



The Real Cost of an Average or Bad Sales Hire

Most companies have no idea what the cost of a bad or even “average” sales hire is. Yet when they analyze the real cost it always shocks them.

The Sequel Group has worked with many companies to help them **“attain and maintain High Velocity Growth.”**

Sequel Group is often retained shortly after the initial field people are hired. In nearly every case we find that roughly 1/3 of the initial field people are average to bad hires.

If you are a huge company starting up a new group, you can withstand this typical scenario. BUT... if you are in a post start-up position moving to IPO our guess is this could be nearly catastrophic.

Take a look at the scenario below which is “real life”; taken from one of our recent clients. *And, this example is not of a bad hire but of an average or “C” player.*

Keep these numbers in mind:

“A” player revenue first year: **\$2.4M versus \$576K** sold by “C” player

“A” player profit first year (includes cost of SA):
\$690K versus profit by “C” player of **\$114K**

Average Rep Finishes first year at 40% of goal and Good Rep 100%

- Average Rep costs: Salary (rep and SA) \$270K - Margin \$384K = \$114K profit
- Good Rep costs: Salary \$270K – Margin (team) \$960K = \$690K profit
- Net gain by hiring a good rep is \$576K profit and \$1.440K in revenue in first year
- Conservatively you have to figure 20% add-on business per year with an account. That means that in 3 years you may well have lost \$1.5M in add-on revenue which you NEVER make up.

How about the “Soft” costs:

- You NEVER recover the loss in business...it likely goes to the competition
- Leadership bonuses might be impacted
- What if that was all new logo business? Then the “street” sees that as a loss to the competition which could be a great reference for them and not for you.
- Team morale goes down when you have “A” players and strong “B” players and they are looking at leadership and wondering why you hired the average sales reps
- Even worse the good reps are wondering why you haven’t made a move to upgrade

Contact us today: 303-267-0600
Consultants in Executive Search & Human Capital Formation