

Why you will receive a counter-offer when you resign (and what to do)

A counter-offer is the offer of improved terms and conditions of employment on receipt of a resignation. In practice, this might mean:

- An improved salary offer (either immediately or at some point in the future)
- A promotion (either immediately or at some point in the future)

The three most common reasons for law firm partners to make a counter-offer are:

(1) The revenue you generate exceeds the cost of employing you by a healthy margin.

For example, as a solicitor you might be billing £175,000 per annum. However, if you're taking home a salary of, say £45,000, even with employers' national insurance, your benefits package and other costs of employing you such as an office and a car-parking space, the firm is still making more money by employing you than by not having you in the firm.

Overall, law firm partners do not like their revenues and incomes being reduced.

(2) The cost of employing a replacement would be significant and/or inconvenient.

The cost of employing a replacement for you is likely to cost your firm significantly. There may be direct costs such as advertising and or a legal recruitment consultant fee. Not only that, but your firm may also have to wait many months for a replacement to begin working and contributing effectively. And, if you have built up good relationships with your clients, your clients may follow you to your new firm.

Again, law firm partners do not like losing revenue, paying recruiters, paying advertising costs or losing clients.

(3) Market conditions mean replacing you could be difficult.

The firm might be aware that a like-for-like replacement for you is unlikely. This may be because they are paying you below market-rate, and a like-for-like replacement would expect

a salary much higher than yours. Also, it may be because, in post-recession times, it is very difficult to find solicitors/fee earners who have the desired level of experience to fill the position. Another reason could be the firm does not have an attractive employers' "brand" to successfully attract new talent.

In any event, law firm partners do not like losing their staff's expertise to a direct competitor along with the potential loss of clients to a competitor.

So, if after considering various points such as those above, your firm may decide to offer you more money to stay. In this way both you and the firm benefit and the firm avoids losing you and potentially your clients.

Reasons to accept a counter-offer

- If the new terms and conditions of employment meet all your objectives and are likely to have a long-lasting, positive impact on your career, it may be that the counter-offer is one of those exceptions and it should be accepted.

Reasons to decline a counter-offer

- The counter-offer does not really satisfy your goals and needs. As mentioned above, the main reason for a counter-offer is probably due to the firm's (or partners') needs.
- There is a recruitment statistic that we have seen that suggests that in the majority of cases, counter-offers do not work out long-term and that, up to 80% of people who accept a counter-offer, leave their employers within the following 18 months. Although we can't back up this claim with our own evidence, what we can confirm that this is consistent with our first-hand experience; i.e. that the majority of candidates who accept a counter-offer, later return to the employment market and subsequently move firms. One possible reason for this is that if you accept the partners' counter-offer and little else has changed, you may later find the basic dissatisfactions are still present.
- You can reasonably expect that the level of trust between you and your employer has been compromised, and this may have an impact on the future of your relationship with the firm.

- If offered a salary rise, the new salary offered should be higher than your outside offer. This matters because in the context of accepting a new position, you ought to have more leverage than simply being presented with an offer which matches the new salary. You should also be given clarity (not a vague promise) on your career path and future opportunities.

A final thought

Remember, if you do decide to leave your present firm, leave on a positive note. In that way, you can go and enjoy the new position and, if in the first 12 months or so, things do not work out as you hoped, it is more likely your old employer will consider taking you back.