

Discrimination Rears Its Head

I'm in favor of discrimination.

But let me make this clear. I am not in favor of racial discrimination, or gender discrimination, or age discrimination. I don't believe that anyone's religion makes him/her better or worse than anyone else, and I do believe that gays should have every right that straights have. I'm a pretty equal opportunity guy except for one or two things.

One, I don't think you should tolerate poor performance from your employees.

Two, I don't think you should tolerate poor behavior from your customers.

Poor Performance

On a scale of 1-10, how would you rate each of your employees in terms of their performance? This is a purely subjective measure, but it's a perfectly valid measure too. If you rate someone a 9, I think you're saying that you're almost completely satisfied with their performance—and whatever small things could be improved are pretty far down on your priority list. If you rate someone a 6, I think you're saying that you're only borderline satisfied with their performance—and the things that need to be improved should be pretty high on your priority list. A 6 or lower has to be draining the overall performance of your company, right? Does it make any sense not to do something about that?

OK, what do you do? Not knowing the specific problems, I can only give you a general answer, but the general solution to your problem is still pretty clear. First, consider improving performance through training. Second, consider improving performance through management and motivation. Third, if neither of those work, consider improving performance through replacement. If you can't improve the performance of the individual, your only sensible option is to replace the individual—and that's especially true considering the current unemployment rate. There are highly talented people looking for jobs right now. If they're more talented—or more dependable, or more productive, or more likely to help you make a profit—than the people you have working for you right now, you should definitely consider making changes.

But read this at least twice before you make the decision to terminate a poor performer. First, it is your responsibility to make sure that your employees have the training they need to do their jobs. If poor performance is the result of poor training, that's your fault, not the employee's. Beyond that, you have a responsibility to provide effective management and motivation. If poor performance is the result of poor management, that's your fault too. And if that's the case, you can replace every one of your employees, but that probably won't solve your problem.

Poor Behavior

On the same scale of 1-10, how would you rate each of your top, say, 25 customers? Again, this is a purely subjective measure, but a perfectly valid measure too. If you rate a customer a 9, I think you're saying that you're almost completely satisfied with their contribution to both your top line and your bottom line. If you rate someone a 6, I think you're saying that they're more trouble than they're worth. Again, does it make any sense not to do something about that?

This is not necessarily a call to fire that customer, although it may come to that. Plan A, though, should be to try to change the customer's poor behavior. I've been out on a lot of customer calls that started with "Thank you for your business," and then continued with "We'd like to do even more business with you" and *then* continued with "But we've noticed that things don't always go smoothly when we do business together, and we suspect you've noticed that too. Can we talk about smoothing out some of the rough edges?" That usually allows for a frank discussion of the stress factors, and it often results in changed behavior.

As I've explained this in seminars, sometimes they're bad customers because they're jerks, which means you'll probably have to fire them. But sometimes, they're bad customers because they're *civilians*. That's my term for people who don't have professional knowledge of our industry. So provide them with some of that knowledge. You might be surprised at how often this works.

If it doesn't work, don't continue to tolerate their poor behavior. As I've expressed this in seminars, "*let's let the bad customers weaken your competitors.*" Think about that. The more time and other resources your competitors have to spend taking care of the crazy people, the less time and other resources they can apply to attacking your good customer relationships, and the less time and other resources they'll have available to service their own good

customers, which might provide some new business opportunities for you. On the other side of that coin, the more of your time and other resources you spend on bad customers, the less likely it is that you'll make a profit.

Be Discriminating

The bottom line for today is to be discriminating in your business. Set high standards for who you'll work with, who you'll sell to, and even who you'll buy from. But don't forget your responsibilities to train, manage and educate. Please understand that I'm not talking about prejudice here, I'm talking about behavior, performance and profitability.