SET YOUR PAY RAISE GOALS

One way that women can improve their negotiated outcomes is to **set performance goals**. This self-management technique is backed by research, so let's jump on it.

In this lesson, you're going to devise performance goals as they relate to negotiating your pay raise.

This is a radical idea for many women whose typical approach is to simply take whatever pay increase they get, *without* making a case for more. But now you know better, so today you'll develop your specific pay raise goals.

To get started, have the accompanying worksheet handy. It's titled, sure enough, Set Your Pay Raise Goals.

Using the information at the top of the worksheet, I'm going to teach you a three-point framework that helps you hone in on the numbers that fit your job situation. Using this framework, instead of floundering when you're talking about your how much you want, you'll have a solid structure for firmly defining the amount you want.

Transcript Extra: Besides that, the filled-in framework paves a crystal-clear path for navigating the entire negotiation with your manager until you reach a mutual agreement. You'll see what I mean as we move along.

You're going to set your goals based on the market value of your job position which you determined on Day 1, and based on your measurable job achievements. You got a clear picture of those on Day 2.

From those pieces of information, you determined the *type* of raise to request, which also factors into setting your pay raise goals.

As a reminder, just as knowing the market value of your used car for sale gives you a **reference point** from which to set your selling price, knowing the market value of your job gives you **a reference point** from which to assess your current salary and make a case for more.

The other crucial reason to know and use those figures is because **negotiation researchers have found that** women can improve their negotiation results *substantially* when they use market information to set their goals.

If you've been checking out my content for a while before enrolling in this course, you've probably heard me talk about Melanie, a community nutritionist for a small food chain. She went methodically through the Pay Raise Process and used market value information along with her job achievements to get a 14% salary increase.

That moved her from below the median of market value to the upper end of the range. And it was her best raise ever.

In other places, I recount the story of Natalie, a student health dietitian at a university who used market value information (and the Pay Raise Process) to get a 17% salary increase. And remarkably, that happened during an employer-wide wage freeze.

These examples drive home the importance of having solid market value figures as you move through the Pay Raise Process and eventually have the pay raise conversation.

The Framework

Okay, take a look at the three bolded terms you see at the top of the worksheet. They form the framework for your goals and they'll later guide your pay raise conversation.

To fill in the numbers, know the results of your Day 1 activities: your job's market value salary range and the *type* of pay raise you'll be requesting.

To add to that, consider the guidelines you see on the worksheet as well as the "how much" tactics inside each of the Day 3 Supplements found in the Appendix.

To demonstrate the framework, I'm going to use a Competitive Pay Raise example. Once you've viewed this lesson, you'll be able to fill in *your* numbers, whether they be for a Competitive Pay Raise or a Merit Raise. Let's go to it.

First, your **Aspiration Point** is the amount you want your manager to ultimately agree to. It's a researched figure based on the market value of your job along with your job achievements.

As a guideline, for a Competitive Pay Raise, an ambitious but realistic target goal might be the dollar figures in the 75th percentile of your researched market value salary for your position. Make that your Aspiration Point.

As an example, let's say your salary data research shows that at the 75th percentile, your job's market value salary is $72,000. We'll say your current salary is $67,000.

So $72,000 becomes your Aspiration Point. In percentage terms, you need a 7.5% pay increase to close the $5000 gap.

As you negotiate to reach your Aspiration Point, you're aiming for all or most of the $5000 increase to be in salary, meaning money.

However, as you make your way through the pay raise conversation, the $5000 could end up being a combination of salary plus alternative options such as paid time off (PTO) or tuition reimbursement or conference attendance or other negotiable options.

Your strategy is to have that pay gap figure firmly in mind—in this example, $5000—and to keep the pay raise conversation going, keep negotiating money plus other options, until you reach your Aspiration Point of $72,000.

You'll notice the next Day 3 lesson is about generating those negotiable options. Once you complete that lesson, and insert negotiable options into the replies to objections that are coming up later, you'll see the how nicely this framework all fits together.

Next is your **Anchor Point**. That's a figure which pushes the limits of what you *think* is possible, yet is *realistic* enough for potential agreement by your manager.

As a guideline, consider the salary that lands in the **90th percentile** of your researched market value for your position.

Using our same example for reaching Competitive Pay, let's say the 90th percentile figure is $75,000. That's an ambitious yet realistic number.

It's ambitious, because it's at the upper end of the market value range, but it's realistic because it's *within* range and you can make a case for **why** you should get the upper end based on your experience and job achievements.

In presenting your case for a raise, you'll ask for the Anchor Point number. And here's why. Your Anchor Point uses a powerful, research-backed negotiation tactic called the **anchoring effect.** What's the anchoring effect?

As explained by the Program on Negotiation at Harvard Law School, *anchoring is a cognitive bias that describes the common human tendency to rely too heavily on the first piece of information offered (the "anchor") when making decisions*.

Put another way, there's a bias toward interpreting other information *around* the anchor.

Your high anchor point, the $75,000 in our example, is the first piece of information that **sets the standard** for the rest of the negotiated amounts.

And that anchor of $75,000 makes the $72,000—which is your ultimate outcome goal remember—**seem more reasonable to your manager**, even if your manager thinks that's more than what he or she had in mind for your raise.

See how that works? That's cognitive bias in action. The Anchoring Effect is a tactic that could double your raise amount, so use it.

In our example, if you don't set Performance Goals and use the Anchoring Effect, you can expect average results. Maybe 3%. No goals, no tactics means no big gains.

But when you do use Performance Goals and Anchoring, you're likely to get a much bigger raise. Our example implies that double is possible. And it is. Consider this:

According to negotiation researcher, Linda Babcock, there's a **direct correlation** between how much you ask for and how much you end up getting. And voicing your Anchor Point will foster that dynamic. Even if you don't reach double the average raise, you *will* get more.

This isn't easy for women because of how they **feel** about asking for more money. There's discomfort about looking pushy, greedy or ungrateful.

Part of the value of your investment to go through the Pay Raise Process is in exchanging discomfort for confidence so you can ask for and get the raise you deserve.

Again, research shows a **direct correlation between higher targets and higher outcomes**. Aiming and anchoring your target goal high means you'll get a raise outcome that's higher than if you set a more modest goal.

Finally, for your **Reservation Value**, I recommend your minimum goal with Competitive Pay is to reach at least the 50th percentile of market value. That's my guideline.

Here's another way to arrive at your Reservation Value: It's the number where you're saying to yourself, "If I don't get at least this amount, I'm going to start looking for another job." It's also referred to as your "walkaway number."

Let's hear how these strategies played out for Angie, a young mechanical engineer at her first job out of college.

About two years prior to working with me, Angie accepted a below-market salary plus a teeny bit of equity to be one of the first employees at a promising tech startup. In that time, she'd already moved up to production manager.

In the meeting that *Angie initiated* to discuss updating her pay, her boss, the owner of the startup, acknowledged that she was underpaid, as was everyone else who hired on, and that the company was now in a better position to bump her salary closer to the market value.

Using her framework of pay raise target goals, Angie presented her first number, her Anchor Point. In response, her boss said he'd been prepared to give her an immediate Yes to any increase that Angie named up to $10,000.

Ten thousands dollars. Sounds like an agreeable figure, doesn't it? Yet Angie was clear about her goals and in fact, her Anchor Point, was $20,000 more than she was making, to get her closer to her market value.

That's how much she was below it, and then some. It sounds extreme, but remember, Angie was trading off for the start-up opportunity and the equity payoff potential down the line. Everyone else in this tiny company of about 12 employees was in the same boat.

Your Competitive Pay dollar figures are likely more modest, but the same framework tactics apply. Here's what happened with Angie.

Using her pay raise goals framework like the one you just learned, and then pairing those goals with the communication and confidence tactics that you'll get in the days ahead, Angie got her boss to agree to a $15,000 increase, meeting her Aspiration Point.

Let me emphasize this: $15,000. That's $5000 more and a 50% higher raise than what her boss had in mind when their meeting began.

How did she pull it off? Angie emailed me the play-by-play of the meeting she had with her manager, and I can tell you, she was methodical in following the Pay Raise Process that you're going through right now. She did all the steps which set her up to be able to confidently keep the conversation going with her boss to reach the $15,000 increase.

Yes, she was feeling far more confident after going through the Pay Raise Process, but it wasn't totally comfortable. Let me read you a line from her email:

"I had to really stay firm and not take no for an answer to get a raise of this level, and even though I felt a bit awkward immediately after the meeting (feeling like I had been difficult, greedy, whatever—probably a female thing), I'm so glad I pulled it off!"

With a $1000 more a month landing in her checking account, who wouldn't be glad! It's that type of result I'd like to see for you.

ACTION STEPS: Gather your market value data from Day 1. With consideration of the type of pay raise you plan to request, review the guidelines on the worksheet as well as the tactics in the Day 3 Supplements found in the Appendix.

Fill in your Aspiration Point, Anchor Point and Reservation Value on your worksheet. Transfer those values to your Pay Raise Meeting Planner. Notice on your Planner, the Anchor Point is listed first as that's your opening number.

You're now equipped with a clear framework for negotiating your pay raise goals.