

Interview with Jeff McDonald, Senior Vice President, Human Resources
May 20, 2019
Sweetwater Sound, Inc.
Fort Wayne, Indiana

Robert Willey: How many new employees are you planning to add as part of your new phase of expansion?

Jeff McDonald: We did a press conference in October 2018 and announced that if growth continues as it is we will probably be adding another 1,000 jobs by 2024. It's not how many people did you *hire*, it's the increase in head count. If I hire you and you're here and then you leave and I replace you that is not an addition. Since October we've increased the head count by about 50.

RW: How many of the new employees will be Sales Engineers?

JM: I think it's safe to say that from where we were at the start of 2018 that we would roughly double the number of people in the sales department. We're building a 350,000 square foot distribution center that will open in the spring of 2020. We've got about 100,000 square feet now, so we've more than tripled the size. You would think from that that would take care of all the additional head count right there, but that's not the case. We don't think that there will actually be a huge increase in head count in distribution because our biggest challenge now is space. We're constantly running into each other. There are a lot of efficiencies that we think that we can get with a much bigger facility, as well as a lot of room to grow in the future. That means that most of the 1,000 new people over a 5-year period is going to come in other parts of the company—sales, marketing, merchandising, IT, programming, and so on.

RW: What's changing the most on the Sweetwater website? Are you thinking about adding virtual or augmented reality features in the future so that people could put on a headset and move around the gear?

JM: I'm not aware of people talking about that so far. We already have pictures of the guitars from different angles. The part that has really ramped up are the videos that introduce and demonstrate the products.

RW: Do the Sales Engineers make those?

JM: No. For the last 4-5 years we've had a group of content spokespeople in the marketing department. There are two guitar guys, a drummer, a keyboard guy, and Daniel Fisher who is the synthesis guru. The keyboard guy talks about the kinds of synthesizers, pianos, Clavinovas or whatever that you'd take to a club, and then Daniel is the guy who goes "OK, here is how you get this amazing, funky sound." Mitch Gallagher interviews a lot of people about the recording gear side. There are 8 people in the department who shoot and edit the videos. The musicians work in the marketing department and produce the videos, and are on call for session work in

the studio, like Don the guitar player who played with Willie Nelson and the Oak Ridge Boys, or our drummer who replaced Phil Collins in Genesis and chief percussionist for Cirque de Soleil.

RW: Do you see getting more into education in the future, like the theory of how things work in addition to how to use products?

JM: Have you seen the InSync videos? The idea behind them is not just to sell products, it is way more educational. They make about 8-10 of them a week, and there are 4,000-5,000 on the website. You get to hear the product and see some performance, and learn about the features. There's definitely an educational aspect. Some are generic and less product-specific. For example, there's one for keyboard players who aren't organists who want to learn some tricks on what to play to get an authentic organ sound.

RW: I always wished someone would make an index of the Sweetwater Minute videos that Mitch made. You can search by keywords, but I think it would be easier to find the right one if they were organized in categories.

JM: You would be shocked how many people get on the website every week and watch the new InSync videos. We get a ton of input from customers. Do we want them to buy the products? Sure, but it's not a car dealer thing where we yell "We've got the new Buick X, come on down today!" and talk about price. Instead the person just says "If you want more information, talk with your Sales Engineer" at the end. When we're interviewing people for those positions we ask them to make a 4-5 minute video, it can be on your phone, it doesn't have to be fancy.

RW: Has your approach changed over the years to hiring the right people?

JM: When I first started doing this 14 years ago, I would go to a school to talk about Sweetwater and maybe 10-15% of the students would have heard of us, maybe a little more if it was a trade school, like IPR in Minneapolis, or McNally Smith in St. Paul, or Full Sail. Now when I go they say "I brought my catalog with me." There are a whole lot more people who know who we are, so the brand recognition part of it is easier, but instead of hiring 3 sales engineers a month I'm hiring 10, and we're very, very selective. That's like saying "We're going to open 10 new stores a month." According to NAMM, the average mom and pop independent retail store sells about \$800,000 in volume a year. A Sales Engineer at Sweetwater does that typically in a year, and will surpass that after about 15 months on the job, and then continue to grow their business from there.

RW: How are they able to do that?

JM: If you go to your larger independent store looking for a guitar, they *may* have both Fender and Gibson and some inexpensive \$200-300 guitars in order to offer a lesson program. They're not going to have 14 brands of electric guitars. They might have Taylor or Martin or Gibson, but probably not all three, unless it's a really bigger store. They surely don't have 300 microphones and every DAW known to man. Part of it is just that we can offer so many more products. We

have 34,000 products on the website, where a typical independent music store has probably a couple hundred. The customer can see everything they're interested in, and the people they talk to are experts. The Sales Engineers come from a music tech program like yours, then we put them through 13 weeks of classroom training, and then they have 3 hours of formal product training every week after that. Almost every day there are vendors here for a day who set up a petting zoo to let the Sales Engineers talk to them about new products and get trained on them. Within two years the graduates of your program are within the top 2-3% of audio experts in the country. There's no way you could do that in a store. The customer thinks "34,000 products, the sales people are experts and really nice and fast, and I don't have to get in the car and go to a store to find out that they don't have PRS guitars there."

RW: How does the hiring process work?

JM: First you fill out an application, then you have a phone interview. If that goes well you take some personality tests online, we're constantly tweaking those. If those go well we'll bring you in for 4-5 additional tests. By the time you're a Sales Engineers you've had about 8 different tests, everything from personality to intellect to writing an email, editing a letter (how many words are misspelled?), Angela Duckworth's grit test (thanks to you), and a typing test. There's a face-to-face meeting with three interviewers that lasts about 2 hours.

If you're hired you go through the 13 weeks of training in Sweetwater University, with 300 classes and over 100 instructors. They take several different tests to see how they're progressing. After six weeks we turn them loose on the sales floor for a week of practical application to work with a senior Sales Engineer, so it's not just 13 weeks of classes.

RW: What sort of supervision do Sales Engineers once they're on the job?

JM: Once they're released to the sales floor they get constant follow-up from at least two different sales managers who observe what they're doing and look at all the numbers, and listen in on phone calls. That typically goes on for 3-4 months. Then they go to a coach, who is also a sales manager, who will continue to monitor how they're doing. There isn't a formal schedule after that, it becomes much more individualized after 6 months. Some people need a lot of help, others are self-sufficient and do pretty well. Even Sales Engineers who have been here for 15-20 years are still meeting with a coach. Our theory is that you can always learn something, grow, and do better. It's part of Chuck's whole *kaizen* philosophy.

RW: He said he had a fascinating trip to Japan to visit Yamaha.

JM: We had been talking about kaizen for years before he went. He and the rest of the senior team were amazed by what they saw there.

RW: Were you involved in hiring the senior team?

JM: More than half of them. Some of them were already here when I arrived, and every once in a while Chuck or John, the COO will know someone and say “We think we’re going to take this guy.”

RW: What is the sign that someone is not working out?

JM: We’re generally very patient. We’ve invested a significant amount of time and money up front in the Sales Engineers. We pay for three months of classroom training from 9:00 a.m. to 6:00 p.m. every day. We know that it’s not “OK, it’s the 14th week, you’re finished with class and now, boom, you’re an instant success.” It’s sort of like being a farmer. First you have to prepare the land, till it, plant the seeds, and irrigate it. The “crop” doesn’t come in for a year, and then the second year is double what it was the first year.

We’re non-negotiable about ethics. If someone cheats the system or breaks the rules (we don’t have a lot of rules), or if somebody goes against the mission statement (“Always Do the Right Thing”) then we’ll be pretty quick to tell them “That’s not the culture here.” The best example of that that I’ve seen in the 14 years I’ve been here was 12 years ago, we had one guy one time that took somebody else’s lunch out of the refrigerator. We might have terminated one person for taking equipment. It’s not like theft is rampant at all. It’s more ethics, there’s a code of conduct that you have to follow.

Another thing is flat out not trying. You’re not making any phone calls, you’re coming in late and leaving early, spending all day looking at Facebook on your computer, that stuff is problematic since this is an excellence environment. You have to bring your “A” game every day. But I would still say that we’re pretty lenient, up to a point. If I was counseling somebody and we tried and tried and you’d had a verbal warning, I’ll just say, “You know what, I’ve got 1,600 employees, and when I’m more concerned about your career than you are, somebody’s priorities are out of line.” You’d be surprised how many times that person will say, “Yeah, you’re right, I’m just not feeling it.”

RW: What reasons do people give for leaving?

JM: Interestingly, the biggest reason doesn’t have anything to do with the company or the job. It’s personal stuff. About 75% of our Sales Engineers come from someplace else, and most of the time when they leave it has something to do with family. They’ll say “We moved here from Oregon and my wife misses her friends and parents” or “My dad just had a heart attack” or “My mom has Alzheimers.” It’s way more personal stuff than job performance.

RW: Are you involved with monitoring and firing in addition to hiring?

JM: Back in the day when there were 80 Sales Engineers and 4 sales managers I was very involved in that. Now there are 400 Sales Engineers and 10 managers. The sales managers are now doing 90% of the coaching, mentoring, identifying people in trouble or needing disciplinary action or ultimately termination, at which point I get involved toward the end of the process.

But we try really, really hard to help everyone succeed. We move a lot of people to Fort Wayne and don't take that lightly.

RW: I heard that house of worship is the fastest growing part of the audio industry. How big is your worship team?

JM: We have 85 people working on the house of worship team. There are a lot of moving parts there. You as an individual might want to buy an audio interface, so you talk with your Sales Engineer and decide which one to get. On the other hand, very seldom will it be one person who decides what sound system to buy for a church. You've got to go to the elders and deacons and councils with proposals. It could be 3 people making that decision, or it might involve 12 people. We have a lot of people on staff who at some point in their career have been a worship leader in a church and are now doing this job, and probably 12-15 people working here who were actual pastors. There are hundreds that are somehow involved now with a worship team in their church.

RW: The *WHY* of the worship team is a little different from that of Sweetwater in general. On the inside cover of the WorshipSoundPro church sound and music technology guide Chuck writes that there is one objective—to help convey your ministry's message to your congregation. The purpose of the guide is to help readers towards products that Sweetwater has found work best for that application, so that the worship team can keep their focus on their ministry and congregation instead of spending unnecessary time and energy digging through Sweetwater's ProGear product guide that is full of items that churches don't need.

JM: We also have a team that specializes in serving schools that are getting into music technology. You work with Jeffrey Green because he graduated from your university and your program has been into music tech for a long time. If you were at a high school we'd put you with someone from the music education team.

RW: Do you have a team for touring artists?

JM: No, the only places we specialize are in house of worship and music education. If I was a sales engineer and a guitarist, I'd still have to know keyboards and lighting, or else I'd lose relationships and sales with people do other things besides guitar. But I'm probably going to end up at the end of the day with half of my customers being guitar players because that's my sweet spot.

RW: Have you noticed any trends in how prepared people are that apply to work here?

JM: Soft skills are on the decline, and SAT scores are down even though they dumb-downed the test. I think it's a result of cell phones. One of the tests that we give in marketing and sales is to give applicants an email from someone interested in some product and ask them to compose an email reply. We look at how fast they can type. We're not trying to be elitist, snobbish, or academic about it, we just look at what they're going to do all day. They're going to talk to 50-

70 people on the phone, go into our CRM system and take really good notes about those conversations so that the next time they talk to the same person they can refer back to what their last conversation. It's not going to work if they can't listen, type, take good notes, and send you an intelligent email when you ask a question. They have to be able to follow directions and process information.

We give them a letter that's filled with spelling and grammatical errors and ask them to correct it. Obviously, computers have spell checks, but we want to see if they can string 5 sentences into a paragraph and know when to start the next one. In the 14 years that skill keeps dropping. Does that mean the students are dumber? No, not at all. They can run circles around me on a computer. It's just a different skill set.

Let's go back to the WHY to come full circle. If the WHY is Chuck saying "I want to help my friends make better music" then how do you do that? How do you make that experience better? It starts with listening to what the customer needs and wants so that you can help them, and then in the clearest and most professional, friendly way you can, help them. Any way you cut that it's going to involve communicating back to them. If you can't do that, then I don't care if you get 100% on the technical test, because it's not going to do me or the customer any good. The guy that got the best score ever on the technical test that we give as part of the interview process was a Ph.D that taught music technology. He was the worst Sales Engineer in Sweetwater's history. He had all the knowledge but he couldn't communicate it to the average customer. First of all he didn't want to talk to them. He wanted to write them a 10-page dissertation on whether they should buy an SM57 or an SM58. It was a train wreck. He knew everything, but he couldn't communicate except on his terms. After about a year and a half he realized he couldn't talk to the customers, they were too dumb. If you can't communicate you shouldn't be in a job that's all about trying help people make a decision, because that's why they're coming to us. We're the experts who can help them with that. You have to be more than an expert, you have to be an expert communicator.

RW: Is that part of Sweetwater U to develop those writing skills, or do you just select people who are better at it than most?

JM: Both. It's something that we're constantly working on once we have that person.

RW: Are there any other brands that you are a fan of?

JM: The company is certainly a Mac fan. If you look at the picture of Chuck in his studio in 1981 you'll see an Apple computer. We see Nordstrom, Disney, and Ritz-Carlton as good examples of companies that try to deliver to their customers more than what's expected.

RW: I asked Chuck at what point "Exceed Expectations" was added to the Sweetwater philosophy. It seems to me that's the icing on the cake after you learn to do the right thing.

JM: Did you see the Boy Scout uniform hanging on the Volkswagon bus in the lobby? I never want to put words in Chuck's mouth, but looking at it from here, and knowing him since he was 23 years old, I'd say that Sweetwater's culture is just a reflection of who Chuck is. The translation of the Scout Law is "Do the right thing." He's had that since he was 8 years old, and it has never wavered. Sweetwater's culture is just a reflection of who Chuck is, including the qualities listed in the Boy Scout Law: trustworthy, loyal, helpful, friendly, courteous, kind, obedient, cheerful, thrifty, brave, clean, and reverent. The translation of that is "Do the right thing." It wasn't like a bunch of marketing people sat around and tried to come up with a good slogan. This is just what we do every day.

When Jeff Radke, Jeff Ostermann, and I sat down 8 or 9 years ago to write a concise, accurate and enduring mission statement "Do the right thing" was already a very deeply embedded part of our culture. We didn't go hire a bunch of consultants to come up with a mission statement and a slogan. We sat and tried to boil down and encapsulate what we've always done. From the very first month I worked here it was "Just use common sense, use good judgment, and do the right thing." We looked for the common denominator in everything we had written. It was "Do the right thing." That's what we do every day. It was easy to get there, and the process was organic.

RW: Thank you so much.

JW: Sure.