

FINANCES

15 Tips On How To Negotiate A Raise For Higher Pay

Justin Stewart · Mar 1, 2020

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Looking on how to negotiate a raise for higher pay?

According to <u>a recent survey</u>, 62% of employees in America did not get a raise in 2017 (the last year surveyed), and that number climbs to 76% for low-income workers.

But the survey did not ask respondents if they asked for a raise, and it seems likely that many didn't. Did you?

It's uncomfortable to ask, because you don't know what kind of response you'll get. In the worst case scenario, you could even lose your job. The expert consensus is that <u>firing an</u>

employee for asking for a raise is legal, but fortunately it's also rare.

So if the risk is minimal, and you might make thousands of dollars more annually, you should probably get past your discomfort and make the request.

But do it the right way.

<u>Job coach Joel Garfinkle says</u> you need four to six months of preparation to properly ask for a raise, but hopefully you can speed up that process using some of the tips below. Some of the suggestions will be familiar.

Consider them reminders. Then there are some "secret" strategies, like asking for an odd amount, dressing differently, and timing your request.

Let's go ahead and dive right into the 15 tips on how to negotiate a raise.

1. Earn That Raise

If you're a slacker, or you've recently been a bit lazy at work, you could just hope your employer hands out raises without regard to performance. Good luck with that.

More likely you'll have to actually earn the raise. So make sure you've been doing a good job for a sufficient amount of time before you approach the boss to ask for more money.

How long? Ideally you've always been a star employee, but if not, up your game long enough for the boss to notice, or at least long enough so you have some accomplishments to point to when you make your raise request.

And to really earn that raise you might also consider the next strategy...

2. Become a Specialist

Entrepreneur <u>Brian Horn</u> suggests workers try "microspecialization." He explains, "The more specialized you get, the less competition you have and the more money you can demand."

He lays out a process for becoming the expert in some niche within an industry or company. You can follow that link to learn the five steps he recommends.

As an example, suppose you work as part of a landscaping crew.

While other employees are busy mowing lawns, you could become the expert on trees, learning which ones do best in which settings, how to trim them without damaging them, and

which fertilizers or pesticides each variety needs.

As the specialist in that area you're more difficult to replace than other employees. That gives you more negotiating power. Horn says that if you do it right you can get a raise without even asking.

3. Do Your Research

Even if you're a great employee and have found a niche where you're seemingly irreplaceable, you should do some basic research before you ask for a raise. For starters you need to answer the question: How much are you worth?

To answer that start with <u>Bureau of Labor Statistics wage data</u>. More than 800 occupations are covered. Locate your job and click through to see the average hourly and annual wage.

In the more detailed data you'll discover what the top 25% or 10% make in your profession, in case you want to aim high.

There are other ways to parse the data. For example, if you're a web developer you can see that the "annual mean wage" is \$62,290 in Florida and is \$92,260 in Washington state. The easiest way to get a raise in that case might be to move to Washington and get a new job.

In any case, you can be sure you ask for enough, but not too much, based on what the averages are.

Websites like <u>Payscale.com</u> and <u>Glassdoor.com</u> have additional information. <u>Payscale</u>, for example, lets you input your job title, years on the job, and location to get a report on what you're worth.

Talk to your coworkers too. Ask how much they make if they're willing to tell you. Get them to tell you about their experiences asking for a raise, so you know what to expect and how to prepare. Analyze how your performance compares to theirs.

4. Learn To Negotiate

So you're doing a great job, you're the man or woman they can't replace, and you have determined what you're worth. But how do you actually ask for that raise?

Start by learning how to negotiate with your boss. If you're in sales you already have some experience with negotiation. Otherwise it's time to study.

An example: The boss says sales are down, so you say "If I can get sales volume up, then will you approve my raise?"

When you employ this "if – then" technique it's tough for him not to agree, since he stated why you can't have a raise and you're asking for a raise only if that problem is resolved (of course you will have to get those sales numbers up).

There are many other negotiating techniques, so why not learn a few?

5. Tie Your Raise Request To Performance

It's one thing to deserve a raise, but you also have to make sure that the boss knows you deserve it. If he or she doesn't already know it, you have to make it clear when you make the request.

In <u>an ABC News article</u>, the stars of the program "Shark Tank" agreed on the necessity of doing a great job and letting the boss know. Here's what they had to day....

Barbara Corcoran: "...make sure the boss knows every little thing you're doing above and beyond."

Daymond John: "You gotta know what your boss needs... And how do you fit part of that solution?"

Robert Herjavec: "It's about what you can do for the company... And people that fix problems get paid more."

If you can't point to an increase in profits, link your performance to some improvement in the company's prospects (increase in sales, better employee retention, cost cuts). Shark Tank star Remember, as Barbara Corcoran says, "...asking for a raise is a sales job."

6. Get Help

If you're not sure you're ready to ask for a raise (or even if you are), get help. One free resource you can use is <u>GetRaised.com</u>. You answer a few questions and get expert help. They claim that users of their system get an average raise of \$6,726.

A <u>Personal Salary Report</u> from Salary.com costs \$29.95 to \$79.95, a worthwhile investment if you get a better raise. If you want to avoid the cost, at least look at their free sample report to get an idea of the research you should do and what kind of preparations you can make.

If you're willing to spend more consider a <u>consultation with a career coach</u>. Expect to pay as much as \$100 per hour (but an hour might be all you need).

7. Get Your Timing Right

Job coach <u>Joel Garfinkle</u> says when you ask for a raise can make a big difference. He says to avoid asking on a Monday, for example (too busy and stressful). Here are some good times to make your pitch:

- When your supervisor is in a good mood
- You've just completed a project
- When you have been asked to take on more responsibility
- After any major success for you or a team you work with
- At a time when stress at work is lower
- Right after you found a way to cut expenses
- Anytime your visibility has increased (in a positive way)

8. Request An Odd Amount

<u>Forbes reports</u> on experiments showing that asking for a raise of an unusual amount may make you appear to be better-informed and result in better counter-offers.

The research, done at Columbia Business School, actually involved car purchase negotiations, and those who started with nice round numbers paid \$2,963 more on average, versus those who began negotiations with a more unusual (and precise) number.

The assumption is that the same effect is at work in salary negotiations.

So, for example, if you ask for a raise from \$15 to \$17 per hour the boss might suggest \$16 per hour, but if you ask for a raise to \$16.93 per hour (or any similarly precise number) it seems like you know something, and the counter-offer is likely to be higher.

It's worth a try.

9. Dress Appropriately

Another Forbes article suggests that you should dress for the job you want rather than the job you have. Even if you're just asking for a raise, and not a promotion, it makes sense to dress in a way that makes the boss feels good about you.

That can vary according to who your boss is, of course, and even the color you should wear to ask for a raise can vary according to circumstances. But if you're not sure what to wear, a safe bet, at least when your boss is the same gender, is to dress like him or her.

10. Have A Backup Plan

If your boss really won't give you a raise, what can you do? For starters, have alternatives in mind before you ask.

For example, you might ask the boss when you can get a raise. In other words, aim for a commitment for a future raise.

You can also ask what you have to do to get a raise. If you get no clear answer to this question you might have to consider the next option...

Have other jobs lined up. If you really can't advance or get a raise where you are, be prepared to go elsewhere.

If you're confident you can get another, better job, you might even risk telling the boss that, to see if doing so motivates him to act on your raise request. But be aware that this might also motivate him to look for another employee to replace you.

Finally, if you can't get a raise directly, consider ways you can engineer your own raise. For example, you might work on holidays when the pay is time-and-a-half, or sell things to your coworkers.

See my article, "15 Ways to Use a Job to Make Money" for additional ideas on how to squeeze more income from your existing employment.

11. Understand Your Company

It's not advised to ask for a raise more than once a year outside of a few specific circumstances so if you're reading this and thinking about asking for a raise; you've been around long enough to glean a few things.

Who do you ask for a raise? Your boss, his or her boss, the CEO, someone in the Human Resources Department? It takes a lot of nerve to ask for a raise, so you don't want to ask the wrong person and then have to ask **twice** because you have to ask someone else.

When is a good time to ask? Do you have quarterly or yearly reviews? That might be a good time. Do you have a super busy time of year when everyone is working long hours and are

short-tempered? That might be a bad time to ask for a raise.

12. And It's Health

Depending on the size of your employer, this information might be really easy to come by or rather difficult to come by. If your company is publicly traded, there are all kinds of financial data available including its annual and quarterly reports. In those reports, you can see the company's balance sheet, income statement, and cash flow statement.

If you work for a really small employer, particularly a family run business (not your own family) you might not have access to financial documents but you may spend a lot of time around the owner or owners of the business and may be able to extrapolate how well or poorly things are going just by being observant.

Or you may have direct experience of how things are going, especially if they aren't going well. Have your last two paychecks bounced? Has your health insurance been canceled? Then things are probably **not** going too well financially.

It's the medium-sized companies that are probably the hardest to get financial information on. You'll have to be extra observant or maybe make friends with someone in accounting, take them out for happy hour and see what you can find out!

If your company just had a record quarter, a good time to ask for a raise! If your boss's wife triplets just got accepted to Harvard, probably a bad time to ask.

13. Make Your Case

Why should you get a raise?

Being on time every day and rarely missing work arent' really good reasons for getting a raise. Those things are just bare minimum standards.

If you want to get a raise, a **good** one, you'll have to show whomever you're asking why you deserve one.

Have you saved the company money, made it money, created a system or innovation that has increased productivity?

Do customers regularly rave about your level of customer service and continue to patronize the business partly based on it?

These are the kind of things you want to go into your meeting armed with. If you can back your claims up with hard numbers, even better.

You have to show that you add value to your company.

14. Getting Past No

Anytime you ask for a raise you have to be prepared to hear "No." You can't just accept that answer and slink away. You need to ask why your request was refused and what you can do to get a "Yes" in the future.

Ask what you need to do in order to get a raise. Take on more projects, increase your sales by 10%, get additional training or certification? Could the two of you meet again in six months and discuss it again, after you've met the requirements your boss asked you to meet?

Your boss might be honest with you and tell you that things are tight right now but after the third quarter they should improve and you can discuss it again.

While all of those things are not the "Yes" you were hoping for, they are reasonable answers in most cases. And they weren't definite refusals so long as your raise can be considered again in the not too distant future.

15. Be Ready To Walk

On the other hand, if you made a good case and objectively deserved a raise and your boss both fails to give you one **and** fails to give you a legitimate reason why, you might need to leave for greener pastures.

Never threaten it though, not even as a negotiating tactic.

Once a company knows you're looking to leave, they aren't going to be willing to invest much of anything in you.

So not only will you not get a raise, you aren't going to get the good assignments, the good customers, the additional training, etc. True or not, they are going to treat you like you've got one foot out the door if you pull that stunt.

Start updating your resume, start networking every chance you can, and make it your second job to start looking for a new, better opportunity.

And you're likely to get a much better pay increase when you get a new job than you would have gotten at your current one. The average increase when changing jobs is between 10%

and 20%. In fact, you should be changing jobs a lot if you want to increase your income.

Those who stay in the same job longer than two years <u>make 50% less over the course of their</u> <u>careers</u> than those who change jobs frequently.

And remember that you are rarely in such a good position to negotiate as when you're being hired for a job.

When you've already been working for a company, they already have you, so they have less incentive to give you a raise.

But when you've been offered a job and not yet accepted, they want what they don't yet have, you!

Don't just jump on the first offer. Negotiate for what you want and what you deserve, including the kinds of non-monetary benefits we talked about earlier like extra vacation and flexible hours.

If you have any tips on how to negotiate a raise that aren't listed here, let us know in the comments below.