

Choosing values over revenue is tough, but it's always right.

Description

Does it ever make sense to fire a customer? Is there ever a time when the customer is not right, or when the customer shouldn't come first? Is it ever a good idea to fire an employee who is a top revenue producer?

Surprising as it may seem, the answer to all of these questions is yes. In fact, firing a customer or a high-producing employee may be necessary at times to make sure the organization survives and/or thrives.

I remember encountering this idea in one of my favorite books: *Built to Last* by Jim Collins and Jerry I. Porras. Written in 1994, the book is based on a six-year research project at the Stanford University Graduate School of Business. The researchers studied long-time very successful companies and zeroed-in on what made them different. Why did they outperform others? How did they last so long? This book was such a breakthrough in many ways. It showed that fads and buzzwords were not the key to organizational success; rather it was timeless qualities that separated these companies from the rest. The book also destroyed a false belief that only charismatic, visionary leaders could build great companies. It is a great read for anyone who desires to build and sustain excellence in their company, no matter how small or large.

I first read this book in the mid-1990s. While many of its lessons still resonate with me, the point that resonated the most and one I share often in my talks is this: *When given the choice between revenue or values, great companies choose values.* It may seem so simple, but it is not. Ask yourself these questions:

– *You have a customer who spends major dollars with your company, money that's vital to meeting your expenses. However, the customer berates your employees on a regular basis. Do you fire the customer?*

– *A customer who brings lots of dollars to your company makes a serious complaint that you know is wrong. Do you fire the customer?*

– *Your top salesperson is not a team player. Being a team player is part of your standards; however, this person is such a big producer. Do you let this person go?*

– *You are president of a healthcare system. Your cardiovascular surgeon is the biggest revenue producer in the system. Many patients travel to have surgery at your place due to this surgeon's reputation. The operating room staff report being yelled at, witnessing things being slammed around, and being treated with a lack of respect in general. To not have this surgeon at the hospital would be a loss of millions of dollars. What do you do?*

– *One of your tenants seems impossible to please. But their rent is important. Do you ask them to leave?*

Assuming that in each scenario, every effort was made to help the customer, employee, doctor, or

tenant to adjust their behavior, the key is to make that tough decision. And, yes, it's tough.

In addition to reading much on this topic, in my own work I have seen the reluctance to choose values over revenue as one of the biggest barriers in companies' efforts to achieve excellence. In fact, if action is not taken, the results plateau and then move backward. It is not because leaders don't know that something should be done. It is that they come up with rationalizations on why it is best to not take action. Some of these rationalizations are done with good intentions. Sadly, they don't lead to good results.

In each situation above, there is a downside to letting the customer, doctor, tenant, or employee go. In each instance, the company faces a revenue shortfall. This shortfall could make it hard to make a loan payment. It could mean some employees' hours will be reduced or worse yet someone will be laid off. That difficult salesperson or physician could go to a competitor, which means your revenue goes down and your competitor's revenue goes up—at least for a while. This short-term impact helps a leader rationalize that they are helping the company by not taking action. Yet they *are* taking action in deciding *not* to take action.

Over the years I have met with employees whose leaders face the above situations. At the time, I shared with them that if we take the needed action, it could mean fewer hours for them. Some may be laid off. For sure there will be a financial hit. Knowing these outcomes, I asked what they felt should be done. One hundred percent of the time they urged me to make the decision to let the customer, employee, tenant, or doctor go. In fact, the message was that leaders were losing credibility by *not* taking the needed action.

My experience has been that most of the time the financial loss is not nearly as bad as feared. In fact, often the financial situation gets better. One does not really know the damage that is being caused until the person is no longer part of the equation.

In times like these a leader must decide if they really are a leader. The best leaders make the tough decisions. They are values-driven and accountable.

Here are some tips for the next time you face this kind of tough decision:

1. Go through two scenarios. The first one is what will happen if the tough decision is made. Yes, there may be a financial hit. Revenue will need to be replaced. A new customer, doctor, tenant, or employee will need to be found. However, where I have found this process so successful is the second scenario: What will happen if you do *not* take action? You will likely realize that things will only get worse. Other employees or customers may leave. You will lose credibility as a leader. Results will fall over time. This exercise helps a leader see that not taking action makes the situation worse, not better.
2. If you are the leader, rate yourself on a 10-point scale (with 10 being the best) on these two questions: *One, how well do you live the values? Two, how well are you handling the situation?* I find that at first, the average person rates themselves at 8 or more on the first question and at 5 or less on the second. Then the person must reduce their "value living" rating so it matches their "situation handling" score. It then becomes obvious that the leader is not living the values. Actually, they are being unfair to many people who are negatively impacted by the actions of the difficult person.
3. Walk through a time in which a tough decision was made. In the long run, what were the results?

The answer is usually “better.” Ask yourself if there is something you wish you had done differently. You will probably find the answer is “taking action sooner.”

Yes, taking a revenue hit is tough. However, when we avoid taking action, it does not make the situation better; it only makes it worse. Like tearing off a bandage, it’s best to quickly do what needs to be done. It can be painful, but the pain goes away. Then we can move on. And we can feel good about the fact that we’ve done our job as a values-driven leader.

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