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August's Newsletter:

When is it Okay to Fire Your Customers?

One of the cool things for a small business owner to do over the past few years has been to fire their customer. This movement for the frustrated small business owner has been to take their sanity back from certain clients that bring 20% of the revenue and 80% of the headaches. I have even recommended, more than a time or two, that it was time for a business owner to let go of a bad customer relationship. And let's face it, it feels good to take control of a bad situation. It feels good to stare down this drain on your emotions and pocketbook, and send it packing.

Although, as with all trends, there can be backlash, especially in rough economic times. Many times, people only take the headline of a concept, without reading the fine print and try to implement it. For example, when my daughter turned 12 months old, my wife and I decided to wean her from the bottle. We had heard several other parents say that their darling little ones quit "cold turkey," so that is what we tried. Three days later we had a tiny tot going through rehab in our house, twitching her little head from side to side, with blood shot eyes, and all she seemed capable of saying was "baba, baba,.....ba". It was pitiful. We came to realize that "cold turkey" was actually a process to take place over the course of a month or two. We rectified the issue and peace was restored.

So when should you consider firing a customer?

- **No profit customers** –Take a look at your customer list and examine it carefully, Odds are you will find customers that do not make you a profit. In fact, a few may cost you money, just to do business with them. Unless they lead to larger customers or referrals, they need to be sent away.
- **Mismatch customers** - If your core service is catering and you have a client that insists on personal chef duties in their home to keep their business, you may be wasting more time and effort on this customer than what they are worth, especially if they are a smaller customer.
- **Time killing customers** - Customers that make poor use of their time create emergencies for you. If they are always running late or canceling meetings, not prepared to take product or service, or don't respond in a timely manner, you may need to reconsider this customer.
- **Whining customers** – I'll bet you that there is one particular customer that you absolutely hate taking a call or email from, because you know that they are going to find something to whine about. They don't think they should have to pay a certain price, want something for nothing, or just plain ole whine about life. This customer is not only a drain on your bottom line, but they can be a drain on your mental well being.

Now, before you take this as a green light to get rid of every customer that has ever crossed you, consider the amount of profit you make from them, especially right now. If you decide to fire them anyways, make sure you follow some basic recommendations for doing so.

- **Be clear** - Clarify that you actually have an issue with this customer and give both them and you an opportunity to get thing, right.

- **Be professional** - Don't use this opportunity to tell your customer off and pat yourself on the back to all of your colleagues. It may make for a good story, but it could also cost you business in the future with other potential customers. Talk to the customer face-to-face and be polite.
- **Be helpful** – This goes with being professional. Remember, after the dust settles, that this customer is left without your product or service. Offer solutions to their problem and recommend competitors.

Firing the customer is never easy and may not always be right for you. The thing to remember is that you are running your business to make a profit and to provide a product or service that helps others, and that product or service may not be right for everyone.