

The Truth About Counter-Offers

You have just spent a lot of time, energy and thought in research and interviewing for a position with a new prospective employer. The company likes you! You like them! They make you an offer to join their team! You analyze everything.....career development, growth potential, salary, benefits, and other incentives. After careful review, you decide to accept the offer. Congratulations! You have made a good decision!

What happens next?

You attempt to resign from your current company. Ooops! It doesn't go as smoothly as you had planned. Your boss is upset (maybe not visibly) about losing you and presents you with a counter-offer. A counter-offer is an attempt by your current company to persuade you to stay. A counter-offer is designed to take away your excitement about the good decision that you had just made.

No doubt about it: change can be scary. Employment changes are like journeys into the unknown: they can cause feelings of risk, challenge, adventure, and possibly fear (of the unknown). It's natural to have anxiety about leaving a comfortable position "where everyone knows your name". You're familiar with the strengths and weaknesses of the company, how the office mail system works, what constitutes a lunch "hour", and where the washrooms are located.

Don't let familiarity cloud your judgment. Ask yourself whether the new position is a positive step toward advancing your career or helping your family. Will it be better for you than your current position? To be totally objective, picture yourself interviewing for the first time with your current employer while you are interviewing with your new prospective employer. If you were to decide based upon what you know from the interviews, which job would you accept. You know that you would accept the new one. You have already researched and studied the new positives that don't exist at the old job. If the answer is yes, then proceed with pursuing the position. Familiarity will follow!

Why Do Companies Make Counter-Offers?

Some companies NEVER make counter-offers. In other, it's a fairly common practice. Consider what happens when an employee (like you) resigns:

- First, morale is likely to suffer, particularly among your closest co-workers. Management will notice, and your resignation may be perceived as an unfavorable reflection on your boss. Your absence could jeopardize the progress of a big project, lead to increased workloads for colleagues who remain behind, and even mess up vacation schedules. Furthermore, it could be expensive (in terms of time, energy and money) to start the search to replace you.
- A cheaper "solution" for the company is to make you a counter-offer. This may consist of a raise, a promotion, change in title or job description, a promise of something to come, or a combination of these factors.
- Be aware that this "solution" may actually be a stalling technique. Bosses make counter-offers, not the company. By buying you back, the company (boss) has bought itself some time, perhaps to finish that big project, reorganize other team members & duties or to begin a search to replace you.
- Companies end up making counter-offers to employees because they should have been taking better care of the employees in the first place. Counter-offers cost the company far less in the short term than paying out more in salary, benefits or incentives on the front end. As the old saying says, "You get what you pay for." Companies who pay counter-offers usually have higher overall costs in employee turnover and morale problems as compared to those companies who know how to take care of the employees from start date and throughout the employee's stay.

What Do Counter-Offers Sound Like?

Because your company wants to attract you to stay, a counter-offer will usually come cloaked in flattery. It may sound something like this:

- "But you know we're right in the middle of a big project! And you're much too valuable to the team to desert us now!"
- "You are driving a stake right through my heart. How could you leave me!"
- "I don't know what I am going to do if you leave. You know everything about that job and I could never find anyone like you!"
- "We didn't want to tell you until next quarter, but we were just about to give you a raise/promotion to show you how much we appreciate your work. Why don't we make it effective immediately instead of having you wait any longer?"
- "Why, we had no idea you were unhappy with anything here. Let's discuss this further before you make some rash decisions. Whatever it is, we can work it out."
- "You know we have great plans for you here! But the company you're going to work for? What can they do for you?" (this is not a question but a statement to destroy your excitement about their new company and new position)

- “Why don’t you tell me about your offer and perhaps we can match it.”

You can probably tell that all of these comments have flattering statements within them. All of these comments also show that the employer has more concern about what they are going to do about that big project! Asking you to disclose your offer is unethical and giving them the answer is also unethical. Why should your old employer gain valuable access to competitive information as to your new salary and other incentives? Why would a matching offer be satisfactory to you? If the company had great plans for you and did not disclose them to you, then there are communication problems within the organization. This is a problem that will not go away just because you accept a counter-offer.

Why Counter-Offers Don’t Work

It’s true: counter-offers very, very rarely work. There are several reasons for this:

- Trust. No matter what the company says, you will forever be a “marked” employee. You have demonstrated your lack of loyalty by considering another opportunity. People will feel jilted, even if you accept a counter-offer and stay. Trust and acceptance among your immediate colleagues may be irrevocably lost. Colleagues can see that you gained favoritism from their employer. You have just demonstrated/proven that it is necessary to resign in order to get a fair salary/raise. Managers, too, have long memories and will not forget your lapse in loyalty—no matter how brief it may have been. You say it is not about loyalty?—Then it is about issues that dissatisfied you. Or it is about money. You will forever be remembered as the employee that stays at the company only because we pay him/her more money. They know that you can be bought. You will forever be remembered as the employee that is not totally happy with the company or it’s policies/benefits.
- Most likely, your basic reason(s) for thinking of leaving will eventually resurface. There are a myriad of reasons why you may have considered a change: perhaps something in particular bothered you about your position, or maybe you were presented with an irresistible opportunity. In any case, changes made as a result of a counter-offer may appease you in the short term, but rarely last for the long run. Statistics show that if you accept a counter-offer, it’s still extremely likely that you’ll voluntarily leave or be terminated within 6 months to a year.
- While it may be true that your current employer values your work, your interests and career will always be secondary to your boss’s career and way down on the totem pole compared to the company’s profit or survival. Reconsider the flattery that makes up a counter-offer: is it really about you? When your company hits difficult times, whom do you think the company is thinking of eliminating first?
- If your counter-offer involves an increase in money, consider the source of the raise. Is this just your next raise, granted early? In that case, will the counter-offer simply prolong your review cycle? Will this raise already put you behind what you would earn after a raise with the other employer? Remember that all companies have

budgets, which include strict wage and salary guidelines. Do you know where you fall in the range right now? Does your counter-offer “lock you in” regarding fair future raises?

What Can You Do With A Counter-Offer?

Rather than setting yourself up for the feelings of confusion and guilt that may rise when a counter-offer is presented, be prepared.

When resigning....

- Avoid any possible misunderstanding by submitting your resignation in writing.
- Do not go into a resignation meeting with your employer as if this is open for discussion and you are on the fence.
- Focus on the positive opportunity you’ve been offered with your new company. At your resignation meeting, don’t feel pressured into giving reasons for resigning. Simply state that you’ve been presented with an opportunity that you cannot pass up. Do not disclose the specifics of your opportunity. The current employer has no right to know. They only want to know so as to know how to base the counter-offer or to shame you if it was not significant in their eyes.
- Show your current company that you are proud of your great new opportunity and that they had a lot to do with your development that made your advancement possible. Be grateful and thank them for their support.
- Handle your resignation right the first time you do it. Be professional and courteous, not disgruntled, weak or ashamed. Offer to help during the transition time, and then follow up with your best effort. If your employer accepts your resignation and offer to help, politely ask them not to approach you about counter-offers during that severance period nor pressure you in changing your mind. Be confident and proud that you have made a good decision! Your mind is made!

Then, after you have done all that you can, move forward! Look ahead to your new opportunity, complete with fresh challenges, new friends, new experiences and all the excitement that goes with the start of any journey.

Good Luck!