

Negotiating Your Worth: How to Ask For and Get What You Deserve

Dr. Melanie Billings-Yun
Senior Partner, Global Resolutions

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However, to avoid negotiating is a costly choice, affecting not just your current living standard, but your entire career path and even retirement plans. A simple example of a one-time negotiation illustrates this vividly. Imagine that you and a friend are given managerial positions in a bank at age 30. You accept the \$60,000 salary offered, while she negotiates a modest 7.5% increase to \$64,500. Initially, that may not seem like a tremendous difference, but let’s look at the long-term impact. Even if your friend *never negotiates again* and, for the rest of your careers, you both receive the same 4% increase per annum that the firm gives all its salaried employees, by the time you retire at 65 your friend is now making \$254,523, while you are earning only \$236,765—a \$17,758 gap, or nearly \$1,500 per month.

That’s merely the tip of the iceberg. If you add up the difference over those years, your friend has earned a total of \$349,192 more than you—the equivalent of a year and a half of your final salary. And even that doesn’t accurately reveal the difference, as there is also an impact on your career trajectories. Because your friend is paid more, the management has actually valued her more, reflecting the natural human tendency to justify why we are paying more for one than another. She has also been given more important jobs, because it doesn’t make financial sense to waste a more expensive worker on less profitable tasks. As a result, her bonuses were larger than yours and she was more likely to be promoted.

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