

Dealing With Problem Customers

"I really only have two problems in my business," the quick printer said, "my employees and my customers. Other than that, this is a great business to be in."

Have *you* ever felt that way? I've heard that comment more than a few times in one form or another. Sometimes, I've known that the quick printer was speaking with tongue in cheek—but there have been times when I wasn't so sure!

Still, it's true that employees and customers will try every quick printer's patience from time to time. I'll write about dealing with employees on other occasions; today, let's talk about solving "the customer problem."

Good Customers

First, let's think about what makes a good customer. Obviously, the number of dollars a customer spends with you is a part of that definition. But remember that ultimately, it's the *profitability* of a customer that puts money in your pocket. So a good customer is one who does business with you at price levels that you can make money on.

A good customer is also one who has some measure of loyalty; who buys from you because of relationship factors like trust, confidence, and respect for your expertise—not simply because you're the closest quick printer to his or her office, or the one with the lowest prices in town.

Next, I think a good customer is one who doesn't saddle you with "hidden" profit drains. That refers to the customer who places orders at what seem like attractive pricing levels, but there's always something in the process of completing the job that ends up adding to your cost. For instance, the customer who starts the process of placing orders well in advance of a due date, but still never manages to get artwork or proofs to you until the evening before they "absolutely, positively" have to have the job printed, so you have to stay late—or pay someone to stay late—to get the job done. Or the customer who signs off on a proof, but then finds a typo in the printed job and expects you to reprint it at no charge.

Finally, I think a good customer is one who pays his or her bills on time.

How many of your customers qualify as "good" customers all—or even most—of the time? And now the big question...what should you do about it when your customers don't meet your expectations?

No Such Thing

I've heard some very impressive horror stories from quick printers about their "problem" customers. I've also heard some very graphic stories from quick printers about how they've "fired" some of those "problem" customers. And while I freely agree that there will be situations where firing a customer is the only thing you can do, I want *you* to agree that there's a right way and a wrong way to do it.

The wrong way in this case is to terminate a customer with what James Bond used to call "extreme prejudice"...in other words, to end a relationship in a confrontational manner. Bob Hall has been telling a story about a printer who actually pulled out a gun and put a bullet into his shop's ceiling to impress upon a customer that he was being fired. I've heard many other stories that involved a fair amount of yelling and screaming.

I think a much better way to handle one of these situations would be to let purely economic forces solve the problem for you. It's been a part of my philosophy for a long time that there is no such thing as a "bad" customer. There are, however, customers who aren't paying enough—read that *being charged enough*—for the privilege of making your life difficult. So rather than pulling a gun, or screaming, or grabbing a customer by his or her neck and pushing that customer out into the street outside your shop (and if that doesn't actually happen, some quick printers have been exaggerating in the stories they're telling me), why not take a "softer" approach.

Simply raise the prices you charge these "problem" customers. Raise them to whatever point would make the aggravation they bring you worth your while. No matter *how* high that might be! I'm pretty sure that you'll find that one of two things will happen pretty quickly...they'll leave you on the basis of those prices, or else you'll start to feel a whole lot better—read that *well compensated*—about having them as your customers.

Bad Idea?

Now I've had quick printers tell me that raising prices like this would be a bad idea. Those printers have expressed concern that the word would get out that their prices are high, and that would keep other people from doing business with them. All I can say is this: I'd much rather have a reputation as a high-priced printer than one who's rude to people...and that's really the issue here.

I've never heard anyone start a conversation with the comment "Gee, my printer is really expensive." But I have heard conversations start with, "Gee, you'll never believe how rudely I was treated today." Nobody wants to do business with people who treat their customers badly.

Changing Customer Behavior

It isn't always necessary to fire a problem customer, though. In fact, it's often possible to change a problem customer's behavior through discussion and education. I think the best way to do that is to arrange a conversation away from the normal point of contact between you and that customer. If it's someone who normally comes to your shop, I suggest making an appointment to call on that person at his or her office, or maybe at a neutral location like a coffee shop. If it's someone you usually call on outside your shop, see if you can get that person *into* your shop for this "educational" meeting.

To improve the chances of making it an effective and productive meeting, take the time to plan and set up a written agenda...a list of the things you want to talk about and the points you want to make. Getting yourself organized for something like this is an essential step in convincing a customer to do things more "your way."

And remember the importance of avoiding a confrontation. I think the best approach is to build your presentation around a theme of being able to provide better service and greater value to the customer if he or she will consider some of the factors that make your company run better.

"Jack," you might say, "I really value your business. In fact, I'd like to do a lot more business with you. I think there are other products and services we can provide that will be of value to you and your company. But before we talk about those, I'd like to discuss a couple of other things that could improve the relationship between our companies." Then you describe the problems as you see them.

Conversation

I used the word "conversation" a moment ago, and I think it's very important to let this be a true conversation...with give-and-take and input from both parties. That gives you the opportunity to teach the customer something about your business, and also provides you with another opportunity to learn something about your customer and his or her business.

It's been my experience that these conversations often result in some sort of compromise. Remember that *you* ultimately have to service *the customer*. If you make it too difficult for a customer to do business with you, he or she will stop doing business with you! But I've often found that there was some middle ground between the way the relationship had been going and my "perfect customer" profile.

I very rarely made it a requirement that things had to be done completely my way. If I cared that little about keeping a particular customer's business, I used the "all-or-nothing" strategy of raising prices. If I wanted to keep the customer, I worked toward a "win-win" solution where I got some consideration for my business needs and the customer still ended up with an acceptable level of price, service, and ultimately *value*.

Those compromises usually hinged around time and money. If I needed to put more time than planned into a customer's work—because the customer was late with materials, or because the materials weren't as complete as I was led to believe in quoting the job (the old "camera-ready artwork" problem)—I wanted to be able to charge more money. If the customer wanted me to work at the same prices, he or she would have to eliminate at least some of those factors that caused me to have to spend more time.

Authority To Fire

One of the issues I raise in my seminar on "Building Sales Inside The Printshop" is that the decision to fire a customer should be controlled. I don't think an inside sales/customer service employee should be the one to make those decisions. I know that I wouldn't want employees of mine—especially young and inexperienced people—to be making decisions on their own to fire my customers, or to do anything that would push salvageable customers away without me having the chance to try to change their behavior!

Having said that, though, I also don't believe that any counter sales/customer service employee in a quick printshop should have to suffer rude treatment or abuse from any customer.

So how do you control this situation? I think you'd be wise to establish a firm policy that your employees bring any "problem customer" problems immediately to your attention—or to the attention of a manager if you're willing to delegate some of this responsibility and authority. That gives you as the owner (or at least someone more senior and experienced) the opportunity to talk to the customer and try to change the problem behavior—or take more forceful action if that is what's required. A policy like this will protect your employees from rude or abusive problem customers while clearly establishing the groundrules by which you want customers treated.

Take Positive Action

I don't think I know anyone in the printing business—or in any business for that matter—who is blessed with only “perfect” customers. I suspect that such a business would have to be a very small business. But while we all have to accept that “less-than-perfect” customers exist, we don't have to accept all of the annoyance and stress that they can bring.

If your customers fall below your “good customer” expectations, do something positive about it. Talk to them and try to change their problem behavior, or at least raise the prices you charge them to the point where you'll feel better about putting up with the aggravation they bring. *Don't* just let these situations continue. That's how you drive yourself to the point of confrontation or maybe even violence, and those things have no place in this business.

There is no such thing as a bad customer. Yes there are customers who aren't paying you enough for the aggravation they bring, but you can change that. You can also change problem customers into good customers at least some of the time. But you can't do either of those things unless you take a pro-active approach to the situation. At the bottom line, it's another example of running your business...as opposed to letting your business run you!