



How to get yourself a payrise.

Joanna Mather - The Australian Financial Review, 14 Aug 2010

With the global financial crisis widely regarded as over, pay rises are back on the minds of employees and employers. But waltzing into the boss's office and citing the pickup in the economy as a good reason for a \$10,000 raise is not necessarily the smartest approach.

Nor should employees rely on emotionally charged factors such as rising interest rates or a baby on the way, says recruitment specialist Grahame Doyle, managing director of Hays in NSW and the ACT.

"It needs to be a proper business discussion with some clear expectation," he says.

"The better prepared you are, the more facts you have around what the market is paying and clarity around what you've done for the organisation in the past year, the better your chances of success."



Economic recovery might be patchy, but following the pay freezes and generally depressed conditions of the past two years, employees are looking for a return on their sacrifices and hard work.

"I'd be amazed if most organisations, particularly companies who've had good financial yearend results, aren't expecting to be approached for pay rises," Doyle says.

Here's how to negotiate a rise beyond the perfunctory few per cent increase in line with inflation and costofliving rises.

Do Your Homework

Do your homework is the resounding advice from most experts. Also important is being able to put a dollar figure on what your skills and experience are worth to the company. And, just as importantly, what it would cost to replace you.

To help build your case, compare your salary with similar advertised roles and the remuneration guides published by recruitment companies.

Cite sales targets, customer service surveys and financial performance data – anything that can help quantify your performance in dollar terms, says Melbourne Business School human resources management professor Ian Williamson.

"It sounds straightforward, but a lot of people don't give a lot of thought to how they play a role in the firm's moneymaking, including middle managers and executives," Williamson says. "Try to understand how your talents, activities and skill sets add value to the overall mission of the organisation."

The other thing to remember is your employer may not want to wrestle with you on the issue of pay, Williamson says. Nor is money the only form of reward. Time off to pursue training, a hobby or to spend extra time with family can be just as valuable, if not more, to many people, he says.

Be Resilient

Even armed with precise information on how much value you add to an organisation, asking for a pay rise can be daunting.

So daunting, in fact, that many people never actually take the plunge, according to the authors of *How to Get a Pay Rise*, which takes a pithy look at the dos and don'ts of asking the boss for more money.

"Asking for a pay rise should be a standard, guiltfree part of working life," write Medine Simmons and Merryl Naughton.

"It's important not to confuse your professional worth with your personal worth. You have a bunch of skills and experience to sell and your company wants to buy them."



Mortgage broker Simmons says she had countless knockbacks from employers on her way to making her first million at age 29.

"But by far the biggest mistake is not asking," she says. Common reasons for not asking include fear of rejection and worry that a higher salary will come with double the workload, she says.

"Another mistake is to get emotional," Simmons says. "Ultimatums and threats aren't usually the way to go and whatever the answer, always say, 'OK, thanks'. That leaves the door wide open for the next ask."

It's All in the Timing

"You've got to know when to ask," executive career coach Kylie Hammond says.

"It can be a sensitive area so you really have to be armed with the right sort of information and I think the key is not to confront people."

Take Stock of Internal and External Influences on Your Employer's Frame of Mind.

At present, there is a perception that business is back to normal after the global financial crisis, HR professor Williamson says.

"I would expect these discussions around pay to be an increasing occurrence because, right or wrong, there is a perception that there are more job alternatives out there than at this time last year," he says.

But job hopping isn't always the best option, particularly in a climate that is still uncertain. At Hays, Doyle advises clients to investigate opportunities for negotiating a higher salary with their current employer rather than moving straight into another job

Employers appreciate honesty and loyalty, he says.

"If you're not actually looking to leave, make that clear," he says.

"Tell your employer you like the career you've got, but point out what the market is paying for your type of role."



To Set a Figure or Not?

There is some disagreement over whether to go into the negotiation with a figure in mind.

Executive coach Hammond advises against putting a dollar figure on the table. But 10 per cent is a nice, round figure to aim for on the quiet – it's more than the typical 3 or 4 per cent but won't set you up for a big disappointment, she reasons.

"Major increases, and by that I mean 20 to 30 per cent, very rarely happen unless you are a key talent and you have a fairly compelling argument as to why the increase should occur," Hammond says.

Business consultant and coauthor of *How to Get a Pay Rise* Merryl Naughton recommends having a figure in mind.

"It's better to set an amount for a couple of reasons," she says.

"One is that it shows you've done your homework in terms of what your market value might be.

"And second, if you're asking for something that is well thought out and specific, it's harder for the boss to give an outright no."

Education and Training

The most straightforward path to improved remuneration is to pursue further education or training.

For author Simmons, the turning point came when she started to look at how she could develop her skills and therefore become more attractive as an employee.

"After doing a whole bunch of internal courses I started scouting for external training opportunities," she says.

"I was in middle management and my boss had just done his MBA so I convinced him that the company should pay for mine. By the time I left that company I had scored a 71 per cent increase on my salary – in two years."

People spend a lot of time and energy trying to earn an extra half a per cent on an investment, but they don't focus as much on trying for general higher earning capacity," says Paul Brady, the managing director of Brady & Associates Financial Services.

"Part of that is clearly about investing in your own skills and professional development," he says.

More broadly, setting a serious pay rise goal can form part of a longerterm financial plan. If growing your wealth is the goal, there are two options, Brady says. Either make more money, or save more – or both.

"You might describe life as a revenue challenge," he says. "For many people, seeking to drive up their income is a more attractive challenge to work on than trying to squeeze the budget."

