

FEARLESS SALARY NEGOTIATION



A STEP-BY-STEP GUIDE
TO GETTING PAID
WHAT YOU'RE WORTH

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Fearless Salary Negotiation

A step-by-step guide to getting
paid what you're worth

This is a sample chapter from *Fearless Salary Negotiation*—an **Amazon
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SAMPLE

How to estimate your market value

A quick note before we get started: Throughout this chapter, I will use “your job” as a catch-all for your *current* job and your *desired* job.

Here’s a useful way to think about market value for your skillset and experience: What salary could you expect if you were to go do your job for another company in your industry and geographic area, or if your company were to rehire you as though you had never worked there? That’s the market value of your experience and skillset in your industry.

Estimating your market value is both an art and a science. You start by gathering as many data points as you can to get a sense of how others in your industry are compensated for doing jobs similar to yours. From those data points, you can estimate the average market value for your job in your industry. Then consider how you stack up relative to the average person with your skillset and experience to determine the market value for *your* particular combination of skills and experience in your industry.

In short, you’ll find a broad average salary for your job in your industry. Then you adjust that average to compensate for *your* particular skillset and experience.

Determining the market value for your skillset and experience

I recommend three primary ways of determining your market value. Some of these may yield more useful information than others. Your goal is simply to gather as much information as you can to estimate your market value.

1. Online research

Spend some time online looking at comparable jobs and salaries in your geographic region.

Market value for the average person

Search online for “[your job title] salary” and spend some time with the first few results, which are usually salary calculators and aggregators. I recommend *salary.com* and *glassdoor.com* as good places to start, but the specific sites aren’t important since they could change over time. Some sites are geared toward specific industries, so you may get better data by focusing on sites that cater to your industry if there are any.

What are you looking for? Most sites will usually show a distribution-style description of salaries for a job. They’ll have a range—low to high—and they’ll identify the midpoint of that range. The midpoint is a good

approximation of what the average person doing your job in your industry is paid.

The more data points you can gather, the better sense of the average you'll get. You'll find that these sites might vary quite a bit, so you'll need to use some discretion when determining which ones are more accurate for your industry. Many of these sites also have a job description to go along with the salary estimates, so you may want to give more weight to the salary estimates for jobs whose descriptions look more like your actual job.

How you compare

Then you should consider whether you're "average" or if you're above or below average for your job in your industry. Maybe you have more experience than the average person, or you have a complimentary skill that allows you to contribute more in your job than someone who doesn't have that skill. For example, you may work in marketing for a clothing company, but you also have a background in fashion design. Those complementary skillsets may set you apart from your peers in marketing. If you bring more skills and experience to the table than the average person who does your job, you may be able to pursue a salary above the midpoint you found with your research.

2. Inter-company research

This is tougher to get than the publicly-available salary data online, and easier to get than your intra-company peers' salaries (which we'll cover in the next section).

Market value for the average person

If you know people doing your job for other companies in your industry, you could talk to them to get a sense of what they're paid. Some people are pretty open about this, and there's less of a taboo around discussing inter-company salaries than intra-company salaries.

Some people are uncomfortable discussing *their* salary at all, but there's a nice workaround that you can try: Rather than talking about *their* salary, talk about a salary for a hypothetical person who is very similar to them. For example, you could say, "If someone were hired at your company today to do a job similar to yours, what sort of salary do you think they could make?"

This is an extremely transparent and roundabout way of asking about their salary, but it gives them an out so that they can talk about salaries without explicitly mentioning their salary *per se*.

Note that I suggest finding comparable salaries for your job *in your industry*. This is a subtle but important point—different industries operate with different pay structures and different margins and all sorts of other differences. They also value skillsets differently, and that's a key distinction you need to account for. Finding out that someone with your skillset and

experience is paid significantly more in a different industry is good to know because it might mean you should consider looking for work in that industry, but it doesn't necessarily mean that companies in *your* industry will pay the other industries' salaries.

How you compare

Determining how you compare to someone doing your job for a different company in your industry can be tricky because you can't simply observe them doing the job. So you'll need to ask them about it. "What does your day-to-day look like? How many projects do you work on at a given time? Do you do anything in addition to what's written in your job description?"

Then, think about how you stack up. Is your work better than theirs? Worse? Are you faster than they are? Slower? Do you do more things than they do? Fewer?

3. Intra-company research

I don't recommend *asking* your peers for this information, but you may already know it or be able to infer it from water cooler conversations.

Market value for the average person

Most companies (especially in the United States) frown upon openly discussing salaries. This is partly why: if you know what your peers—people

doing your job, at your company, in your geographic region—are making, then you have a pretty good sense of what *you* should be making too.

There's not much to say in terms of *how* to figure out what the average person doing your job for your company is making—you either know or you don't. You may be able to discern others' salaries just from paying attention to watercooler conversations, or you may be able to estimate what they're making if you know, for example, that they came into the company at the same time you did, making the same salary you did. People will often talk openly about their merit increase amounts, so you might be able to estimate what they're making now based on your knowledge of their starting salary and what sort of merit increases they've gotten since then.

How you compare

It should be pretty easy to determine how you compare to the average person doing your job for your company. You might work directly with many of those peers, so you can observe them doing the job. As objectively as possible, think about how you stack up. Is your work better than theirs? Worse? Are you faster than they are? Slower? Do you do more things than they do? Fewer?

This is *very* subjective, so you'll need to work hard to be honest with yourself. But this is a good chance for you to understand how you stack up against your peers.

Note that I'm not advocating all-out competition with your peers at your company. You *are* competing for resources (money) with them and everyone else in your company, but you still want to cultivate a positive working environment. You're not looking for opportunities to go head-to-head with your peers—you're just trying to understand how the value you add to the company compares to theirs so that you can estimate how high a salary you can shoot for when negotiating.

Estimating your market value

Now you should have up to three different sets of data on average salaries for your job in your industry—general market data, intra-company data, and inter-company data. You can use these data sets to get a sense of how you compare to the average person doing your job within your industry and your company.

Interpreting the data you've gathered

This step requires you to be as objective as possible. Start with the midpoint for the average person doing your job in your industry. Next, you need to consider all of the data you gathered and get a sense of *your* value relative to the average person doing your job in your industry. Adjust the midpoint value up or down to reflect your specific skills and experience with respect to how much more or less value you bring to the table than the average person's skills and experience.

That's your estimated market value.

Let's look at an example to tie this all together.

An example

Alison is a Project Manager making \$65,000 a year in the construction industry. She also has her Project Management Professional (PMP) certification, and she studied Building Construction as an undergrad.

She does some research online and finds that the salary range for Project Managers in Construction in her geographic region is \$60,000–\$100,000 with a midpoint of \$80,000. She is pretty far below the midpoint for the industry. She also notes that most of the job descriptions for Project Managers in the construction industry mention “PMP Certification” as a good certification to have, but it's not a requirement for most jobs.

She knows several Project Managers for other construction firms in her area because she has met them at conferences and trade shows. She has talked to several of those project managers and it seems like they're making around \$75,000 and that their jobs are comparable to hers. She also gets the sense that they're as competent and valuable as she is, although most of them don't have a PMP certification. Some of them do have a background in Building Construction, though.

Alison has been working for her company for three years and doesn't know much about what the other project managers are making. She does happen

to know that a project manager who left earlier this year was making \$73,000, which is a bit more than Alison is making now. She also has a sense that she does better work than many of her peers at her company. People seem to like working with her more, and she's had a few nice awards and some recognition in the past year or so (she hasn't noticed her peers getting as many awards or as much recognition as she has).

So, it seems that the industry midpoint salary is around \$80,000 but that those around her are closer to \$75,000. She's probably a little better than average, but not much. **Her market value is probably around \$80,000, give or take.**

Yes, the "give or take" is really subjective. Given what we know about Alison, \$80,000 seems about right, but there's a lot we don't know here. Has her industry been doing well over the past few years? Are project managers in high demand in her industry? Have project managers at her company been let go recently? Those types of things can slide her estimated market value up or down a bit.

If the industry is doing very well, and Alison happens to know that there's high demand for Project Managers, her market value could be \$85,000 or even more. If the industry has had a rough few years and Project Managers have been getting let go across the industry, her market value might be closer to \$75,000 or even less.

But that's about 25% above her current pay!

It's true, that's a pretty big difference between her current salary and her market value. If her research and analysis were accurate and objective, then Alison is significantly underpaid in her job. If her analysis and research were *not* accurate and objective, then she has manufactured a number that does not represent her skillset and experience in her industry.

It's very important that you do your research and analysis objectively, without a desired dollar amount in mind. Notice that Alison's baseline is based on the industry midpoint, not some arbitrary number that she pulled out of the air. The industry midpoint gives her a frame of reference for the following question: "If I left my company and had to be replaced, or if another company in my industry were to hire someone just like me, what would the company have to pay?" The answer, based on the research Alison has done, is "about \$80,000".

Summary

There are three primary methods for gathering data to estimate your market value:

1. **Online research**—Spend some time online looking at comparable jobs and salaries in your geographic region.
2. **Inter-company research**—This is tougher to get than the publicly-available salary data online, and easier to get than your intra-company peers' salaries.

3. **Intra-company research**—I don't recommend *asking* your peers for this information, but you may already know it or be able to infer it from watercooler conversations.

For each method, you should start by finding the midpoint of the range of market values you find, and then do your best to objectively consider how you stack up against the average. If you are more valuable to your industry than the average person, then your market value is probably above the midpoint; if you are less valuable to your industry—you're less experienced or productive—then your market value is probably below the midpoint.

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