door.”

By contrast, another women calibrated her demands at what she thought was an appropriate level. At first it looked as if she had overreached.

When I was offered a job at a major company back in my late 20s, I turned it down and said the salary was too low. The person offering the job didn’t know what to say. She assumed I would take the job because everyone else she had ever interviewed wanted to work for the company so badly they took any offer. I thanked her for the opportunity...[and] she ended the conversation saying she was sorry it didn’t work out, but they did not negotiate starting salaries.

But the respondent held firm. Just because the company took a non-negotiable stance on starting salaries did not mean that she had to accept.

To my surprise, two days later [the interviewer] called back with a much better offer, which I accepted. Other managers really wanted me and were willing to break their rule of not negotiating starting salary. I was fairly unassuming at the time. ...Now I am much more self-confident about negotiating for *my own* best interests.

Expectations matter precisely because they are a good index of whether a situation is accepted as non-negotiable or one that can be tested. Rather than shift focus to outside forces beyond a negotiator's control, reasonable expectations keep a negotiator's attention fixed on what can be legitimately sought—and defended.

Goals matter

Many of the respondents had trouble setting goals for themselves. "I hate negotiating. I figure they know what they are willing to pay." They turn the decision over to the interviewer. But, as one participant pointed out, "No matter how friendly your boss may be, negotiating salary and benefits is business"—your business.

Others had no clear plan in mind. "I allowed an agency to talk me into taking a position for 2 weeks at a low salary and it lasted for 2 years." Immediate circumstances perhaps forced the participant to make the best of a bad situation. But then comfort set in—despite unrewarding compensation—and any initiative to renegotiate slipped away. Without a long-range plan a temporary decision drifted into permanence.

One respondent demonstrated the importance of goal setting.

I very calmly stated when they presented their final offer that the offer simply was not reflective of the work that I would be doing, the time away from family and friends, and what I was worth. They called me three days later and topped my salary request by an additional \$10,000.

Not only did the process enable her to be firm during the negotiation; it clarified what she wanted from the negotiation. That clarity allows a negotiator to stay in the negotiation when the talks get difficult and not to give way at the first sign of resistance.

Information matters

Good information often tipped the balance between a good experience and a bad one. Information was key as our participants evaluated their demands and their later satisfaction. One respondent laid responsibility for a poor experience squarely on her failure to analyze all the implications of an offer. "[I accepted] a low salary and then [realized] my transportation expenses would cost me 20% of the gross."

By contrast, another participant tapped into informal information sources to come up with legitimate demands. "[I negotiated] a consulting contract after speaking with someone who had done it before—[and got] tips on how to balance the product type with my fee." Another researched salary ranges and then "used this scale to calculate my work experience and education to receive the top salary for this position."

Information—from both hard data and informal communications—provided a baseline against which to measure possible goals. It then helped the women to define and refine their specific demands.

A defensible case matters

Information alone, however, did not drive the success stories. That information had to be marshaled into a coherent argument. When participants lacked good rebuttals or had not expected challenges, they found themselves unable to defend their demands. One was told that “the reason I’ve been working so much ‘free’ overtime is not that the work assigned requires it, but that I am a type ‘A’ personality and don’t like to go home.” The personal attack threw her off kilter and she was unable to substantiate the business reasons for the hours she put in.

All accounts of “good” experiences reflected recognition that the participants’ case was not only defensible, but legitimate. That awareness checked any hesitation to mount a strong argument.

My company just went through a merger and I was responsible for three offices. I had to train several managers from the merger. When it was time for my review I informed my division head of my extra responsibilities. Had I not spoken up, she would have just complimented me and moved on. Not only did I receive the increase; I’m also getting a promotion.

The success stories have a matter-of-fact quality to them. The women did not toot their own horns; but neither did they downplay their accomplishments. They simply put them on the table with carefully designed support.

[With] a PowerPoint presentation, I highlighted my accomplishments for the year and the cost savings/increased revenue generated for the company. I also included a chart of what the average employee generated by comparison. I was given a big raise and a bonus.

To a one, the commentaries on successful outcomes included an element of anticipation. The women expected to be challenged and marshaled their arguments and facts to circumvent those challenges or meet them directly.

Alternatives help

Choices—other opportunities—played a big role in whether a participant felt she could exert some control over the negotiation or was pretty much forced to take whatever was offered. Here the economy was a major factor. “On a contract assignment I knew I was getting underpaid, but since the recession bit me hard, I just took it and did the work.” Almost all the women in similar situations characterized the negotiations as “bad.” But sometimes, without clear alternatives, a negotiator has little bargaining leverage.

One respondent summed up a bad experience: “Lesson learned: Know when to jump ship!” But that advice only holds if there is another port out there. This woman “once displayed written documentation of how much money I saved the company by eliminating the need for a service vendor, by learning and preparing the information myself. My efforts were disregarded. I soon left the company”—implying that she left for somewhere else.

Alternatives were often implicit in the situations the participants described. Sometimes they went unrecognized.

Unfortunately, in the corporation that I am with, there is a “band system,” which means that they can give you [up to] a maximum percentage each review period. Unless you move into another division or job—then you would have an opportunity to negotiate.

Here the alternative is ready-made, right within the organization with a lateral move to another assignment of department.

One account summarizes a key benefit of alternatives. They provide a touch of reality and give you bargaining room. With a viable alternative on hand, this woman was not forced to accept a take-it-or-leave-it offer from her boss.

I worked full-time for a small company while I was completing my degree part-time. I was not receiving tuition reimbursement and was making \$10,000 to \$12,000 under market for the job I was doing. I attempted to negotiate a deal prior to graduation. The president refused and wanted to discuss it after graduation (when I would have missed out on recruitment possibilities!)...[I told him I would explore] recruiting opportunities and we could discuss it after that. Ultimately a large company with a fantastic reputation recruited me. It's on the Working Mothers 100 Best list. Starting salary, 10% higher than I was asking for at my previous company. No negotiation necessary.

Contrary to the woman's assessment, she did a lot of negotiation. Her degree work simply positioned her positively and made it look easy. Alternatives cannot save every situation since they are sometimes just not there. Not everyone has a newly minted degree for a trump card. But a hard look at the alternatives on both sides of the table often reveals that the other side's circumstances are not so hot either. In all cases, a realistic appraisal yields a much better picture of the relative bargaining positions.

Flexibility counts

By a wide margin participants attributed bad experiences to a rigid environment that left them no room to maneuver or negotiate. "As a government employee," one wrote, "[I] don't feel that negotiating salary is an option." Then she added, rather wistfully, "I've recently heard of some situations when this has happened."

Where a participant was able to make that happen, she often played at the margin. If a raise was out of the question, she looked for other ways of being compensated. "Got a reimbursement to offset the cost of independent health insurance." The woman was no longer out of pocket for her health coverage and the company shelled out no more dollars.

Flexible thinking allowed some participants to come up with creative solutions. If a raise was impossible to negotiate, they pursued a change in title—which would eventually bring a higher salary.

I wrote a letter thanking the company [for the offered raise] ...I couldn't accept it, but was open to any others. I was approached again and decided to negotiate a higher level within the company (instead of Manager I, Manager II) that in the long run would be better than...the raise. They agreed.

When they could not come to terms over immediate compensation, they changed tack and proposed contingent agreements. Only if they performed would the company need to pay them more.

[I broke] a deadlock over salary [by agreeing] to a salary below what I would have liked but with the following contingency: if my performance achieved a certain level in a specified amount of time—three to six months—I would be rewarded with a raise or bonus that took me to the level I wanted.

The agreements negotiated in these success stories looked forward and cost the companies nothing. They also structured the participants' own initiatives in the future—attaching concrete markers to their goals.

The best experience I have had is developing an “agreement” of what the milestones are to achieve the salary I expected. This created a tangible framework to work within and a documented set of activities and results.

Negotiated outcome like these have carryover effects that stretch into the future. While they do not necessarily produce instant salary returns, they do give the negotiator control over the elements that will define that salary later.

Some Lessons from the Survey Commentaries

The survey commentaries reinforce an important theme. Success was not always instant. It took some work, especially when faced with seemingly intractable personalities and practices. The difference between success and failure was often measured by the negotiator's ability to:

- Keep options open
- Bank your experiences

Keeping options open

An implicit assumption underlies most of the commentaries in the “worst” pile: compensation is non-negotiable. For some, the assumption emerged from the situation itself and was not tested. “I was told that is all that can be offered.” For others, it was self-imposed. “I try to avoid conflict and normally accept what is offered.”

But even within seemingly non-negotiable territory, some participants found room to maneuver and keep their options open.

After an initial interview, a followup interview with the three senior partners for whom I would be working and a third “hiring” interview, I was not pleased with the salary offered. I made a specific request and asked how close the company could come to my request. The interviewer, who was a section manager, responded with very abrupt indignation that the salary I was requesting was more than she herself was being paid. I accepted the job offer with the provision that my job performance would be reviewed in six months instead of the usual one year. At the end of six months I received a substantial salary increase.

For a small percentage, keeping their options open meant not letting a bad situation deteriorate.

I was told by a supervisor that my husband had a job that earned a specific dollar and that I didn't NEED the money. This supervisor also stated that I lived in a specific dollar area of town and I recently purchased a new car. He saw no need for a pay increase.

The woman could have accepted the inevitable. She could have resigned in a huff. Instead she took another course that kept her options open.

I went directly to Human Resources and told them what happened. My supervisor was then instructed to increase my pay according to my performance. I quit 6 months later.

The woman left on her own terms. Speaking up and then biding her time, she did not depart “under a cloud.” And in the interim she had stopped dead a harmful organizational practice.

Banking experiences

One commentary encapsulates the extent to which missteps can be put to work creatively in salary negotiations.

During the interview process, I made the mistake of providing the human resources professional with my current salary and my salary range. She offered me the low end. I was very young and did not have the confidence to hold my ground. I convinced myself that this was probably the same salary offered to all individuals at my level. I found out later that I was paid well below the level I was hired into. It would have taken several years, if ever, for my salary to reach parity with my colleagues. Luckily, I was able to transfer into a similar but different career path, allowing for greater growth.

The woman attributed her eventual success to luck. Not so. She recognized her blunder and took deliberate steps to correct it. Transferring to another department, she positioned herself positively for the future and another round of “salary” negotiations.

A Takeaway

Certain negotiations that ended with superb results for the participants, they relegated to the “worst” pile. Perhaps they associated “worst” with difficult. Perhaps they had to settle for incremental gains rather than everything they wanted. Perhaps they intuited an underlying personal or institutional conflict left unresolved. We don’t know. The women did not elaborate on the reasons. But after more than a decade of interviewing women about negotiation, we can hazard some explanation for this phenomenon among the survey respondents.

All negotiation involves change of some sort—even formalized salary negotiations. At times that process can be difficult, even for the “winners.” But to achieve positive results, a negotiator must believe that change *is* possible. Many women in the survey were convinced that any change—even a little one—was beyond their compass. This conviction effectively chilled any impulse to bargain. Why bother? they concluded. But others—even those whose successes ended up in the “worst” pile—refused to accept that any effort was bound to be fruitless or leave them worse off. This conviction empowered them. At the least, it prevented them from ceding control of their pocketbooks to the other person in the negotiation, letting their goals be defined by someone else. It also put them in a frame of mind where they could anticipate challenges and be prepared for them.

Negotiation can be a tool, but only if you recognize it and use it.