

11 COMMON SALARY ISSUES PEOPLE FACE



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Question: I work as a quality-assurance manager in a medium-sized printing company. I think my salary is low and would like some pointers in how to approach a fast-growing company and get a big pay increase. I enjoy the people and the teamwork and would like to stay, but it's becoming a financial struggle. How should I approach my employer, and what should my salary be with six years experience in this position and with 16 years in the printing industry?

-- Jack, Philadelphia

Jack: You'll need to make a strong case for your increase. Start preparing by first researching salary levels. For accurate first-hand information, you may have to go straight to the source. That means benchmarking with others in comparable positions who might be willing to disclose their salaries in confidence. A professional association in quality assurance or the printing industry may also grant you access to salary surveys.

Keep in mind that although your experience is worth a lot, you reach a point of diminishing returns where, for example, 16 years isn't necessarily construed as more valuable than 10 years. Focus on your accomplishments, your commitment and the value you add to the company. If you enjoy the teamwork, chances are the feeling is mutual and your boss will at least be receptive to your request for a raise.

Ask for a one-on-one meeting and be confident about your proposal for an increase that reflects both your contribution and the company's considerable growth. While a straight-out salary increase is your preference, be prepared to consider and negotiate for other forms of payment such as stock options, a percentage increase based on growth in company profits or some other plan based on performance.

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Question: When a prospective employer asked me for salary requirements, I quoted a figure based on my research of average salaries. The company said my requirement was more than they were willing to pay. What can I do differently next time?

-- Holly, Pittsburgh

Holly: Your inclination to hold off on sharing your expectations until the company representative indicates a range or extends an offer is a good one. You'll come from a much stronger bargaining position after an employer has expressed an interest in you. The danger of disclosing too soon is that you risk being screened out of the running before you've had a chance to dazzle them with your qualifications and personality.

In the future, hold off as long as you can, indicating that you'd first like to know more about the level of responsibility and details of the benefits package. When you do suggest a figure, couch it in terms of your interest and enthusiasm for the position.

As for your current situation, you've merely stated an expectation. The negotiating is just about to begin. Contact the employer to determine their range, and if you're still interested, let them know that you're eager to continue the process. Express your interest in learning more about the position and the full package. Stress that you think you would be a strong match for the position and that you're optimistic you'd be able to reach an acceptable offer.

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Question: I recently relocated and I'm looking for a new job in New York City. I would like to keep my salary at its current level. How should I respond to future employers who claim my salary demand is too high? Is this a typical tactic to keep my compensation down?

--Tom, New York City

Tom: The employer's decision will rest not on your needs but on the perceived value you bring to the organization. Do your homework to determine the going rate for someone with your experience and qualifications in the New York City area. As NYC has a relatively high cost of living, simply maintaining your current salary level may constitute downgrading your lifestyle. Gear up to make a strong case for yourself, as many employers will try to bring you on board at the lowest possible rate.

The opportunity to negotiate upwards usually exists, within reason, and a negotiation stage has become a fairly standard part of the hiring process. It's important that you feel comfortable with art of salary negotiation and can proceed with ease and confidence. Read the articles on this site under Salaries and Profiles for additional tips to prepare for your negotiation.

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Question: After 10 years of service experience with my company, I accepted a position with our sales force. Since I've yet to prove myself in sales, I'm hesitant to negotiate a higher base salary. But I was told that my new manager might be disappointed if I don't try. What should I do?

-- Dino, Los Angeles

Dino: Generally, you should negotiate a higher salary. Negotiation is a routine part of the process, and it may be used to gauge your selling abilities and your confidence in yourself. If you still believe your circumstances and the personalities involved don't fit this approach, go with your assessment.

Question: How do I juggle multiple job offers? I received one but I'm expecting another within a week. Should I wait or accept now?

-- Diana, Madison, Wis.

Diana: You can juggle two offers, but it requires finesse, knowledge and intuition about the employer, an analysis of your priorities and a realistic assessment of your marketability. In most cases, you can suggest a week to consider the offer, consult with significant others and ask questions of human resources. Beyond that, you run the risk of the employer withdrawing the offer.

You have to decide if, given your personal priorities and the status of the market, it's worth the risk. Draw up a list of pros and cons, and consider how closely the first offer aligns with your ideal. Assess the likelihood of more attractive propositions. If you're only lukewarm on the offer and you haven't done justice to your job search, keep going. Otherwise, you're likely to second guess yourself for the rest of your career. If you approach all employers with honesty, integrity and enthusiasm, the door will likely swing open again if you find yourself wanting to revisit.

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The following two questions ask about performance reviews and salary issues.

Question: I've been working as a programmer for a year at an internet startup company. This is my first job fresh out of grad school. My performance review is coming up, and I'm anxious about what to expect. Will a favorable review translate into a pay raise? Is it negotiable?

-- Anirban, New York

Question: I have been a manager at a software company for a year and a half. I haven't received a salary or performance review during that time. My boss hates reviews as well as complaints about them. While I'm concerned about salary, I would like to know how I'm doing. Can you recommend a strategy?

-- Stewart, Canton, Ohio

Anirban and Stewart: There are guiding principles for both performance reviews and salary negotiations, but the strategies must be placed within the context of the culture of the organization and the personal style of the reviewer.

It is not only reasonable but also important to your career to seek regular feedback. The vehicle for that feedback -- whether formal or informal, performance appraisal completed by boss or a peer consensus format -- is a source of debate. While managers may dread the formal review process, there is general agreement that feedback is necessary. Ideally, feedback is immediate and ongoing. An annual review is most effective when there has been open communications throughout the year.

Determine the philosophy and practice around feedback inside your organization. Check with colleagues, and even the boss, for clarification. If feedback is not forthcoming, it is your responsibility to seek it.

For example, you might say to your boss, in a positive and nonthreatening manner, that you believe you learned and contributed a lot on a recent project, and it would be helpful for you to receive feedback on specific aspects of the assignment. It's wise, also, to keep your own file of complimentary memos, email and comments you've received from supervisors, colleagues and customers throughout the year.

To maximize your annual performance appraisal, thoroughly prepare in advance by reviewing in your own mind your important accomplishments and future direction. Listen attentively without interruption and without defensiveness. Highlight your contributions, ask for specific suggestions and leave with a clear understanding of expectations.

In many companies, a favorable review does translate into a pay raise, but this is far from automatic. Almost everything is negotiable under the right circumstances and at the right time. If you are not receiving salary increases, determine the best timing and make your case, calmly and persuasively demonstrating the value you bring to the company.

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Question: I had a first and relatively casual interview recently for a new position, and I'm currently waiting to schedule a follow-up meeting. I successfully dodged the "how much do you make" question by asking what the firm offered to recently hired candidates. The amount was about 20% more than I currently make. However, once we get into further negotiating, I'm wondering how to approach the sign-on bonus? I have legitimate reasons to want one (transportation, schedule and benefit differences), but how do I determine a number? Or, do I try to get them to offer an amount? Since the bonus will be taxed at 40% and the company knows that, I feel like the amount should be tied to take-home rather than pre-tax income. The quoted salary range is \$1400 to \$1500 per week.

— Dan, Los Angeles

Dan: Your compensation negotiation should cover two stages: discussing base salary, then justifying the sign-on bonus. You sound happy with your likely base at about \$75,000 annually. But to request a bonus based on your rising expenses, you need to quantify how accepting the job will effect the amount of your take-home pay. Create a table for yourself showing the differences in daily expenses, hours worked and value of the benefits, then be prepared to make your case to hiring managers. They'll likely respect a clear-cut argument. But don't be greedy. If you instigate a dollars-and-cents evaluation of your case with the company's compensation specialist, that person likely will request your most recent W2 form or pay stub to verify the data. Since you're already receiving a hefty raise, the company—and especially your new boss—may adopt a dim view of your request for more money, now and in the future.

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Editor's Note: The following two questions both relate to determining a fair six-figure salary level when making a job change.

Question: I'm 45 and a senior account executive in the property/casualty insurance business. I sell to senior management at Fortune 1000 companies, as well as work on global insurance programs and manage a sales team. I have an extremely successful track record and my base salary is over \$100,000 (commission income pushes my annual gross to between \$150,000 and \$200,000). My current employer, where I've worked for 18 years, is in discussions to merge with a similar type of company. I'm concerned that the new organization will move to reduce expenses and market its products differently, which is prompting me to seek alternatives. What type of sales position and salary package could I expect to find? I don't have a graduate degree.

— David, Atlanta

Question: I'm a 30-year old management consultant specializing in business strategy for pharmaceutical and biotech companies. I have three years of experience post-MBA, and four years pre-MBA. My post-MBA experience is all in consulting, but I want to move into industry. The company I work for is a small firm, so I've had to play beyond my years since the day I walked in. As a result, my base salary is \$135,000, with a bonus last year of \$40,000. I recognize that I'll likely have to take a pay cut by leaving consulting, but how much is reasonable given my age and years of experience?

— Mike, Boston

David & Mike: Once you reach the \$150,000 salary level, whether because you're a top salesperson who generates lots of revenue, or a hot-shot consultant in a job market that lavishes rewards on new MBAs, the stakes change when trying to change jobs.

In David's case, the amount and size of the accounts you can bring with you will determine the availability of like-paying jobs in the insurance sector. Unfortunately the rest of your qualifications (sales management, lack of a graduate degree) won't open many doors in other industries without a significant pay cut.

As a consultant trying to enter the corporate world, Mike faces some different challenges. While this move is so common that some consulting firms are now charging a recruitment fee to clients that hire away their employees, jittery world markets are making this switch increasingly tricky. While demand for new MBAs remains solid, it's showing signs of wear. The major consulting firms have reduced their hiring plans for the Class of '99 in the face of global currency woes. The next casualty likely will be hefty sign-on and annual bonuses, followed by selected layoffs of overpriced talent. The corporate world is watching carefully, and recruiters will continue to pluck young consultants to fill key slots. But that doesn't mean they have go toe-to-toe on compensation packages. They see an opportunity to lower the bar a bit without losing quality. In this environment, a total package of \$100,000 is more likely.

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Question: I've been working at a 12-person communications/video-production firm for the past eight years. I'm a vice-president and the most senior person in the 15-year-old company other than the two founding partners. Depending on the year, I've been responsible for between 30% to 50% of the firm's annual sales. I've decided it's time for me to get a bigger stake and become a partner, or move on. Any thoughts on the best strategy to make this happen?

— Dean, New York, N.Y.

Dean: Without knowing more about the nature of your relationship with the partners and their recognition of your contributions, it's tough to offer specific advice. But scheduling a formal meeting with them to discuss your future role and equity opportunities is a good first step. If the meeting doesn't produce the results you seek and you're committed to leaving, you can always test the entrepreneurial waters and open a competing business. Then you can take some clients with you, a logical move since you're such a strong rainmaker.

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Question: I've recently encountered an awkward situation while negotiating for a new position. At the end of my first telephone interview with the company (which went very well), the interviewer pushed me to discuss my salary requirements. I dodged the question as best I could, but then relented and named an amount. The interviewer quickly replied, "That's do-able." My first instinct was that I'd low-balled the salary. But when I went in for a personal interview and saw the job description, the salary listed was nearly \$15,000 less than what we'd discussed on the phone. I'm glad they offered me so much more, but I'm afraid they won't stick to their original offer. My question is how do I get the company to stick with the salary figure originally discussed without getting into a "he said-she said" situation?

— Kris, Washington, D.C.

Kris: Don't jump the gun. Wait for the company to make its offer. Then, if it isn't the amount agreed to on the phone, you have a few options. First, remind

the interviewer or your earlier conversation, and that you agreed to be interviewed based on that salary amount. If that doesn't generate the right response, be prepared to justify the higher salary. Research salaries for your function, industry, location, degree and years of experience online. Show the interviewer that it's a critical issue for you. At this point, you must also decide how you really feel. Would you take the job at the lower salary? Also decide if there are other amenities you can request that will make up the difference, such as a window office, a company car, business-class travel or a club membership. And no matter what amount you settle on, always request a six-month salary review. If you've produced by then, you may be rewarded with a larger paycheck.

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Editor's Note: I often receive questions about salary issues, but the most common salary concern is posed by the following two readers:

Question: I'm looking for your opinion on how to answer the interview question: "How much are you currently making?" I was earning a base salary of \$46,000/year, plus a car and bonus, and I'm now looking to change industries. My research shows that I should be making closer to \$75,000. How do I justify this increase in interviews?

— *Steven, Robbinsville, N.J.*

Question: I have a master's degree and 11 years of experience, nine in my current job as communications director of a social-service agency. I'm trying to shift out of the nonprofit sector into the corporate world by de-nonprofitizing (my word) my resume. In interviews, I'm inevitably asked my current salary. It's low because I'm with a nonprofit, which is one of the reasons I'm changing. Any suggestions on how to handle this question?

— *Rhonda, Concord, N.H.*

Steven & Rhonda: When discussing salary in interviews, try to adopt the old negotiating strategy of never being the first to mention a specific dollar amount. When asked what you earn now or are seeking, respond that salary isn't nearly as important to you as a good job match, then ask another question about the position (to change the subject). Many interviewers will then throw out an amount for your reaction, and you should respond by following the advice below. If the interviewer asks you again to cite an amount, ask what the salary range is for the position. If given an answer, cite the top of the range as an acceptable starting salary (if it is), then ask for a six-month salary review once you've established yourself in the job.

If the interviewer doesn't provide a range and presses you for a dollar amount, have a number in mind based on your research of the job's industry and function. Find salary tables, such as those in our Salaries & Profiles section, and verify the number if possible with executive recruiters in your field. At least then you won't be operating at a disadvantage. If your research still isn't fruitful, determine a salary level you can live with given your financial circumstances and past earnings history.

A word of warning: Never lie about your current earnings. An increasing number of companies will ask to see a copy of your W2 statement or a pay stub to verify the amount you claim. A lie here will quickly eliminate you from consideration.

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