

Never Accept a Counteroffer

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By Paul Hawkinson*

A tax accountant with a Chicago-based public accounting firm accepted a top corporate position at a local manufacturer that paid \$15,000 more than he currently earned. But the accountant changed his mind after his firm's senior partner made him a counteroffer.

The partner dangled a plethora of incentives, including the promise of a partnership in the near future. Three months later, after the tax season ended, the accountant was fired.

A manufacturing manager with a medium-sized metal products company in Albuquerque, N.M., accepted a new position that included a higher salary and better benefits. But he decided to stay put after his company agreed to match the offer and told him of great things on the horizon. However, he wasn't told that the firm might be merging with another. Six months after the executive decided to stay, he was merged out of his job. Following nine months of unemployment, he landed a lower-paying position.

Ask any executive recruiter and you'll hear dozens of heartbreaking stories like these involving counteroffers. Unfortunately, more executives seem to be getting and accepting them because of the inconsistent economy. Companies are operating with reduced staffs and any defections from the ranks create problems for those who remain. It's much easier for employers to sweeten the pot to keep executives from deserting than to conduct grueling and expensive searches for placements.

Mathew Henry, the 17th-century write, said, "Many a dangerous temptation comes to us in find gay colors that are but skin deep." The same can be said for counteroffers, those magnetic enticements designed to lure you back into the nest after you've decided it's time to fly away.

But in good times, or bad, the dictum remains constant. Counteroffers should never be accepted...EVER! Those few rare instances where accepting one is beneficial occur about as frequently as being struck by lightning.

The Right Perspective

A counteroffer is an inducement from your current employer to get you to stay after you've announced your intention to take another job. It doesn't include instances when you receive an offer but don't tell your boss, or when you tell your employer about an offer you never intended to take in a classic "they-want-me-but-I'm-staying-with-you" ploy.

These are merely positioning tactics that can reinforce your worth by letting your boss know you have other options. Mention of a true counteroffer, however, carries an actual threat to quit. Interviews with employers who make counteroffers, and employees who accept them, have shown that accepting a counteroffer--tempting as it may be--is tantamount to career suicide. Consider the problem in its proper perspective.

What really goes through a boss's mind when someone quits?

- "This couldn't be happening at a worse time."
- "He's one of my best people. If I let him quit now, it'll wreak havoc on the morale of the department."
- "I've already got one opening in my department. I don't need another right now."
- "This will probably screw up the entire vacation schedule."
- "I'm working as hard as I can and I don't need to do his work, too."
- "If I lose another good employee, the company might decide to 'lose' me too."
- "My review is coming up and this will make me look bad."
- "Maybe I can keep him on until I find a suitable replacement."
- "We're working with a skeleton crew already. If I lose this one, we'll all be working around the clock just to stay even."

What will the boss say to keep you in the nest? These comments are common:

- "I'm really shocked. I thought you were as happy with us as we are with you. Let's discuss it before you make your final decision."
- "Aw gee. I've been meaning to tell you about the great plans we have for you, but it's been confidential until now."
- "The VP has you in mind for some exciting and expanding responsibilities."
- "Your raise was schedule to go into effect next quarter, but we'll make it effective immediately."
- "You're going to work for who?"
- "How can you do this in the middle of a major project? We were really counting on you."
(They're always in the middle of one.)

Just a Stall Tactic

Let's face it. When someone quits, it's a direct reflection on the boss. Unless you're really incompetent or a destructive thorn in his/her side, the boss might look bad for allowing you to go. It's an implied insult to his management skills. His/her gut reaction is to do what has to be done to keep you from leaving until he/she's ready. That's human nature.

Unfortunately, it's also human nature to want to stay--unless your work life is abject misery. Career change, like all ventures into the unknown, is tough. That's why bosses know they can usually keep you around by pressing the right buttons. Before you succumb to a tempting counteroffer, consider these universal truths.

- Any situation is suspect if an employee must receive an outside offer before the present employer will suggest a raise, promotion or better working conditions.
- No matter what the company says when making it's counteroffer, you'll always be a fidelity risk. Having once demonstrated your lack of loyalty (for whatever reason), you will lose your status as a team player and your place in the inner circle.
- Counteroffers are usually nothing more than stall devices to give your employer time to replace you. Your reasons for wanting to leave still exist. They'll just be slightly more tolerable in the

- short term because of the raise, promotion or promises made to keep you.
- Counteroffers are only made in response to a threat to quit. Will you have to solicit an offer and threaten to quit every time you deserve better working conditions?
 - By accepting a counteroffer, you have committed the unprofessional and unethical sin of breaking your commitment to the prospective employer making the offer.
 - Decent and well-managed companies don't make counteroffers...EVER! Their policies are fair and equitable. They will never be subjected to counteroffer coercion, which they perceive as blackmail

If the urge to accept a counteroffer hits you, keep on cleaning out your desk as you count your blessings. And, if you decide to stay, hire a lawyer to put your newly won promises in the form of a long-term no-cut contract.

Beware of the Counteroffer

They may beg you to stay now, then give you the boot later.

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You've been approached by another company and offered a position with growth potential and a moderate increase in compensation. You've analyzed and agonized over the decision to leave a good (or bad) job for what could be a better one, and have accepted (or decided to accept) the offer. However, upon resigning, your current boss asks you to stay. This appeal is known as a counteroffer or buyback.

In recent years, counteroffers have practically become the norm. "It's almost like a part of the accepted divorce proceedings, and allows the boss to save face with his boss," explains one departing Texas-based executive of a major airline. "And it sometimes has to take its course."

But while buyback offers can be tempting, take care not to fall into the trap or be blind-sided to your own detriment. Career changes are tough enough as it is, and anxieties about leaving a comfortable job, friends and location and having to reprove yourself again in an unknown opportunity can cloud the best of logic. But just because the new position is a little scary doesn't mean it's not a positive move.

Since buyback gestures can create confusion and buyer's remorse, you should understand what's being cast upon you. Counteroffers are typically made in conjunction with some form of flattery. For example:

- "You're too valuable, and we need you."
- "You can't desert the team/your friends and leave them hanging."
- "We were just about to give you a promotion/raise, and it was confidential until now."
- "What did they offer, why are you leaving, and what do you need to stay?"

- "Why would you want to work for that company?"
- "The President/CEO wants to meet with you before you make your final decision."

Counters usually take the form of:

- More money,
- A promotion/more responsibility,
- A modified reporting structure,
- Promises or future considerations,
- Disparaging remarks about the new company or job, and/or guilt trips.

Of course, since we all prefer to think we're MVP's, it's natural to want to believe these manipulative appeals, but beware! Accepting a counteroffer often is the wrong choice to make. Think about it: If you were worth "X" yesterday, why are they suddenly willing to pay you "X + Y" today, when you weren't expecting a raise for some time?

Also consider how you've felt when someone resigned from your staff. The reality is that employers don't like to be "fired." Your boss is likely concerned that he'll look bad, and that his career may suffer. Bosses are judged by their ability to retain staff. When a contributor quits, morale suffers. Further, your leaving might jeopardize an important project, increase other staffers' workload or even foul up a vacation schedule. It's never a good time for someone to quit, and it may prove time-consuming and costly to replace you, especially considering recruitment and relocation expenses. It's much cheaper to keep you, even at a slightly higher salary. And it would be better to fire you later, on the company's time frame.

"We've made counteroffers on occasion, if a good person approaches the issue professionally," says a former senior partner of a Big Six accounting and consulting firm. "But usually it was a stopgap measure because we couldn't afford a defection at that point in time. We didn't count on these people long term, and usually they'd burned bridges two or three levels up, if not with their immediate manager. It definitely put them in a career holding pattern."

The senior partner cites a long conference he once attended with his boss and two subordinate managers, in which they approved a counteroffer and raise to an employee two levels down. "Immediately after the meeting, my boss called me and said, 'We can't afford to lose him now, but our No.1 priority is to find a replacement, ASAP!'" he says. "And we replaced him within a few months." Another senior executive from a major Dallas-based bank says, "If it's a real 'hitter,' I'll try to get him to stay. But to be honest, any additional compensation is 'stealing' from his future earnings, and I'll always question his convictions, knowing he can be bought. Further, I'll wonder if I can really count on him [which equates to limited future opportunities]. In other words, the damage is done."

While your employer may truly consider you an asset and genuinely care about you personally, you can be sure that your interests are secondary to your boss's career and your company's profit or survival. Thus, flattering offers and comments are attempts to manipulate you to act in your employer's best interests – which aren't necessarily your own. In other words, they're not about you. Accepting a counteroffer can have numerous negative consequences. Consider:

- Where did the additional money or responsibility you'd get come from? Was it

your next raise or promotion – just given early? Will you be limited in the future? Will you have to threaten to quit to get your next raise? Might a (cheaper) replacement be sought out?

- You've demonstrated your unhappiness (or lack of blind loyalty), and will be perceived as having committed blackmail to gain a raise. You won't ever be considered a team player again. Many employers will hold a grudge at the next review period, and you may be placed at the top of the next reduction-in-force "hit list." As one executive who requested anonymity says, "Like an adulterous affair that's been discovered, the broken trust is never fully recovered."
- Apart from a short-term, band-aid treatment, nothing will change within the company. After the dust settles from this upheaval, you'll be in the same old rut. A rule of thumb among recruiters is that more than 80% of those accepting counteroffers leave, or are terminated, within six to 12 months anyway. Half of those who do succumb reinitiate their job searches within 90 days, recruiters say.

"They butter you up and give you more money, but nothing really changes. In fact, they can get worse," says one insurance executive in Utah who accepted a counteroffer. "My immediate boss was really agitated, since his boss interceded. At raise time, he told me that none had been budgeted (since I'd already gotten a raise), and that if I wanted, I could negotiate with the president as before." This executive, by the way, left the company within months.

To be sure, recruiters have a vested interest in candidates not accepting counteroffers, since they can't complete their search assignments without willing candidates. Attempted buybacks can demonstrate disrespect for your well thought-out decision and commitment to the new company. Should your current employer decide to eliminate your position or pass you over for promotion, successfully countering their decision is unlikely. Besides, you've analyzed, accepted and committed to the new company, which has surely made plans and accommodations around you and is counting on you.

Finally, when making your decision, look at your current job and the new position as if you were unemployed. Which opportunity holds the most real potential? Probably the new one or you wouldn't have accepted it in the first place.