



Salary Lessons from WALL ST

Wall Street's pay-for-performance culture offers lessons for professionals in all industries when it comes to negotiating next year's compensation.

BY CONSTANCE MELROSE

Wall Street may not be fashionable in some circles, but here's one statement that's tough to dispute: Wall Street professionals know how to negotiate a good deal. Last year, even in relatively lean times, 56 percent of Wall Street financial pros reported earning a higher bonus than they earned the year before.

Wall Street's pay-for-performance culture offers lessons for professionals in all industries when it comes to negotiating next year's compensation. The critical points to keep in mind when salary time rolls around? A troika dictates how employees get paid in the world's largest financial markets:

1. **What you earn.**
2. **What you learn.**
3. **Who you meet.**

Let's take them one at a time.

Compensation is variable. Variable pay involves taking a risk, betting that the unknown (such as your company or your department's goal attainment) will prove to be more profitable over time than the known and the stable (your salary set as a fixed number).

This arrangement is most likely to work in your favor if you're confident in your ability to manage your own performance or the performance of those around you.

The first key? It's timing, knowing when to strike. If you believe your employer is in position for a huge potential upside in business performance, tying your total compensation to that performance makes sense—provided you and your boss agree on clearly articulated personal performance goals and measurement criteria. That's the second key element to a successful

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variable pay arrangement: making sure that both parties understand the metrics in place. Clarity is key. Nothing sours an employer-employee relationship faster than a lack of communication that subsequently turns into hard feelings and mutual dissatisfaction.

Another important factor: confidence and reinforcement. Let's say you've met a clearly articulated performance goal

mid-year. Instead of resting on your achievement, ask for a stretch goal. This reinforces you as a performance-oriented professional. When the time comes to ask for a raise, your confidence will come from the facts. You won't be asking meekly, but articulating how you met your goals, and what that's worth.

Learn to earn. Growth long has been the key to success on Wall Street, whether from an investment perspective or a

Salary Negotiation Tips

As the job market recovers, a unique phenomenon is beginning to happen, and one expert warns it could cost you money.

"As people who have been looking for work a long time start to get back into the workforce, many of them are so happy just to get a job that they sometimes accept a lower salary than they have to," says Bill Humbert, professional recruiter and author of "Recruiter-Guy's Guide to Finding a Job" (www.recruiterguy.com). "Some employers feel they can get away with a lowball offer, and many job hunters will grab it just so they can have a job. The truth is there are ways to get the job and still get what you want."

Here are some of Humbert's salary negotiation tips for job hunters:

Don't offer salary requirements. When you are asked to include salary requirements with your resume, that is typically a company's first screen, and it can be used against you. Simply put "Open" in

that spot. If your qualifications are on target, they'll call you. If in the interview you're asked what you made at your last job, reply by asking about the range for the one for which you are applying. You'd be surprised how many managers or Human Resource representatives will tell you.

Don't give away too much. In many job applications, an employer will ask for your salary history. It is perfectly acceptable to write "Willing to discuss at appropriate time during interview process" and leave those numbers blank. Writing down those numbers pigeonholes you, and reduces your negotiation power.

Don't negotiate salary in the interviews. Instead, negotiate when you'll give them your salary requirements. When they ask you for that figure, tell them you don't know what you'd require until you have a clear picture of the job requirements and potential for advancement over the next five years. After you have that information, and you're asked again for that number, respond by

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personal perspective. Just as firms and Fortune 500 companies have evolved in response to changes in marketplace dynamics and changes in the competitive landscape, so do the most valuable employees in any business.

Mid-career employees have options when it comes to increasing their value to the company (and their paychecks). Continued education that broadens your skill set can bump


asking to go through your “impacts”—areas of the job that directly impact the company’s bottom line. This discussion will allow you to demonstrate what you bring to the table. At the end of that discussion, simply tell them you are very interested in the position, and you’d seriously consider any offer they’d like to make.

Keep networking. Once you have a job offer, it’s not a done deal until you accept it. Until that happens, keep networking and looking for jobs. It may give you valuable market-worth data about the position you’ve been offered. It also may be a safety net in case something goes awry between the time you receive an offer and the time you accept it.

Accepting the offer. Once an offer is given, you have the right to ask for a clarification on it. Asking, “Is there any flexibility in this offer?” may help to open a discussion of increasing the offer. If it does, don’t expect a large boost in base pay, but rather, an extra week of paid vacation, a signing bonus, or other such perks.

your paycheck. If your firm does international business, seize the opportunity to learn a foreign language. Another alternative: Reconceptualize your present role to include broader job responsibilities. The simple fact is, if you function as a leader and an innovator, you’re more likely to be paid like one.


Premium pay takes a village. Wall Street is a tightly networked world. As in any situation involving intense competition, connection is critical. The same situation likely exists where you work and where you might work next. Employees who function well within the team framework make life easier for those atop the team. Do that with great results, and you can expect to be paid in return for the value you demonstrate. In a situation where friction is constant and your employer seems to be perpetually “trailing success,” think in a careful way about cutting your losses and leaving. The willingness to change horses in midstream, not willy-nilly but in a strategic, graceful manner, long has been a Wall Street strength. Again, timing is critical. Let your network work for you and with you in finding your next opportunity. Then, once you have it in hand, seize the moment.

Pull off all or most of the above and you’re more than likely to see your own personal version of a Wall Street payout. 

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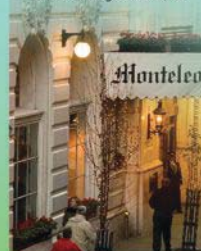
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