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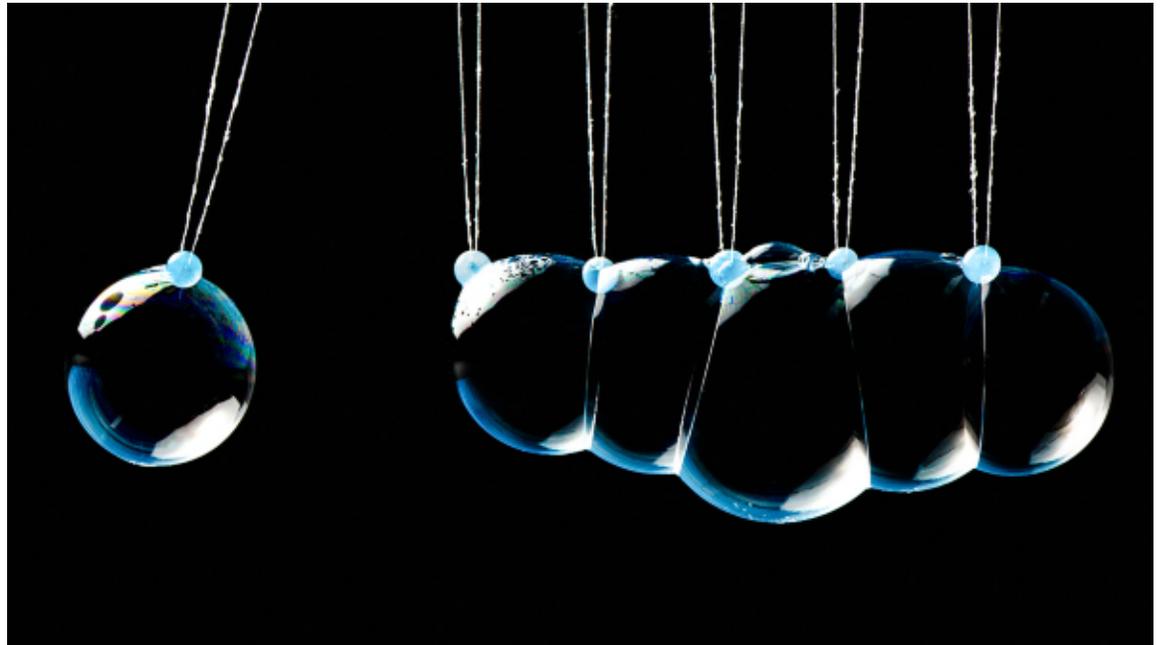
Setting the Record Straight: Using an Outside Offer to Get a Raise

by Amy Gallo

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You've probably heard this before: "The only way to get a raise is to get another job offer." Is it true? I talked to experts who study negotiations to get their perspectives on whether this oft-given advice holds up in practice and against research.

So, first things first: Yes, the outside offer can work—and it often does. Hannah Riley Bowles, a senior lecturer at the Harvard Kennedy School who studies negotiation, admits that the practice is "well-

established.” She adds: “It’s recognized as a legitimate way to get a higher compensation.” Her studies show that when people ask for a raise with an outside offer in hand, their “request is perceived as more legitimate and justified.”

Adam Galinsky, a professor at Columbia and coauthor of *Friend and Foe: When to Cooperate, When to Compete, and How to Succeed at Both*, says this is likely because “the greatest sources of power in a negotiation are alternatives and information,” both of which another job offer gives you. But Bowles, Galinsky, and the third expert I spoke to, Deborah Kolb, an expert on negotiation and leadership, professor at Simmons College School of Management, and coauthor of *Negotiating at Work: Turn Small Wins into Big Gains*, all advise caution. “I would never advise someone to get an outside offer unless they are certain it’s going to be persuasive,” says Kolb. Why? Because the outside offer is only effective under certain circumstances and the approach always carries risks.

Before we go into the potential downsides, let’s look at the benefits.

What are the benefits?

First, having a job offer in hand builds your confidence. “Psychologically it helps people feel that their request for more money or a better title is defensible,” says Kolb. Even if you don’t use the offer, it makes you believe that you “have more leverage in the negotiation.”

Second, the outside offer gives you more information. “People often don’t know what the industry standard is and whether they are being underpaid so getting that information is very valuable,” says Galinsky. You now have a number (ideally one that’s higher than what you make) and you can use that to evaluate your current salary.

Third, it’s a good nudge for your organization and perhaps gives your boss and other leaders additional information too. “Organizations will lose sight of how valuable someone is on the market so sometimes it’s good to help them realize that,” says Bowles. This can be particularly helpful to a manager who may want to give you a raise, for example, but has had trouble getting it through HR. “It offers a boss who loves you but doesn’t have room in their budget leverage to go to their manager and ask for more money,” explains Galinsky. You’ve effectively given her the ammo she needs to win the argument.”

Lastly, a big benefit of securing the outside offer is that it creates a reason to make the raise request. “One of the challenges is that opportunities for a salary increase don’t regularly come up,” says Kolb. Being able to say, “I have another offer,” creates an event.

What are the risks?

Now for the potential downsides. The most obvious risk is that your current employer, upon hearing you have another opportunity elsewhere, wishes you luck. [Some experts advise managers to never counteroffer](#) so you have to be willing to take the other offer.

This is one of the requirements, says Galinsky, of effectively employing this strategy. You have to know that you're valued in your current position—and the other offer has to be strong, both in terms of the company (Is it as reputable as your current employer?) and in the specifics of the position (Is it an equal or better title? Are there similar or better opportunities for growth?). “Your manager has to see the other offer as a credible threat,” says Galinsky.

Another risk is that by essentially threatening to go elsewhere, you appear to be disloyal. “They could see you as ungrateful, uncommitted, and therefore want to let you go, because they're offended,” says Galinsky. It's important to know that this strategy may burn some bridges. “You create some ill will” whenever you go down that path, he explains.

You also have to think about possibly damaging your relationship with people at the organization from which you got the offer if they assumed you planned on leaving your job and now you're turning them down to stay. The hiring manager and others there likely spent time and energy interviewing you, assessing whether you're a fit, and internally negotiating the specifics of your offer. If it's a place you'd like to work in the future, you have to consider whether using their offer to get more from your current employer will hurt your chances to apply again later on.

Bowles points out that many of these risks are based on the expectation in most organizations that “others are going to put the group before themselves.” This is something often expected of women especially.

In fact, all three of the experts I spoke to agreed that using an outside offer is more likely to backfire for women. In numerous studies, [the social cost of negotiating for higher pay has been found to be greater for women than it is for men](#). As Bowles puts it, “Women are great negotiators but they often hesitate to negotiate for themselves, especially when it comes to things like pay, because they wisely know that they get penalized for advocating for themselves.”

Women, therefore, are better off using one of the tactics below in conjunction with the outside offer. Both Bowles and Kolb explain that all of these tactics work equally well for women and men. It just may be that it's more imperative for women to use them given the penalties they may face for using an outside offer.

Know your audience. “You have to know the culture of your organization,” says Galinsky, and how your manager may react. “If your boss is someone who would get defensive or see an outside offer as mutiny,” it's better to avoid it. “You have to be very perceptive about which route is going to be most persuasive to your boss and/or the person making the salary decisions.”

Reaffirm your commitment. Rather than threatening to go elsewhere, emphasize how much you like your job and the organization. Kolb says you can say something like, “I've gotten a lot of calls from headhunters, but I'm not interested.” This will educate your boss that you have alternatives without appearing disloyal.

If you do have an offer in hand, you can explain that you interviewed because you wanted to explore what else was out there but that you really don't want to take it. Galinsky suggests that you can say something like, "I love it here. I'm committed to staying and I also want to be paid fairly." The key, says Bowles, is to "engage them in problem solving" and to avoid threats. Making threats is not a good negotiation tactic for men, and is "particularly bad for women," she says. Instead, "find a way to share any information you have while attending to the relationship and working it out together."

Use questions. Kolb says that one way to avoid making threats is to ask questions. So rather than saying that you are going to leave if they don't match the offer, ask, in a genuinely curious way, "What would happen if I weren't here to help with this project? Who would you need to get involved?" or "If I'm gone in two to three weeks, how would this work?" Kolb points out that this is "an indirect way of letting people know you have choices."

Connect what's good for you to what's good for the company. Bowles calls this the "I-We strategy," where rather than talking about what you want, you focus on what's best for the organization. So if you're not being paid on par with the market, you might say, "I know this is inconsistent with our organizational values and I know we're going to want to fix this." Kolb says that this isn't passive-aggressive but a way to "connect what's good for you with what's good for the organization."

You might couple your request for more money with a request that everyone on your team also get raises so that you're acting on behalf of your unit. This is especially important for women who are often dinged for focusing on themselves. But, as Galinsky points out, there's a "higher imperative for women" to use this tactic "but it doesn't mean it's an ineffective tactic for men."

Have someone else advocate on your behalf. Another tactic to consider is employing the help of a trusted colleague. "It's not always the smartest move to advocate for yourself on these subjects," says Bowles. "It might be better for you to go to a mentor or someone senior and say, 'I have this offer and I'd love your advice in thinking it through,'" says Bowles. Then that person can talk to your boss or another decision maker about how to keep you.

Focus on more than the money. Don't get overly focused on the salary number. "You have to be sure you're comparing the whole package," says Bowles. You'll have a much stronger case if you're not nitpicking over dollar amounts but are thinking about the larger picture. They may not always be able to match the money but often they can give you better assignments, learning opportunities, or an alternative work arrangement. "Your lifetime earnings are more likely to be influenced by your career path than a few thousand dollars in a particular job," says Bowles.

Keep in mind that you don't necessarily need to even get an offer to negotiate. It can simply be helpful to remind your boss that you have alternatives. Galinsky shared the story of one of his colleagues who told her boss that another organization had asked her to interview. She got a raise without ever having to go on the interview.

It's also important to regularly arm yourself with information about what you're worth in the job market. Galinsky says "people usually don't work hard enough to get that information." He points out that there are a variety of ways to get salary info. Many employers, such as academic or public institutions have publicly available data, such as salary ranges for particular titles or positions. There are also online forums where people post what they make. "Despite strong norms against sharing that information" people are often willing especially if it's anonymous. He suggests you might create a Google doc that people in your network can contribute to anonymously with the collective intention of making sure "we're all getting the salary we deserve."

What's the bottom line on outside offers? They do work but only under the right circumstances — and they do carry risk. According to the experts, other, less risky tactics often work better. So if you love your job and don't want to leave, proceed carefully.

Amy Gallo is a contributing editor at Harvard Business Review and the author of the [HBR Guide to Dealing with Conflict at Work](#). She [writes and speaks](#) about workplace dynamics. Follow her on Twitter at [@amyegallo](#).
