



WHAT WOULD YOU DO IF YOU COULD NAME YOUR OWN SALARY?

By: Jim Hopkinson

Being Able to Name Your Own Salary Might Sound Good, But It's Harder to Do Than You Think

Picture yourself in the final stages of your job interview.

Everything so far has gone fantastic. You've passed the screening of HR in the first round, met your future manager and totally connected, and have spoken with several other team members. The job is a great match for both your skills and your personality. The executive across the desk from you is thrilled, saying you're their ideal candidate, and is ready to make you an offer.

The only thing left to talk about is salary.

The mere thought of the conversation makes your pulse quicken. What if I name a number that is too high? What if they give me a lowball offer? If it's lower than what I make now, I'll struggle to pay my bills. If it's a great offer, maybe I can finally take that long vacation. Why does talking about money always have to be so stressful?

To your surprise, the person leans back in their chair, looks at you in the eye and says:

"It's our policy here to let employees name their own salary. So just let me know what you'd like to make, and we'll finalize the offer and you can start on Monday."

Let's go ahead and get the dream scenario out of the way. You know, the one in which you stand up and yell "I'd like to make \$1 million a year!", shake hands, dance out of the room, and live happily ever after. Easy. Simple. End of story.

But hold on one moment. What if it's not a dream?

Meet Alan (not his real name). Alan lives in Manhattan and has had a successful 15-year career, most recently managing \$7 billion in assets at a major bank. Right now he is weighing a very unique opportunity from an international company, with the chance to essentially "be" the New York City office for this very small firm. He's had several day-long meetings with the CEO, and believe it or not, they informed him they'd allow him to name his own salary.

For the sake of this article and to avoid the "I want a kajillion dollars!" response, let's add two words. You are allowed to name your own salary, *within reason*.

When I sat down to help him analyze the situation, something surprised me: the approach to negotiation doesn't really change that much.



If anything, it becomes harder. Some people would rather just be told what the salary is and have to make a decision on whether or not that works for them (obviously, the higher the better). But here are things to consider:

1. You still need to perform

Let's say you're a new salesperson at a small company, and for you, a dream-salary-within-reason is \$75,000. At the end of the year, if your efforts have only generated \$40,000 in sales, the company would be forced to let you go. Conversely, if you're able to generate \$750,000 in sales, that \$75,000 salary might make you underpaid.

2. Everything is relative

Building on the last point, would you be happy with a salary of \$5 or \$10 million? Few readers would say no. But now imagine you are actor Shia Labeouf. How much should he ask for salary? You'd have a hard time getting any kind of consensus that he is one of the best actors of our generation. However, with four movies grossing more than \$300,000,000 each in the US alone in the past few years, he could make a pretty strong case for what he feels he's worth.

3. Doing your homework becomes even more important

No matter how the topic of salary is brought up, the most important thing you can do is be prepared by knowing the value of your skills in the marketplace. Whether HR says "How much were you looking for in terms of salary?" or you're allowed to name your own, the research is the same.

Let's say you're up for a senior manager position, in charge of a group of 10 employees. You're asked an open-ended question about your salary requirements. The simple math is, you're going to want to know the salary range of people that you are managing, and earn more than that, without choosing a number that would make you paid more than the director of the department (your boss). Fortunately, tools like Salary.com's Salary Wizard can help narrow things down.

4. Entrepreneurs need to know how to choose the "right" salary

I'm not talking about people like Oracle CEO Larry Ellison (the 5th richest man in the world), who took just \$1 in salary, but cleared \$77 million in other forms of compensation. But more common are small business owners and startups. For months or even years, they might not take a salary at all, choosing to reinvest all profits back into the business.

Let's say your business eventually brings in \$200,000 per year. You're the boss, so you can name your own salary, right? But do you take \$150,000? \$175,000? Or are you better off taking a salary of only \$50,000, and hiring two employees, expanding your product line, or doubling your marketing efforts?

5. The workplace is changing

Recent trends have altered the traditional workplace as we know it. In the digital age, the ability to work remotely has given people more freedom, in many cases giving them the right to decide whether to come into the office at all on any given day. Other companies have dropped their vacation policies



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altogether, which in effect becomes a similar dilemma of "If you could take any amount of vacation days per year, how many would you take?"

6. Putting it all together

So in the end, what Alan -- and any job-seeker -- should do is analyze the company and the job itself and determine if it is a good fit that will allow you to succeed. Research the market to find out what your skills are worth. Try and get the employer to give a number first by asking what range they had in mind for the position. Consider the big picture. Beyond salary, how do health benefits, vacation, bonuses, and travel stack up, and is this a job you are genuinely excited about.

We'd love to hear what you would do if asked to name your own salary during a job interview?

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