

CLIENT RELATIONS

SACK THE CUSTOMER

Difficult and late-paying clients should not always be indulged. There are times when you have to cut them loose. **Report: Leo D'Angelo Fisher**

Public relations consultant Tamara DiMattina decided to set up her own business, Trumpet PR & Marketing, so she wouldn't have to endure working with her employer's "nightmare clients".

She recalls with a shudder agency clients who were "total pigs ... straight out of *The Devil Wears Prada*", expecting their PR advisers to pick up dry cleaning and perform other menial tasks.

These days, DiMattina gets to pick and choose her clients. Trumpet, the Melbourne firm she started in 2005, gets most of its clients from referrals and word of mouth but not even that luxury protects her from hellish clients.

One such client refused to accept DiMattina's advice that her latest pet issue was not newsworthy, so the disbelieving client took to visiting a

Melbourne radio station daily to beg for coverage. "The radio station rang me and said: 'do whatever you have to do to stop your client stepping into our building,'" DiMattina recalls.

She severed her links with the client by saying Trumpet did not have the expertise to handle the account.

Of the occasions when she's had to sack troublesome clients, DiMattina says: "I try to do it in a diplomatic way; I'm not interested in making other people feel uncomfortable."

Sydney marketing consultant Michael Field says some businesses fall into the trap of believing that "all cash flow is good cash flow".

"The short-term gains are mostly not worth the long-term implications of agreeing to do work that is not consistent with the objectives you have set for your business," he says.

Field encourages his clients to regularly review their client portfolios. Such reviews may reveal that it's time to cut loose a client.

"It may be that a client is not the right strategic fit for your business, or that the cost of servicing a client is no longer profitable and can be better directed to other areas of the business," he says.

Clients that fail to comply with payment terms are the biggest bugbear for business owners.

WHAT TO CONSIDER WHEN DECIDING ON YOUR IDEAL CLIENT PROFILE:

- Size of business
- Stage of business
- Industry category
- Geographic footprint
- Corporate culture and values
- People fit
- Capacity to pay
- Strategic fit and impact on your business
- Your ability to serve the client's needs now and in future

Source: Marketing consultant Michael Field

Marching orders: Sometimes letting go is the only way

Field says one of his clients has only just been paid for work completed a year ago. "There's no point doing business with a client like that," he says.

"Scope creep" is another reason for clients to wear out their welcome.

This is when clients expect a range of services not covered by the original contract without expecting to pay for those services.

As well as offering advice on the subject, Field has twice had to sack clients.

In the first instance he decided that the client was not the right fit for his business, in the other, the client's ethics were at odds with his.

Field, a former marketing executive who set up as a consultant two years ago, signed up the clients soon after starting his business.

He blames the failed relationships on his inexperience.

"My inclination now is to decline work up front rather than take it on and run the risk of problems arising later," he says.

"But in this case, had I done the level of analysis that I would normally do today, I would not have elected to do business with any of those customers.

"This underscores the importance of having a clearly defined client profile and targeting your sales and marketing activities to attract clients who meet that profile."

Warwick Lloyd, the director of business development portal istimulus.com.au, has owned businesses in Australia and New Zealand.

He has sacked troublesome clients, but only when all other attempts at repairing relationships have failed.

For difficult customers that are a drain on a company's profitability, Lloyd recommends increasing fees.

"They will either self-select to leave or pay the higher fee," he says.

For slow payers, it may be appropriate to demand payment at the time of service.

Lloyd says he will not tolerate clients who treat his staff poorly or place unreasonable demands on them. Sacking difficult clients also goes down well with staff.

"It certainly lifts morale because your employees know that you are prepared to support them," he says.

"It also sends a signal that this is a business that has some principles about the way it wants to work." **BRW**

