

Counteroffer Acceptance
Road to Career Ruin
by Paul Hawkinson

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Matthew Henry, the 17th-century writer said, "Many a dangerous temptation comes to us in fine gay colours 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.

The litany of horror stories I've come across in my years as an executive recruiter, consultant and publisher, provides a litmus test that clearly indicates counteroffers should never be accepted...EVER!

I define a counteroffer simply as an inducement from your current employer to get you to stay after you've announced your intention to take another job. We're not talking about those instances when you receive an offer but don't tell your boss. Nor are we discussing offers that you never intended to take, yet tell your employer about anyway as a "they-want-me-but-I'm-staying-with-you" ploy.

These are merely astute positioning tactics you may choose to use to reinforce your worth by letting your boss know you have other options. Mention of a true offer, however, carries an actual threat to quit.

Interviews with employers who make counteroffers, and employees who accept them, have shown that as tempting as they may be, acceptance may cause career suicide. During the past 20 years, I've seen only isolated incidents in which an accepted counteroffer has benefited the employee. Consider the problem in its proper perspective.

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

- "This couldn't happen at a worse time."
- "This is 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."
- "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."

What will the boss say to keep you in the nest? Some of 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 they have been confidential until now."
- "The V.P. has you in mind for some exciting and expanding responsibilities."
- "Your raise was scheduled to go into effect next quarter but we'll make it effective immediately."
- "You're going to work for who?"

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 side, the boss might look bad by "allowing" you to go. His gut reaction is to do what has to be done to keep you from leaving until he's ready. That's human nature.

Unfortunately, it's also human nature to want to stay unless your work life is abject misery. Career changes, like all ventures into the unknown, are 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 employment truths:

- Any situation in which an employee is forced to get an outside offer before the present employer will suggest a raise, promotion or better working conditions, is suspect.
- No matter what the company says when making its counteroffer, you'll always be considered a fidelity risk. Having once demonstrated your lack of loyalty (for whatever reason), you'll 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. Conditions are just made a bit 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?
- Decent and well-managed companies don't make counteroffers...EVER! Their policies are fair and equitable. They won't be subjected to "counteroffer coercion" or what they perceive as blackmail.

If the urge to accept a counteroffer hits you, continue to clean out your desk as you count your blessings.

Why Counteroffers Are Lose-Lose Propositions by R.Gaines Baty

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Before accepting a counteroffer from your employer, consider whether you'll be the winner or the loser in this employment maneuver.

Although no statistics are available, many employees who give notice are receiving counteroffers from their current companies to encourage them to stay. These proposals can include one or more of the following:

- A pay increase.
- A promotion and/or added responsibility.
- A promise of a future raise, promotion or other incentive.
- The creation of a new, more appealing reporting structure or organization.

An employer may accompany its offer with an added motivator, such as a special call or visit from the vice president or CEO and other flattering gestures. Or it may try to manipulate a departing employee by heaping on a sense of false guilt.

The Prevailing View

Now suppose that after months of interviews and negotiations, you accept a position with a new employer. When your current company makes a counteroffer, you decide to renege and stay where you are. The popular notion is that you're the winner. After all, you'll be paid more money, keep your tenure and possibly receive a promotion.

Obviously, the jilted company loses. It must restart its search from scratch. Other good prospective candidates, who might have jumped at the job earlier, have long since accepted different positions or lost interest. The company has lost months of productivity and perhaps millions of dollars in unrecoverable revenue because the position has remained unfilled for so long.

Any recruiters involved in the search lose as well. Counteroffers are a headhunter's nightmare. A recruiter can lose face with a client company, a substantial amount of time and allocated resources and possibly income when a candidate backs out after accepting.

What Really Happens

If you're considering a counteroffer, why should you care about the jilted company or the headhunter? Aren't you still so far ahead of the game that their misfortunes are just a small setback? Not really. In business, your reputation can be your most valuable asset. By backing out of a commitment to a prospective employer, a candidate loses all respect from the firm's leadership.

Consider the experience of a Seattle-based pre-IPO software company, which had recruited an executive for a Midwest regional manager's role after months of searching. After the candidate accepted the offer and committed to a start date, the firm stopped its search and announced the hiring to its staff, customers, and alternate candidates, says Sterling Wilson, chief financial officer of the company. The finalist then reneged on his acceptance.

"It was devastating to our organization and our progress," says Mr. Wilson. By reneging, the candidate seriously jeopardized the company's relationships and credibility, and the alternate candidates were no longer available.

"The search had to start over," says Mr. Wilson. "It caused a serious momentum loss for us, and didn't reflect well on the candidate personally."

Candidates who renege after committing to start dates are called "no-shows." One spurned vice president was so angry with a candidate who reneged that he shredded the person's resume, The Wall Street Journal reported recently. Another hiring manager complained of how draining it had been to lose a candidate at the final hour.

Why should a candidate care what a recruiter thinks, especially if they had never met previously? The value of a good search professional should never be underestimated. He or she can do more for you during a career lifetime than you might realize. But out of concern for client companies, reputable recruiters avoid candidates whose word can't be trusted.

It's Never The Same Again

The current employer who gains back its staffer may seem to be the big winner. Initially, it may appear to lose ground because of the pay increase or promotion it extends. However, these costs are minimal compared to the loss of momentum on a project or the expense of recruiting a replacement.

Still, winning back an employee is only a short-term fix, and the move may ultimately cause worse personnel issues. First, the company's relationship with the employee is never the same. Most employees who accept counteroffers leave within six to 12 months, merely deferring their inevitable replacement.

"We know the person is mentally 'out-the-door' and it's probable that he or she will leave in the not-too-distant future anyway," says a Dallas-based former partner of a Big-Five consulting firm. "We never quite trust them, and immediately begin contingency planning for a replacement -- on our timeframe."

Second, the line of previously loyal employees threatening to leave to gain a raise begins forming at the door. "If someone isn't committed to being here, it compromises our team and causes broad, negative ramifications far greater than losing that person," the former partner says. Ultimately, the integrity of the employer, manager, and indecisive recruit can all be irreversibly damaged.

Perceived Blackmail

Does the "no-show" really win? He or she may earn a bit more money, but the increase is borrowed from future earnings. An employer may make or attempt a few improvements, but will rarely change its culture for one employee. The employee's integrity, loyalty, and commitment are forever in question after this perceived blackmail tactic.

He or she will never be trusted or considered a member of the inner circle. Grudges will most certainly be held, whether overtly or covertly. Future advancement becomes more difficult, and the company will begin to seek a replacement.

A former division president of a major software company relates the consequence of accepting an employment counteroffer. "After receiving and accepting a competitive offer, I announced my resignation," he says. "The response from more senior executives was, 'you can't leave, you have too much to offer the company.'"

The firm offered him a sizable compensation increase, a promotion to corporate officer, and multiple stock options to stay, which he accepted. Nine months later, after a major project was nearly finished and his replacement waited in the wings, he was fired without explanation.

I'm sure they thought that I was no longer a 'company man'," he says.

Cathy Norris, president of the Norris Agency, a Dallas-based search firm, says a candidate who accepted a counteroffer called three months later to say he regretted the decision.

"Despite all the promises, none of the things that caused me to want to leave in the first place have changed," he told her. "And the big raise they gave me has since been cut back due to budget problems. Once I'd made the decision to leave, I should have followed through."

What Should You Do?

It's naïve for executives to be surprised by counteroffers these days. In fields where talent is at a premium, the offers are a popular retention tactic. But why would a company wait until the eleventh hour to keep someone it claims to value so highly? Obviously, the move is purely defensive. You may feel flattered, but don't be fooled. A counteroffer isn't about what's best for you; it's about what's best for the company.

If you expect to receive an offer to stay with your firm, how should you deal with it? First, don't allow a counteroffer discussion to occur. Leaving the door open for discussion induces the company to invest time and resources into enticing you to stay. This can make you feel guilty, which makes it more difficult to stick to your decision to leave, even though you know you should honor it.

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Take an active part in your own career management. If your company is interested in your progression, you'll know it before you decide to resign. If you change your mind and stay, your motives and methods will always be suspect. Keep a steady course and don't look back.

Submit a courteous, positive and final resignation letter that leaves no room for discussion. By behaving honorably, you may have the option of re-employment with the company or to join a former boss elsewhere later on. You'll also have the chance to start a promising new role with additional challenges, an expanded network, an untarnished reputation, and a clear conscience. Everybody wins.