

# BUSINESS: NECESSARY ENDINGS

## Discerning When to Stop

### A Time for Everything

As leaders, we naturally spend significant time creating, scaling, and multiplying efforts. We rightly invest in learning how to salvage or optimize relationships, teams, products, and ventures. A natural hazard of this aspect of leadership is that we become prone to gluttony. Perpetual additions compromise true excellence and faithfulness when we succumb to idealism.

***Faithful stewardship requires us to resist the gravitational pull of the familiar to recognize when a shift is needed.***

This often requires overcoming tremendous emotional resistance. Even Moses, en route to the Promised Land, faced teams romanticizing how "good" it was being slaves in Egypt.<sup>1</sup> The Hebrews debated returning themselves to slavery because at least it was predictable.

Not everything that is permissible is also beneficial. Paul said,

*“‘All things are lawful,’ but not all things are helpful.*

*‘All things are lawful,’ but not all things build up.’”<sup>2</sup>*

In business, this means that not every tenured employee, willing customer, or historical product is necessary, best, or even contributing to our success. When is the last time you ended something not because you had to but because you knew it was the healthy, necessary, and right thing to do?

**How do you know when something is coming to an end?**

**Why do we commonly resist ending something?**



### Overcoming Organizational Inertia

There are several methodologies that can help us uncover blind spots and identify necessary endings. To ensure our business decisions are sound and reliable, we must learn which traps to avoid.<sup>3</sup>

<sup>1</sup> Num. 11

<sup>2</sup> 1 Cor. 10:23

<sup>3</sup> John S. Hammond, Ralph L. Keeney, Howard Raiffa, "The Hidden Traps in Decision Making," *Harvard Business Review*, January 2006, <https://hbr.org/2006/01/the-hidden-traps-in-decision-making>.

# 8 PSYCHOLOGICAL DECISION-MAKING TRAPS



## ANCHORING

leads us to give disproportionate weight to the first information we receive.



## STATUS-QUO

biases us toward maintaining the current situation—even when better alternatives exist.



## SUNK-COST

inclines us to perpetuate the mistakes of the past.



## CONFIRMING-EVIDENCE

leads us to seek out information supporting an existing predilection and to discount opposing information.



## FRAMING

occurs when we misstate a problem, undermining the entire decision-making process.



## OVERCONFIDENCE

makes us overestimate the accuracy of our forecasts.



## PRUDENCE

leads us to be overcautious when we make estimates about uncertain events.



## RECALLABILITY

prompts us to give undue weight to recent dramatic events.



**Which of these traps are most often a barrier to your prudent decision-making?**

Understanding these common traps can help us discern not only when to end something that is obviously bad but also when something is going well enough. Jesus demonstrated this principle in John 15:2: *"Every branch in me that does not bear fruit he takes away, and every branch that does bear fruit he prunes, that it may bear more fruit."* **Even when something appears to be bearing fruit, pruning is required to allow more fruitfulness.**

**Achieving the ideal tomorrow may require ending something merely good today.**

Drawing from the analogy of a healthy pruning discipline for a rosebush, Dr. Henry Cloud highlights three categories of purposeful pruning:<sup>4</sup>



**Good buds/branches that are not the best ones**



**Sick branches that harm the plant and are not getting well**



**Dead branches that take energy and space from healthy ones**

<sup>4</sup> Henry Cloud, *Necessary Endings: The Employees, Businesses, and Relationships That All of Us Have to Give Up in Order to Move Forward* (New York: HarperBusiness, 2011).

## Customer Divestment

Jesus modeled a radical and paradoxical love that was truthful, invitational, and gracious, yet exclusive and sometimes offensive. Although He preached truth in love, He still left cities and regions that failed to prove fruitful in response to His message. It's easy to reference the famous "What Would Jesus Do?" (WWJD) slogan, but it's transformational to actually live out the answer to that question in the fullness of imitating His example!

We can apply His example in our businesses when assessing whether to continue a relationship with a specific customer. *Customer divestment*, whereby a company stops providing a product or service to an existing customer, is fast becoming a viable strategic option for many organizations. Customer retention remains imperative, but our focus should be on retaining the *right* customers—those who will be most profitable over time.

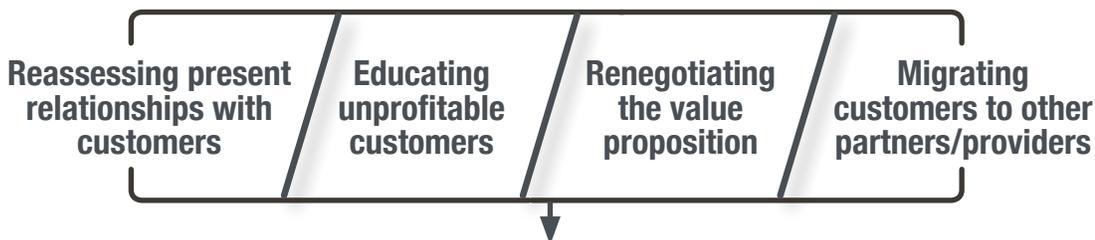


A survey of executives from a variety of industries identified four common reasons businesses terminate relationships with customers:

- Declining profitability
- Sapping employee productivity and morale
- Capacity constraints (technical expertise, physical capacity, or financial resources)
- Evolution, shift, or correction of business strategy

A fifth termination scenario would be with an unethical customer. Regardless of the reason, the decision to part ways with customers is not to be taken lightly, particularly with those that represent a significant portion of our revenue.

### WE CAN FEEL MORE CONFIDENT IN OUR DECISION AFTER WE HAVE DONE THE HARD WORK OF



**THEN**, we can more clearly evaluate the importance of such customers to our company's long-term success.<sup>5</sup> If it is decided the relationship does not offer enough value for both sides, it is critical to communicate that the divestment is mutually beneficial to minimize negative fallout.<sup>6</sup>

**What is an ending you pursued that resulted in greater growth?**

**What is an ending you should pursue that you have avoided for too long?**



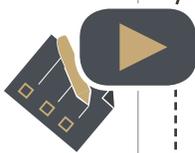
<sup>5</sup> See previous C12 business segments "Pricing on Purpose" Part 1 (August 2018) and Part 2 (September 2018).

<sup>6</sup> Vikas Mittal, Matthew Sarkees, and Feisal Murshed, "The Right Way to Manage Unprofitable Customers," *Harvard Business Review*, April 2008, <https://hbr.org/2008/04/the-right-way-to-manage-unprofitable-customers>.

## Protecting Our People

Any Christian leader that ends a relationship with a team member, vendor, or customer faces the possible condemnation, "You call yourself a Christian? How can you terminate me yet claim to be loving and leading like Jesus?"<sup>7</sup> If you operate in fear of these questions or, even worse, accept this logic, you'll end up practicing "sloppy agape." This defines the reckless leadership that results from an unbiblical and dangerously shallow definition of love.

God has called you to lead people. We often falsely assume everyone else is kind and responsible, as we ourselves strive to be. If we treat everyone as though he or she is wise out of a desire to be Christlike, we may actually be fools and even perpetuating evil.<sup>8</sup> To deal with people who may behave irresponsibly or even spitefully, there are tactics we can deploy that ensure growth and self-protection.



***The Evil, the Foolish, the Wise* — In his book *Necessary Endings*, Dr. Cloud describes three types of people and how leaders should respond to each.**

Fill in the blank areas of the table below according to Dr. Cloud's video.<sup>9</sup>

	 <b>WISE</b>	 <b>FOOLISH</b>	 <b>EVIL</b>
<b>Response to the Light</b>	Adjusts to match reality	Tries to dim the light, adjust the truth, and shoot the messenger	Destruction
<b>Emotional Response</b>	Appreciative and gives thanks	Unhappy, potentially angry, and gives excuses	Inflicts pain
<b>Leadership Strategy</b>			

It behooves us to evaluate people through this grid to identify temporary problems that can be resolved or patterns that need to be addressed. Pain can be purposeful (e.g., developing strength through a new process) while pushing through a tough season, or pain can be costly from avoiding tough calls and root issues.

<sup>7</sup> See previous C12 segment "Ending Working Relationships in Christ's Love" (December 2008 - Business).

<sup>8</sup> List of Bible references on a "wise" person at [https://www.openbible.info/topics/wise\\_man](https://www.openbible.info/topics/wise_man), a "fool" at <https://www.openbible.info/topics/fool>, and an "evil" person at [https://www.openbible.info/topics/evil\\_and\\_wicked\\_people](https://www.openbible.info/topics/evil_and_wicked_people).

<sup>9</sup> Henry Cloud - "The Evil, the Foolish, the Wise" Thunder Mountain Church, June 10, 2012, <https://vimeo.com/43777476>.

We often assume an *inflated cost of changing* our approach to difficult people and scenarios but fail to appreciate the *cost of not changing*. When tolerating cultural parasites or chronic dysfunction, we should evaluate the true cost to our organization, team health, culture, ministry, and leadership integrity.<sup>10</sup>

**Identify team members in your organization that fit Dr. Cloud's categories of foolish and evil people and discuss what changing your approach could look like.**

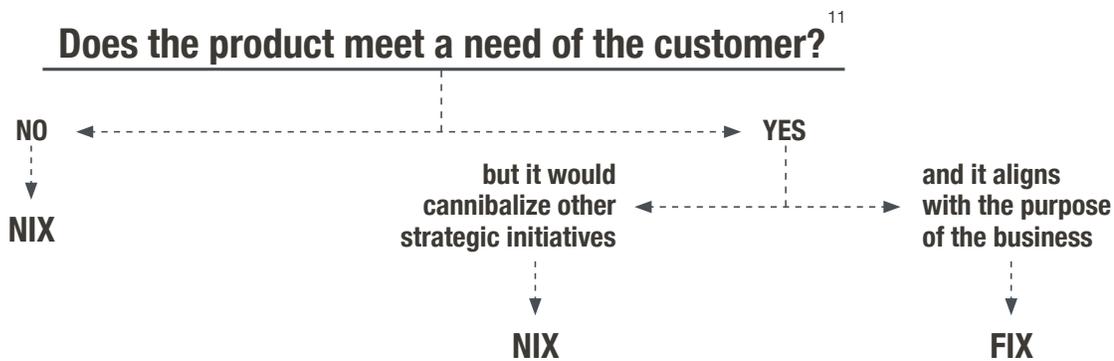


**See Appendix A for a Termination Preparatory Checklist.**



### Pruning Products & Processes

When debating whether to fix or altogether nix a product, we can assess its viability through a few lenses.



Just as overcrowded plants compete with each other for nutrients, products and business lines (even when profitable) can compete for a company's resources and minimize full potential. The smaller your team and the more competitive your market, the more aggressive you may have to be with your pruning. Effective pruning in business requires us to know the standard we are pruning toward. Without the desired outcome in mind, we run the risk of settling for something less.

**Pruning to Grow - Lara Casey, C12 Member and founder of Cultivate What Matters, made a bittersweet decision that would advance her eternal impact potential.**



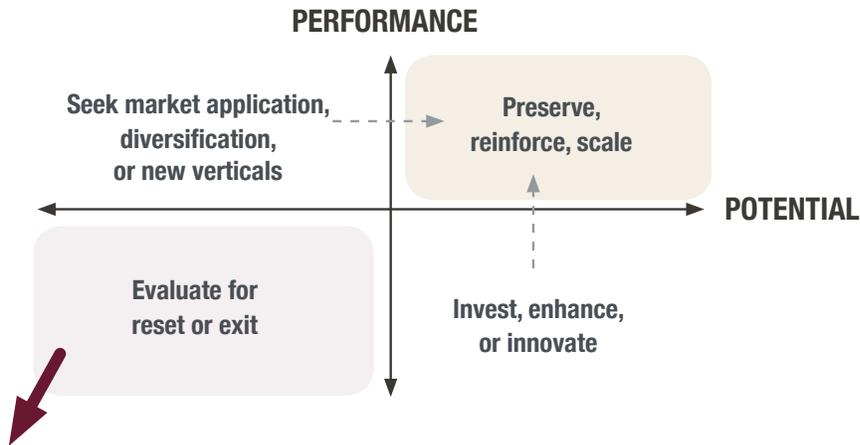
As often used in topgrading or a 9-box review of a talent organization, a matrix can be helpful to assess products or core processes against their relative potential (i.e., market) and performance (i.e., results).

<sup>10</sup> See 1 Kings 22:43 and previous C12 segment "Emulating the King" (September 2017 — Devotion).

<sup>11</sup> Moe Kelley, "Deciding to Fix or Kill a Problem Product," *Harvard Business Review*, June 19, 2015, <https://hbr.org/2015/06/deciding-to-fix-or-kill-a-problem-product>.

If you were to plot every major product offering, for example, what story would it tell you and your team? What areas of your business have come to mind while going through this segment already?

Use the matrix below to assess the most critical products, processes, or corporate relationships that may require pruning. Where do "brutal facts" demand action for better stewardship and organizational health?



For whatever or whoever falls into the bottom left quadrant, we can ask ourselves a series of questions to determine whether we should invest in efforts to improve its position or prune altogether.

- Can the issue be fixed?
- Has enough time passed to demonstrate the problem is not a season that may organically pass?
- Have previous efforts been devoted to the issue and failed?
- What is the subject's disposition and trajectory?
- What is the cost of not dealing with that person or product?
- Am I falling into one of the eight psychological traps of decision-making?



**What's the area you're thinking about in which you find yourself paralyzed or fearful to act?**

## Winds of Change

Paul prepares and encourages us for *seasons* consisting of trials and hardships. His warning does not, however, oblige us to endure stationary storms. The prudent leader discerns the difference between purposeful pain and destructive pain. Holding on to historical products or people may feel like the right thing to do. We may even try to justify underperforming behavior or relationships with biblical attributes like kindness, honor, or grace. But what is the cost of letting the problem linger versus the potential gains of fixing it? What could be the reward for making the uncommon, loving, courageous, and obedient decision to follow God's example by pruning?

*"So whoever knows the right thing to do and fails to do it, for him it is sin."*

**James 4:17**

# TERMINATION PREPARATORY CHECKLIST<sup>1</sup>



## Consider Logistics & Team Unity

- Align management team (senior staff, line manager/supervisor, HR)*
- Identify potential crises (e.g., physical problems, company risks, proprietary information, propensity for anger/violence/depression, etc.)*
- Schedule manager/employee termination appointment*
- Arrange possible outplacement or administrative support services to be offered*
- Plan the transition of work responsibilities, movement of key equipment and files, and communication with affected customers and suppliers (internal and external)*
- Engage backup personnel to be on standby (e.g., HR staff, security, etc.)*

## Prepare Supporting Materials

- Documentation of incidents, remedial efforts, and/or performance appraisals*
- Severance items and administrative requirements defined in writing*
  - Notification letter providing departure basis and timing*
  - Definition of any pay continuation or severance period*
  - Explanation of transition of benefits (e.g., insurance, accrued vacation, 401K, accrued profit sharing, stock, etc.)*
  - Return of company assets (computers, files/data, vehicles, phones, etc.)*
  - Termination of access to computer system(s) and work-related web communities*
  - Identification of any outplacement aid (e.g., counseling, secretarial support, etc.)*

## Prepare Message

- Baseline script developed, reviewed by line management and HR, approved for use*
- Announcement to remaining employees*
- For key management positions, consider a letter and/or press release announcing the organizational change (highlighting replacement) to notify key customers, suppliers, and industry contacts*
- Possible referral letter for outgoing employee*

## Arrange Next Steps

- Schedule any additional meetings (HR/Outplacement)*
- Emotionally prepare yourself, the terminating manager, and HR staff by anticipating the employee's responses, acknowledging/discussing feelings of each party, and agreeing not to waver from what's right/best/necessary while maintaining a spirit of accountability and encouragement*

<sup>1</sup> Checklist adapted from portions of *Successful Termination: How Managers Can Handle the Job They Like Least*, William J. Morin, (DBM Publishing, 2002). See also previous C12 segment "Ending Working Relationships in Christ's Love" (December 2008).

