Josh Doody on Salary Negotiation for Software Engineers

Marcus Blankenship

LAST YEAR WAS a successful one for Software Engineering Radio: we closed out 2016 with 33 shows and more than 1.8 million downloads, were included in CodeWeavers’ Top 7 Podcasts of 2016 for Business-Minded Programmers, were nominated in Simple Programmer’s 2016 Software Developer Podcast Awards, and came in second on Feedspot’s Top 10 Software Engineering Blogs & Websites for Software Engineers. In addition, we’re engaging with our community more than ever. Our show host manual, which explains how we develop a show, is now open source (github.com/ieeesecs/seradio-manual) and is accepting pull requests. We are seeking language translations for our transcripts and have opened a public Slack channel for community feedback (seradio.herokuapp.com).

This issue’s column features one of our most popular shows, in which Marcus Blankenship speaks with author and consultant Josh Doody about salary negotiation. Author of Fearless Salary Negotiation, Josh has developed a process for software engineers to use to negotiate their best salary for a job, and provides insight into overcoming psychological and emotional roadblocks to negotiating. Portions of the interview not included here for reasons of space discuss market value and how it impacts negotiation, how to negotiate a raise at your current position, and strategies for getting a promotion. To hear the full interview, visit our archives at se-radio.net or via RSS at feeds.feedburner.com/se-radio. — Robert Blumen

Marcus Blankenship: What is salary negotiation?

Josh Doody: It’s a conversation between a potential employee and a potential employer to discover the best arrangement that will make both the employer and the employee satisfied.

Marcus: When do these conversations typically happen?

Josh: The most common time is when you’re changing jobs. You get an interview, you get a job offer, and then you negotiate your salary before you start. Another common time is when an employee reaches out to their manager to say, “I’d like to talk about increasing my salary for these reasons.”

Marcus: Is negotiating my salary the same as negotiating for other things like the price of a car, or is there something different about it?

Josh: In a way, all negotiations are similar and have common characteristics,
but salary negotiation is unique for almost intangible reasons. A big difference is that there’s so much riding on it. A salary negotiation could be the highest-dollar-value thing a person might negotiate for in their life, other than maybe a house. You don’t get many opportunities for it. Even a really aggressive person would only negotiate a salary 10 times in their lifetime, give or take. Every two weeks, you see the result of that negotiation in your paycheck.

**Marcus:** That’s true: it adds up to be such a large amount of money, even in comparison to your home. You said earlier that a negotiation is a conversation to get to the best outcome. Best for whom? I often think about it as best for one side or the other.

**Josh:** A lot of people perceive salary negotiation to be like a scene in a movie where an aggressive person is slamming their fist on the desk. But it’s a conversation—a better word might be collaboration—where two parties are trying to figure out what makes both of them comfortable.

It should be difficult for a company to pay someone far less than their market value because the employee would be significantly losing out. And on the flip side, it’s pretty rare that a company will drastically overpay. The conversation is about figuring out where the employer is comfortable with processes, and I think with yourself, figure out the minimum salary you’d require to take this job? to “What do we need to offer Josh to convince him to take this job?” There’s a subtle difference there, but it’s a big difference in terms of the kind of offers you’ll get.

Before you get an offer, there’s a step called “setting your minimum acceptable salary.” Being honest with yourself, figure out the minimum salary you’d require to take the job as you understand it. Do this early so your judgment isn’t clouded by big numbers that might be thrown at you, especially “total comp.” Companies can say something like,
“Your total comp is $300,000.” When they say that, they’re rolling in a whole bunch of things that won’t help you pay your mortgage. You need to know the base salary.

If the initial number they offer meets or exceeds your minimum acceptable salary, you can start negotiating. If the employer can’t meet that minimum, you shouldn’t work there. It’s not a good arrangement.

The next step is the counteroffer, which should be between 10 and 20 percent of the initial offer. Their offer is floating because you haven’t given them anything to use as a baseline, like your current or desired salary. You’ll counter closer to 20 percent if you detect that the company really wants to bring you on board.

The company is making you an offer that’s presumably somewhere in the upper end of the range of money they can offer you. Your counteroffer is designed to say, “Well, can you go a little bit higher in that range?” Once you’ve countered, they’ll usually respond somewhere between your initial offer and your counteroffer, and then you want to make sure you keep your foot on the gas all the way through to the end. Try to push your base salary up as best you can. This is also the time when you get to negotiate fun things like vacation and signing bonuses. Once you’ve hashed out all those final details, you’ve got a final comp package, and usually you’ll accept that package and start.

Marcus: When you’re asked for your current pay or your desired pay, you suggest not giving this as a baseline number. How do you decline to provide that information? What words do you use so that it doesn’t shut the conversation down?

Josh: It’s usually phrased as a two-part question: “What is your current salary?” And then, “What is your desired salary if you come onboard?” The easy one is to take the current salary part: “I’m not comfortable discussing my current salary; I prefer to focus on the value I can add to this company and the opportunity that’s in front of me.” For the desired salary you can say, “I prefer to focus on the value I can add to this company and the opportunity that’s in front of me.”

Marcus: Have you encountered situations where there was a second or third request for that information, or is that just my fear coming through?

Josh: I wouldn’t say that happens frequently, but it’s not unusual. This is a combination of company policy and the individual person you’re talking to. Some recruiters will ask because it’s on their list of things to do when screening a candidate. If you resist one time they’ll usually shrug and move on. Some recruiters are a lot more aggressive. They’ll say, “I have to have this or we cannot move forward with this process.” I’ve heard that line a number of times through people I’ve coached. And somehow it always turns out that we’ll look back later on and were able to move through the process even though they never got that information. It helps from the candidate side to think of this as a negotiation tactic.
They’re trying to get information about the minimum amount they need to offer to bring you on board. By telling them, you’re giving them really good data that will help them determine the minimum. You want to avoid that so they have to think, “What do I have to offer this person to convince them to come on board?”

If they keep pushing, I’ve found that you can give pretty compelling answers that are almost irrefutable and that most reasonable people will accept. On the desired salary side, usually they’ll say, “I need to qualify you for a range so that we’re not wasting anybody’s time.” If you understand that it’s a negotiation tactic, it makes it a lot easier to see what’s going on: they’re trying to get that number. You can say in response, “I don’t know exactly what I would like to make, but if you’re trying to qualify me for a range, I’m happy to respond to that range and tell you if it’s in the ballpark.” By saying, “Yes, your range is in the ballpark,” you aren’t boxing yourself into that range. You’re leaving yourself wide open to negotiate effectively later on, while giving them what they need at the time in order to continue.

Marcus: I’ve heard that people sometimes feel they were being greedy or even unethical by trying to negotiate a good salary. Is there a sense that it’s not right to push too hard for a high salary?

Josh: I think it’s more of a fear than a real ethical boundary. It’s a fear people have that they might offend someone. They’re feeling awkward about putting the recruiter or the hiring manager in an uncomfortable position. I think some crafty companies will spin a negotiation to make it seem like you’re having an ethical or moral conversation. Again, I perceive that to be a negotiation tactic.

This often happens with smaller companies and start-ups. I’m currently coaching someone through a negotiation with a public tech company that’s doing pretty well. They’re telling him, “We can’t find the right price for the value that you bring to the company.” I think that’s partially true, but it’s also a matter of understanding that the company is working to make a profit. When they bring someone in, they do so with the expectation that person will contribute to that. That’s the endgame. The more you see it in a business conversation, the more obvious it becomes that this is not an ethical issue. You’re not trying to steal money from somebody. You’re trying to find the right price for the value that you bring to the company.

Marcus Blankenship helps engineering managers become as good at leading as they are at coding. He’s the author of 7 Habits That Ruin Your Technical Team, available at leanpub.com. Contact him at marcus@marcusblankenship.com.