



Compensation is perceived value

When do you negotiate for an increase in compensation? When you just completed a major project that generated new revenue for the company, you were able to gain economic efficiencies by merging administrative support and cut your costs by 10%, or you identified, initiated, and directed a new line of business for the organization.

Let's start with IF YOU deserve a raise. That's always my favorite. Everybody thinks they do, and the truth is maybe you don't. What's the criterion? Chances are good I may not give you one. I'm a tough boss. I've run five companies. Some big. Some small. So guess what, I'm a good judge. So let's start with what are the most important issues in determining whether you deserve a raise.

What do you bring to the party today and everyday?

What are you doing for Mr. Boss?

How are you making Mr. Boss look good?

How are you making Mr. Boss's life easier?

What accolades is Mr. Boss receiving about you?

How do you demonstrate initiative?

What are you doing for your organization that is making it better?

How do you make Mr. Boss stand out from his competition? What? Yes, Mr. Boss has competition, its call his peers. So you better be making Mr. Boss a star or you aren't doing your job.

What has your ROI been the last 3 months, 6 months or year? Don't know? You had better find out.

If you aren't doing any of the above, you don't deserve a raise. Got it! Otherwise, you are either spinning your wheels or taking up space. Either way I wouldn't give you a raise. So go back to your office and do something worthwhile. Stop complaining about the money you make because you are putting in time. The truth is you are either a lousy employee or burnt out. Which is it?

You want the truth; I'll give it to you here. You don't like the truth; the boss probably isn't going to give you a raise either. Now, if I'm wrong, do me a favor, come back, and tell me. I want to hear about the suckers that are paid for doing nothing or the fool that pays them.

Now, if you are actually worth every dime you deserve, you are fool not to ask for more money. No strike that--negotiate your worth. Got it! It's called negotiation. **Know your worth.** I am extremely expensive and I DO NOT NEGOTIATE. I AM THE BEST THERE IS!

Presentation and leverage are the key to negotiating more money. Money. The word conjures images of success, importance and wealth. Unfortunately, people frequently confuse the relationship between work and money. Money is payment for a product or service rendered right? However, here's the anomaly. Compensation is NOT based on a product or service rendered. **To the contrary, compensation is based on perceived value.** For example, what makes Michael Jordan worth more than Kobe Bryant? Or Bryant more than Alan Iverson? Perception is reality. It's the exact same in business. Make no mistake about it. So the question is what's the perception about you?

Money as a scorecard is related directly to perceived value---not based on objective measurable results. Many will dispute this fact. But they are lying to you. They will tell you its BS. But it's true. So what is the single most important issue when addressing negotiating compensation?

Level the playing field.

Negotiating is not an easy thing to do. Reality is that both parties have to feel like they have won something. And negotiating is something you have to learn how to do. You need facts, you need preparation, and you need analysis. But what else do you need? How to listen and how to hear.

What do I mean? Listen for what isn't being said. You ask a question, but are you listening for what Mr. Boss isn't saying. Are you listening for the intention behind his words? He says,

"Gees, I'd love to talk to you about this now, but I'm rushing into a meeting."

What's he saying?

I have other things on my mind right now and this isn't important to me.

You are important, do me a favor and come back at another time.

I'm walking into my boss's office and I'm going under fire.

Are you joking? You haven't pulled your weight here for six months.

So what do you do? What don't you find out how you're doing? What don't you find out what he thinks? Why don't you put forth some facts and see if he agrees with facts that cannot be disputed? Then, you better anticipate every conceivable objection prior to ever walking into that office and if you think this is going to happen in one meeting, think again. Any high level discussion, which entails a significant amount of money, should generally cover more than one meeting. So prior to your first meeting, write out answers to the questions and possible objections.

Why do I want more money?

Why are the reasons I deserve more money (must be from a non-personal, objective perspective)

What are my competitors making?

Why do I deserve more money?

From a numbers perspective, how have I added to our profitability? Our bottom line? How have I increased revenues, decreased costs, increased brand awareness, or increased market share, etc.

A good argument is not enough to win someone over. What motivates your boss? What makes him tick? Is he motivated by recognition? Or ROI? Profitability? Distribution? Marketing? Beat his internal peers? How does your boss listen and how does he learn? Why is that important? If you aren't listening to how he listens, you aren't communicating to him effectively. And you are completely screwed.

Listening

Effective listening requires more than hearing the words transmitted. Effective listening means you are present to hear the speaker's "intention" not your own "interpretation". This is where communication between people disconnects. Remember someone's intention is not communicated—it is your interpretation of his or her words. You need to

listen for their intention, which is communicated by not only the words they choose, their non-verbal language and their body language.

Obviously, you can't listen intelligently while you are talking, so be sensitive to your own "thoughts and words in your head". Stop any conversation that is going on in your head--or your "inner dialogue. You know what I mean by this? This is the ongoing conversation in your head. You have to "shut up" the conversation in your head in order to hear what's going on in front of you.

Time and place

Timing is everything. Business often considered war or a game of strategy, such as chess. Therefore, planning your strategy or the attack is crucial in victory. Try to get him on the same side of the desk as you are or at a table. You do not want a desk between the two of you. It is a psychological warfare tactic.

The Deal

When negotiating, the single most important detail to remember is everyone has to give something up. Remember the other side needs to feel like they won too! Consider this for a moment. If the other side gives nothing up, then they lost and you won. How can any one feel they have negotiated a great deal if they conceded on everything?

There is no victory if everybody doesn't give something up! There is no "win". What charges our adrenaline? Winning the game, the thrill of victory, knowing you gave it your all. It's not rocket science if you think about it from a purely "gamesmanship perspective". And see, that is exactly what negotiating is. It's a game. Business is a game or war—depending on your perspective.

Since you now know you must give something up, then you understand that it is inherent in structuring a deal that you ask for more than what you want. If not, you created then you have not created a win-win.

Attitude

Your attitude is power. Your attitude should be you love this job. If you don't, you need a new job. But, in the negotiating arena, you need to be able to demonstrate more of a 'c'est live' attitude.

But don't be stupid. I'll never forget one of my employees resigning. And I congratulated her on her new job. A day later she walks into my office and said, "I don't want this other job. I just want a counter offer." Big mistake. I don't do counters. Never have and never will. The dummy should have discussed her compensation with me. Don't try counters. It's stupid.

Time

Some people think of negotiation as though it were a transaction---something with a beginning and end. Think kids. That's a negotiation. Compensation is the same thing. If you don't have kids, go spend time with someone's kids. You'll understand negotiation in time.

Your meeting starts at 10:00 a.m. If you expect your meeting to be over at 11:00 with your raise in hand, you are screwed. Got it! Think about it. Use your head. I'd rather lower your expectations than raise your expectations.

Pretend it's your company. It's real easy to say that you deserve the money. But how much time would it take you to think about spending that same amount of money? Give your boss and the process the same respect. Overnight decisions in this arena generally don't happen

No

No doesn't necessarily mean no, it just means not now. Go back tomorrow, or the next day, or next week. Do not give up! You need a good reason to give up and timing may be one of the reasons no means not now. So no doesn't mean no, it just means not now.

Gender Related Negotiating Issues

As an executive search consultant, my experience has been that generally women respond to the "discussion about money" as either a repulsive subject, or are sickened thinking about going through the negotiating process, or even worse, are ridiculous in the expectations about compensation.

Women are much more compliant and eagerly accept that first position. They feel grateful that someone has given them the chance or the opportunity to prove themselves. They view that first job as a gift that needs to be re-paid. Alternatively, they believe they owe someone – they involve "feelings" instead of thinking. Frequently women do not perceive hiring and negotiating money as nothing more than a business transaction.

Unless a woman actively and purposefully pursues mastery in understanding the significant business differences between genders, they have difficulty translating their business success into economic parity. Women need to pursue educating themselves in basic business areas such as: negotiating techniques, leveraging success, re-framing her thoughts and actions as a teenager to adult woman.

Women do not understand the basic realities of how to achieve parity in economic terms. When discussion of money comes up---frequently they may listen, but will still say or do whatever it is that they think needs to be done. They are not open to advice, and are competitive from an unhealthy perspective.

The Most Important Rule

Get it in writing. Get it into your personnel file. Promises are air. Got it? Make a copy of everything. If you don't have it, it never existed. Management changes. Its life. Trust is out the window ladies and gentlemen, this is business. Forget email, get it in hard copy with a signature. Everything needs to be in writing or it never existed. Do not rely on email. Prepare for everything as if you are going into a court of law. Its called CYA.

Make sure you develop objective measurable results relative to your current and future roles. Don't walk out of current and future negotiations without them. "We don't do that here," is lame. That's code for, "I don't want to be held accountable for the discussion we just had." So, let's just keep t his on a wing and a prayer. There may be times the other party is never going to make a commitment and for good reason. I have been in that situation. The truth is they are "trying" you on to see whether or not they want to keep you and see if you are any good. That's the truth. How do I know? I've done it with employees. And you know what happened? I fired them. I tried them on, and they sucked. I didn't put anything in writing on purpose.

Now, if your boss doesn't give you anything in writing, don't push it. It means he's trying you on and you need to prove yourself to him. You better look at this as an opportunity and if you don't then you are a fool. I have had employees who thought they were much better than they were, and they stunk. They wanted paper and there is no way I would have ever given it to them. If they had pushed harder, they would have pushed themselves out the door.

What did they earn? The opportunity to learn. They learned a new career, a new life; they learned a world they never otherwise would have learned. The truth is they couldn't have afforded to go to college to get the education I gave them. So, before you get on your high horse and think you are worth an enormous amount of money, you better think again, because you may not be. You may be blessed to be where you are.

Then again, you may be a star seriously underpaid. You better know your worth.

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