My Biggest Customer Dropped Me, Now What?

I am still thinking about one of my most recent mentoring clients. This CEO and the staff were devastated because they lost their biggest client in whom they had “hung their future”. Now they were frustrated because their major potential income stream was gone…in “the blink of an eye”! I had cautioned them to not get into the situation of tying their income stream to one or a few big customers. But, they did.

So, now what to do? That situation provides the opportunity to step back, take a deep breath, and do some careful analysis and strategic planning. You may think your business will never recover when a big client leaves, but the right moves can turn the loss into a win.

Nobody likes to talk about being fired by a customer or client, but it happens every once in a while to just about everyone in business. Because, the fact is, at some point, someone you're working with may decide they no longer need your services, and they'll cut you loose, possibly in an abrupt, angry or awkward way. So what can you do when a client fires your business?

I remember reading an article several months ago by Geoff Williams, a freelance journalist who said, “As an entrepreneur, you have to know that bad stuff sometimes happens and all you can do is respond to it and address what you can.” I share a few thoughts and insights.

1. Ask for a Referral

This may sound crazy at first, but as Mark Faust, a growth and turnaround consultant and speaker, points out, "Being fired doesn't [always] mean you failed or they didn't like your work. If you can, get testimonials and spin-off work."

Faust published a book, “Growth Or Bust: Proven Turnaround Strategies To Grow Your Business”, in which he says “Before you do that, however, ask what went wrong and if there's a way you can regain your client's business. It's possible to recover after being fired by a client, but only if you know what went wrong.

Of course, if you know that your client just wasn't pleased with your work—or you—then don't ask for a referral. Instead, Faust suggests another approach.

2. Go to Their Competitors

"There's nothing unethical about going to the competition and using the work you did with the client as a reference," says Faust, who is quick to add that he isn't suggesting you do anything unethical, like sharing proprietary information. He also isn't suggesting you pretend that the executive who canned you would be happy to vouch for you. In
other words, don't do anything that calls your integrity into question.

But the work you did for the company that fired you is part of your work history and experience, and if you feel your business is fully qualified to work with an ex-client's competitor, you could be shooting yourself in the foot if you don't seek out that opportunity.

"I think a lot of companies and consultants avoid going to the most obvious of places," Faust says, "the closest competitors of their former clients."

3. Conduct a Post-Game Analysis

Now what if a referral isn't forthcoming and competitors aren't looking to hire you, at the very least, it's time for some Monday morning quarterbacking. If you don't figure out why you were fired, it could happen again.

For example, Nick Niehaus, president of Connect Home Solutions LLC, a direct marketing startup, had some major clients drop him. Each time a client fired him, Niehaus says his company, which has eight employees, lost 30 percent of its revenue. "That meant less hours for my employees, who work on a fully commission system, and it was a big hit in my income," Niehaus says. "For a small business, losing any client is usually a big deal, but very early in the formation of a business, it can be deadly."

Niehaus says he was too stubborn to simply give up and move on; instead, he did a post-mortem each time to figure out what happened. He realized his company's pricing structure didn't work. "We were focusing on charging too much for each lead," he says. "Our clients pay two separate fees for flyer delivery and leads, and our lead price is much lower."

4. Accept the Loss

"Losing a customer always feels like a vote of no confidence either in me or in my business. As the only one in charge, that's hard to take," Niehaus says. "I think, as an entrepreneur, you have to know that bad stuff sometimes happens and all you can do is respond to it and address what you can."

The faster you accept the loss and aggressively try to replace the client, the better off your business will be. Besides, it's almost inevitable that whether you're fired due to a lack of funding, an inability to give the customer what they really want or just because your client doesn't like you, you're going to lose clients—that's just the nature of the beast. But if you've planned ahead, you'll also gain new clients, too.

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