

Should You Make That Counter-Offer?



One of your best employees (let's call her Sharon) comes to you with a bomb to drop: she's headed to another company in the field and is putting in her two weeks. She's among the [51% of employees that were looking for work](#), and you're in shock. You ask her why she's leaving and she responds by saying she received a better offer, wanted a bigger challenge, or,

if she's feeling courageous, she tells you she's fed up with the company culture or the work she's been doing for a while. You're still reeling, because you thought Sharon had been happy this whole time, and you were happy with the work she was doing. Now you ask yourself: "Should I negotiate a counter-offer?"

A Candidate's Market

If, as an employer, you've had to deal with situations like the one above, you're not alone. As the job market recovers and certifiable skills become harder to come by (especially in fields like tech and engineering), the job market has become a buffet for the qualified.

From 2011 to 2014, employers went splitting the job market's favor from a relatively even split to being about [80% in favor of candidates](#). The high performers like Sharon are more valuable than they've ever been, and so it's not too surprising to see them begin looking at their options even after getting steady work.

"Quite simply, offers to candidates with desirable, in-demand skill sets are going to have to get sweeter, and they are going to have to happen faster... the lesson is that just like in the market for desirable real estate in New York or San Francisco, the market for top candidates is likely to be super-competitive, with candidates holding significant leverage and multiple offers." — Steve Boese (@SteveBoese)

Training a new employee to replace Sharon will end up [costing you between half and 2/3rds of her salary](#), so it's in your best interest to keep her working for you if at all possible. You want Sharon to stay, but how feasible is it to keep her after she's decided to come to you with a resignation?

The Case Against the Counter-Offer

Keeping Sharon around may be in your company's best interest, but the stats say that good counter-offer stories are few and far between. Despite the shift in the job market to favor the candidate, last year [38% of managers reported not making counter-offers at all](#), 33% said they didn't change the number of counter-offers they made in the last six months, while only 20% said they upped their counter-offers. If keeping Sharon around is well-worth the cost of making a counter-offer, why do so few managers feel compelled to make them?



Well, if Sharon's decided to tell you she's leaving for another company, she's probably been thinking about making the switch for a while. As one your best workers, she's razor-sharp, and thought the problem through from every angle, and more likely than not, she's decided this is the only fix for her problem. [Forbes has a good rundown](#) of just how much Sharon's thought this decision through.

Lisa Quast (@careerwomaninc) says:

- If you felt you were underpaid, you'd have asked your boss for a raise.
- If you were bored in your job and wanted more challenging work, you would have discussed this with your manager and asked him or her to assign you to projects or tasks that will broaden and deepen your work experience.
- If a lengthy commute was lowering the quality of your life, you'd have negotiated to work from home a few days a week.

A New Kind of Counter-Offer

Simply offering a higher salary won't fix the problems someone is having at your company. Sharon's problems run a little deeper than you can fix by saying "What if you made more money here?" Depending on why she's leaving, you could work out a plan to keep her at your company (like offering better benefits, a few days she could work at home, or expanding her role at the company), but the numbers aren't encouraging. At first, it might look like it'll work out; [employees accept 57% of counter-offers made to them](#), and they might leave your office happy and more productive.

Chances are, though, that the counter-offer is only a band-aid applied to a wound that won't heal. Up to [80% of employees who accept counter-offers leave within six months](#), and the number jumps to as high as 90% at the twelve-month mark. So the counter-offer is probably not the right answer, and you're more than likely going to have to let Sharon move on. But you can use the leave time to your advantage; you can offset the cost of replacing Sharon by making it worth her while to stay until her replacement is up to speed. This process, known as "handover" [ends up benefitting both you and Sharon](#), if you can afford it.

It's not as good as keeping Sharon around, but with counter-offers not being all they're made out to be, it might be your best option.

