

The counter-offer

Don't be afraid to ask for more

Question:

I am 30 years old and have two job offers for similar positions. Company A has offered me a salary of \$100,000 and Company B has offered me \$110,000. I know I would be successful in either role, but the people, the work environment and advancement potential at Company A is a better fit and overall, more appealing. I was prepared to accept Company A's offer when my husband suggested that I counter. Is this a smart move?

Response:

On purpose or by default, you have tremendous leverage in this situation. You have two competing offers for similar positions. Accepting Company A's offer without countering may result in significant financial losses moving forward. Your husband's advice to test their flexibility is worth heeding, and here's why.

For illustration purposes, let's assume you accepted both offers without countering. Let's also assume that in both positions you receive an identical 3 percent yearly raise until you retire at age 65. Your salary at retirement will be \$30,953 more annually if you accept Company B's offer than if you settle for the lower salary offered by Company A. Moreover, if you take the additional \$10,000 that you receive at the outset from Company B and invest it at five percent for 35 years, you will have \$1.6 million when you retire.

This is an enormous return on a one-time negotiation. While it may feel risky to counter at the outset, this is when a company has the greatest flexibility to adjust the offer.

I faced a similar situation some years ago with a potential employer. They made me an offer that was significantly below my expectation. They claimed it was the high end of my position's salary range. However, as a result of my counter and the ensuing negotiation, they raised my salary (although it wasn't exactly where I wanted it to be), doubled my vacation time and increased my budget for professional development. These were important considerations for me. Had I not asked before signing my employment contract, I would have ended up like my peers, making the standard salary, getting only two weeks vacation and the usual allowance for professional development.

How you counter this offer determines how diligently they will work on your behalf to consider and make concessions. Be graceful and confident. Don't apologize by saying something like, "I know you probably can't do this..." or "I expect this is the highest you can go, but I have to ask."

Instead, you want to be professionally direct with your counter:

"Jack, I appreciate the offer and am excited about the potential of joining the team. There are a lot of synergies between what you need and what I can bring to the position. In fact, I have every confidence that I can make a meaningful difference. I like everyone who I have met, and I feel that I can be a long-term contributor to the company. At the same time, I am surprised at the salary offer. I expected it to be higher, by at least \$10,000. The other offers I've received are more in line with the \$110,000 to \$115,000 range. What flexibility do you have in adjusting the salary?"

Again, how you prepare for this conversation will influence how they respond. Before you make the call, be sure you map out what's important to you, what concessions you are willing to make and what you

want to get in return. Know your bottom line – the minimum you are willing to accept – then define ideally what you would like the offer to be. Be prepared with a variety of options so you can be flexible if you encounter resistance.

You might find that Company A is unwilling, or unable, to adjust their initial offer. To counter, you might suggest that they consider a pay-for-performance program where your performance is reviewed every three months. Provided that your results compare favorably with mutually agreed to performance metrics, the company will increase your salary on an established schedule. If that doesn't work, you could ask for increased vacation time, flex time, car allowance, and/or equipment to enhance your productivity – special software, digital recorder, etc. – that would be funded from a different budget.

It's tempting to accept the initial offer. You don't want to risk losing the position to another candidate and quite frankly, these types of negotiations can be psychologically demanding. On the other hand, consider that every move you make sends a message to your employer about the value you place on yourself and how they can expect you to perform on their behalf in your new role. If you don't counter, what kind of message will you be sending? Might they think, "Does she have the capability to negotiate and push back when needed?"

You need to look out into the future and carefully consider whether you are willing to live with the consequences – financial and otherwise – of accepting the initial offer. The choice is yours.



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