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Beware of Counteroffers

By: R. Gaines Baty

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 of 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 blindsided 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:

- 1) more money
- 2) a promotion/more responsibility
- 3) a modified reporting structure
- 4) promises or future considerations,
- 5) disparaging remarks about the new company or job, and/or
- 6) 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 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

“They butter you up, 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.

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.

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