

# recruiting IT

## HOW TO AVOID THE HIGH COST OF THE BAD HIRE

Seen in:  
Washington  
**smart CEO**

Required Reading for Growing Companies

Reprinted Content from  
Volume 2 Number 11 November 2006

2400 Boston Street, Baltimore, MD 21224  
Phone: 410-342-9510 Fax: 410-342-9514  
www.smartceo.com

Publisher: Craig Burris

Editor: Timothy Burn

Are you tired of hiring salespeople and having them not work out?  
What's the issue – them, or you?

Every company once in a while makes a poor hiring decision, yet there is a tendency to shrug off these mistakes and say, “We’ll do better next time.” Bad hires are expensive and you cannot continue to ignore the problem.

For many business owners, a single bad hire in sales can mean that you personally don’t get paid for months. Making hiring mistakes – and taking too long to correct them – can cause sales teams to develop a losing mindset, which can hurt recruitment and prevent you from growing the company.

Most good business books will tell you that finding the right person is an art – and that is absolutely correct. We’re asking you to correct your own expectations about recruiting and hiring, so you can create a true sales culture of accountability and accomplishment.

### WHAT THE DATA SAYS

A recent study of the hiring trends of top entrepreneurs reveals how low the return on investment was for the average services company. Partners reported that a half of newly hired salespeople were leaving after one year. That’s after their companies had invested somewhere between \$10,000 and \$40,000 in training and support for each person. How much new business could have been realized had you made the right hire the first time?

Making hiring mistakes is difficult enough. Getting stuck in a cycle of costly bad hiring decisions indicates that the company fails to understand the discipline of recruiting, and ultimately its own business model.

Let’s take the case of an imaginary entrepreneur, an emerging technology company run by Fred Dread. Fred is a technologist who became an entrepreneur. He has experienced growth, and is ready to start leveraging different components of his business, including sales.



Jason Papas & Joe Mechlinski

Fred interviewed two people and chose Tom, the one he liked the best. He gave him the title “VP of Sales” along with clearly defined sales goals. Ninety days later, it’s not going so well. Tom can’t seem to even get a conversation started with a prospect, and he hates cold calling.

Fred starts getting frustrated. He loses sight of quality versus quantity, and grows more and more concerned that the numbers aren’t where they should be.

Six months later, Fred switches Tom to inside sales, but still gets no results. After a year Fred fires him. The money he invested in Tom’s salary is gone. The time he spent training him is gone, and now all he can do is denounce salespeople altogether.

The problems in the example are many. First, Fred is brilliant in technology, but not so bright in sales. Because he has been able to sell as an owner, he expected that it would be just as easy for anyone else to sell in the environment he’d set up. Second, he had no gift for recognizing sales talent, and no proven process to guide him. And finally, he had no supportive structure in place.

### WHO IS AT FAULT?

Now consider imaginary entrepreneur Imu Shatu. The first salesperson he hires,

Ann, is doing a decent job and after six months, she is almost paying for herself. So Imu hires another salesperson, Ed. Imu asks Ann to become Ed’s trainer, mentor and sales manager. But by doing so, he has unfortunately ruined both Ann’s and Ed’s chances of success. Ann is out of position because she isn’t selling – she’s spending all her time trying to support Ed, who is struggling. And Ed isn’t selling because Ann doesn’t know a thing about training or mentoring. Both quit.

Now whose fault is it?

In each case, the fault rests squarely with the owner. No attempt was made to identify talent properly, the structure was non-existent and the environment was counterproductive.

Does this sound familiar? If these stories match your experience, and you are burdened with the high cost of hiring mistakes, you need a plan for hiring and a plan for training.

### WHAT’S YOUR PRE-HIRE PLAN?

In order to find the right person, you first need to understand what, not who, you are looking for. What you are trying to build? Why are your products/services needed in the marketplace? Start defining what the role of salesperson will look like and how it will relate to other aspects of the business.

Next, write and post a job description. Compile resumes, screen them and conduct phone screening sessions. After assigning and reviewing personality profiles, you are ready to begin this simple three-step interview process:

1. In the first interview, try to determine the answer to two questions about candidates: will they do the job and can they do

the job? Give out a homework assignment for them to learn more about the company.

2. In the second interview, find out whether candidates are coachable. Do they demonstrate behavior that is clear and consistent with your company's values and work ethic? The homework assignment: ask candidates to explain why they want to work for you.

3. In the third interview let candidates shadow you in sales for three to four hours. This helps you assess whether your candidates are gaining an understanding of your business. The final homework assignment: Explain why he or she is the best return on investment candidate for the job.

Then choose from three or four ideal candidates.

## **A PATH TOWARD CONTINUED SUCCESS**

Once you've made the right decisions, how are you going to support, train and manage the new hire?

Allow your new hire to shadow you on dozens of appointments. Let the person watch, listen and become immersed himself in the business to understand how the industry works and how the market reacts to your offering.

Within 60 days, the person can begin to handle some sales. Let him or her learn to discover need, communicate value and build a pipeline.

Within six months, when you become confident that the salesperson can ride solo, remain available for ongoing support and mentorship.

## **SCALABILITY AND GROWTH**

Most companies believe that once you find a salesperson with a good mindset, you're done. You're not. To create a sales culture of excellence, you need to continue to train, focus and reward that mindset and attitude. You need to evaluate not only your team's attitude, but your own – remember that you set the entire tone for your company. Don't forget that while looking ahead is vital, focusing your team on the right mindset every day is a constant quest.

There's always room for improvement – even Michael Jordan had a coach.