



Recruiti

How to Avoid the High Cost of the Bad Hire

Illustration by Scott Thuen for The Partner Channel



**Jason Pappas, Joe Mechlinski, and
Jeremy Epstein**

Are you tired of hiring salespeople and having them not work out?

What's the issue – them, or you?

Every company is guilty of making a poor hiring decision at one time or another, yet there is a tendency to shrug off hiring mistakes and say, “We’ll do better next time.” But when you stop and take a look at exactly how expensive bad hires are, you’ll realize you can’t go on ignoring the problem and hoping for the best.

The cost of making hiring mistakes is so high that, for many business owners, a single bad hire in sales can mean that you 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 negatively impact 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. But this article goes

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deeper than that. We're asking you to correct your own experiences and expectations about recruiting and hiring so that you can create a true sales culture of accountability and accomplishment.

The High Cost of Bad Hiring Decisions – What's the Data Say?

In a recent study of the hiring trends of top Microsoft Partners, we discovered how low the ROI was for the average services company. Partners reported that a full 50% of newly hired salespeople were leaving after one year. That's after their companies had invested somewhere between \$10,000 to \$40,000 in training and support for each person. As always, in sales, on top of the hard costs, there is also the opportunity cost to consider. How much new business could have been realized had you made the right hire the first time?

Making hiring mistakes is difficult enough, but being 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 Microsoft Partner, an emerging technology company run by Fred Dread. Fred is a technologist who became an entrepreneur. He has done well in servicing his customers to the best of his ability, has experienced growth, and is ready to start leveraging different components of his business, including sales. He posted a job opening online and in the paper, and he asked his friends and family network if they knew of any really good salespeople who could get out there and sell for him.

Fred interviewed two people. Salesperson A didn't make his skin crawl, and Salesperson B did. So, he chose Salesperson A (let's call him "Tom"), and gave him the title "vice president of sales" because Tom told him that if he had that title, it would make him more successful. Fred established clear sales goals (as all of his good business books told him to do): \$100,000 in software and \$100,000 in services.

Ninety days later, it's not going so well. Tom can't seem to even get a conversation going with a prospect, and he hates cold call-

ing. He also claims that the company needs to spend more dollars on marketing. Fred starts getting frustrated. He starts monitoring what time Tom shows up, how many calls he makes, how long he spends on calls. Fred 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, Tom has fallen far short of his targets, and 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 as a race. He begins to question how much he really wants to grow his business, and even begins to doubt the value his company brings to the marketplace.

The problems in the example are many. First, Fred is a technologist. He is brilliant in technology, but not so bright in sales. But 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 that 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 another imaginary Microsoft Partner, Sue Clue. Sue is usually good with people. The first salesperson she hires, Ann, actually is doing a decent job. Ann has sold a deal or two. After six months, she is getting to the point where she is almost paying for herself. So Sue says, "This is great! Let's bring in another salesperson!" She hires Ed, and asks Ann to become Ed's trainer, mentor, and sales manager. But by doing so, she has unfortunately ruined both Ann's and Ed's chances of success. You can find a parallel in professional sports. The best managers typically were not once superstar players. Most superstar players do not become good managers. Ann is out of position, so to speak. She isn't selling because 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, there are two ways to get out of it. Locate, attract, and hire the "right" salespeople, and understand how to train and support them.

When scaling your company, there are three components to address: culture, structure, and talent. Let's talk about them.

Creating a Culture of Excellence

Culture, or environment, is the collective mindset of the team or organization. Left alone, the culture can be self-perpetuating. Losing will persist regardless of the structure or methodology in place. Everyone takes on the "loser" tag, and everyone loses. Conversely, on a championship team, there's a higher level of standard, a higher level of accountability and of pushing each other and challenging each other. The winning environment supports a culture of excellence.

What about the flat culture?

In the average company, winning and losing coincide. Executives are seeing a lack of consistency among their sales team. While sales continue to come in, nobody seems to be hitting goals or showing progress. To add to the problem, the non-winning environment creates a recruiting roadblock. It's difficult to lure top quality people to a non-winning environment. As a result, the candidate they are luring is not their top choice. They hire what they thought they needed to have at the moment, according to an imaginary timeline – and made another bad hire. And so, the non-winning environment continues.

With regard to talent, you have the option of paying six figures for a senior sales executive (who may carry baggage from other firms), or you can bring in an energetic, incentive-based salesperson. High-end talent tends to be less loyal, more expensive, and more demanding. And new or budding talent takes a lot of your time and effort to bring to fullness.

In both cases, you need a winning environment, a culture of success, to prevent the new salesperson from becoming a bad hire.

Keep in mind, when we say "bad hire," we don't mean the person is bad. Most people are good people. Most people are hard workers. As leaders of companies, it is our responsibility to establish a winning environment for our good people. Success has got to be easy and intuitive for them. If it's not simple

enough, whose fault is that?

Creating a winning environment takes the right talent and the right structure to support them.

What's Your Pre-Hire Plan?

Structuring a culture of excellence is a two-part process: the pre-hire plan for identifying the right person by role, and the post-hire plan for supporting, training, and managing the person.

Let's consider a third imaginary Microsoft Partner, Imu Shatu. Imu is a technologist who decides he wants to take the business beyond himself. But before jumping straight into how that will happen, he pauses to take a look at what must be done. He asks himself, what he is trying to build? Who is he trying to serve? Why is his product/service needed in the marketplace?

Imu asked himself thoughtful questions and began to figure out what the role of salesperson would look like within his company. He considered how the role of the salesperson must be related to other aspects of the business. After much deliberation, he determined that the salesperson's role for the first six months was to be a junior sales support person. Because no one knew his business better than he did, he knew that no one would be better at training the new salesperson than him. His goal was to hire an intelligent, motivated person who could help him sell better. The person could learn along the way, documenting how sales happened for his organization while experiencing both the inside and outside of the business.

Using the recruiting process outlined below, Imu attracted, found, and hired such a person, Flo. Within a year, Flo shadowed Imu on dozens of appointments, and even handled some sales that Imu couldn't take on. Flo began to build a pipeline so that when Imu was ready to take off the training wheels, Flo could ride solo with confidence.

Likewise, in your pre-hire planning, you need to identify your expectations. Ask: What am I expecting the salesperson to do? What will he sell? What market is she going after? Who is he going to report to? What expectations do I have about her productivity over three months, six months, and nine months? How willing am I to compensate him? What's the draw? What support can I offer? Why would she want to work for me?

If you know this, you're halfway to finding the right person.

You have identified the specific role you are looking to fill. You have clarity on the "what" they are here to do. You can now focus on the "whom."

Just as Imu had built a pipeline of sales leads, he knew he had to build a pipeline of sales candidates.

He wrote up a job description and sought candidates through his network by posting ads and using other resources, remembering what a wise woman had once said to him: "With only one option, you have no choice. With two options, you have a dilemma. But if you have three qualified candidates to select from, you can make a true choice." He compiled resumes, screened them, and conducted phone screening sessions to validate that the skills, background, and experience matched his criteria. After assigning and reviewing personality profiles, he was ready to begin this simple three-step interview process:

1. In the first interview, Imu sought to determine the answer to two questions about candidates: *will* they do the job and *can* they do the job? He gave out a homework assignment for them to learn more about the company.
2. In the second interview, Imu sought to determine whether candidates could be coached. Did they have a strong work ethic? Did they demonstrate behavior that was clear and consistent with his company's values? The homework assignment asked candidates to explain why they wanted to work for Imu.
3. In the third interview, Imu invited candidates for an extended stay. He let them shadow him on sales for three to four hours. This took away the "first date" jitters and helped him assess whether his candidates were gaining an understanding of his business. They let their guard down, and he was able to sense whether they matched the culture of his organization. The final homework assignment was: Explain why you are right for the job? Why are you the best ROI candidate?

He then chose from three or four ideal candidates.

The Post-Hire Plan – a Path Toward Continued Success

Because training, mentoring, and coaching are what makes or breaks the hire, structuring a culture of excellence also requires a post-hire plan. Now that you've made the right decisions, how are you going to support, train, and manage the new hire?

The phases of the post-hire plan include:

Phase I: Learning and Understanding the Business. Just let them watch. Let them im-

merse themselves in the business to understand how the business operates, how the industry works, how the market reacts to you. Let them begin to learn the best way to introduce your product/service. Let them study your best practices for qualifying and moving prospects through the sales cycle.

Phase II: Try with Help. Let the salesperson take the lead on appointments. Let him or her begin to discover need. Give ongoing coaching on communicating and delivering the value that's connected with the prospect's most important priorities.

Phase III: Fly Solo. Let them try without help, but still be there for support. Allow them to learn how to take prospects through contracting and beyond.

Scalability and Growth for the Culture of Excellence

Most emerging technology companies believe that once you find a salesperson with a good mindset, you're done. You're not! To create a culture of excellence, you need to continue to train, focus, and reward that mindset and attitude. Even Michael Jordan had a coach. You can find people with the right mindset, and think that they've got it, but remember: There's no such thing as "getting it" forever. Focusing your team on the right mindset every day is a constant quest. One meeting per week won't cut it. The best salespeople always benefit from ongoing support and mentoring that continually discovers and brings out the best in them.

If you have the proper mindset, you will realize that there is more than enough talent in the marketplace today. Take advantage of it. Be clear on your growth goals, and let them inspire how you hire, support, and manage for success. All of this is in your control.

Remember, recruiting is a discipline. Recruiting a culture of excellence is not something you can just do. You have to be a culture of excellence. Identify and align your sales environment, and the hires you make will be good hires. 🚀

Jason Pappas and Joe Mechlinski are principals of EntreQuest, an organization focused on growing companies' sales revenue through sales training, consulting, and hiring programs. To learn, visit the Web site at www.entrequest.com.

Jeremy Epstein helps mid-Atlantic Partners leverage Microsoft's marketing capability to generate new leads. To learn how you can work more closely with Microsoft in the Washington, DC, Maryland, and Virginia areas, contact his team at gemaam@microsoft.com.