



## INTRODUCTION

**Chuck, Chuck, Chuck...** That was all that Abigail heard in the sales team meetings and she was getting tired of it. Management made regular comments about how they wished the other salespeople in their cellular phone store were more like Chuck. If they only knew!

The competition at that store was very tough among the sales people. Many of the people that Abigail worked with started to have alcohol, drug and relationship problems due to the stress. If the quota, which was quite challenging, was missed for a month, then employees were put on immediate probation. Miss two to three months and the employee was terminated, no exceptions, no excuses. This was all taking place during 2009 – 2010, when jobs were scarce, so the pressure seemed almost unbearable to some. Employment in the industry has been between 2% and -12% from 2007 to February of 2011. Average wages in the industry were \$24.40/hour as of February 2011, so compensation was over three times greater than minimum wage, although the pressure to perform was high.

## HISTORY OF THE CELL PHONE AND CELL PHONE PROVIDER INDUSTRY

Most of us probably think that cell phone technology has only been around for the past decade or two. In actuality, the technology and the idea for cell phones was created in the 1940's. Taxi cabs, truckers, police cars and emergency vehicles used this technology for many years before the average consumer started using them with regularity. The first consumer phones were introduced in 1983 by Motorola. Digital technology was launched in the 1990's, and was faster and quieter, which greatly improved the adoption rate for cell phones across customer groups.

Consumers are replacing landline phones with cell phones only, with wireless only homes reaching 25% in 2009. This number is expected to continue to increase, as young adults create their own households and are likely to not pay for landlines, too.

Today, the industry has consolidated to six major cell phone manufacturers, with Apple, Nokia, Samsung, Sony Ericsson, Motorola and LG dominating the cell phone market.

About 3,000 companies provide cell phone access with annual revenue of about \$190 billion in 2010. Among cell phone providers, Verizon has grown to become the largest cell phone provider in the United States, with 92 million customers as of Spring 2011. AT&T has remained in second place among providers, with the purchase of Alltel narrowing the gap against Big Red. Other large providers include Sprint/Nextel and T-Mobile USA, which is a subsidiary of Deutsche Telekom. The 50 largest companies are responsible for over 90% of the revenue in the industry, indicated the highly concentrated nature of the industry.

According to those that worked in the cell phone industry, providers make minimal profit on the sale of cell phones, and in some cases, a loss. It is the accessories and monthly service fees that are much more lucrative, and also much more highly emphasized to sales associates.

The average revenue per user has remained at about \$50/month per user for several months. Data services, which averaged \$30/month for the largest provider, are one avenue to drastically increase per capital expenditures.

The current market also appears to be at saturation.

*Ethics in Wireless Sales.....*

## **THE SITUATION**

Abigail was a retail sales representative at a wireless service provider corporate store. The wireless company boasted that they had the largest, fastest network and most qualified, competent staff as a competitive advantage over their wireless rivals. She worked in a store that was located in a growing, upper class neighborhood of Nashville, Tennessee. She was a dedicated and enthusiastic worker, and prided herself on providing excellent customer service while supporting the other associates in the store as much as possible. She continually made a connection with her customers and often saw friend referrals based on the time and service that she provided to her previous customers.

She went through an initial training period of three weeks prior to selling on the sales floor. During the three weeks, Abigail learned what her goals would be each month and that meeting her quotas would ensure that she would keep her job. Her quota included but was not limited to: selling 150 new lines of service each month, selling a data (text/picture/internet services) package with each line, adding family share lines to accounts, selling at least 3 accessories per phone, and encouraging customers to try out internet services via an Aircard. She knew that meeting her quota each day may mean that some customer service steps were left out. This worried Abigail, though she assures herself that she will be able to accommodate all of her customer's needs.

Abigail had worked at the wireless company for over a year. She struggled to find a balance between meeting her quota and exceeding consumer expectations with regards to customer service. She routinely observed her coworker Chuck receive accolades for his continued sales success, both in team meetings and in casual conversations with members of management.

At their weekly sales meetings, the management team would state that they did not know how Chuck achieved such high sales week after week, but that the other sales associated should learn what he did and copy it.

Abigail was frustrated with Chuck because he stepped in front of Abigail to “steal” sales and he refused to help customers who came into the store with questions. Time after time, Abigail “came to the rescue” and assisted the customers with as fixes to most of the phone and service problems that they had. This type of customer attention cost Abigail several sales. She had missed her quota and had been placed on probation. She knew if she does not meet her quota next month that she will be fired.

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Abigail recorded what she observed Chuck doing for one week. During that week, Abigail had jotted down several actions Chuck had taken that she felt were unethical. These actions included:

1. Chuck profiled customers before they even enter the store. He only helped the young professionals who he knew would be interested in purchasing added data packages and accessories.
2. He explained to customers who had questions to call customer service. He “forgot” to remove data features off of an account when a customer requested them to be removed to maintain his commission.
3. He only showed, and subsequently sold, customers phones that required data plans whether or not the customers were interested in that particular service.
4. He made several comments within hearing distance of the customers that women in the wireless industry are not as competent as their male counterparts.
5. When selling data packages, even if a customer was not sure he/she wanted one, he told them to try it out for 3 months and **then** decide to quit or not. Customers legally should have been told that they could cancel at any time; however, this was not emphasized. A commission was not paid to sales representatives until a customer used that service for 3 months.
6. He refused to provide customer service that did not provide commission revenue.

## **ABIGAIL’S CHOICES**

Abigail voiced her frustrations to the store manager, but no action was taken against Chuck. *After all, Chuck was the store’s top seller.*

1. Should Abigail have continued to go out of her way to help every customer, even if she knew she could be fired due to lower than expected sales volume?
2. Should she have quit her job (that she has enjoyed and has compensated her very well) in order to pursue a customer service job in which her pay would be cut in half? She typically earned a minimum of \$60,000 year in sales and that is without a college degree.
3. Should she have continued to voice her concerns not only to the manager, but to Human Resources as well in hopes that Chuck will be reprimanded and the store’s focus would encourage more of a customer service style of selling?

## EPILOGUE

Abigail could not afford to quit her job because she had a family to support. Therefore, she decided to continue helping customers as needed. However, she tried to answer questions as efficiently and quickly as possible. Her overall sales improved some, but the manager ended up letting her go. She has since taken the experience and turned it into a positive one. She went on to pursue her Bachelors' Degree in Communication with a minor in Human Resource Management. She has pursued a job in the human resource field and was determined to be an advocate for excellent employees who work in an ethical way.

## SOURCES

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