

(NOTE: While this article is targeted to a managerial / junior or senior level executive level position, there are several key pieces of information about how to handle salary negotiations for any level of position.)

How to negotiate a larger salary from a lowball offer

By Jack Chapman

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Don't take a lowball salary offer personally.

Many executives refer to receiving a low salary offer as being "lowballed." They often feel offended at the low offer; they may even abandon a [salary negotiation](#) or walk away from the job offer altogether.

But a low salary offer is not an insult; it's just a lowball salary offer and it's probably just the starting place from which you can begin a salary negotiation and work toward a bigger salary.

In baseball, a "lowball" is a worthless pitch. The pitcher hopes it will fool the batter into swinging. The batter doesn't take it personally. High ball, curve ball, fast ball, strike! It's just a pitch. Even if the catcher called it because he knows it's the batter's weak point, the slugger still doesn't take it personally.

One client of mine, Jim, was a vice president of operations with two company turnarounds on his resume. He figured his upcoming offer would be \$175,000 base salary with a 30 percent bonus plus benefits and perks. The human-resources department made an initial salary offer of \$135,000. He called me, angrily. "They know my last salary was \$160K. Are they trying to get me cheap? Don't they understand what I can do for them? I can't afford to turn this job down. I've been job hunting for eight months and they know it. But this is a real lowball offer." What should Jim do next?

Let's look at an attitude adjustment first, then evaluate the origins of the offer and finally, determine what actions to take.

Attitude

Free enterprise cuts both ways. You can't have the freedom to negotiate a great package without the company having the freedom to seek its best bargain. To be competitive, companies must negotiate the best they can, and that includes labor costs. They're expected to negotiate the best the market will bear, so don't take it personally if they start low with you. They want you for the lowest price possible. Understand that it's a game.

Don't let your self-esteem get in the way. Step up to the negotiating plate and play ball! Do what the baseball player does: don't get upset, just check your swing and let the umpire call, "Low! Ball one!"

Origins

Let's look at why the employer might start low. After all, if you're a candidate they want, they surely don't want you to walk away. Then why don't they skip the "lowball" and throw a "strike at the knees"? Here are five reasons why they don't always throw a strike on the first pitch:

- **Blooper.** Sometimes they make mistakes, sometimes even by a big margin. It can be a miscommunication between the hiring decision maker and the HR manager, a new position they priced like an old one, a calculation basing this new salary on your previous earnings, or any number of mistakes.
- **Mismatch.** Another kind of mistake is a miscommunication between you and them. The big job you think you're negotiating for just isn't really all that big. In this case the "lowball" is a good thing. It's a warning that you need to expand their idea of the size of the job to match the size of your contribution.

- Scrooge/Trump. They could be playing “hardball”: negotiating as Ebenezer Scrooge and Donald Trump come to mind. Is the lowball you received a Scrooge-like starting point? No problem, you can still negotiate your full value.
- Parity. Sometimes a company says they “just can’t pay you more than” your colleague. I coached an auditor from a Big Four accounting firm to negotiate for compensation as a “second-year exec” because he would be handling that level of responsibility. The company’s stonewall reply was that anyone in their first year is paid the same. Ultimately, the company did not grant a second-year ranking, but we were able to negotiate an early review.
- Performance. A “lowball” salary might be able to be balanced with a high incentive package. Since you’re being asked to take more risk if the base is not high, then you should negotiate more reward when you hit the incentives. Secure that reward with a carefully written compensation plan.

Actions

The strategy for hitting a “lowball” is calmly to figure out where the pitch is coming from. By acting neutral, you’ll set the stage for getting intelligence to inform your negotiations. Typically, your response to a “lowball” offer will be a “highball” counteroffer, but not right away! First find out what the employer is thinking.

1. Ask for clarification about the job responsibilities first; make sure you’re both talking about the same deliverables.
2. Ask for their rationale behind the number. Knowing how they arrived at the low number will help you identify which of the reasons above fit their opening gambit.

Once you know the reason, you can make a counteroffer. We assume that you have done your homework and have the following three numbers ready:

- Ideal. The biggest package for which you can make a case.
- No-go. The number where you’ll break off negotiations and suggest you come back later.
- Satisfactory. The range between your Ideal and No-go thresholds.

Start with your ideal, and back it up with what the return on investment will be for the employer. If you fear the number is so large it will frighten the employer, present it as a target, not a demand, to soften the impact.

What if you can’t afford to say no? Do a “lock down” before you share your counteroffer.

Something like: “Well, the offer is low, and I’m confident we can reach a package that we’re both satisfied with, but it will take a little bit of creative thinking and discussion. The offer as it stands is a firm one, right? I wouldn’t jeopardize the position by seeing if some things about it are negotiable, would I?” Then finish your negotiations.

Finally, take that job and “hit it out of the park”!