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Greed Isn't Good

You held out for more than the company wanted to pay. Now get ready to suffer the consequences.

By R. Gaines Baty

Among the "me" generation, it's fashionable to try to get all you can. This seems especially true when candidates negotiate new pay packages.

Even when prospects say compensation isn't their first priority when evaluating job offers—ranking it below challenge, opportunity, chemistry and other factors—pay always seems to rise to the top during the final discussions.

No one thinks this is unusual. In fact, articles in respected business publications cite reasons and ways to hold out for the highest amount possible from employers.

But this approach may be a mistake. We all want to be paid well, but when considering a career move, compensation must be kept in perspective and balanced with other, perhaps more important, considerations and rewards.

Don't be greedy. Instead, seek a win-win agreement with a new employer. Not only does this cement good relations for both parties during

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the negotiations, it may save you from the career disaster that can result from holding out for the maximum. Consider these reasons:

- You don't want to create hard feelings.

If you feel underpaid, you won't be happy, but if the company feels you're overpaid, you may be replaced or laid off if your performance isn't outstanding. Bosses are known to have long memories.

- You don't want to price yourself out of the market for similar positions.

Being overpaid for your level is dangerous because now you're locked by golden handcuffs into working for that employer. This may not be the best company or career

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(over please)

opportunity for you, and you may be miserable, but you won't be able to leave if you can't afford a serious pay cut. Of course, you're also the most expendable person if business declines.

● **Self-interest isn't attractive to employers.**

Taking the "what's-in-it-for-me?" attitude won't win respect or loyalty from a prospective employer. Too much self interest may create second thoughts about you and lead to a premature conclusion of interview talks.

Many clients have turned down candidates because they said "I" too much during an interview, says Dallas search executive Karen Oney. Consultants from one well-known international consulting firm make such unrealistic pay demands on prospective employers that they frequently lose opportunities that meet their other criteria.

"Many, many people have priced themselves out of contention quickly by wanting too much of an increase," she says.

● **Pay ranges dictate expected experience and performance capabilities.**

Pushing for the highest possible amount may put you at the top of a pay range. It also raises the company's expectations of your capabilities. This is dangerous because you may be promising more than you can deliver, which often leads to failure. Think of employees you knew who were in jobs that were too much of a stretch for them, if not beyond their abilities.

"This 'raised bar' can set the stage for the perception of weak results and a higher potential for failure, slower ascent to ultimate goals, and/or possible termination," says Jim Winans, former CEO of a financial services firm in Dallas.

One candidate negotiated an above-market pay package to join a firm which then went out of business, says Ms. Oney. Another company hired her and matched her previous pay, even though it was above the normal range for that job. Now the company feels her performance hasn't met its expectations.

If a prospective boss feels you'd be better off starting at a slightly lower level and being groomed for bigger things, take his or her suggestion seriously. "If you're able to deliver value early and often, and excel in the job, you'll build a much stronger foundation and reputation with the employer than if you have to struggle," says Mr. Winans.

● **Many employers must maintain internal pay scale equity.**

You may not appreciate pay equity issues when you're hired, but you will later when an unproven candidate with less or equal experience asks to be paid more than you.

Companies need to offer competitive pay rates and also earn a profit. Paying newcomers above what employed producers earn could cause mass mutiny.

● **The best job isn't always the one that pays the most.**

Occasionally, employers must pay above the market because they can't attract or keep employees. If an offer seems too good to be true, it probably is. Many of these companies pay so well because they have retention problems. In fact, search professionals cherish one well-known, high-paying software company because its staff is so eager to leave for new opportunities.

A Better Approach

Many candidates who become obsessed with pay issues to the exclusion of other concerns destroy their chances of receiving offers, says Eric

Hochfelder, a recruiter in Dallas. "A money focus frequently clouds other critical career considerations," he says.

"We call this 'salary creep' and it kills quite a few matches made in heaven."

When considering an offer, seek to optimize, not maximize, compensation.

Other career issues are more important than pay, and when attained, often lead to higher compensation in the future.

Here's how successful professionals prioritize job-related variables:

1. The career opportunity.

Consider how taking a new position will affect your long-term career path. What's the next logical step in your plan? Does this job provide a chance to increase and market your skills in the future (your ultimate security)? What's your promotion potential, expected learning curve, potential for long-term employment (stability) and possibility of forming mentor relationships at a new company?

Achieving some of these goals is often a fair trade-off for a lower initial pay package, says Mr. Hochfelder.

"In those cases, the more conservative, long-term opportunity can far surpass the 'quick-cash' alternative," he says.

One journalist earned nearly double her former salary after switching to public relations but was miserable with her career choice. She willingly took a pay cut to return to journalism. It took her 10 years for her salary to catch up, but she was much happier. Ultimately, you must decide what's important down the road and

whether you can achieve those goals in your next job.

2. The position.

Issues to consider include the job's content, challenge and level of responsibility, the importance and potential impact of the position/department, potential for success, variety of the work and the fun you'll have. Does the role match your skills? What are your prospects for success? Will you enjoy going to work each day?

3. The company and industry.

Consider the size, history and direction of the company and the industry's probable future. Is the company growing and in a dynamic industry or field, or are you joining the best company in a "buggy whip" industry?

4. Lifestyle issues.

This includes your location, travel schedule, need to balance work and family and future stability. Will you be able to have a life? For many professionals, this issue is escalating in importance. A Dallas-based consultant who travels constantly recently says he'd be willing to accept less than his \$95,000 annual salary for a corporate project management role that wouldn't require incessant travel. Remember, no one wishes on their deathbed that they'd spent more time at the office.

5. Intangibles.

How do you rate the company's culture, potential fellow employees, the alignment of its philosophy, values and ethics with your own and the chemistry you'll have with supervisors, peers and/or subordinates? Is this what you want to do? Will you be proud of your work and colleagues?

6. Compensation package.

Consider your salary, realistic incentive potential, future earnings potential, current or future equity potential, deferred compensation, benefits and relocation package. Is there growth potential and/or a strong upside? Is the offer fair and reasonable and will both parties feel like winners?

Some candidates report that colleagues just received 50% to 100% pay increases to accept new positions. Don't be swayed by these stories. For all you know, your colleagues made poor short-term decisions they'll regret later. Base your career moves on what's right for you and what you can live with.

If money is more important to you than anything else, consider a sales career—or something illegal. Otherwise, use good judgment. Taking a new job

should make career and economic sense, in that order.

Decide what's right for you by prioritizing these and other factors. No job is perfect, so allow for give and take. Determine your best possible career step, adopt a win/win attitude during negotiations and do a great job once you start. Do the right thing well and good things will happen. ■

**Being overpaid
for your level
is dangerous
because now
you're locked by
golden handcuffs
into working for
that employer**

