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Show me the money! Downside of counteroffers

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Blame the outrageous and short-lived dot-com era of the late 1990s for making counteroffers a favoured strategy for holding onto valuable employees lured by competitors dangling bigger paychecks.

During that brief, outrageous blip on the technological innovation timeline, money flowed, company loyalty was abandoned and job-hopping was rampant.

Typically, counter-offers are popular during strong economies when job hunters with high-demand skills could name their price. Candidate availability (more jobs than qualified people to fill them) and counteroffers go hand in hand.

Here's how a counteroffer works. Imagine having a relatively secure job earning decent dollars as a programmer for a small, successful software company. After working there two years, you feel that you're not moving up the ladder as quickly as you thought you'd be. Friends at competing companies are earning a lot more than you are.

One day, a headhunter calls and says a well-known competitor would like to have you on board and offer you 35 per cent more than you're earning now.

Money talks

A dazzling offer, the headhunter stresses that the company's CEO would like to meet with you and talk shop. A meeting ensues and a fantastic offer is made that's hard to turn down.

What do you do? Heady from the unexpected ego charge, you strut into your boss' office and tell him you're considering quitting and taking the job offer. You make it quite clear that a healthy raise is the driving incentive for making the move.

Knowing your value, you were certain that your boss would try and match the sexy job offer. How right you were. Your boss blurts, “We really want you to stay and deem you a valuable asset. I’m prepared to match the job offer and sweeten it with a \$10,000 bonus which will be paid in two installments six months apart. How does that sound?”

Now the sucker punch

On the surface, it sounds like a “no brainer” decision. You thank your boss profusely and agree to the counteroffer.

More likely, it was the first time you accepted a counter offer. If streetwise, you would have known that you just put your foot in your mouth and made a disastrous career move – possibly one of the biggest faux pas of your career. Here’s why: For openers, you seriously underestimated your boss.

Counteroffers can be deadly. Unfortunately, most people don’t realize it until too late. Even if the counteroffer is enshrined in unintelligible legalese, there are no guarantees it will be honored.

Think twice before accepting a counteroffer and consider the six downsides:

1. Don’t be surprised if your employer is confidentially looking for a cheaper replacement and will “pull the trigger” at his or her convenience rather than yours. Can you blame him? Everyone – even *you* – are expendable.
2. Often, promises are made by one person and then countermanded by another.
3. If money is the sole reason for accepting the counteroffer, your credibility is blown.
4. When promotion time comes around, don’t expect to be treated equitably. When management doles out raises and bonuses, you’ll be last on line.
5. If your company encounters hard times and has to cut staff, cutbacks begin with you.
6. Your loyalty will always be in question. No matter how extraordinary you are at your job, your employer will never forget that you were bought.

When counteroffers work

Counteroffers can work, however, when they resolve serious issues between employers and employees and they’re not just about money. Often, managers don’t always realize their employees are unhappy. Money may be just part of the problem. If there is a commitment on the employer’s part to change the situation, the counteroffer can be part of a revised contract, and a positive step towards a new understanding and an improved employer-employee relationship.

Relationships start to go bad when communication between boss and employee ebbs. People leave their jobs more often because they don't feel valued by their direct supervisor rather than for more money and benefits.



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