

Ramit Sethi and Susan Su **Salary Negotiation – Part 4**

Ramit Sethi: Hey, everybody, it's Ramit Sethi from *I Will Teach You to Be Rich*.

Susan Su: Hi, I'm Susan Su and I'm a freelance marketer and writer.

Ramit Sethi: We've been talking about negotiation—if you remember, Susan is the one who negotiated \$8,000 more salary, 50 percent increase in equity, and now that she's left that job, she now makes over 20K more than you made at the old job—very good job.

Susan Su: Right.

Ramit Sethi: Alright, so we have gone through a series on tactics, on mistakes people make with negotiating, we've talked about how you do it, why you do it, and what you do.

Now let's talk about how negotiation isn't just for a salary.

Susan Su: Right.

Ramit Sethi: Negotiation is a lifestyle. Negotiate like an Indian... you know, I'll tell you this, so everywhere, like a military person goes: how do we bring down that building, or how do I protect that that building? Every time like a baker goes somewhere and saying like—oh, what kind of bread is that, that I smell in the air? Everywhere I go, I'm like—how do I negotiate someone until they're crying. Everywhere I go—I walk into a library and I look at the librarian and say, I want to make them cry today.

Susan Su: Or listening to like—get them to waive my fees, right?

Ramit Sethi: That is right. Alright so, we can negotiate in many different areas, but let's talk about some of the ones that we've personally done, some of the big wins, and maybe even some of the little ones. Why don't you start—what's an example?

Susan Su: Well, I just want to say, all of this, since having that negotiation conversation with Ramit, back at the diner, and you know, two years ago, the reason I met Ramit, because of negotiations. Since then, I've basically negotiated everything in my life. Everything from

really small stuff like saving one dollar or two dollars at the Farmer's Market to saving thousands of dollars on my rent, saving thousands of dollars for my company, and I really do think it's a lifestyle. It's incredibly important to know that you're empowered to always ask for a little bit more.

And it's not a bad thing, because if people don't want to give it to you, they'll just say no—no hard feelings, that's fine.

Ramit Sethi: That's very interesting. A lot of people will say you know, oh, I'm going to India or Vietnam, and I'm asking these guys, and it's nothing to them or whatever. Okay, then fine—that's fine, and that certainly in defense of an argument, a dollar is worth much more to them, et cetera, but you have to understand one thing, whether it's in Vietnam or in America—no small business merchant, or 99 percent of them are not stupid enough to sell you something when they're losing money.

Susan Su: Right.

Ramit Sethi: If they're losing money, they will tell you, but if they give it to you, you don't need to feel bad. Well, first of all I never feel guilt at all—because I have no emotions. If someone gives me something for 80 percent off—I'm like: yeah! I've got a great deal and they are still making a small profit.

Susan Su: Absolutely! And I think the key is—let them decide that; don't decide that before you ask.

Ramit Sethi: Don't cock-block yourself.

Susan Su: Right, so we will go through a couple of examples. So I mentioned the Farmer's Market, I always will negotiate there, even as the people next to me... I like to go to this one stand where they sell like these flatbread things; and everybody... it's like a huge line, and everybody is, you know, have got their cash out to pay the \$12 for this little packet of sauce and flatbread. I go up there, and I'm like: I really like your food, I've got \$10, and every single time it works. I say it a little bit better than that. You know, this video is not about negotiation for Farmer's Market, so I won't go into too much detail, but the bottom line is that it's possible even when there are other customers willing to pay full price.

I've negotiated my rent, and this is the same principle. Yes, there are other renters out there willing to pay more than me, but you know what,

they're not my problem. I have a relationship with my landlord, and I will see what I can get.

Ramit Sethi: I like what you just said—they're not my problem. That is a very good principle that you can apply to all negotiations. Like—oh, you're telling me that the economy is tough, and that's not my problem. I'm here to deliver great value to you or to buy something from you, and let's see if we can make it work.

You have to be understanding as well—like: negotiation is not about being a hard-ass too much. But it's not your problem—you know, if you have something and you're willing to walk away, it's not your problem what their business concern is...

Susan Su: Yeah, or whether they can afford it, or whatever, let them worry about that.

Ramit Sethi: Let them worry about that.

Susan Su: And decide.

Ramit Sethi: Exactly, and if they tell you: look, I'm legitimately losing money, I can't do it, the best I can do is \$10.50 or \$11—okay, I accept that, but I had to give it a shot.

Susan Su: Right.

Ramit Sethi: And by the way, the rent thing you mentioned—let's talk about that for a second—so, we have the *I Will Teach You to Be Rich* Guide for negotiating your rent, and it's a big deal, because rent is, for most people, is their biggest expenses in their 20s and sometimes 30s.

Susan Su: Absolutely!

Ramit Sethi: If you can negotiate 10 percent off, you're saving over \$1,000 or thousands of dollars a year.

Susan Su: Yeah.

Ramit Sethi: And how does that add up over time? And what does it take? You know, it takes investing in the *I Will Teach You to Be Rich* Guide, or whatever—call up your landlord, do your research, or spend the time. Now you were able to do this, and how much will you save over the long term.

Susan Su: I'll save \$2,000 a year, so I'm probably going to renting for lots more years, because this is San Francisco, and yeah, I mean that's \$2,000 a year plus the fact that my apartment's rent won't go up at the same rate. So in San Francisco we have something called rent control, so that each year, your landlord is only allowed to raise your rent a very small percentage over the baseline. Now because they've lowered my baseline; that means I'm saving even more on what the apartment would have been increasing in the next years. So my baseline is now \$200 less a month. That means that each subsequent year that I live here, each subsequent increase is going to be smaller, because it's going to be based off a smaller base.

Ramit Sethi: Isn't it interesting that people believe they have a fixed income and fixed expenses and one of the reasons people are like so fanatical about taxes in America, is that they believe that the pie is fixed, and every time you increase taxes you're taking away from me, and there is no way for me to make that pie bigger...

Susan Su: Absolutely!

Ramit Sethi: And you've just demonstrated... I did something called: The Save \$1,000 in 30 Days Challenge—in 2008, and the first six days were very interesting because it got a lot of press. So you had a lot of people who were not my normal *I Will Teach You to Be Rich* readers, they're not making the same incomes, they don't have the same education level, and they were saying: this is ridiculous—like I don't even earn \$1,000 in a month, how can I save \$1,000 a month.

And my point was—which I defined clearly on the first page—saving is about more than just cutting cost. It's the CEO Model—cut cost, earn more, and for rent—optimize your spending. You are already spending on this, if you can optimize that pie, it's a lot bigger.

Susan Su: Yeah, definitely! And I think it's really important to remember that nothing is fixed. So you start with the first offer that you get from the employer, that salary offer—not fixed. Your rent—not fixed. The flat breads at the Farmer's Market—not fixed. Your car...

Ramit Sethi: Okay, this is a good one, so I did a car negotiation and, first of all, we all—everyone knows you can negotiate cars, it's kind of like a well-known thing, people are horrible at it, Americans are really bad, that's why Saturn was around for so long.

When I heard of Saturn, I was like a little kid when they came out; I think it came out in the '80s.

Susan Su: It's not around anymore?

Ramit Sethi: No, it's going to be shutdown now, but... which actually my story even more poignant—in like the late '80s, I was like 6 years old or something, I think it was the late '80s, and this car company gets like a new kind of car company, fixed price, fair price. And I remember seeing these TV commercials, and I'm like: phhp... I was like a little kid and I'm like: these suckers—and that would set the stage for me, indeed, to negotiate my own car and I got it for \$2,000 below invoice.

And how did I do that—I outlined that in a post I made on my website, but the point was, we all know we can negotiate cars, even still, people are horrible about it, they go into alone, and it's like take an Indian person with you and just dominate them. Buy a couple books, and you will see ways to save thousands.

Susan Su: Right.

Ramit Sethi: So it's kind of ironic because for salaries, it's not as obvious—like people don't always talk about negotiating salaries. Like negotiating at like Best Buy, for example, super not obvious, we can talk about that. Everyone knows that you can negotiate your car, but simply knowing it is not enough to actually do it right.

Susan Su: Yeah, absolutely! I think you have to have a couple wins under your belt—feel what it feels like and that's really what happens. With me, I had the experience where I successfully negotiated a pretty significant salary increase, and I thought—gosh, if I can do that, then yeah, I can negotiate at Best Buy, and yeah, I can negotiate with my landlord, and yes, I can negotiate on behalf my... so I would negotiate quite a few things on behalf of my current company that I'm working with, and that's really fun because not only do you save the company money, but you look really good.

Ramit Sethi: You definitely look great! Actually my assistant negotiated something for me the other day, which I thought was nice. It actually paid more and more and more for the time that she put into this project than we paid her. So I needed an office for a day in San Francisco, and I said go find me an office. And so she found me this office for one day, and it was like—I don't know—200 bucks or something.

And she sends me the quote and then she actually said: hang on, don't do anything, let me try to negotiate with them, and so she called them, and she goes like: well, he's a *New York Times Bestseller*, and if you know—if this goes well there might be a lot more opportunities in the future, which is true, and they were like: Oh, okay—that's great, well he

should definitely come check it out, and if let him know that we can lower it down to \$60—done! Done and done!

Susan Su: Okay.

Ramit Sethi: And that's all she had to say, alright, and she looked so good to me.

Susan Su: Right, right.

Ramit Sethi: Because she did that, she went out of her way to negotiate, and like she's my assistant. Now I imagine you do that for a company at a much larger level.

Susan Su: Absolutely!

Ramit Sethi: Right—thousands of dollars.

Susan Su: Yeah, and it doesn't have to be hard. I recently negotiated a conference—you know, normally, when companies go to these industry conferences, they actually pay a lot of money to exhibit at conferences, thousands and thousands of dollars. And while I was talking with the company's organizers, and they quoted the price, and I said: Hmm! I just didn't say anything for a couple of seconds.

Ramit Sethi: Silence is a good technique.

Susan Su: Yeah—I just said—okay, well, I will talk to the team about that. I showed a little bit of my disappointment, and immediately he was like—you know, we could probably work out something, if that doesn't work, we are kind of flexible. Done! If you tell me that you're flexible on a price.

Ramit Sethi: How much did you lower it in your head? Double-digit percentages?

Susan Su: Oh definitely! I think I got a 25 percent...

Ramit Sethi: Yes, that's great; and for what—for silence and a couple of tactics that you used...

Susan Su: And waiting a day...

Ramit Sethi: Yeah, great technique. So I actually remember when I was a kid, my mom, when we were at... we would be at Macy's, and we would find a sweater I wanted to get, and there would happen to be a stain on

it, and I remember this happened like a couple times, over a period of a couple years, and I distinctly remember this because she wanted to get a discount, like there was a stain on the thing. And we would be about to go up, and I'm a little kid, and she would say: no, no, no—don't go to that lady, she's too experienced, she won't give you a discount, wait for that one.

And you know, in truth, they should be giving you a discount for a stained sweater or whatever...

Susan Su: And how much discount?

Ramit Sethi: How much discount, and are they willing to do it at all?

Susan Su: Right.

Ramit Sethi: And so it really... for me the big takeaway was—you can negotiate anywhere. There are so many ways: department stores, Farmer's markets, any place. One of the phrases I like to use is: times are tough—times are tough. I came up with this as the recession came out, and I've been using it everywhere, anywhere, and it works, and it's true. You know what, it's in many ways, a benefit to the company as well—they need your business and they are willing to not accept a little smaller profit if you say times are tough.

So *Comcast*—times are tough.

Susan Su: Absolutely!

Ramit Sethi: And they're like—okay, we will throw in a year's free.

Susan Su: And the times that I've used that phrase—times are tough—the response inevitably is: yeah, you're right, you're right, I understand—well let me see what I can do for you.

Ramit Sethi: Because you're not being like an ass, you're just talking how times are, and they are really tough.

Susan Su: Yeah.

Ramit Sethi: Okay, so overall, I would say that this isn't just about negotiating your salary. It's about negotiation as a lifestyle. It's always ethical, it's not adversarial. You're thinking of creative ways to bring value, and also to ask for what you want.

Susan Su: Yeah, and it's always worth it. Even if you don't get the discount you're looking for. Even if you don't get the salary increase you were looking for. Even if you don't get that day off that you were looking for. Even if you get none of the things you asked for, it's still always worth it, because you don't want to be Eeyore at any point in your life.

Ramit Sethi: Yeah, and you'll see that the worst they can say is no.

Susan Su: Right.

Ramit Sethi: Alright, thank you, guys.

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