

WHEN YOU HAVE LEVERAGE TO NEGOTIATE ON SALARY - AND WHEN YOU DO NOT

This article is relevant if you're thinking about approaching the partners/directors at your current firm for a pay rise, or if you have been offered a position but feel the salary is not attractive enough for you to join the new firm. Note that a recruitment consultant is often in a good position to advise you when you have leverage to negotiate on salary – and when you do not.

One Strong Position

Broadly speaking, you are in the strongest position to negotiate on salary when at least two (but ideally three) of these apply:

(1) The revenue from the work you are doing exceeds its cost by a healthy margin

If the revenue from the work you are doing greatly exceeds the cost of doing the work, then you are in a strong position to negotiate. As a general rule, if you are billing more than three times your salary, and you are not incurring high costs (such as the cost of two or more secretaries or professional indemnity claims) so the profit on your work is significant, then you are in a good position.

For support staff, such as HR or marketing, your value may be measured by your ability to achieve defined outcomes for the firm which either make the firm money or save the firm money (and therefore improve profitability).

(2) You have a good track record

If your track record shows you are fully competent and can manage clients entirely on your own and or supervise/train others, you are in a good position. If you work in private practice, and you are productive in your own right and have demonstrated business development capability by winning new work, you are also in a strong position.

For support staff, such as legal secretaries, HR and marketing, the same applies i.e. you are competent in your position and can get on and do the work with minimal interventions from others.

(3) There is demand for your skills/experience and a short supply of candidates with those skills/experience

Market conditions matter in context when considering negotiating on salary. If you have particular skills and experience that are in demand, and there is little or no supply locally for a candidate to fill that need, you are in a better position to negotiate salary.

Two

Weak Position

You are in a weak position to negotiate on salary when one or more of these apply:

(1) The overall value of the work you are doing does not exceed its cost by a desired amount

If the overall value of the work you are doing is not meeting the cost of employing you and or is only marginally profitable, then you are in a weak position. Equally, for law firm support roles such as marketing or HR, if you do not show you can work efficiently (without incurring additional costs), there may be little leverage for you to ask for a higher rate of pay. Generally, the smaller the gap between the cost and the profit produced by having you in place, the less leverage you have.

(2) There is an immediate cost to employing you, and you require training and supervision from other people to become competent at your job

If you are currently applying for a position where you will require significant training and or supervision to become competent, you are in a weak position to negotiate on salary if offered a position.

For example, positions where you may require significant training and or supervision include trainee solicitors, newly qualified roles - particularly if they are in a new legal area in which you have had little or no experience, and legal secretarial roles where you have no prior relevant experience. Equally, for support staff, moving into the legal sector with little relevant experience to date means asking for a higher salary may not be well received.

(3) The supply of candidates at the level of skill/experience you can offer exceeds the demand

If there are a lot of candidates who have the required level of skill and experience in the market and/or the rate of pay that these people would be happy to work for is at a lower rate than what you expect, you may not be in a strong position to negotiate your rate of pay.

Three

Conclusion

If you feel you are in position to negotiate a higher salary, make sure you have your reasons and supporting facts ready before you go into any discussion. If you are using us, we will help advise you and support you in putting together a strong business case.