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saving the talent

– taking control of counter offers!



Our Manager puts forward a compelling argument that the cost of replacing the employee, lost productivity and the potential impact on the current project justifies an immediate counter offer. Faced with this, there are a number of key questions that HR can ask that will clarify if a counter offer should take place and, if so, what form it should take.

Before taking any action consider:

- Is the employee a high performer and/or part of the key talent group?
- Is the employee critical to the role and what is the likely impact on the organisation if the employee was to go – low, medium, high?
- Is the role difficult to replace – for example small talent pool, long time to recruit, etc.?
- Is the employee being paid at a competitive level right now? If not, why not? Was something missed in the last review? Has the role or its responsibilities materially changed? If so, has this been addressed?
- Is money (pay) the real issue – or are there other factors to consider (financial and/or non-financial)? Or are there other opportunities that can be considered and potentially offered?
- What will the effect be on the rest of the team?

Obviously if an employee satisfies most of these criteria the organisation is likely to consider a counter offer of some sort.

It's Friday afternoon, and as usual you are flat out juggling a number of priorities. A very flustered senior manager appears at your door, madly waving a piece of paper in your direction.

The manager tells you that one of his best people has received an offer from another company and is seriously considering moving. The employee, however, likes the work he does and has come to the manager prior to accepting the offer to see "what can be done".

The employee has been tagged for fast track career progression and is currently involved in steering a pivotal project. How should the Manager and HR respond in this situation?

Usually the first response, particularly by the manager, is to make a counter offer to secure the employee, throwing money at the situation. But is this really the best solution? As with all remuneration-related decisions there are consequences that should be considered.

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In these situations, it is necessary to gather some fact-based information, such as market rates, employee performance data, salary review outcomes, possible alternative solutions and business results – before going back to the employee. This will ensure it is not a one-sided negotiation process and expectations can be managed.

Sounds straight forward? Be mindful of the potential pitfalls and unintended consequences of these actions. Like all areas of remuneration and rewards, counter offers send a very clear message not only to the affected employee but also to fellow team members and the organisation as a whole about what is of value to the organisation.

Buyer beware!

When focus is so squarely placed on retaining an employee 'at any cost' it is difficult to see the 'ripple effect' of these actions until the wave hits. Take the time to consider the possible consequences such as:

Are we communicating that 'blackmail' works better than loyalty, performance or commitment - particularly at critical times?

Will employees perceive that the only way to get a salary increase is by "threatening to leave"?

Will the employee receiving the offer believe that they are more important and valued than others in the team? Will they wonder why they weren't offered the higher remuneration in the first place?

Will other employees feel disgruntled, receiving no additional reward for their loyalty? Will it trigger feelings of dissatisfaction in others?

Will things ever be the same and most importantly will it set a precedent for others to follow?

It is advisable to weigh up all decisions

carefully. So what is the right answer? Obviously one size does not fit all, and as we continue to grapple with tight labour markets and ever-shrinking talent pools, managing key talent will only become more problematic.

Getting the 'hygiene' factors right for key employees is a given. However many organisations are placing significant focus on retention strategies, which includes developing structured policies to manage issues such as counter offers on a proactive basis. When guidelines are available the path becomes quite clear.

Prevention is always better than cure

A well defined and communicated policy sets the criteria for when and how to react in these situations. In addition, it protects the organisation against the risk of losing key talent in the first place.

By defining your organisation's strategy for managing key talent and critical employees and setting a process in place for handling counter offer situations, expectations are clearly set before managers or employees find themselves

in the situation. A counter offer policy should define the qualifying criteria of the circumstances in which a counter offer would be considered, e.g. the employee must have been identified as 'top talent'; or the employee fills a 'critical role'; or personal performance and contribution must be at high levels.

By defining your policy in this way, it helps to prevent any potential resentment from employees and provides managers with a proactive framework for decision-making (rather than catching them 'on the back foot'). It also helps to clarify why a particular decision has been made and lets employees know the criteria for consideration.

Back to reality

So what should we do when faced with an unexpected resignation? Consider all the pros and cons and decide if a counter offer is the best route to go. But more importantly create a robust retention strategy and put in place a comprehensive counter offer policy to ensure consistent, defensible decisions. ■

Retention Strategies

Develop a formal counter offer policy & define criteria

Develop criteria for identifying key employees/roles

Target key talent/ roles 'at risk'

Determine 'flight risk' for key employees

Ensure frequent and meaningful manager/ employee 'touch base'

Develop a compelling culture and Employee Value Proposition

Implement Succession planning for key talent/roles

Commit to career development & learning

Ensure competitive remuneration and rewards & tailor where necessary

Create challenging/ rewarding work and opportunities

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