

Brokering As A Marketing Tool

There's an ongoing debate in the printing industry about the wisdom of selling things that you can't produce in-house. Several of the most widely read columnists and consultants are expressly opposed to brokering. They'll tell you that you'll never be as profitable as you will on jobs you produce with your own people and on your own equipment.

While there is some truth to that statement in the operational sense, I think you'll do yourself a large disservice if you fail to consider the marketing advantage that a willingness to outsource provides. To put it simply, you may give up something in profit margin by selling things you have to buy from an outside source, but you can also gain something substantial in volume and in customer control. And from the sales and marketing standpoint, customer control might be the most important issue. Again to put it simply, if your customer needs something printed and you can't—or won't—do it, he's going to look for someone who can. The chances are pretty good that whatever printer he ends up with will also be able to do some—or all—of the things that you are currently doing for this customer.

By giving another supplier a chance to gain a foothold with your customer, you might actually be planting the seeds of your own demise. Think about this...how many of your own best customer relationships grew out of a single opportunity to get your foot in the door?

Niche Considerations

Please understand that I am not advising you to attempt to be all things to all people, or to take on absolutely anything. A smart printer knows his niche, but the smartest printer also knows that the niche is best determined by customer type, not by printing capabilities. Aren't your best customers generally people who think in terms of *our printer*, not our quick printer and our color printer and our forms printer and our commercial printer?

At the very least, when a customer comes to you with a project that falls outside your current capabilities, you should tell that customer: "I will look into this. It may not be something we can produce in-house, but I can very likely find a source who will produce it under our direction, and we will manage it to make sure that you get exactly what you want."

Risk Factors

Are there jobs you shouldn't take on, even considering the opportunity for increased sales and the defensive issues of customer control? Sure, but I would encourage you to look first for reasons to take on the job, not to go into brokering situations with a negative bias. If nothing else, your research will add something to your product knowledge, and that to me is always a benefit.

As a general rule, I'd be inclined to take on any small job where the risk lies in complexity. In that situation, your willingness to handle the complexity represents real customer service. How should we define a "small" job? Let's use this parameter: a small job fits somewhere beneath the sum of your average order size and your "ideal" order size. In other words, if your average order size is \$250 but the orders you consider your "meat-and potatoes" work average around \$1000, my definition of a small job in terms of brokering risk would be anything less than \$1250.

As you consider whether you're comfortable with this definition of risk, please keep two things in mind. First, the \$1250 I'm talking about is the selling price, marked up from the price you're given by the trade shop or other production source. Second, that \$1250 must represent an adequate profit margin, which by my definition should fall within 10% of your normal profit margins. To me, that's a fair price to pay for the measure of customer control you're gaining, especially considering that the order represents "incremental" sales volume.

The brokering opportunity that would scare me the most would be the very large job, even if it were relatively simple and straightforward. There's a lot of glamor in a big job, perhaps, but I think you have to be wary of anything that might fall into the "bet the company" category.

Bottom Line

Brokering can be a very powerful marketing tool for a quick/digital/small commercial printer. Like any other tool, though, it's important to learn how to use it properly...and carefully. And here's a closing thought: I would at least consider outsourcing anything for one of my current, important customers, but I would never try to start a relationship with a new customer on the back of a brokered project. First and foremost, you should seek out customers who have a consistent need for the products and services which make up the core of your "product line"...the things you can produce in-house. Brokering isn't a substitute for your "core competencies," it's a way to protect—and perhaps add to—the value of your current customer relationship