



Stanford eCorner

Mis-hires in a Startup

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Video URL: <http://ecorner.stanford.edu/videos/1733/Mis-hires-in-a-Startup>

Andrew Frame, CEO of Ooma, explains one of the biggest mistakes of most successful CEOs: delayed firing of an employee. He talks about the incredible damage that a mis-hire can cause to a company. He insists that an entrepreneur should not rationalize about mis-hires, but instead seek to get an A-player to work for the company.



Transcript

Mis-hires. This is going to happen. I've had my share of these and I've talked to a lot of very successful CEOs. Almost every single one of them says the biggest mistake they've ever made in their career is firing somebody too late, especially at the leadership level. If you hire the wrong executive, it's either, best case scenario, it cost maybe a million or \$2 million. The damage that they do is not always obvious but trust me, it's there and it's big. At the worst, it kills the company. A lot of companies will die because of a bad hire at the executives level. When you identify that you have a bad executive, and it's not necessarily that they are a bad person. They might be wrong for the company, wrong for the vision and the playbook that you've established.

They can't think. That's not what they do. You got to move and you got to move quick and if you have a process like the playbook process in place, it becomes very easy communicating back to that person. You never want to surprise somebody by saying, "Hey, you're fired," because in your head, they're not doing a great job, but you've never shared that. That's a horrible way to operate. You got to praise publicly and criticize privately. You're going to have to have those discussions. Bring him in your office and say, "Hey, look, this isn't going the way I thought it was going to be going. How do we improve this?" And as long as you're open with your communication, it's a lot easier. But that's the biggest lesson I can offer, is when you have a situation, you got to address it.

If your gut says that this is wrong, guess what, it's wrong. You got to make a move. Don't rationalize the good part with all these baggage. You got to make a move and find somebody who's an A player.