



# Harvard Business Review

REPRINT H02X6P  
PUBLISHED ON HBR.ORG  
MAY 31, 2016

## **ARTICLE** **EMPLOYEE RETENTION**

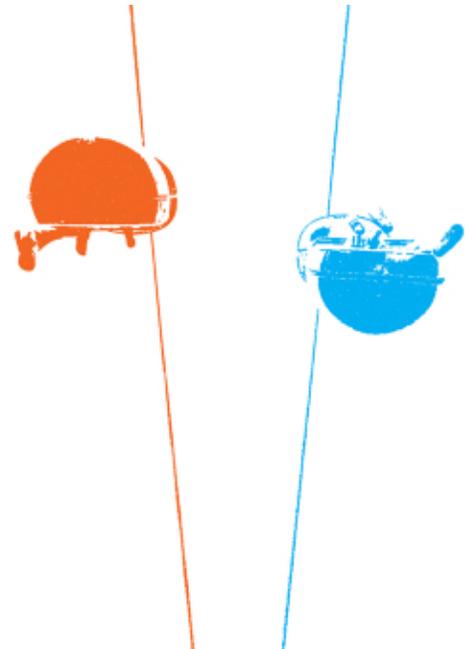
# What to Say and Do When Your Employee Has Another Job Offer

*by Amy Gallo*

EMPLOYEE RETENTION

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It's normal to get a sinking feeling when one of your employees says, "I have something to tell you." No manager wants to hear that someone on their team has another job offer in hand. But how should you actually respond to the news? Should you counteroffer? Or just accept that they're moving on? And how can you tell if the employee is just bluffing to get a raise?

### **What the Experts Say**

The reality is people leave jobs — and [not always on the schedule you'd prefer](#). Instead of panicking, make the most of the situation. “Whether or not the employee ends up taking the other offer, this is a rich opportunity,” says Dick Grote performance management consultant and author of the HBR Tools on [Goal Setting](#) and [Performance Reviews](#). It should be a moment of self-reflection for you as a manager, adds [Claudio Fernández-Aráoz](#), a senior adviser at global executive search firm [Egon Zehnder](#) and author of *It's Not the How or the What but the Who: Succeed by Surrounding Yourself with the Best*, a chance to “learn more about your own organization, your team, and yourself.” Here’s how.

### **Keep your cool and listen**

Don’t react to your employee’s news right away—no matter how frustrated or blindsided you might feel. Instead, solicit more information. Grote suggests you simply say, “Tell me more.” This will not only buy you time so you can “get your wits together” but will also give you the information you need to “gather the material facts about the offer.” Fernández-Aráoz agrees. “Immediately make as much time as possible to let the person tell you in great detail about the company, the sector, the boss, the colleagues, and the job.” He also suggests asking questions focused on what he calls the “four Ts”: the task (what they will do), the time (when they will do it), the team (who they will do it with), and the technique (how they will do it). This conversation should ideally happen face-to-face. If the person has sent you an email and you work in the same location, “hustle right over” to their desk, says Grote. If you aren’t in the same office, consider getting together or at least setting up a Skype call, suggests Fernández-Aráoz. “Nothing beats personal presence for openness and candor, which is what both sides badly need in a situation like this.”

### **Call out clear bluffs**

Sometimes an employee will use an offer as leverage to get a raise or promotion out of you. Fernández-Aráoz says that you can often figure out whether the person would really leave by asking the detailed questions mentioned above and watching for nonverbal cues that indicate genuine excitement. If you are sure they don’t plan on following through, don’t be afraid to call their bluff. “If it’s real, then the employee is probably going to leave anyway, and if it’s not, you’ve got some information about the quality of the person you’re dealing with,” says Grote.

### **Consider the employee’s value — and act accordingly**

Once you’ve listened and better understand the competing job offer, what you do next will depend on how badly you want to retain the person. “Every manager should have a pretty clear idea of where people fit in terms of their value to the team and the organization,” says Grote. Ideally, you’ve already been “taking steps to retain those who are high on the list and managing out those who are low on the list.” So carry on that work here.

- ***If you're not sad to see the employee go:*** “Sometimes the appropriate response is to just be grateful,” says Grote. Do find out why the person is leaving – the information could help you retain the rest of your team – but then just wish the person well and [start planning for their transition out](#). You should “use this opportunity to promote a high potential who may be ready for the job, or, if you really have no qualified internal candidates, hire someone better,” Fernández-Aráoz says.
- ***If the employee is a star:*** Make every effort to understand how the other opportunity compares to what you can offer, and then highlight the benefits of staying. Spend time “educating the person about what they will gain” if they stick with you, whether that is further learning, future increases in salary or bonuses over time, or more opportunities for promotions and growth, Grote says. Also, try to make accommodations that make staying more appealing. You might, for example, consider making changes to the employee’s role or offering them more training. Although you might be tempted to counter-offer, Fernández-Aráoz advises against it because in most cases it can “backfire.” He says the only exception should be when the departure would cause you huge damage. Grote agrees: Counter-offers give “only a temporary gain because the employee realizes that you’ve been holding out on them and the word gets out that this is how you get more money.”

### **Don’t burn bridges**

Even if a valuable employee decides to leave, don’t hold a grudge. Instead, set up a time for an [exit interview](#) so that you can gather more feedback and suggestions on the job, the organization, and yourself as a manager. At the same time, plan “a proper farewell celebration, or lunch, with the team,” says Fernández-Aráoz. “It’s important to thank the employee, and celebrate when you and your company have helped someone develop and grow, even if the time to work together has come to an end.” Stay in touch too. A community of alumni employees “becomes a very attractive selling point when hiring,” he says.

### **Prevent the next departure**

One side benefit of your employees getting other job offers is the “competitive intelligence” you get as a result, says Grote. “What are other employers offering? What is likely to make other people leave?” This will help you improve your retention efforts. “Too often the first time the employee finds out how valued they are is in the exit interview,” says Grote. Also keep an informal, running list of your most valuable employees, in terms of “competence potential and values,” says Fernández-Aráoz, and check in with them regularly to make sure there are no flight risks.

### **Principles to Remember**

#### **Do:**

- Ask detailed questions about the other job offer.
- Explain the benefits of staying if you want the employee to stay.
- Know who on your team is most valuable.

#### **Don’t:**

- Show your frustration, even if you're upset or feel betrayed.
- Immediately counteroffer — it can backfire.
- Be afraid to call the employee's bluff if you think they're not serious about leaving.

### **Case study #1: Find out exactly why**

Rachel Bitte, the chief people officer at [Jobvite](#), often advises people on how to handle employee departures, so she wasn't surprised when one of her HR business partners gave his notice. Since he was a valued employee who "fit the profile for what we wanted for the role and for the company," she pushed to learn more, asking "push-pull questions" like "What motivated you to make this change?" and "Was there a trigger point like a performance review?" to figure out if he was being pulled somewhere else or being pushed out by the circumstances of his current role.

She didn't try to get everything in that first chat though. "Sometimes you wind up having a richer conversation with someone after the anxiety of breaking the news has passed," she explains. Although the partner initially told her the new job was a better opportunity with more compensation, he later admitted that he didn't think his career would progress fast enough in his current role. Rachel next asked her boss to talk to him to "show that we were interested in salvaging him but also learning" and she talked to others at the company to get their perspective on why the partner was considering leaving.

In the end, "he had made up his mind about what was important to him" and he moved on. But Rachel didn't see his departure as a failing on her part because it helped her better understand who should fill the role. "Things change in people's lives — family, company, criteria. If he wanted to move that fast in his career, he was right that it wasn't the ideal match."

### **Case study #2: Address concerns if you can**

One of the consultants at the [Catalyst Consulting Group](#), a boutique professional services company, recently came to managing partner Ronald Recardo to tell him that he'd been offered a senior role in a private equity company. Ronald was surprised because the man had been one of his "go-to" staff members and would soon be up for partner. So he asked him to meet for a drink and dinner to discuss his rationale for leaving. "The net of it was [that] he was very happy with the leadership we were providing, his compensation, and intellectual stimulation. The only issue for him was the frequency and distance of travel," Ronald explains. Many of Catalyst's consultants are on the road 80% of the time and this one was keen to start a family and spend more time with an elderly parent.

Because Ronald wanted to keep him, he got creative about changing his role. He asked the consultant, who was an exceptional writer, to focus on managing the firm's blog, writing articles, and updating its marketing collateral — a shift that would reduce his travel by 25% and allow him to work from home two days a week. On those terms, he agreed to stay and Ronald thinks it will be a "win-win" for both sides.

### **Case study #3: Resist the counteroffer**

Cheri Spets Farmer, the principal consultant at [Grace Bay Group](#) came very close to losing a valued team member when she was the general sales manager at a television station. The employee, an account manager, “contributed unique skills to the team. He was better at his job than anyone else we’d ever had in that position.” But one day he came to her office after work hours and let her know that he was expecting an offer from another station in another market soon.

She engaged him in “a heart-to-heart” about why he wanted to leave and learned that he felt undervalued. She was focusing too heavily on problematic employees and failing to adequately support him. When she asked how he wanted to see his career progress, he explained that he wanted more responsibility and recognition. Cheri knew that was something she could give him. So, instead of making a counteroffer, she promised to get him more “engaged and vested in his role.” “I put him in an un-official manager-training program,” she explains. “I made it a point to bring him into meetings he would not normally be invited to and asked for his input in front of the other team members.” He was much happier in his role because he could see that he was “a trusted asset.”

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