

A Proposal Regarding Your Quoting Strategy

On back to back sales coaching calls this morning, I was told by one client that quoting activity was way up over the last couple of weeks, and then told by another that it was way down over the same period of time. On the surface, there's nothing remarkable about either of those situations. Quoting activity—just like order activity—tends to ebb and flow, and one of the key trends we've seen over the last couple of years is wider and wider swings in activity levels.

In the “good old days” we saw distinct seasonal patterns, but now, many printers are experiencing “feast or famine” swings from one month to the next in terms of both quoting and order activity. The most disturbing thing for many printers is that there seems to be almost no relationship to previous seasonal trends.

With that in mind, I've been encouraging my clients to track their sales volume differently than they have in the past. Instead of comparing one month's sales to the same month in previous years, I've been having them track a four-month rolling average. In other words, if your sales volume over the last four months of 2003 was \$30,000 in September, \$50,000 in October, \$27,000 in November and \$46,000 in December, your rolling average as of December 31 would be \$38,250. If January sales were \$33,000, your four-month rolling average as of January 31 would be \$39,000.

By tracking this four-month rolling average against a similar calculation for previous years, some of the emotional highs and lows of the current situation get smoothed out of the equation. I think that's important, because the up-and-down swings seem to have robbed many printers of sales momentum over the last couple of years. Selling activity tends to decrease when sales volume increases, and then it's hard to get back into it when the volume slips down again. As I've written before, one key to success in growing your business is a consistent sales effort.

Quote vs. Proposal

That's only part of what I want to write about this month, though. The other part is to suggest that you stop quoting in the first place. Now, before you decide I'm nuts, let me assure you that you're not going to stop offering pricing on whatever projects your customers and prospects ask you to bid on. What I want you to do is to start thinking about the whole quoting process differently. Instead of simply *quoting a price*, I want you to think about *offering a proposal*. The difference is more than semantic, and it can make a big difference in your ultimate success rate.

Let's start with the assumption that your customer or prospect is getting more than one quote on any project. What differentiates those quotes from each other? At the most basic level, it's only the price, and when one printer offers a lower price than the other(s) in a competitive situation, he/she has at least a head start at winning the order. And since it's been my experience that the printers who actually read the articles in *Quick Printing* tend to be profit-oriented—read that: the printers who never seem to have the lowest price—you need something in your quoting/proposal strategy to overcome that probable price disadvantage.

I've observed three general levels of strategy in the industry. At the most basic level is the strategy of simply passing a number along to the customer or prospect—often by phone, fax or e-mail. I think you'll agree that the differentiation potential of that strategy is very low. The next level utilizes a quotation form, typically listing the specifications of the project along with the price. The differentiation potential here is a little bit greater, because if nothing else, a professional-looking, computer-generated form communicates a measure of solidity that says “this is a real business and you can trust us.”

The third level—and what I consider to be the “opportunity level” for you—is to submit a formal proposal package. This package would include your quotation form, of course, but it should also include a cover letter, and it could also include a number of other documents which would reinforce the impression that you're trying to create—that you're the best possible supplier for whatever it is that this customer or prospect is trying to do!

Selective Application

Now, let me make it clear that I'm not suggesting that every future quote becomes a formal proposal. For routine projects with established customers, first or second-level strategy should be perfectly adequate—although I will say that I think it's a good idea to always follow up on a verbal transmission with a hard or soft copy of a quotation form. A hard copy can be hand-delivered or sent via mail or fax, and quite a few of my clients are delivering “soft copy” quotes via PDF attachments to e-mails. It's significant, I think, that they're not just sending e-mails with the quote

in the body of the message. They're using PDF as a means to put their "professional-looking, computer-generated" quotation forms in the hands of their customers.

The most important application for a formal proposal package is your first opportunity to compete for an order from a prospect. This is where you really need to stand out in the crowd—especially when you'll be competing with several other printers, including the prospect's established supplier(s). From my perspective, the ideal situation would be that the prospect receives simple quotes from several other printers and a full-scale proposal from you. In other words, the other printers say "this is what we'll charge you" and your proposal package also tells them "this is what we'll give you."

And that's the key! Your challenge—especially in the anticipation that you won't have the lowest price—is to convince them that they'll get more for their money when they buy from you. It's been demonstrated in the marketplace that you can charge more when you give more.

Components

That's where the components that surround your quotation form come in. I recommend a cover letter which stresses that you understand the project—not just the specifications but the key concerns of the buyer as well. The theme of your cover letter should be that you understand the specifications and also the intent of the project. Beyond that, you understand the buyer's concerns and his/her worst case scenario. The ultimate message you're trying to communicate is this: *I understand the project. I can handle it and meet your expectations. And all it will cost you is \$X.* As I've noted, the ideal situation will have your competitors stating "this is what we'll charge you" against your proposal package, which also tells them "this is what we'll give you and why we're a better choice."

Now please remember that it's easy to say those things but harder for your prospect to believe them. So the question is, what else can you include in your proposal package that will provide some evidence to support your claims? I can think of three things that would be appropriate: (1) testimonials from current customers for whom you've handled similar projects, (2) samples of similar projects, and (3) some documentation of your quality/service control procedures. (This is something I've written about before. Remember that everyone knows that you hand-pick the samples, and all a beautiful sample really *proves* is that you printed that particular job pretty well. The testimonials provide evidence that you've printed quite a few other jobs pretty well, and your quality control documentation can "seal the deal" by showing that you have real systems and procedures in place to insure quality and customer satisfaction.)

Remember, you wouldn't pay a higher price for anything you're buying unless there was some justification for it, and that's really what this whole formal proposal strategy is about—providing some justification for what is probably going to be a higher price. The cosmetic benefits—and I should mention that I see all these documents packaged inside of an attractive pocket folder—are really secondary.

By the way, I hope you realized a little while back how important it is that you ask good questions at the point where you're collecting the specifications on a project that's ultimately going to involve a proposal. I'll write more about that next month.

Closing Thought

Here's a closing thought for today. Many printers have told me that the ideal customer is one who doesn't ask for a quote on every project, they just send you orders. I have also heard a lot of stories about "sticker shock," though, where a customer called to complain about a price after receiving the invoice. I think it should be standard procedure to send a priced acknowledgement on every order, especially the verbal orders from those "ideal" customers. If there's going to be any "sticker shock," I think you want to know about it and deal with it before the job is printed!