

The Counter Offer Game

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The Pros and Cons of Counter Offers

Ever since I started out as a software/IT recruiter (aka headhunter) 20+ years ago, I have been warned of the dreaded counter offer. Just as you think you've successfully placed somebody, and are mentally pocketing the commission, your candidate informs you that his present firm has made a better counter offer, and he will be staying there. Nothing, and I mean NOTHING, can demoralize the most ferocious headhunter faster than the feared counter offer.

In the "wild west," pre-professional days of headhunting, when your top recruiter was usually an "alkie" or a former used-car salesman, the counter offer would provoke a string of objections such as "As soon as your project is over, you'll be out the door," or the story about the mythical Wall Street Journal article stating that 80% of all people accepting counter offers leave the company within six months.

As headhunting is becoming an increasingly legitimate profession. We are now able to explore the issue of counter offers in greater depth, and to take a look at what effect playing "the counter offer game" might have on your career.

Not Always a Good Outcome...

A counter offer generally involves an employee leveraging a job offer from another firm to better his monetary and/or functional situation at his present firm. Generally, the counter offer process begins when the employee informs his supervisor that he has received an offer from another firm and intends to leave the current firm. However, in some cases, the employee will just mention that he has received an offer without announcing his resignation. In either situation, the employer may respond with a counter offer, in order to hold on to a valued employee.

However, the employer will not necessarily react with a counter offer. He may even be happy for you, and might wish you well in your new endeavor. This could prove to be disastrous to the employee who fabricates an offer to get more money or responsibility, and suddenly finds himself out on the street. In the worst-case scenario, the employee may be ushered immediately off the premises by a paranoid supervisor afraid that classified

company information may leak out to the competition.

The Counter Offer Process

So then, you might ask, what is the typical counter offer process? Well, if your employer values your service and considers your work critical to your company's fortunes, he may at first appear quite upset or disappointed by your intentions. Then, as the initial shock fades, the true counter offer process moves into "high gear." Your supervisor may ask you for all of the pertinent details regarding your new situation including the name of the company making the offer, salary and/or benefits, the nature of the position, the reason you are leaving, and perhaps most importantly, whether you would be open to considering a counter offer.

At the same time he might try to make you feel guilty, disloyal, or unappreciative of all that he and his firm have done for you in the past (like giving you a 2% salary increase at your last review). On the other hand, the employer may be openly conciliatory, giving you glowing evaluations, talking about your bright future, and beginning detailed counter offer negotiations. All of these tactics are intended to get you to "cave in" and accept the counter offer, so they don't have to go through the expensive, time consuming process of replacing you. This whole situation is usually characterized by high drama, high pressure, and even hyperbolic buffoonery.

The Pros of Counter Offers

In what other situation, in the span of a few prickly days, can you reap a bountiful harvest of a major (out of cycle) pay increase, the opportunity to learn that "leading edge" technology you've been dreaming of, a promotion, and even an affirmation of how much you are loved and needed by your current employer? They may even give you a new parking space, shorter hours and a laptop computer!

Furthermore, you don't have to "bust your hump" proving yourself to a new employer. You don't have to confront the very real human fear of the unknown. You don't lose your seniority, vacation time, not-yet-vested stock options, or pension (for those fortunate few who still have them). You don't lose your work friends and won't be referred to as the "new guy." And you don't risk being Last-Hired/First-Fired if the company or the economy goes down the toilet. Heavens to Betsy, this sounds almost too good to be true. And maybe it is.

The Cons of Counter Offers

Of course, as a headhunter this is my favorite section. But I'll try to put aside my loyalty to the Brotherhood of Headhunters to look more seriously at the risks of counter offers. The fact is, in the mid-term and the long run, counter offers can be damaging to your career. Sure, the early days after accepting a lucrative counter offer can seem like a second honeymoon—and maybe things will stay that way...or maybe they won't. After the drama of the counter offer process wears off—and after the barrage of harassing and desperate phone calls from your headhunter has diminished—the reality of your situation will become gradually apparent.

Does your employer trust you less? Has he met all the conditions of your counter offer agreement? Did this counter offer really address your reasons for wanting to leave, or were you conned into believing that things would be wonderful? Are you now banished from the inner circle, and made to feel like damaged goods?

In the tight labor market of the late nineties, your employer may be happy just to have somebody who can do the job. But what if employment market conditions deteriorate? What if in fact your project is finished, and your skills are no longer in demand? Do you have aspirations to move into middle or upper management? Will the ethics of your maneuvering eventually "bite you in the neck" (aka "career karma")?

If you're just looking for short-term gains, these considerations may be moot. But the long view suggests that you take a careful look before leaping.

Counter Offer