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Beware of the Counter Offer!

You've been approached by another company, and offered a position that should allow a good career growth opportunity, and a moderate increase in compensation. You've analyzed, if not 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 new position. However, upon tendering your resignation, your current boss asks you to stay. This appeal is known as a counter-offer, or buy back.

In recent years, it seems to be the norm, and almost the expected course of action. "It's almost like a part of the accepted divorce proceedings, and allows the boss to save face with his boss," explained one departing executive. "And it sometimes has to take its course."

But take care not to fall into the trap, or be blind-sided to your own detriment. You should understand what's about to be cast upon you. Counter-offers are typically made in conjunction with some form of flattery.

- You're too valuable, and we need you.
- You can't desert the team/your friends and leave them hanging (guilt trip).
- We were just about to promote/raise you, and it was confidential 'till now!
- What did they offer, why were you leaving, and what do you need to stay?
- Why would you want to work for that company?
- The President wants to meet with you before you make your final decision.

Counters usually take the form of:

1. More money
2. Promotion/more responsibility
3. Modified reporting structure
4. Promises of above or future considerations
5. Disparaging remarks about the new company or job, and/or
6. Guilt trips

These tempting gestures inevitably create confusion and buyer's remorse. Career changes are tough enough as it is....leaving a comfortable job, friends, location, etc. for an unknown and challenging opportunity in which one must reprove oneself. These anxieties frequently cloud the best of logic. But just because the new position is a little scary, does not mean it's not a positive move. It is just usually more comfortable to stay.

Of course, we all prefer to think that we are MVP's, and want to believe these manipulative gestures, but beware! Accepting a counter-offer or appeal to stay 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 were not expecting a raise for some time? Further, reflect on how you felt when someone resigned from your staff.

The reality is that bosses/companies do not like to be fired. Your boss is likely most concerned that she/he may look bad, and that this could jeopardize his/her career. S/he is judged by the ability to retain staff. When a contributor quits, morale suffers. Further, your leaving might jeopardize an important project, cause a greater workload, or foul up a vacation schedule. It's never a good time for someone to quit, and it may prove very time consuming and costly to replace you, especially considering search and relocation expenses. It is 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 have made counter offers on occasion, if a good person approaches the issue professionally," states a former senior partner of a Big-6 accounting/consulting firm. "But usually it was a stop-gap measure because we couldn't afford a defection at that point in time. We did not count on those 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." He went on to recall a long conference between himself, his boss, and two subordinate managers, in which a counter offer/raise to a person two levels down was approved. "Immediately after that meeting, my boss called me, and said, 'We can't afford to lose him now, but our number one priority is to find a replacement, ASAP!' And, we replaced him within a few months."

Another senior executive from a major financial service organization shared the following opinions, "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 may 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. In other words, flattering offers and comments are attempts to manipulate you to do something that is in your employer's best interests, and not necessarily yours. It's not about you.

The negative ramifications to accepting a counter-offer are numerous.

- Where did the money or responsibility come from?
- Was it your next raise - just early?
- Will you be limited in the future?

Will you have to threaten to quit to get your next raise, or might your (cheaper) replacement be sought out ASAP?

One client executive who preferred to remain unnamed, commented that "90% of the time, accepting a counter-offer is the wrong thing to do. And, if the business is so dependent on one person, it's a weak business."

You've demonstrated your unhappiness, or your lack of blind loyalty, and will be perceived as having committed blackmail to gain a raise. You'll not be considered a team player again. Many employers will hold a grudge at the next review period, and you may be at the top of the next Reduction-in-Force "hit list". "Like an adulterous affair that has been discovered, the broken trust is never fully recovered," stated one client that requested anonymity.

Apart from a short-term band-aid treatment, nothing changes with the company. After the dust settles from this upheaval, you'll be in the same old rut. In fact, statistics indicate that more than 80% of those accepting counter-offers leave, or are terminated, within 6-12 months anyway. In our search practice, although counter-offer acceptances are discouraged, 50% of those who did succumb had re-initiated their job search within 90 days. In fact, one candidate called us back in 5 days!

One executive candidate told us "It was exactly like you said it would be....they butter you up, give you more money, but nothing really changes. In fact, they can get worse." He went on to say "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 gentleman, by the way, left the company within months.

Attempted buy-backs demonstrate disrespect for your well-thought-out decision, and your commitment to the new company. Should your current employer decide to eliminate your position, or skip you for promotion, just try to counter and change their minds. Fat chance! You've analyzed, accepted, and committed to the new company, which has surely made plans and accommodations around you, and is counting on you. Don't sell out, or back out. Stand by your word. Everyone will respect your decision and integrity, and if the previous employer was sincere about your value, they'll likely make a spot for you in the future.

Look at the two opportunities, your old job and the new position, as if you were unemployed. Which holds the best appeal for you personally? Probably the new one, or you'd not have accepted it in the first place.

Two things are certain . . .

1. You can normally expect a counter-offer, and
2. You should hold a steady course from the beginning, and stick with your decision to move on to a better future.