

## Counteroffers - How to Avoid Career Suicide

Most company managers frown upon the idea of resorting to counteroffers for the purpose of derailing sudden resignations. From a company perspective, a counteroffer achieves only short-term benefit. The practice telegraphs to a division or department that the best way to get ahead is to brown mail your employer with the threat of departure. It risks undermining morale, especially with those not receiving raises or promotions under normal conditions, who witness colleagues leapfrogging ahead. It can demoralize those unable or unwilling to obtain external offers to bolster their existing career.

Recognizing that any department manager's replacement expense (what is known as cost-per-hire) can be between one-third to one-half of the salary, excluding indirect costs such as lost business opportunities, distractions, etc.; counteroffers can be an odiferous quick fix. For a \$150,000 yearly salary, the recruiting costs, combined with loss of business, stretching the limits of current staff, overtime, etc can easily exceed \$75,000 or 50% of the salary. In some industries, the loss of one key account can be 10 times the salary of the vacancy that goes unfilled.

If you search Google for "pitfalls of counteroffers" you will find hundreds of thousands of articles from professional human resource societies, recruiting trade associations, and company professionals that extol the negative impact and repercussions that occur with nearly all counteroffer acceptances.

### **Should I consider a counteroffer?**

For the job seeker that is about to resign, the same rule applies:

A True Professional never considers a counteroffer. **Ever. Period.**

If you don't believe the reasoning and logic behind hundreds of thousands of articles indexed on Google, here are our own reasons based on 25 years and hundreds of millions of dollars of managed talent acquisitions. We've seen what goes wrong months later which unsuspecting individuals fail to consider.

### **JOB SEEKERS:**

#### **Why you should never consider a counteroffer**

1. The simplest reason is that you have most likely had to engage in deception and misrepresent yourself in order to make it to the counteroffer stage.

**You have given your word**

- a. Before anyone officially resigns, they have almost always accepted the terms of an offer verbally, usually multiple times during email and telephone discussions. You have provided your word and commitment of intent to accept. It is such a confirmation that company human resource executives specifically seek before going through the formal offer preparation process.

**You have signed the "Employment offer"**

- b. Nearly all job-offer-recipients have signed and dated a formal, written employment offer *after* indicating his/her verbal commitment to accept. Your signature of acceptance is necessary to trigger the conditions of the offer (drug screen, background check etc.).

**You have completed the background check and physical**

- c. Companies are not going to pay for costly background checks and physicals unless they have it in writing that you intend to start in the new job.

**Do not renege**

- d. Signing a document (such as an offer acceptance) and then renege (failing to deliver that which you agreed to) is misrepresentation. At the simplest level, you have lied and failed to carry through on your promise.

**Do not lie**

- e. Professionals don't lie. They are also never indecisive or easily dissuaded. They think carefully about an opportunity, and stick to their decision regardless of the psychological peer pressure directed later.

**What if this happened to you**

- f. If you reverse the situation, and pretend the company did this to you (the employee) by putting an offer in writing and then change their mind when you show up on Monday morning – it would be a case for civil litigation and damages and lost wages. There's no difference when the shoe is on the other foot, but for the fact a company is unlikely to sue and your only "cost" is tarnishing your reputation and trustworthiness.

2. According to meta-studies, 66-76% of those that accept counteroffers come to regret it within the first few months.

- a. Many are actually fired, demoted, or sidelined from their position at a later date, under terms favorable to the company. Your disloyalty is viewed as a continued threat that must be dealt with. Except later could be months later, and your dismissal may come at a time when you can no longer line up another opportunity so easily.
  - b. Even those lucky to sidestep the statistics of termination, find themselves in a situation where verbal promises made were never fulfilled. A majority of the remaining 30% have disclosed to recruiters and counterparts, journalists, editors (who have written reams on this subject) that they regretted accepting the counteroffer.
  - c. Some counteroffers are actually cleverly disguised *demotions in disguise* (see our other article) designed to fulfill our Maslovian psychological appetite and stroke our egos.
3. Counteroffers are put forth ***only for the benefit of the department manager*** and for the job preservation of the manager one level above the resigning employee. That's it. Counteroffers are desperate measures a company finally realizes it must resort to for its own financial continuity.

Companies usually come to this desperate realization and course of action, after multiple ignored opportunities to promote, elevate, recognize, and raise the departing employee's salary during regular, and routine review periods.

Counteroffers are ***never*** for the career benefit or financial well-being of the jobseeker who has resigned. Let's repeat that for emphasis: Counteroffers are ALWAYS to protect the hospital-gown exposed back end of the manager, and are NEVER about the departing employee's career or well-being.

Counteroffers are about as sweet as the apple given to Hansel and Gretel by the wicked witch. Bite it – and you might well come to regret what you have bit into.

The individual that benefits the most from a counteroffer is and always will be the direct supervisor or managing executive. That's what a counteroffer is about: The job preservation of the manager, who allowed things to reach this point.

When a resignation is submitted, domino effects of repercussions are triggered. All which negatively impact the department manager's quality of life for the foreseeable future.

- a. The immediate impact, especially if the individual resigning is a key member of the team are as follows:
    - i. The Manager faces the reality of having to take on a second job task involving recruiting and interviewing for a replacement.
    - ii. The second job task is likely to go on for months or even years.
    - iii. The manager's work life will be miserable while juggling recruiting, interviewing and regular daily tasks.
    - iv. The team's remaining duties and tasks must now be consolidated and concentrated among fewer people in the department.
    - v. The manager will have to appoint another individual to take over the tasks of the departing employee, or take on additional responsibilities herself.
  - b. The combined reality of having to take on dual additional responsibilities involving the arranging of interviews and a lengthy recruiting process while being simultaneously overworked and dealing with one less talent can increase a manager's tasks by 20-35% or more depending on each situation.
  - c. For all the above reasons, a counteroffer is designed to benefit the company and manager above all else. ***It is never for the benefit of the departing employee.***
4. Accepting a counter offer, can be the equivalent of wearing a scarlet letter.
    - a. In many industries the acceptance of a counteroffer is frowned upon by peers and while a small percentage of individuals, might derive benefit for a few years, eventually another job search will become reality and your "brand" may unknowingly be tarnished as you fail to realize why you are not receiving offers or interviews.
    - b. In some tight-knit industries and specialties, companies are unlikely to extend offers to someone they learned accepted a counteroffer in the past. They may feel the entire interview process will be wasted or exploited. Word does circulate in specialty business circles.
    - c. You may be labeled as untrustworthy, indecisive, or one who exploits others generosity and time.
  5. Your manager may also be unhappy. In some situations (more than you'd think) the same conditions that cause a lower level professional to resign causing the manager's life to be miserable as well.
    - a. We have witnessed managers successfully convincing someone to remain on board (accept a counteroffer) only to quit and resign himself within months afterwards.

- b. The company culture that caused the tension and job frustration is unlikely to change regardless of the quick fix promised.