

Tips for a successful SALARY NEGOTIATION

By Pam McKean, Director A.B. Dental Employment Agency



Pam McKean

Salary negotiation can be tricky and if not handled correctly, can be disastrous. The window for negotiating a salary exists from the time you offer a job to a candidate, until the acceptance of the role. The results of this salary negotiation can leave a candidate feeling wanted or undervalued, and can leave you excited to have them on board, or feeling as if you've lost out.

How much flexibility do you have to negotiate salary and other conditions of employment with prospective candidates? The answer ranges from not much to a lot. One key factor is what has been discussed during the recruitment process, and communication is key. It should not be a shock to either party when an offer is made. It might not be an exact match but should be good starting point to commence negotiations.

Another factor in salary negotiation is how badly you need the employee. If you're desperate, this is usually not a good starting point. You need to keep a long term view if faced with this situation and consider the option of using a temporary solution if need be. Sticking to a budget is key.

Consequently, the employer's salary negotiation leeway will depend on a number of factors. Things such as seniority of the position, the scarcity of skilled candidates, comparative salaries with existing employees, geographical area and economic climate largely impact what you can afford to pay.

How badly do you want and need this candidate? If you are desperate, your salary negotiation strategy may quickly deteriorate due to pressure, and with that, you may end up paying more than you can afford, or paying a wage that is disproportionate to the pay ranges of your other employees.

Salary Negotiation Tips

Ask for an expected salary on their job application. This will give you some idea of what their ball park expectation is. This will give you a chance to be prepared for the conversation, and if you're not sure of the market rate, you can do a bit of research to confirm that their expectation is in line with market rates.

There are pros and cons about asking for salary history and it's not always appropriate to do so. You will find arguments supporting both options, and while it may be good to know, it should not influence the value of the position to our business. They may be leaving their current role because they are being paid under market rate. Keep in mind that more than likely this will not be their only application. You want to be competitive, not take the easy option out, or think that you are getting a good deal because you haven't done your homework.

Know what your salary negotiation limits are. Base your limits on your internal salary ranges, the salary paid employees in similar positions, the economic climate and job searching market, and the profitability of your company. You should have a budget in mind, and as a general rule, should not deviate from this.

Salary negotiation is not about winning – unless both parties win. If either party feels they are not getting a good deal, you both lose.

Be aware of the repercussion of paying more than you want. Paying salaries higher than you think is reasonable can be bad for you and bad for the candidate. The new employees work is scrutinised, your expectations may become unreasonable, and fellow employees may resent the new hire. In a win-win salary negotiation, both employer and employee leave the salary negotiation feeling ready to get started on a long term, successful relationship.

If you have a bonus structure in place, put a dollar value alongside this. The word bonus is just that, unless you can put a value to it. Discuss what the last candidate may have earned in addition to their salary in terms of bonus as an incentive or selling point to the role

Recognise that, if your salary is not negotiable, and even if it is, candidates may want to negotiate with you in other areas outside base salary. Including other benefits as part of the package can be a cost effective way of offsetting a wage such as paying on the performance of the business, or paying allowances.

If your initial offer is not negotiable, or barely negotiable, try to indicate that to the candidate when you make the offer. They may have only been subject to certain styles of negotiating in the past and think that there is lots of room to negotiate when that's not the case.

Even if you are convinced of the candidate's potential positive impact within your business, know your limits. You will regret violating your limits; even if you have to start your recruitment process over, you will save yourself years of headaches and prohibitive costs.

In conclusion, there are no hard and fast rules about what is right or wrong and circumstances vary from each hire to the next. Communication is key! ♦

Pam McKean is a Director of AB Dental Employment Agency.

The company has been in operation for over 15 years. Over the last 10 years AB Dental has grown into one the country's leading recruitment agencies for the dental industry, servicing all sectors from government, corporate and private practice.

Currently, AB Dental services over 1,200 businesses with recruiting services including supply of temporary, contract and permanent employees. As professional recruiters, AB Dental can manage as much as little of the recruitment process as required, even if only providing advice.