



Compensation Negotiation: Making It A Win/Win Situation

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Game industry rule of (sore) thumb: Everything is negotiable.

Unlike your counterparts in the traditional business world who may earn a higher base salary, the game industry rewards for the level of your creativity and your willingness to take risks. The unique aspect of negotiating compensation with a game company is that the employment package often contains a royalty percentage based upon the successful sale of the game in the market. The amount of this royalty is based upon individual and group participation. While, for many, this financial potential may mine nothing more than a vein of gold or, for that matter, fool's gold, for others it can lead to the mother lode. Because you will be working your butt off either way, and because the financial potential exists, you might as well negotiate for it. If in doubt, ask the *Quake II* team about royalty percentages.

Before moving forward, please note that while everything is negotiable, and compensation is not limited to just a base salary, understand that most *entry-level* positions have set salaries that are subject to very little, if any, negotiation. However, because you won't be entry-level for long, it's never too soon to be prepared.

Win/Win Situation

Effective negotiation you can increase your salary, royalty, and stock options. Negotiating compensation can even get you a better position. But, because nothing comes easy, negotiating compensation is tough. Indeed, most people fall apart on salary negotiations. Because there is such stress, anxiety, and discomfort with the confrontation and risk-taking negotiating entails, most employees get the short end of the bargain.

When thinking of negotiating, most people assume a win/lose scenario. But, quite notably, negotiating pros don't look at negotiation this way at all. In their minds, a successful negotiation is one in which both sides feel like winners. For a successful negotiation, you don't have to win on every issue. Score major victories, but concede on small points. Ask yourself, "What can I give up that will please the other person without compromising what I want?" Consider all the possible negotiation points you can take and concede: stock, vacation time, sign-on bonuses, relocation expenses, paid holidays, visas, green cards, office space, severance pay, secretarial support, extra insurance, guaranteed paid attendance to industry conferences, education reimbursement, and timing of the first performance or salary review. The successful negotiator takes a win/win perspective when negotiating, not win/lose.

Whenever possible, try to highlight the common goals and points of agreement between you. After all, this isn't war, it's a negotiation. For the most part, you both have similar goals. It's your ideas on how to achieve these goals that differ. When responding, use phrases that show you agree with the other person's position, such as "I agree with that" or "That's a great point." If you make the other person feels like a winner, then both sides will be.

Hired Guns

If negotiating is so tough, why not have someone else do it for you? Because, generally speaking, the best person to negotiate your salary is you. The negotiation is ultimately about the work you



are willing to perform in return for *your* compensation. Not surprisingly, this is a difficult issue to negotiate through a third party. However, you may choose to allow a third party, such as a recruiter, to negotiate on your behalf. If you do use a recruiter, get the best representation available. Your negotiator must have game industry knowledge and, preferably, first hand experience specifically with your work functions. If the recruiting firm you choose is staffed with amateurs who only know some industry buzzwords, never played a game themselves, let alone have hands-on experience in the development of a game, don't expect professional, effective representation. If your hired gun doesn't fit the bill, do the shooting yourself.

Pumped About the Job (Not the Money)

When negotiating compensation you want to avoid being aggressive or confrontational. You also want to avoid the perception that you are only interested in money or benefits, not the job itself. Always come from a space that you're "pumped" about the job, and can't wait to get started after you work out a few details. Simply talk first about the job itself, then explain why it is you want something. You avoid being perceived as selfish if you speak in a collaborative way. Also, make sure you negotiate your salary with the right person. You're negotiating with the wrong person if your compensation requirements are almost the same as the person you're talking to. If you discover this is the case, move the negotiation on to this person's supervisor who should be at the correct level to negotiate with you.

Timing is Everything

Don't make the mistake of paying too much attention to the hiring manager who says the job is only paying \$60,000 when you know you must earn at least \$70,000 to stay afloat. Always postpone salary negotiations until the end of the interview process. If you interview well, you can position yourself for a job that has not yet been completely defined. Remember that in the interview process your goal is to co-create a job that works for both you and the hiring manager. During this customization make sure the job is appropriate for your salary requirements.

Get Clear

The best way to prepare for negotiating compensation is to get clear on your goals, gather all the facts for each company, and don't focus solely on the base salary. The game industry is an amalgam of small start-ups, established third party developers, and corporate giants. Issues such as the availability of publicly traded stock, IPO status, royalty percentages, and bonus programs play a significant factor in your compensation package, so pay attention to these numbers and your options.

Determine the market rate salary range for your type of position. Decide *before* each interview the salary you want versus what you need to live on, as well as what you will be willing to compromise based on the specifics of each of your target game companies. The degree to which a compensation package is negotiable depends on the position, the manager, the game company, and your perceived value. Again, be realistic, entry level salaries are less negotiable than salaries for mid-level or executive positions.

In addition to your value, be certain you understand the company's value. Where is this company going and what are its prospects in the industry? Do they have a game concept or license that could hit it big and you're excited about developing? Do your research and check out their track record and any industry rumors such as possible mergers in the foreseeable future. Are you looking at potential for the mother lode or fool's gold?



The "Current Salary" Question

Few interview questions can cause that sickening knot in the stomach like "What are you currently earning?" If you're interviewing for a new job, you're most likely trying to increase your professional worth and you don't want to be boxed in by your current one. When faced with this question, quell the knot and avoid answering the question, until the end of the interview. To do this, simply request delaying salary conversations until you understand more about the job. Let the interviewer know that you are very interested in working for them and that you are willing to make an investment, so salary won't be a problem. If you feel forced to answer this question, don't answer with a specific number, rather, provide the hiring manager with a salary range. For example, "My skills in the market go for about \$78,000 to \$92,000. Let's focus on defining the specifics of the job. I know we will work out a win/win on salary."

Your Skills and Their Worth

To be able to successfully handle the "current salary" situation, you must enter into compensation negotiation with a firm understanding of your skills and what they are worth. Be prepared to defend or present justification. If you've ever seen a debate you know the most prepared person usually wins. How did you arrive at your compensation expectations? Share this data with your new employer. Find printed evidence to back up your oral arguments. Collect surveys and articles. We all know how to use Google, so no excuses! Bring these to your interview and use them. Highlight or underline key facts to make them leap off the page. Factor the entire compensation package including, for example, tuition benefits, investment options, health plan, and any perks, along with salary into your negotiation discussion. For a more realistic picture, compute the total dollar worth of these benefits and add this figure to the salary. If it is important to you, you may decide to negotiate benefits rather than an actual dollar amount increase.

Sometimes the trade-off of a slightly lower base for a chance to join a start-up company and obtain founder's stock is sensible. Or, if you're making a transition into the industry from another discipline, you initially may have to prove yourself in the market before commanding the salary you actually deserve. This is fine. Remember this industry rewards risk-taking. Another reason for accepting a lower base salary is that the position you are considering may place you in the industry spotlight thus making you very visible, and positioning you for other opportunities. Perks like car allowance, airline or fitness club memberships, first class travel, and special development equipment can also offset base salary. Your creativity is the limit here, just get clear with yourself and your goal.

Smart and Able, Don't Leave Money on the Table

When negotiating, reach for your goal, but be prepared to accept any offer between a minimum and maximum range. All companies operate within some sort of compensation structure. You can't guess this structure, but you can assume that that the first offer extended will be mid-range on their scale. Don't leave money on the table! Generally speaking, there is \$5,000 more available, so try for \$5,000 more. Make a counter-offer. You might not get it, but ask. *However*, don't get greedy and max yourself out compared to what others reasonably earn. That's why you did all that "skills and worth" research.

Final Offer Final Thoughts

After negotiations conclude and, congratulations!, an offer is extended, should you accept the job on the spot? While there are exceptions to the rule, giving yourself a few days to analyze the salary, think about the company and its potential, and how it works with your plan is advisable.



Most companies are happy to give you the time to do so as a bad hire is a costly mistake. They would rather you spend your "thinking it over" time up front rather than on the first week of the job, so the compensation negotiation remains a win/win situation.