



## HOW (AND WHY) TO FIRE DIFFICULT CLIENTS

BY SUE-ELLA PRODONOVICH

No business likes to turn down a paying customer. But for professional services firms, firing bad clients isn't just important, it's essential.

If you're not deliberately and consistently moving bad clients into the exit lounge you're not simply making your working life less enjoyable, you're also affecting your business's ability to grow.

### WHY FIRING CLIENTS IS HEALTHY

More than 4 decades ago Bruce Henderson, founder of Boston Consulting Group, created the Growth Share matrix to help businesses decide where to focus their efforts and resources. And in that portfolio was the 'dog' (or 'pet') category - that part that was low in growth and opportunity.

"Today's successful companies capture failure signals from 'pets' to inform future decisions. Additionally, they attempt to lower exit barriers and move quickly to squeeze out remaining value before divestment." M Reeves et al (2014)

My view is that generally no more than 20% of your clients should be clients you'd prefer not to work with.

That's partly because keeping bad clients to a minimum will help you enjoy your work a lot more. And research shows that professionals who enjoy their job tend to build more successful and sustainable practices. That's because they find that business development, client service and reputation management all become a whole lot easier.

### THE BUSINESS CASE FOR FIRING CLIENTS

However, I believe there is an even stronger reason to cull your client list. You can read about it in Ronald J Baker's book *Professional's Guide to Value Pricing; The Firm of the Future: A Guide for Accountants, Lawyers, and Other Professional Services*.

Baker talks about the difference between 'good' revenue and 'bad' revenue; and how managing or letting go of the revenue from 'bad' clients or work leads to a more profitable practice.

And then there's the risk 'bad' clients bring with them. Professional Indemnity Insurers Lawcover flags 7 types of **Clients Who Bite**:

1. The Disappearing Client: Fails to respond.
2. The Don't-Involve-Me Client: Wants the professional to make all the decisions.
3. The Transferred Client: Won't pay former advisor's fees.
4. The Extended Family Client: Riding the coattails of a separate client relationship.
5. The Experienced Claimant Client: Notorious fee dodger
6. The Non-English Speaking Client: Who is interpreting?
7. The Family Friend Client: Where boundaries are pushed and 'mates' rates' or 'freebies' are expected gestures.



## CATEGORISING YOUR CLIENT LIST

Now you have permission to cull, you probably already know which clients you'd like to say goodbye to. They're the ones whose calls you probably don't pick up the first time or the ones you take a little longer to reply to.

They're the ones who always make you feel like you are on the back foot, justifying your advice.

They're the ones who have urgent turnaround expectations but then never quite get their own act together, so they sit on an advice that you've worked so hard to deliver.

But if you want more analytical criteria, the first clients I would suggest culling are:

1. Clients who consistently pay 30 days or more beyond your agreed terms
2. Clients for whom you are consistently writing off more than 20% of your time
3. Clients who enjoy arguing about bills in order to get a discount or free service
4. Clients who don't respect your advice
5. Clients who don't respect your people
6. Clients who need a level of service or skill you're not able to offer
7. Clients who have an appetite for risk that far exceeds yours (maybe they're reckless, incompetent, untrustworthy or just plain dodgy)

## MAYBE IT'S YOU!

Once you've identified your 'bad' clients check your assumptions about the type of relationship you have. Perhaps you have been reviewing expectations in the wrong light. For instance:

- They want a fling with a different provider – you want a long term relationship.
- They are used to master-slave relationship – you are used to Trusted Business Advisor relationship
- They want a shoulder to cry on (and on) – you want a basic business exchange.

## TAKING ACTION

Scrutinising your client's behaviour and your personal expectations will probably require some hard questions and searching. But if you're serious about culling your client list it's the first step to take.

## HOW TO SAY GOODBYE (IT'S NOT YOU, IT'S ME)

Now that you have a clear idea of who you want to cull based on strategic value, here's how to do it.

First, there may be no need to go on a wholesale client-sacking rampage. Perhaps you can resolve things by sitting down with your problematic clients and talking through your issues (a la [Stephen Covey's recommendation](#) that we should seek first to understand and then be understood).

But if that isn't enough, here's my recommendations for doing the deed nicely:

- Explain why you are not their perfect match.
- Suggest them to someone who is a better match (or at least point them in a direction for finding another provider, a counsellor or a cliff).



- Increase your fees by packaging up services you provide for no charge (like ad-hoc phone calls) or tiered fee rates tied to complexity of work and turnaround times.
- Bill more regularly in smaller chunks. Maybe a direct debit system would help.
- Move work back to them. Quarantine your work from their obligations.
- Take something off the table. Change your response to the relationship and the way you deliver services.

And finally, remember this. Once you've said goodbye to bad clients there is no time for looking back. Any short-term feelings of regret and remorse will be more than compensated for in the long-term as new and better clients come in to fill the void.

## FURTHER READING

- [Martin Reeves, Sandy Moose, & Thijs Venema](#) **BCG Classics Revisited: The Growth Share Matrix** (2014)
- [“Unlock the Mysteries of Your Customer Relationships”](#) (2014)
- [The Six Keys To Being A Happy Professional](#) (2018)

## WANT MORE?

If you'd like to know more about how to fire difficult clients, email [Sue-Ella](#) or [get in touch](#).



**Sue-Ella Prodonovich**  
*Principal, Prodonovich Advisory*  
[sueella@prodonovich.com](mailto:sueella@prodonovich.com)  
(02) 9241 5575

© Prodonovich Advisory. Please respect our copyright and the effort taken to produce the original material in this document. This document or any portion thereof may not be reproduced or used in any manner whatsoever without the express written permission of the author. If you'd like to share this article, please don't forget to acknowledge the author.