

NLE Quick Tip: Combatting the Counteroffer

If you are a search professional with some experience under your belt, you may know all too well what a counteroffer is in the context of our industry. For anyone brand new to our profession, the kind of counteroffer we are referring to is: when a candidate goes in to resign from his or her current employer, and the employer attempts to retain that employee using any number of tactics and counters. Thus the counteroffer. The ultimate goal is to educate and circumvent the candidate's acceptance of a counteroffer. If you have a would-be hire on the tight-wire, combat the counteroffer with every resource you have!

Meeting: "Combatting the Counteroffer"

(Facilitator): Christine shares some phenomenal reminders of why a client is so quick to extend a counteroffer, and why a candidate may be persuaded and also mistaken to take that counteroffer! Let's take Christine's best practices and suggestions and convert it into a script. Review this below; how would you modify to fit your audience and industry? At what stages of the interviewing process do you want to insert pieces of this script, in order to pre-close at each step of the process?

Possible Script:

"Congratulations on your new opportunity, and I know that you are ready to get started with this next chapter. Let's talk through some preparations, suggestions, and thoughts to help make this a seamless transition, but also leave a good impression with your current company. You never know how paths may cross again down the road, so we want to prepare you to still keep those paths in tact.

First, remember that there are two types of resignations – the written resignation and the verbal resignation. As your recruiter, we can certainly provide some sample resignation letters, or a quick internet search will pull up plenty of options. Quite simply, a resignation letter should contain basic, straightforward information – your name, the date, the person to whom you are resigning, a brief notice of termination of employment, the date of when this is effective from and finally, your signature. If you are leaving in good circumstances and feel that you want to say a little bit more, make sure you only emphasize the positive - perhaps thank your boss or company for the opportunities given to you – but there should never be negative information or parting complaints or "constructive criticism". You may, however, want to include a sentence that states something similar to "Please understand that I am not in a position to consider an alternative offer from (my current company), since my decision to resign is final." Or "I have put a lot of thought into this decision, and while it was not one I made easily, it is a final decision and I trust that you will respect that decision." You are simply asking your leader to value the decision you have reached, and not to try to dissuade you from taking that next step. The written resignation is relatively straightforward, so let's move on to the in-person resignation meeting. There are two pieces to this in-person resignation – the emotional piece and the tactical piece – and it's important to be prepared for both.

No matter how ready to you are to leave your current company, you've built relationships over your time of working with your current colleagues, and it's important to be prepared for how it's going to feel when you move on to a better opportunity. Think through who you are going to hand your resignation letter to, and how you think they are going to respond. Think through how your team is going to respond to your choice to leave, and if there is anyone in your department that is going to have a particularly hard time with your decision. How do you think you can best prepare for that reaction, those conversations, and those feelings?"

“Let’s move on to the tactical, and start with what to expect during the resignation conversation. First, expect that you will be asked to share more information. This could be information about what company you are going to work for, what position they offered you, what you’ll be working on, how much they offered you, when do you start with them, why did you choose that company, who are you going to report to, and so on and so on. Know what you want to share in this meeting, work out what you are going to say, and then stick to it. If you are pressed for more information, know how you are going to politely tell them that you would prefer to not share any of the specifics or discuss further, because your decision has been made and you would like to ask that they honor that decision. Don’t be rude, don’t be evasive, but simply have a prepared response to deliver if you are pushed for more and more details about your future opportunity and organization. Let them know that you simply want to wrap up activities as directed and start at the new company as soon as possible.

Second, expect that you will get a reaction. Unless you were operating from a spot of full disclosure with your boss, they will of course have a reaction of some sort. And unless your boss truly is your best friend who always and forever wants what’s best for you, know that about 10 seconds after he processes what you are telling him, the checklist of all of the things that he will have to do to backfill your position and onboard a new individual will start to rattle through his brain – and the reaction you see is a blend of a lot of different emotions in one.

Third, expect to have some jitters. This is a tough process to go through, and it’s okay to feel the fear of the unknown and the fear of change. It’s a normal human instinct to find a safe circle where we know what is expected of us and what our day to day routine is going to look like – but that safe circle is a circle lacking in opportunity and growth – which is why you were open to alternative opportunities for your career, your family, and your finances in the first place. Your nerves are normal, and jitters or brief moments of anxiety are to be anticipated during this process.

Fourth, expect to receive a counteroffer. There are many things to think through with a counteroffer, and while the decision is always yours as to how to handle the extension of a counteroffer, it needs to be an educated decision.

The first type of counteroffer that exists is a financial counteroffer. While you are resigning and talking about how much you hope they respect your decision, your boss is thinking “how fast and how am I going to be able to backfill her position, are others going to doubt their opportunity here too and follow, is this going to put additional work on my plate, let me think of what I can do to salvage this”...and the easiest and quickest solution is money.

The first question that’s always asked is how much is this new company going to pay you. If you share with your boss that number, it’s almost guaranteed that he will match or exceed it. If you don’t want to stay at the company, we would suggest not sharing with him your offer – but here’s why. He exceeds the offer – and you still turn it down. Uncomfortable for you, and irritating for him. He is going to continue to find a solution, of which there is none. So quite simply, it will just be less uncomfortable for you if you don’t disclose your offer.

The second amount that will be calculated, after you turn the first one down, should be an amount significantly higher than the amount it will cost them to fill your position. Calculate the salary amount that you are currently being offered, and then think about the fact that it’s relatively safe to assume that your current company will not be able to hire someone to fill your role from a competitor unless they make that kind of offer. Add on the cost of hiring your replacement, possibly paying a fee to a recruiter to do so, possibly paying for relocation, start-up costs, a sign-on bonus, and a number of other financial considerations that will create the sum of the financial total it will cost to hire refill your role. Now, think through the emotional or

mental impacts as well – there is a risk that your replacement is not as strong as you are, or that there is a psychic impact to the team associated with your departure, or the opportunity cost associated with the position staying unfilled, just to name a few. So, if you are offered a raise, if it's not a raise higher than all of those costs combined, the simple fact is that they are saving money by having you stay.

So the financial counteroffer is the one that most anticipate, and for good reason. Like we discussed earlier, the other type of counteroffer is emotional – and is possibly even more difficult than the financial. What this will sound like is “I’m so surprised, I thought you were happy here, how could you leave your team right now, they are relying on you, I just had you and your husband over for dinner recently, I would have never thought you’d do this, the project you are working on will crumble...and so on. Here’s why this is so tough – because you’ve built relationships with these individuals, and nothing should take away from that. However, the true friends that you’ve made there will be friends with you outside of the walls of (company), and they would want what was best for you, no matter the situation. The president of your organization is running a business, and I’m sure he’s had to let people go or lay people off in the past and hated doing it – but he had to because it was in the best interest of the company. No different than your career – if you hold on to where you are because of not wanting to feel bad, your career will nosedive just like the company would if they went bankrupt because they never wanted to lay people off and feel bad about it. There is never, ever going to be a good time to leave – if there was, and you were sitting around with nothing to do, you’d probably be let go anyways! That being said, you’ve seen other people resign in the past, and I’m sure it’s surprising how quickly someone else is up and running in that spot. Your boss is paid to solve problems – and hiring your replacement is part of what he’s paid for. It doesn’t mean that the emotional connections you’ve made with people aren’t important – it just means that they shouldn’t govern the direction of your career.

I can send you this as a list to review, but remember that there are some very common reasons that are well known and valid as it relates to the downsides of accepting a counteroffer:

- If you have to threaten to quit or resign before being given what they are worth, is it the type of company or people you truly want to be working with for the rest of your career?
- Think through where the money for that counteroffer is coming from; it could very likely be the next raise or bonus just given a few months earlier than anticipated. Nearly all organizations and managers have strict salary guidelines and budgets to consider – not to mention that sometimes those managers get paid more when they keep the budgets low.
- Consider the possibility that your current company may immediately start looking for a new person at a less expensive salary, or even the same salary that they just raised you to – but they are bringing on board someone who they perceive is more loyal than you are.
- There is a downside to sharing with your manager that you were unhappy enough to leave the organization; from this moment forward, your loyalty could always be in question.
- There is a high probability that when it’s time for promotions, your boss will remember who was loyal and who wasn’t.

- When times get tough, your employer may first begin the cutback with the candidate who attempted to resign.
- Statistics show that those who accept counteroffers have a very high probability of voluntarily leaving in six months or being let go within one year. This is because the same circumstances that caused the individual to consider a change initially, will repeat themselves in the future even if that individual accepts a counteroffer.
- There can be a negative side effect amongst colleagues and your peer group; once others learn that you were attempting to leave, or just threaten to leave if the price wasn't good enough, there can be a disconnect within the department or team that stems from a lack of trust and no longer feeling like you are "all in this together".

Quite simply put, it is a burden to replace you. Recruiting someone to take your place will cost a significant amount of money, it will take a significant amount of time, it could have a tremendous impact on the psychic loss and morale drain to the team, and there could be an opportunity cost associated with someone filling your role that does not have the full capabilities and skill set that you have. All of these are things to consider when navigating through the resignation and counteroffer process.

Finally, let's discuss quickly what to avoid during the resignation – these are just as important as what TO do!

Avoid venting, or discussing what should have been, or could have been, or threatening to take others with you or compete against the firm. No matter how horrible your previous situation was, you are leaving for a better opportunity and that's what's important.

Avoid reacting to an overreaction. Keep your interactions professional, even if your counterpart chooses not to. You never know when you cross paths with your former employers so keep your emotions in check, even if it's difficult.

Avoid deleting your entire computer. Remove personal files, delete unnecessary emails, but don't destroy work that will help others on your team pick up where you left off. Take with you what you need, and leave what they will need.

Avoid slacking off during your final days. How you continue to conduct yourself will be how you are remembered – do you want to be remembered for bringing down the morale of the team or talking down to the rest of your peers? Don't gloat, stay upbeat, and work hard through your last day.

These are just a few suggestions to help make this a seamless transition, but we will continue to partner together at each step along the way to help you navigate through this process!"