

Counteroffers: A Counterproductive Strategy in Any Economy

Your star accounts payable professional has just given notice. Now, you're faced with losing him at a time when you're under a hiring freeze and may be unable to fill the position. Your immediate reaction is to consider presenting a counteroffer to retain this valued staff member.

In a word: Stop. While losing a critical component of your financial team may be a setback, a counteroffer is not likely to accomplish your goal of keeping the person over the long term. Individuals who are motivated to job-hunt often have reasons that go well beyond salary. Even if they decide to stay, they may remain unhappy in the position and ultimately leave. Here are the key reasons counteroffers are not a wise choice:

Trust may never be the same.

People don't quit jobs they love. If the employee was completely satisfied working for you, you wouldn't now be having to discuss counteroffers. Even if you make the requested adjustments, such as giving the accountant more responsibilities outside of compliance, it may not make a difference in the long run. The individual may begin to question why it took the threat of departure for the company to recognize his value and make improvements to the job. There also may be additional considerations that can't be resolved such as old conflicts with other staff members or incompatibility with the corporate culture that may cause the person to rethink his decision and leave.

The reverse is also true. No matter how much you want to retain a key member of your team, recognize that you may have lingering doubts about the employee's loyalty and motivation as well, since the person has admitted to being open to leaving for a better opportunity. Also, if the individual agrees to your counteroffer, he would be putting the manager at the other company in a difficult position by backing out of an employment agreement. Is this the type of person you really want in your group? You should strive to maintain a team of employees who are not just committed to your company but who are also honorable and trustworthy.

Salary adjustments may be complicated.

Evaluate not only the impact of a counteroffer on your budget, but also the effect it will have on your group. When you pay someone more than the typical pay scale, you could disrupt your organization's compensation structure. It could create resentment among employees who felt they were deserving of raises or promotions but were overlooked because they did not threaten to quit. As a result, they may look down upon the individual who received a counteroffer, straining working relationships. This may affect their ability to move projects forward and achieve objectives. Your staff members could also begin to question your management decisions.

See resignations as a learning experience. While the loss of a critical employee can be difficult, it also presents an opportunity to make improvements that might benefit

remaining staff. Take note of the factors that prompted the person to leave your organization. Compare the reasons given with those provided by other individuals who have quit in the past year or two. You may discover that there is some consistency in the responses, helping you identify a broader problem. People complaining about lack of learning opportunities, for example, may prompt you to make greater investments in training and mentoring programs.

You also may uncover new stars on your team who step in and shine by assuming the job responsibilities of the employee who left. Additionally, given the number of highly talented accounting professionals in the market today, you may be able to hire someone who brings an even more impressive skill set to the mix than the departing individual did. What appears to be a devastating situation may turn out to be far less disruptive than anticipated – maybe even beneficial.

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