

Get the money you deserve: How to negotiate a raise

According to [Newsweek](#), most Americans believe they are not getting paid enough. [Salary.com](#) recently published these findings from the *Newsweek* poll:

- 61 percent of people ages 18 to 34 say they are not receiving enough pay.
- 55 percent of people ages 35 to 54 say they are not receiving enough pay.

If you believe you deserve a bigger paycheck, this document will provide a variety of negotiating strategies. TechRepublic asked for advice from several industry experts and interviewed dozens of IT professionals, who explained what has worked for them during performance reviews.

On some issues, the workers in the trenches disagreed with our experts. For instance, most career gurus warn that you should never investigate what your coworkers earn. But several folks who wrote to TechRepublic said this information helped them during negotiations. While strategies differ, there is one common theme throughout this document: If you want a good pay raise, you'll usually need to arm yourself with information and develop a strategy.

Advice from the experts

To learn how to accomplish this, we'll begin with suggestions from the experts. Here are the industry specialists who offered their thoughts on making the most of your earning potential:

- **George S. McQuade, III**, vice president of [MAYO Communications](#) (<http://www.mayocommunications.com/>), a provider of marketing communications and public relations based in Los Angeles, CA
- **David Gumpert**, author of *Better Than Money: Build Your Fortune Using Stock Options and Other Equity Incentives—in Up and Down Markets*
- **Linda Pittenger**, president and chief executive officer of [People3](#) (<http://www.people3.com/>), a Gartner affiliate that provides human resources consulting for the IT industry
- **Linda M. Berry**, vice president of compensation offerings for [Gartner](#) (<http://www.gartner.com/>), a business technology advisor based in Stamford, CT
- **Erisa Eojimba**, compensation consultant at [Salary.com](#) (<http://www.salary.com/>)

Focus on your accomplishments

“Don’t just enter your boss’s office and tell him you deserve a raise,” said **McQuade**. “Compile a list of milestones, greatest achievements, letters people have written about you, and references from inside the company.”

Most people document their accomplishments in the days leading up to their performance review. However, this idea is even more effective if you have disciplined yourself to make it a year-round assignment. Create a document or a database in which you keep track of your accomplishments and update it every week or every month. Yes, this adds another item on your task list on a regular basis.

Consider sending this information to your boss several days or weeks before to your review to ensure you've allowed enough time for it to be considered.

Look for numbers that demonstrate your performance

Gumpert suggests that IT pros arm themselves with a *quantifiable* list of accomplishments, such as products, services, or projects that were delivered on schedule.

Think of ways to translate your accomplishments into numbers. If you supervise a help desk, perhaps you can show how your improvements to the system increased productivity by 10 percent last quarter. The employee who can demonstrate how his or her performance has contributed to the bottom line can build a strong case for a pay raise. Savings in your budget provide an opportunity to use numbers to describe your performance. Has your work done anything to increase sales dollars or client retention? Here are a few other ways you might translate your performance into numbers:

- [A recent TechRepublic article](#) described how a trainer at 3M provided enrollment rates for the classes she taught. She made the argument to upper management that enrollment rates probably translated directly into increased revenue.
- An IT manager might describe his or her employee retention program and how it has improved retention rates. If the manager calculates the cost of hiring a new employee, he or she can take credit for those savings.
- Consider developing goals for your department at the beginning of the year. Develop your own rating system to describe the quality of how the goal was completed. Share this information with management. Then, during your performance review, you can speak about the percentage of goals that were accomplished and the quality level you achieved.

Don't use this information only during salary discussions. Take the time to write down this data so you can give it to your boss prior to your review.

Know your market value

It pays to tout your technical skills, especially if you are working in hot technologies.

"The people with arguing power are the people who are touching the hot technologies such as Java programming and Web content development, Oracle, and network engineering," according to **Pittenger**.

Don't forget to include your business and contextual skills when making your case for a raise, **Berry** advised. This includes your knowledge of the company based on your years of experience and any training you have taken.

Where you live in the country (Silicon Valley versus Orlando, FL), your skills, and the availability of skilled labor in your area will drive the demand for your skills.

"A manager competent in SAP implementation in Bloomington, IL, and a manager of a typical application development group in Philly are not paid the same," said Berry.

Consider joining a professional organization to help determine what you should be earning based on your specific skill set in your region of the country. A recent TechRepublic resource document, "[Boost your career: Join an IT association](#)," described several associations that will help you with this research.

Pittenger suggested coming into negotiations armed with statistics and market surveys.

"Facts are our friends. Companies like to pay 5 to 6 percent annually, keep you where you are, and train you on hot technologies. Depending on the technology [you have been trained on], your raise should have been as much as 40 percent. Say, 'Pay me to the market, not the consumer price increase,'" Pittenger said.

But also remember that salary surveys can be used against you. Pittenger said human resource representatives need to make sure that the surveys they refer to when determining salaries are detailed

enough to provide the right kind of information. The surveys may, for example, refer to a salary range for a system programmer without differentiating based on the type of programming the programmer does.

WHAT ARE OTHER EMPLOYERS PAYING?

Here are a few salary surveys offered for free or at a low cost:

[Salary.com](http://www.salary.com) (<http://www.salary.com>)

[DataMasters](http://www.datamasters.com/survey.html) (<http://www.datamasters.com/survey.html>)

[Mid Year IT Salary Survey from Positive Support Review](http://www.psrinc.com/salary.htm) (<http://www.psrinc.com/salary.htm>)

Your technical environment may be a factor

A firm that provides human resources consulting, [Abbott, Langer & Associates, Inc.](http://www.abbott-langer.com/itsssumm.html) (<http://www.abbott-langer.com/itsssumm.html>), in Crete, IL, completed a comprehensive salary survey. Below you'll find information from the company's Web site. The survey found that IT salaries differ based on the technology that professionals work with.

Hardware environment

Working in a large computer environment brings a premium of 10 percent in income over the earnings of those working with single-user computers.

Primary operating system environment

In a micro environment:

- Those working with UNIX earned 15 percent more than the average.
- Those working with Windows NT earned 9 percent more than the average.
- Those working with Windows 3.x/95/98 earned 15 percent less than the average.
- Those working with DOS earned 19 percent less than the average.

In a mini environment:

- Those working with UNIX earned 20 percent more than the average.
- Those working with OS/400 earned 4 percent less than the average.
- Those working with VMS earned 10 percent less than the average.

In a mainframe environment:

- Those working with VM earned 6 percent more than the average.
- Those working with OS 1000 earned 3 percent more than the average.
- Those working with MVS earned 6 percent less than the average.

Primary network operating system environment

In a network environment:

- Those working with UNIX earned 46 percent more than the average.
- Those working with Novell earned 2 percent more than the average.

- Those working with Windows NT earned 4 percent less than the average.

Primary computer language/system

Compensation on the basis of 13 computer languages and systems was investigated. Those working with SAP earned the most, followed by those working with UNIX Shell (ic) and RPGIII/RPG400, C, and C++. (The survey excluded FORTRAN, Java, PeopleSoft, and CNE due to insufficient data received.)

Those working with PowerBuilder, SQL, and Visual Basic can expect average to slightly above-average wages compared to others in the industry. COBOL was the worst paying field, with IT pros receiving slightly less compensation if they worked with this language.

Primary database development/maintenance environment

In a database development/maintenance environment, those working with Oracle fared best, with incomes 19 percent above the average. They were followed by those working with Informix and Sybase, at 11 percent and 4 percent above the salary averages, respectively.

THE COMPLETE REPORT

If you're interested in more data, you can purchase the 351-page survey report, *Compensation in the Information Technology Field by Skill Sets 1999*. The mean, median, 1st and 3rd quartile, 1st and 9th decile data for base salary, bonus/commission/profit sharing, and total annual cash compensation are reported for many demographic variables, including education, experience, geographic location, and type and size of employer. For more information, go to the [Abbott, Langer & Associates Web site](#).

Know your company's approach to compensation

Consider starting the conversation by talking about your company's philosophy of compensation, Eojimba recommended.

It's important to make sure your definitions match those used by the company. Ask the following questions:

- Is your company committed to paying its employees a competitive wage?
- If so, how do they define competitive wage?
- Is the midpoint in their pay structure considered competitive relative to the marketplace?

"If your company is paying you at the midpoint of their pay structure, then it may be the company can't adjust your base pay but they may be willing to give a retention bonus. Always be flexible. Try to understand the employer's philosophy and incorporate their values and objectives with your accomplishments," Eojimba said.

You should review your job description prior to your review. Are you doing everything you're supposed to be doing according to your job description? Your boss might deny your raise by pulling out the official description and pointing to something you haven't been doing. Don't get caught unaware. And if you're wearing two or more hats—covering for someone who's left the company or just picking up extra work—then document this. Ask to be compensated for the additional responsibilities you have.

One of the strongest arguments for a raise is the cost of replacing a worker with critical skill sets.

"In many instances, it is cheaper for an employer to adjust an employee's salary than to spend time and money to replace the employee if they leave the company," said Eojimba.

According to data from Gartner, the cost of turnover can be 100 percent to 250 percent of the departing person's salary. It's an intimidating statistic that you may consider using during your negotiations.

Consider stock options

When your salary negotiations get hung up over a dollar amount, Gumpert suggests breaking the impasse by looking at stock options as an alternative.

Use the business side of your brain and think like investors when taking advantage of stock options. Gumpert offered the following advice for building a good salary and options package:

Know the value of your company's stock

Options are often an attractive alternative. For instance, when you want a salary of \$100,000 and your company counters with an offer of \$90,000, stock options can narrow the gap.

Gumpert said in order to make sure that your options are bringing you up to the desired level of compensation, you need to do a little homework. Obviously, you should check the price that the stock is trading at and research the stock's growth potential.

For private companies, where the stock has not been widely traded, Gumpert suggests employees ask if there has been investment by venture capitalists and if so, determine what investors paid for the stock.

"Know what is going on in your company—any investment in the company, how many shares are outstanding, the recent price paid by investors, and what other companies in your industry are worth."

All options are not created equal

"Don't go to your company and ask for 50,000 stock options because your friend just got hired and got that many. Twenty-five thousand options in one company can be worth 50,000 options in another, depending on the shares outstanding and the value of the company," Gumpert said.

The same is true for the time it takes to become vested in your options.

"Even if only one-third of your options vest after one year, they may be more valuable than your friend's options that are (fully) vested after one year."

Be aware of events that could affect your options

Mergers or initial public offerings could potentially drive up the value of stock options. However, these events can also have costly tax implications.

"In some situations, you could wind up paying more than you expect.... It is a good idea to consult your accountant in these instances to see how this could affect you," Gumpert said.

Some IT managers who have taken advantage of options may be discouraged by recent fluctuations in the market, especially in the area of tech stocks. Gumpert said some companies, such as Microsoft, are responding to falling stock prices by repricing stock options and allowing employees to buy options at a lower price. The volatility in the market should not discourage you from pursuing stock options.

"When (stock) prices go down it is discouraging but it is an opportunity to get options at a lower price. As they say, 'Buy low, sell high.'"

The dos and don'ts from the experts

- **Do** be flexible. Consider a promotion or retention bonus if the company won't adjust your salary. If you can't get a raise or a bonus now, ask for another review in three months.
- **Do** confirm agreements/discussions in writing.
- **Do** be helpful. If your boss agrees to look into a pay increase, find out the next step with HR. Remember, if your boss oversees a lot of people and projects, getting you a raise may be a low priority. Ask to help in the process.

- **Do** take a positive approach. Make sure your employer knows you enjoy your job but are having a hard time resisting recruitment calls. Ask, “How can we make this work?”
- **Don’t** get too personal. Avoid discussing your financial needs or recent purchases. Make the discussion a business discussion centered on your job and contributions.
- **Don’t** talk about what other people in the company do or how much they get paid.
- **Don’t** insist on a raise unless you have another job offer pending. Try not to burn your bridges.

Advice from other IT pros

TechRepublic readers offered their experiences in the art of negotiating a pay raise. We have changed the names of people who sent in their advice, but the job descriptions are accurate. The idea that’s repeated most often? Don’t be afraid to insist on a significant pay hike if you can prove that you deserve it.

Document every detail

When “Rick,” an East Coast-based, mid-20s systems engineer with six years of IT experience, switched IT departments in the same company, his new boss claimed he hadn’t been in the department long enough to be evaluated and potentially secure a raise—so Rick pulled out all the stops. He described what happened next:

“...Before he could continue, I pulled out every weekly call report since the time I began to work under him. On all the reports, I highlighted all the numbers representative of my work.... There was no room for doubt as to my performance after viewing the reports.... The moral of this story is—document everything, save every e-mail thanking you, keep all progress reports, and have them organized and ready when it is time to go into your review.”

Toot your own horn and do it often

“Jordan,” a 38-year-old, East Coast-based executive director of systems, has been an IT manager for five years and has 16-plus years of experience in the business. He suggested, “Be sure to fully DOCUMENT everything you accomplish! Be sure to review this list with your supervisor AT LEAST QUARTERLY. Most annual reviews revolve around accomplishments and/or problems in the last quarter. You don’t need to demand a raise each quarter, but be sure that your immediate supervisor is aware that *you* are keeping track of the accomplishments as they occur.

Negotiate with PowerPoint

“Mary,” a senior consultant from the Midwest in her early 30s with nine years of experience, used PowerPoint to state her case with management during a self-evaluation. After documenting her accomplishments and researching IT salaries, she delivered her presentation. She wrote, “It contained 11 slides, which included past performance, current performance, accomplishments, industry averages, and [a request for an increase] of 18 percent.... I was just hoping to get 10 percent.

“Usually, I just put some numbers on paper, referencing where I got the information, but I never had to use it. I decided that I needed a new approach. I actually got to use it and it was well worth the time. I received an 11 percent pay increase.”

Search for a new job

“Steve”, a 30 year-old, Midwest-based network manager with six years of experience, said, “Unfortunately the best way (and usually the only way, especially when dealing with old-school managers) to get a suitable raise to keep your salary even with the market rate in the IT field is to jump ship.

“Currently, my employer values my contribution at 35 percent less than the average market value for a person with my skills and experience in my region. The ONLY way for me to get compensation closer to that average is to take a position at another company, since the human resource department doesn’t allow raises of more than 6 percent.”

Be ready to walk

“Joe”, a 29-year-old, West Coast-based IT manager with nine years of experience, wrote, “The easiest [way to get a raise] is to get a job offer from another company. Bring it to the review session with your boss and let him/her know that you have been offered X amount of money and you wanted to give them the opportunity to match it. If they match it, then you scored. If they refuse, then you pack your bags and leave for greener pastures.”

Negotiating usually doesn’t work

“Laura,” an IT project manager in the Southwest wrote, “How did I manage a pay raise? The raise in salary was precipitated by a change of employers. I have found it is frequently easier to remarket yourself to another employer than to your existing employer.”

When headhunters call—listen!

“Vaughan” must have felt like he had won the lottery. He wrote, “I never negotiated. An unbelievable job offer landed in my lap (honestly!) without my solicitation, and I turned in my resignation. The company matched the offer within four hours. It wound up being a 36-percent raise, with stock options and a 15-percent bonus plan. Being in a negotiating position where you don’t want to/have to negotiate is often the strongest.”

Salary research pays off

“Eric” is a 52-year-old, Midwest-based computer systems manager with two years of IT experience and 15- plus years of computer experience. He observed, “I originally started with my present company at a lower salary than I would have liked, but it got me hired. After six months, they knew what I could do. I searched the Web and found salary listings for my area of the country. I took this information with me and presented it when I asked for a raise. I ended up getting more than I expected and three months later got another raise. I really believe the salary information got me the significant raise I received.”

Find very specific salary information

West Coast-based “Dave,” a 40-year-old IT manager with 12 years of experience, said, “Provide a strong argument, supported by research data identifying your pay scale for the state you are working in. It is also very important that you know what the local area is paying for someone with your responsibilities. Also make sure that you provide a detailed list of your responsibilities, accomplishments, and future goals. Being assertive, yet [flexible about] when the increase will take place, with the understanding of the ‘big picture’ and that you are not the only one in the company looking for the ‘big raise,’ will go a long way toward obtaining that salary increase.”

Combine two negotiating techniques

“Sam,” who is in his early 40s, has more than 15 years of experience in IT and currently works as IS director for an East Coast firm. He shared the following suggestions: “There are a lot of resources out there to help you. I used two salary reviews from magazines (*Computerworld* and *Midrange Computing*). Both showed salary ranges about \$10K higher than I was currently making. Plus, having another job offer helped; I’m sure [that] created a little animosity, but that was eventually overcome. Also having some very good reviews helped.”

Your company’s finances should not discourage you

“Elisa” is a manager of projects and technology at a firm in the South. Despite her company’s difficult financial situation and recent employee layoffs, she asked for a significant raise. She wrote, “I went to my

annual review completely prepared. I brought copies of salary surveys for my position in my state, copies of job listings with salary ranges, copies of my previous favorable annual reviews, and a 'justification memo' where I summarized all of the items, and I gave a succinct but detailed justification for a salary increase, listing my strengths and value to the company. I also did some research on how much it would cost to replace me should I ever leave for a better offer ... I wound up negotiating a \$10,000 raise and an \$8,000 bonus."

Deliver the goods

"Julie" is an East Coast-based network manager in her early 40s with 10 years of experience. She wrote, "How did I negotiate that big raise? I didn't have to. I managed my boss's and customers' expectations. Too many IT pros say what they think their bosses want to hear. Instead of promising the world, promise only what you can deliver. When you deliver it, you increase your value. You are perceived as doing what you said you would do, beefing up your credibility, another value added! It may not be the global-IT-pro way to think, but it worked for me."

Accomplish your work goals

"Martin," a 23-year-old internal support engineer, who lives in London and has four years of experience, received a 30 percent raise. His superior work performance paid off. He said he took ownership of support request problems and made sure employees got the help they needed. He suggested, "In my situation, I was unhappy with my wage in this job role; however, I got on with the job, and after I had built up a reputation for getting things done, I negotiated a better deal. You are unlikely to achieve a pay raise by shouting about what you can do without actually doing it. As the saying goes, 'Actions speak louder than words!'"

Impress the right people

"Dan," a 25-year-old systems architect, who resides in the South and has five years of experience, wrote, "To get a raise from the company where you're working requires you to have an excellent relationship with your superior and with human resources. Basically, you just need to exceed everyone's expectations and finish the project ahead of time and with excellent remarks from everyone."

Challenge assumptions

"Luke" is 31, lives in the Midwest, and has five years of experience as a project manager. He said, "During my annual review, my boss mentioned that along with my annual raise, I would be put on a commission plan. I paused for a few minutes and replied, 'If you have to pay me commission for the work that I do, then you are not paying me enough salary.' I asked my boss if he agreed with that statement, and he replied, 'Yes, I do.' Needless to say, I got a larger annual raise and continued to receive commissions."

Plan your negotiations

"Mark," a West Coast-based, 29-year-old technology coordinator, has worked in IT for five years. He sent in several suggestions:

- Start asking for the raise well in advance. Most managers have to submit a budget for approval to senior management long before they hand out raises. Make your case for deserving a raise before budget time so your manager will be prepared to include your large salary increase in his/her budget request.
- Know your company's salary increase policy and figure out how to beat it. Most companies have a set procedure for salary increases to make it easier for managers to conduct reviews (3-4 percent for acceptable work, 5-6 percent for excellent work, and so on). But just because the maximum annual increase for your company is 6 percent doesn't mean that you can't ask for more. Make your case for deserving the maximum increase, and then make your case for an additional lump-sum salary adjustment.

- Plan ahead with real numbers. Know exactly what percentage increase you want, deserve, and will accept. Those are usually three different figures, and you have to believe in them to get them.
- Don't ask for a raise; negotiate for a salary package. Act as if you are an independent contractor setting your rates rather than a lowly employee begging for scraps.

Dare to compare yourself to your coworkers

"Simon" works in internal support for a company in England. Although he emphasized the importance of his own job performance, he also said it was beneficial for him to compare his value to his coworkers.

Simon wrote, "To start with, you have to realize your worth to the company. This can be achieved in a number of ways. I look after all client computers and do basic network and server administration for an SME. Before I came, there was no one individual assigned to this task, and as a result, no one took ownership of problems or responsibility. Many users' support requests were not resolved ... and many complaints were made to the management about this.

I took the job on and got on with it. Soon I was solving employees' problems, and praise was being made to the managers about me. As a result, I knew that the company was happy with my performance, and this enabled me to request a 30 percent pay raise. Due to my track record and what I had achieved, the manager agreed without argument. I do also believe that knowing other employees' wages helps, as I was able to predict my value from what their wages and responsibilities were."

DO YOU NEED ONE-ON-ONE COACHING?

If you'd like TechRepublic members to provide you with advice before you negotiate your next pay raise, check out the [TechRepublic Forums](#). Career questions are among the most popular topics of discussion in the IT Manager forums. Typical questions include:

- What salary should I be earning based on my level of experience?
- Which certification should I pursue that would result in the best pay raise?

Ask a question or seek advice from others after you describe your job and the challenges you'll face during salary negotiations.