

Title:

Don't Be Afraid To Give Problem Customers The Boot

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Summary:

Q: In a recent column you made the point that the customer is always right, which I agree with. However, in the same column you also said that it is sometimes necessary give problem customers the boot. If the customer is always right, at what point do you think they become so problematic that you should stop doing business with them?

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Article Body:

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A: That column brought a number of emails similar to yours, Gary, requesting that I clarify the line between "the customer is always right" and "sometimes you have to give a customer the boot." Here's the bottom line: if you, as a business owner or service provider, are willing to take a customer's money in exchange for providing him with goods or services, then the customer has what I call "the right of expectation." This means that the customer has the right to expect you to deliver everything promised in the transaction between you. For example, if you own a restaurant the customer has the right to expect that their meal will be prepared and served to their satisfaction. If you are a dry cleaner the customer has the right to expect that you will launder their clothes without returning them in shreds. If are hired to perform a service the customer has the right to expect that the service will be provided to their satisfaction within the terms of the defined task.

As the business owner, it is your responsibility to meet the customer's expectations and provide good customer service. Even if your business does not involve a formal contract that spells out to the letter what should be expected, there is generally a clear understanding of what the customer expects and what you are willing to deliver. If you back peddle on your end of the bargain, let's say by serving a bad meal or losing a customer's laundry and refusing to make things right, then you are guilty of not meeting the expectations of your customer and thereby are guilty of providing bad customer service.

Unfortunately not every entrepreneur puts emphasis on delivering good customer service. They are in it for the money and damn the customer if they have a problem. Such entrepreneurs were the topic of the column you mentioned, the point of which was, if you make a habit of not meeting your customer's expectations, you will not be in business for long.

Now let's look at the flipside. Just as the customer has the right to expect that he will get his money's worth when doing business with you, you have the right to expect that your customer will not demand things that are beyond the scope of realistic expectations (or the contract). If a customer orders hamburger, he shouldn't expect it to taste like steak unless you have advertised it as such. If a customer brings you a cotton shirt to launder he should not expect a silk shirt in return. It's when the customer's expectations get out of sync with what should realistically be expected that you will have problems.

We have all had customers who expected far more than was their due: customers who were unreasonable, overly-demanding, condescending, hard to please and sometimes, even dishonest in their dealings with you. When a customer's reasonable expectations become unreasonable demands you must decide whether or not that customer is doing more harm to your business than good.

So here is the line in the sand between the "customer is always right" and "sometimes you have to give the customer the boot" - if a customer crosses the line from being an asset to being a detriment to your business, you should consider giving that customer the boot.

This is easier said than done if that customer constitutes a large chunk of your revenue, but even then you have to consider what your business might be like if that problem customer was not in the picture. Would the time you spend dealing with the problem customer be better spent on sales calls that might expand your client base and grow your business (a business that is dependent on one client is a house of cards)? Would your employees be happier not having to deal with this customer? Would you sleep better nights knowing that you don't have a dozen

phone messages from him on your desk every morning?

The easiest way to decide how much trouble a customer is worth is to look at the amount of revenue this customer brings in versus the time and expense of meeting his expectations. If this customer pays you \$1,000 a month, but costs you \$2,000 in time spent keeping them happy, this customer is actually costing you money. Just a handful of these kinds of customers will put you out of business fast..

For example, I once had a client whose business was worth several thousand dollars a year to my software company's bottom line. However, this client proved to be problematic from the second the contract was signed. He and his employees called our office ten times a day and dominated my tech support team's time with IT problems that were not even related to the service we were contracted to provide. It got so bad that my employees cringed every time the phone rang because they were afraid it was this client calling again.

When the time came to renew this client's contract it wasn't hard for me to decide to give him the boot. I simply did the math. This client had added thousands of dollars to my company's bottom line, but had cost me at least that much in handholding and support, not to mention the mental anguish he had caused my employees. I opted not to renew the contract and politely invited the client to take his business elsewhere.

The perfect customer relationship is win/win, meaning that your customer benefits from your product or service and your company prospers by delivering the product or service. The relationship must be built on mutual respect and honest intention. It is when the relationship becomes win/lose that you must be ready to take action. If the customer thinks he can hold you over a barrel and get more out of you than he has paid for, the relationship and your business suffer for it.

Look, you don't need me to hit you in the head with a stupid stick on this one. You know who your problem customers are and you know that you will eventually have to deal with them. You have to consider the value of every customer in the long run, not just their value today.

Is the customer making demands that are beyond the scope of what should be reasonably expected? If the customer constantly demands more than they are entitled to and gets angry when you refuse to comply, consider giving them the boot.

Is the customer taking advantage of your good graces? Some customers may mistake your willingness to please for weakness and try to wring more out of your

relationship than they should. If the customer has a record of trying to take advantage of you and plays every angle to get more from you than they deserve, consider giving them the boot.

Is this customer a threat to your reputation? Let's face it; there is nothing more harmful to your reputation than a dissatisfied customer with a big mouth. And it does not matter who is at fault in the disagreement, a disgruntled customer is going to bad mouth you in the end - especially if they were at fault. If you suspect a customer might be the sort to one day air dirty laundry in public, consider giving them the boot.

Does the customer pay in a timely manner? If you have a customer that is consistently 90 to 120 days late in paying even when your contract clearly outlines your payment terms to be otherwise, it may be indicative of other problems to come. If you feel the client is a payment risk, consider giving them the boot.

What's the best way to avoid a customer booting? The best answer is to have a contract that clearly spells out the specifics of the relationship. The contracts I use in my various businesses clearly define the services to be provided, the cost of those services, and the timeline and terms under which those services will be rendered. If there is a deviation from the contract, we write an addendum that details any changes and their effect on the contract. Do I still have to give some customers the boot? You bet, but not very often. It's hard for a customer to cry foul when everything is there in black and white right above his signature.

What if your business doesn't use contracts? Then hang a poster in your shop or have a hand-out that clearly defines what your customer can expect from your business and then deliver what you promise. If you have a poster or hand-out that clearly outlines your services, your rates, scheduling, return policy, etc., there should be very little that the customer can complain about.

I know, famous last words.