

# Case Study: Firing the Best Friend

With business on the rocks, Susan Southerland was cutting back on everything. Could she really fire her best pal?

By Jennifer Alsever | From the July/August 2011 issue of *Inc.* magazine



Bob Crossin

D-I-V-O-R-C-E Wedding planners Susan Southerland (left) and Michele Butler worked together for more than a decade.

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**One sunny morning** in January 2009, Susan Southerland walked into her Orlando bank. Sales at her wedding-planning business, Just Marry, were plummeting, and she was at the bank to transfer another \$10,000 from a home-equity line of credit into her business account. Standing at Southerland's side was Michele Butler, her closest friend—and Just Marry's only employee.

Southerland turned to her friend and promised that everything was going to work out. The business would survive. Then they both agreed that neither of them wanted to work without the other.

Over the next few weeks, Southerland found herself haunted by that promise. She woke up at night with anxiety and went to work each day with knots in her stomach. After a decade of 20 percent annual growth, Just Marry was in a free fall, a victim of the recession. Butler's salary and benefits constituted one of the company's biggest expenses. The logical thing was to let Butler go. But could Southerland really fire her best friend?



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Up until then, Southerland, 41, had enjoyed a fairly smooth ride as a business owner. The Pennsylvania native

started Just Marry in 1992, at 21, after graduating from the University of Florida. In 1998, she hired her first employee. Michele Butler was a stay-at-home mother who joined Just Marry as an office assistant to help with paperwork and filing. Butler, now 40, proved to be an asset, setting up systems to organize contracts, vendor information, and other paperwork. Outgoing and bubbly, she soon grew as adept as Southerland at connecting with clients. "We were more like the bride's friends rather than dictators of etiquette," says Southerland.

**Over the years**, Just Marry expanded to four full-timers and 10 independent contractors doing some 300 events a year at some of Orlando's finest hotels. Butler became a key part of the business, going on sales calls and planning events on her own. And she and Southerland became good friends. They would work together for eight or 10 hours and then talk on the phone at night. Southerland especially appreciated Butler's high spirits and love of life. "I had always been very serious and studious," Southerland says. "I never went out dancing and hung out at bars. Michele made me feel 10 years younger than I was." And it wasn't just fun and games. The two women also leaned on each other following the birth of children, the deaths of parents, and romantic breakups. "Michele was her right arm," says Lee Forrest, an Orlando florist and friend of both of them. "When you didn't see Susan's face at an event, you would see Michele's."

Indeed, many in the Orlando wedding industry assumed that Southerland and Butler were business partners, rather than boss and employee. They certainly behaved that way. Southerland never gave Butler annual performance reviews or even told her what to do. "It seemed like a relationship of equals," says Cassie Meitzler, a former Just Marry employee who worked with the duo for a year and a half.

That relationship worked well when times were good. But by 2008, demand for destination weddings in Orlando had cratered, and many locals were postponing their nuptials or planning the events themselves. Just Marry's sales dropped 39 percent that year, and Southerland started cutting. For years, she had offered contractors a 50 percent commission on any clients they sent her way; she cut the amount to 20 percent. She laid off every full-timer but Butler. Southerland stopped taking a salary. Still, tensions between the two friends began to rise when Southerland said she could no longer afford to reimburse Butler's dry-cleaning bills and mileage.

Eager for help, Southerland asked two corporate attorneys to serve as a board of advisers in exchange for small equity stakes. Both urged her to restructure her business. Southerland cut many of her fees and carefully monitored the return on investment of advertising. She took out an \$80,000 equity line of credit on her home to cover business expenses.

Still, after she crunched the numbers, it was clear that Butler's \$40,000 salary, health insurance, and payroll taxes were a serious drag on the business, says Terri Oster, one of Southerland's advisers. Just Marry needed to instead rely on independent contractors who could be paid hourly without benefits. "We looked at so many options, but having salaried employees at that level just was too difficult to maintain," Oster says.

Southerland agonized over what to do. Butler was a single mother in the midst of a difficult breakup with her fiancé. She was struggling to make ends meet with no child support and was still reeling from the death of her father.

Southerland went through the alternatives. One option was to try to ride out the downturn by taking on more debt. She looked into taking out a Small Business Administration loan, but the red tape and expense were daunting. She asked Butler if she would take a pay cut or work part time temporarily. But Butler found the options unworkable. "I was barely getting by on what I was making," Butler says.

At that point, Southerland started sharing with Butler the scary details about Just Marry's financial problems—including taking her friend to the bank. In part, Southerland hoped that her friend would get the hint and offer to resign. "I wanted her to give me the chicken way out," Southerland says. But Butler didn't take the bait. Meanwhile, their long friendship was beginning to fray.

**The Decision** One day in February 2009, Southerland called Butler. Once again, they discussed the company's expenses and dwindling revenue. But this time, Southerland knew what she had to do. She screwed up her courage and told her friend and colleague: "I have to make this work. I have to let you go."

Butler was hurt but wasn't particularly surprised. "We both knew it was headed that way," she says. In a businesslike fashion, the two women began figuring out how to disengage. Butler said she wanted to start her own event-planning business, and Southerland agreed to let her keep her existing clients, some photography, and documents and forms they had developed together. She also gave Butler two months' salary as severance.

Southerland felt liberated by the move. "I could make decisions with only myself or the business in mind, not thinking, How is this going to affect Michele?" she says. With Butler off the payroll, it became much easier for Just Marry to wait out the downturn. Indeed, Southerland wishes she had acted earlier. "My biggest downfall was acting emotionally," she says. "Friendship is something to be cherished, but when you mix that with business, you can make bad decisions. Michele boosted me and helped my business grow, but letting go allows for a lot of growth, too."

Two years later, the Orlando wedding industry is on the mend, and Just Marry has bounced back. Southerland booked 200 weddings last year, boosting sales 40 percent. She now has two full-time employees. And Michele Butler Events is flourishing, with four part-timers and a steady stream of bookings. The two businesses have yet to compete for work.

The friendship also is on the mend. At first, the two women were cordial and somewhat awkward with each other. Now they are friendly. They see each other about once a month and speak on the phone periodically. Butler attended Southerland's wedding last summer. It's nice to have Southerland in her life again, says Butler, though she admits she misses the intense bond they once shared. "We used to be like sisters," she says. "I don't think I'll ever have another friendship like that. It leaves a hole where it once was."

## The Experts Weigh In

### Not Just A River in Egypt

Southerland was in denial and waited too long to deal with the company's problems. She did not seem to understand the difference between friendship and leadership. These require different roles and responsibilities. Hoping Butler would resign was silly. Southerland's insecurity was blurring the issues.

**Lynn Diamond** | President | Innovative Information Techniques, New York City

### Yank Off the Bandage

I found myself in Southerland's situation when I owned several restaurants years ago and I had to let go several people who were friends. It's a gut-wrenching experience. But because I protected the business, I was able to help them out again later. If you want a business to survive, it may mean putting on your own oxygen mask before helping others with theirs. I applaud Southerland for taking that painful step, because even though it affected the friendship, the business is now on the mend.

**Randy Gage** | President | Prosperity Factory, Miami

### Grace Under Pressure

Southerland showed that she was a loyal, empathetic, and compassionate friend when she did everything possible to save Butler's job. It was wise for her to seek objective advice to save her business and help her make the tough decision to let her friend (and valued employee) go. She handled the situation with grace, and I wouldn't be surprised if the friendship is resurrected down the road.

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