

THE WRONG SALESPERSON *

The Anatomy of a Bad Hiring Decision

Mike Morgan, the Vice President of Sales for Freebird.com, a successful online music and entertainment company, was under pressure from the Freebird CEO to hire an account executive as soon as possible to replace a senior AE in the New York office who had recently resigned. The CEO had told Mike, "Fill that open AE job as soon as you can. Sales are lagging behind forecast, and we have to make our numbers this quarter."

The CEO also asked Mike if he had a job description for the open position. Mike replied, "No, but I know what I'm looking for: a guy with five years of experience, knowledge of our business, and a graduate of a good college."

Mike Morgan was 36 years old and was somewhat embittered because he had been interviewed three times for the job of COO at several startups, and had not been selected. He was bored with his job as head of sales at Freebird.com and wanted to get a bigger job with more equity participation. He wanted to get rich, as many of his friends at startups had.

Mike asked an intern to email him all the resumes of applicants for the sales job by Friday at 5:00 p.m., and left the office for a weekend at the beach. He was not in a good mood. His wife was going to give him a lot of grief for working on the weekend, but Mike knew he needed to fill the job quickly, so he had to work over the weekend to get it done.

After dinner Friday night, Mike began to organize the process of looking at 25 resumes. As he read each applicant's resume, he immediately ruled them out if they did not have at least five years of digital sales experience.

By noon on Saturday, Mike had seven possible candidates. He then eliminated three of them because they had no college degree at all or only two-year Associate degrees. That left four applicants. He looked at the four resumes again and ranked them 1, 2, 3, and 4.

On Saturday afternoon Mike got on the phone to call the top four applicants. After a dozen calls, Mike had reached candidates ranked #2, #3, and #4. Only the candidate ranked #4 was available, as the other two had recently taken other jobs. On Sunday afternoon, Mike finally reached the candidate he had ranked #1, but she was about to have a baby and not interested in considering a move. He got back to the candidate #4, Alex Smith, age 42, and made arrangements to fly him to New York on Wednesday and to interview Alex at the airport.

Mike did not have the recruiting company that provided him with the resumes to check Alex's references because, he said to himself, "I don't have time to bother with that."

Mike met Alex at the airport and invited him into a cafeteria for an interview. Mike began the conversation by explaining Freebird's policies, how the sales department was structured, what he was looking for, and what the expectations were for salespeople. Mike asked Alex what accounts he had called on in the past and why he had left jobs selling advertising for three digital content companies in five years. Alex replied that he had always left for a better offer. Mike asked Alex where he went to college, and when he mentioned a highly respected school, Mike said to himself, "He can't be too bad."

Mike told Alex what the salary and commission rate was and how much he could make if he did well (an unrealistically high number). Mike then asked Alex if he would be available immediately. Alex said "yes," so Mike hired him, told him he would start in a week, shook hands, and headed for the parking lot.

On the drive home from the airport, Mike felt relieved and said to himself, "I've filled the slot and made the CEO happy."

Mike's sense of relief did not last long. When he announced to his national sales staff on a video call that he had hired Alex to start in New York the following week, the three salespeople in the Chicago office, the city in which Alex had worked, let out a loud groan. The top Chicago salesperson, Julia Gonzalez, said, "You didn't really hire that turkey, did you. We had a field day competing against him."

Within three months, Alex was nowhere near making his numbers, and Mike realized he had made a mistake. However, he did not want the CEO to know it, so he did not address the situation or say anything to the CEO or to Alex.

Six months after he had been hired, Alex bumbled a presentation and lost a major price of business from one of Freebird's largest accounts and angered the buyer on that account. Mike Morgan was furious. He had finally had enough. Mike called Alex into his office, and in a loud, angry voice said, "Alex, that screwup on the Sony account was the last straw! I'm fed up! You're fired! You're outta here! Go pick up your things. We'll send you a check."

ASSIGNMENT

1. What did Mike Morgan do wrong in the interviewing, hiring, and terminating process?
2. What recommendations do you have for Mike for the next time he hires a salesperson?
3. What recommendations do you have for Mike for the next time he considers firing a salesperson?
4. What recommendations do you have for Freebird's CEO?

* This case was prepared by Charles Warner