

EPISODE 510

[INTRODUCTION]

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FT: You're listening to So Money. Welcome everyone. I'm your host, Farnoosh Torabi. The year is soon to wrap and we want to finish 2016 on a high note here. So I'm continuing a very fun tradition that began last year on the program. For the next two weeks, we'll be sharing some of the best of So Money 2016. These are interviews that taught us how to either earn more, start businesses, invest wisely, be more successful in life, and work, and family.

Today's theme, we've decided, is going to be negotiating and earning your worth, we've covered a lot of terrain throughout the year on this topic and it's one of the So Money tenants, right? That there's a limit to how much you can save. So at that point, just start earning more. It's one of my favorite topics and this will be a longer episode, just a heads up because there's just a lot to go through and I wanted to bring on some of the best of the best of the year.

Our first flashback episode is an interview with Katie Lane, the creator of Work Made for Hire, it's a blog and this is from episode 441. Katie, if you recall, helps artists and freelancers get paid fairly for the work that they do. It's so important because it's quite hard to know what you're worth if you're a freelancer. Sometimes when you work a nine to five at a corporate setting, it's easier to get that feel, get that sense, there are websites that can direct you towards those kind of numbers. But if you're a freelancer, how do you really figure it out?

Now in this excerpt, Katie talks about the myth that some of us walks around this planet, hearing in our minds that some of us are just not good negotiators and she says that it is absolutely false. Take a listen.

[EXCERPT]

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FT: Lately I have been obsessed with this theme of getting what you want through negotiation, it's one of my financial philosophies that you don't get what you deserve in life, you get what you negotiate.

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KL: Exactly, get what you ask for.

[0:02:30.12]

FT: You get what you ask for. I think this is an important life skill that we should teach all children. It is something that can manifest itself in not only your financial life but your career, your relationships, if you plan on dominating the world through politics, whatever, it is universal this skill.

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KL: Absolutely. Yeah absolutely. I have people who tell me, "I never negotiate so I don't know how to do it." I'm like, "Are you kidding me?"

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FT: Why do you think? Let's start there.

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KL: Do you have friends? Do you have a partner or have you ever tried to go out to dinner with more than two people and decide on a restaurant? Because if you have, you negotiate.

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FT: You're good at it, right. Give yourself more credit, exactly.

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KL: You have skills, you just don't realize you can apply those skills to the bigger negotiations or the negotiations that you're identifying as intimidating.

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FT: Ultimately, negotiating, I think in a lot of people it is an emotional concept. This idea of, "Oh, negotiating, it's stressful. There's going to be a winner and a loser and you don't want to be the loser."

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KL: Right, you really have to protect yourself.

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FT: Yes. So, let's start there because I think there's an emotional barrier to get over. We are obviously negotiating all the time, we don't give ourselves enough credit for it. Why are we so adverse and so anti-negotiation?

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KL: I think part of it is that win/lose idea, which is part of the reason why the phrase "win/win" has become so popular. We want to build relationships with people, right? We're not interested in going in and destroying relationships with conversations. We're also really scared of what we can lose by asking for more. So, we tend to avoid those conversations as much as possible. But, as we said in the beginning, you can't get things that you don't ask for. You are negotiating relationships and interactions all the time. So there has to be a balance.

One of the things I try to remind people of is, you have a lot of skills and you're using a lot of skills that are going to help you with negotiation right now. You don't have to start off doing the thing that's scariest for you, but you do have to be more intentional about trying negotiations,

about identifying something and saying, “All right, that makes me uncomfortable but I think I can tackle it. So I’m going to take these skills that I have learned and I know I can use well and I’m going to apply it to this negotiation and I’m going to see what I learned and then take that and apply it to the next thing that makes me a little bit uncomfortable.” Eventually, you’ll find, you’re doing stuff that a couple of months ago, you would have never dreamed of tackling, just because you’ve taught yourself that you can manage it.

[0:05:17.24]

FT: You work with comic book creators, authors, game designers, musicians, freelancers, not people necessarily working in a structured nine to five environment. What do you find are different themes, different issues, different problems, negotiation setbacks that people in the creative space have that you find yourself constantly helping people with?

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KL: I think the thing that’s obvious, you get to negotiate your rates. Unlike having a salary where you know you’re going to get a certain amount of money every month, every time you engage in a new project, you’re in the position of having to negotiate over money. One of the benefits of that is that you get more used to the idea of negotiating over money. But a lot of times when you’re working for yourself in a creative field or otherwise, if you don’t have enough information about the value you’re providing to the other person and what other people are charging, you can really undervalue what you’re offering and end up not asking for enough money.

When I say, “not understanding the value that you’re offering”, people will tell me, “Oh I totally understand that I’m good and the product that I provide is really good.” That’s not quite it; it’s understanding how the other person is perceiving your work. How are they going to use it? What it’s going to help them do that they can’t do right now? And learning how to see the value to the other person and use that when you’re pricing your work.

I think the other thing that creative people can have a hard time with is understanding that one, they are small business owners when they’re working for themselves, and two, that means that

they're the expert when it comes to understanding how to do what they do. So one of the most important things that they can do to benefit their client relationship is to educate the client.

Not to give in to demands that they know will hurt the work or hurt the process, but to educate the client as to what the process is and then once that education has been provided, to work with the client, to understand the interest behind the client's demand and see if there's another way of addressing that or if there is something that the client needs to see that will help calm that fear.

[END OF EXCERPT]

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FT: I've got to agree with Katie, she is absolutely right. If you ever had doubts about your ability to negotiate, remember that you have done it before, right? You might not think of it as a negotiation but when you are arguing with your spouse or even just making dinner plans with friends, you're exercising these muscles all the time with friends, loved ones, neighbors, colleagues.

Now chiming in with her own advice on how we can be more confident when it comes to asking for more is an old guest of the show, Alexandra Dickinson, founder and CEO of Ask For It. Ask For It is a new boutique consulting firm that helps employees earn their worth and also educates companies and workers on ways they can close the gender gap, and in this excerpt, Alexandra talks about how she coaches workers to build up their confidence when discussing money with their employers because it can get a little — well, we can get nervous.

[EXERPT]

[0:08:39.06]

FT: So that confidence factor that you talk about, is that something that you coach people on and how do you get over that? I feel that, especially when you're young and you have that job, you're just happy to be there. Because you know how competitive the, maybe not so much now,

but if you got out of the school five, six years ago, it was a whole different economy. Getting that first job could have taken a year. So were you really going to then ask for more money? It may have felt inappropriate, even though it was deserved. So how do you coach people on rebuilding or building confidence?

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AD: Absolutely, yeah. It's so important, because if you don't believe it first, no one else is going to believe it. So if you're going in there sweating bullets, thinking like, "Oh my gosh, is this a good idea? Maybe I shouldn't be doing this," for whatever reason, the context or your own personal comfort, if you don't buy it, they're not going to buy it. So the first thing I work with people on is the mindset.

First of all, we think of negotiation as, "I'm going to win, you're going to lose. There's a fixed number of pieces in the pie and I want all the pieces and I'm not giving you any," right? So that opponent mentality gets you ever time. If you can approach it with a creative problem solving mindset of, I have some priorities and you have some priorities. I may not know what yours are, I may not know what your most important thing is, it might not be the last dollar for you.

It might be, you really want, you're getting a new job and they want someone to start next week and you were hoping to take the summer off after you graduated. Well, they really want someone to start next week, maybe they're willing to throw you a bone for that? So the thing that most people forget to do is think about the other person. We're all so busy focusing on ourselves and we're all so busy thinking, "What do I want, what do I deserve?" Well that's great but you know what? The person that you're talking with is also thinking the same thing.

So if you actually put the work in and the time in to ask questions that are strategic to try to give you a sense of what their priorities are, that's the way that you can make your request that's going to be easy for them to say yes to. Make it something that's going to appeal to them. So that goes a long way towards the confidence factor of, it's not just, "Okay, am I going to bluff? What am I going to say? What are the magic words?" Never bluff. First of all, never bluff. It's not about magic words, it's about having a thoughtful conversation, understanding where your counterpart comes from and then fitting what you want in with what they want.

[END OF EXERPT]

[0:11:08.29]

FT: Now what about the differences between men and women when it comes to negotiating? Daniel Shapiro joined our show back on EP 432. He's the author of the book, *Negotiating the Non-Negotiable*, and here in this excerpt, we go into a deep discussion about negotiation and gender and why studies say women can be more afraid to ask for what they want. So we talk about this and what can we do about it?

[EXERPT]

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FT: There's even been some academic studies out of Harvard that look at the gender differences in negotiating at work. Does your work also mirror that or find truth in that that usually as a woman, there is a different strategy that works best because of your gender and also for men?

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DS: I mean, there's very compelling research out there and quite, what's the word? Not disappointing but...

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FT: Sobering.

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DS: Sobering, that's the word I was looking for. It is absolutely sobering research that shows substantial differences over time in the salaries of men versus women and it often goes right

back to those first salary negotiations when the man tends to ask for more, push a little bit harder, be a little bit more assertive. The woman perhaps more interested in building a good relationship doesn't ask at the beginning and then over the course of time it's some three fourths of a million dollars by the end of a person's career difference.

So I think, stereotyping the skill set of men and women, if the man's more assertive and the woman has a better ability to navigate the relationship on who is right? I would argue, they're both right. I want the male or female negotiator to build that good relationship and to be assertive, no matter your gender. So if the woman walks in and is somewhat fearful about asking for a bit more in terms of the initial salary or a salary or a promotion. My sense: practice.

Sit with a friend the day before that interview or that conversation, practice with a friend, have your friend be the boss and have the boss maybe even be a little jerky. Like, "No, we can't do the raise." What are you going to say? How are you going to continue to assert to make sure that your interest get met, and of course that the boss's interests gets met as well?

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FT: In the Business Insider piece, you actually recommend that you as the person seeking the raise, play the role of boss, of manager, because perhaps that's what ultimately is going to give you the sense of empathy. And how important is empathy when it comes to negotiation?

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DS: This is the single most powerful thing I think I do when working with CEO's, with heads of state, with distressed families, is to literally have them sit in another seat and pretend to be the other person with whom they're negotiating or negotiating against. Because once I understand the mindset of that other person, empathically really feel what they're feeling, I am much more able to influence them because I know where they're coming from. I understand where their mind is at. Now I can change it.

I think empathy, to your point, is essential and the way I see it, it boils down to one single concept: appreciation. We all want to feel appreciated. You said it at the beginning of our

conversation, we want to feel heard and understood. We all want to feel that. The problem I think, whether it's at work or at home with one's spouse, is that each of us in a conflict desperately wants to feel appreciated by the other person but neither of us wants to do it.

"I'm not going to appreciate you until you appreciate me." You say the same thing, we're now in a stalemate. But that offers you the opportunity because if only you, one person in that relationship works to appreciate the other side, they now feel heard and they're more likely to put down their window and listen to you.

[END OF EXCERPT]

[0:15:18.14]

FT: Our final highlight on this topic, negotiation and earning what you're worth comes from the CEO of GOOP. It's the weekly lifestyle publication launched and curated by Gwyneth Paltrow and her team. Now prior to arriving at GOOP, Lisa was President and CEO of Martha Stewart Living Omnimedia. She also co-founded Oxygen Media, as both the president and COO. She and her team ultimately sold Oxygen to NBC for about a billion dollars.

So, as someone who has managed a few people in her day, what does she like to hear when being approached for a raise by one of her employees?

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FT: Any advice for women as they're looking to, as you said, get paid for what they're worth and to make sure that they're compensated well?

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LG: Women are notoriously bad at asking for raises. So one of the things that I do when I'm doing a review with someone or looking at their position in the company is I try to say, "Okay,

now ask me for a raise.” Because sometimes they will come to them and say, “I want more responsibility, I want a shot,” and they won’t actually ask me for a raise. And it’s like, “Wow, you need to ask me for a raise.”

I don’t always give them the raise but I want to be asked, and I want to teach people to ask for a raise. So I think it’s really important that you stick up for yourself. I also think it’s really important that everyone understands that it is actually a negotiation and it is not personal. I think that’s a really important thing for people to learn.

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FT: And so from your perspective, what is the right way to ask for a raise? If someone is coming to you for a promotion, more money, what do you need to hear? What do you need to see? How does the meeting have to go?

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LG: So I love when someone comes and tells me what they have accomplished. “Here’s what I’ve accomplished for you and here’s what I’ve done for the company. I’m really proud of all the things that I have done.” And then generally, I say, “Well what do you want to do next?” And then they say, “Here are the five new things I want to take on. Here is why I think I’m capable of doing it, and here’s what I think the compensation for that position is.” And I want them to have some basis for it. Like, “Have you thought about it? Have you talk to other people? Do you know?” And that is usually a pretty successful conversation with me.

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FT: Yeah, and for women and there’s been studies on about the demeanor, right? So men can go in and go fist to the table, “I deserve this. I want to get this, this is why I think I’m worth it.” How important is demeanor in a meeting, and how does gender impact that, if at all?

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LG: I think demeanor is always important. I think being logical and not emotional is really important in a conversation about a raise. This is not about emotion, this is about what I'm worth and what I can accomplish. You know, I've work so much with women in the past since basically 2000. 70% of Oxygen was female, probably 90% of Goop is female. So I don't often experience the male way of doing things, which is very nice. But I do know it, and I am always encouraging people I work with to have that sort of logical demeanor and take the emotion out of the conversation.

[END OF EXCERPT]

[0:18:26.03]

FT: That's right, just leave your emotions at the door when you are asking your boss for a raise. I just finished an interview that's airing in the New Year on this topic and I was talking to a magazine editor who said that when her employees – men and women — ask her for more money what she really doesn't want to hear is about their financial hardships.

Someone might try to tug at her emotions or get to her empathize and mention how they are struggling to afford childcare or that their student loans have gotten to be so high and that may be well and true but she said, "Just focus all the performance at work and why it merits a raise. Period, end of story."

All right everyone, I hope this was helpful. Thanks for tuning in, hope you'll go back and listen to the full episodes for more. I'll see you back here on Wednesday for our next year-end highlight episode on the So Money best advice for aspiring entrepreneurs.

Hope your day is So Money.

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