

## Here's (Part Of) The Key To Happiness And Success For Quick Printers

I took part in a panel discussion at an industry conference recently, and the first question asked of the panel was: "What are the biggest differences you see between the printers who are doing well and the ones who aren't?"

The first panel member to answer is a consultant who specializes in all of the new technology on the production side of the business. "It's definitely the printers who invest in new digital technology who are most successful," he said. "They profit from the productivity that new technology provides." I found myself thinking that this has to be part of the answer, but it can't be the whole thing.

The second panel member to speak is a consultant who specializes in the financial side of the business. "What I see," he said, "is that the most successful printers are the ones who manage their costs most effectively, and who stay on top of their receivables." Again, I found myself thinking that this too has to be part of the answer, but it's not the whole thing.

When it was my turn to speak, I considered mentioning a solid outside sales effort and a well-thought-out marketing plan, but another thought struck me just before those words came out. Instead, I said simply: "The most successful printers I see are the ones who have identified and captured the best customers." I know that's not the whole answer either, but from a sales and marketing perspective, I think it may be the key to happiness in this business as well as a significant part of the key to success.

### Good Customers

I've written before about what defines a good customer, and while I've always said that there's some room for individual preference in this matter, there are still a few constants that appear in just about every printer's definition. Good customers pay your prices. Good customers are easy to work with. Good customers show some measure of loyalty. Good customers pay their bills. I have a client who told me once that he'd settle for any two of these four—as long as paying their bills was one of them!

There really is room for individual preference here, though. I have clients who swear that they'll never do business with a lawyer again, and I have others who consider one or more attorneys or legal firms to be truly good customers. I have clients who wouldn't touch an ad agency's business with a ten foot pole, and others doing upwards of \$100K each year with agencies who are loyal and easy to work with, who pay the printer's normal prices and then pay their bills. As the old saying goes, one man's poison is another man's—or woman's—wine.

The most interesting thing about good customers is that just about every quick/digital/small commercial printer has some. The most successful printers just seem to have more of them.

### Sales Volume?

You might have noticed that I didn't list "extremely high sales volume" among the constants in the definition of good customers. Sure, big customers would seem to have a lot going for them in terms of their value to any business, but they are really only "good" customers if they meet at least a couple of the "Big 4" criteria. In fact, the absolute worst case scenario for a small business would probably be a monster customer—maybe 25% or more of a company's total sales volume—who requires "discounted" prices and then takes more than 30 days to pay. As many quick printers have learned the hard way over the years, nothing will kill you faster than cash flow—or more specifically, the lack thereof.

I remember speaking with a seminar attendee who told me that her particular monster customer situation wouldn't be a problem if their work was spaced out evenly over the course of a year. "They might be paying late," she said, "but they'd be paying for something every month." As it was, this customer ordered heavily at the beginning of the year, and then kept her waiting until March or April for payment. Then they ordered heavily again in the fall, and kept her waiting until December to get paid.

I remember asking her why she put up with this situation—which had caused her more than a few sleepless nights over the years when she worried about making her payroll or staying current enough with her paper vendors that they'd continue to supply her with stock. She looked at me like I was from Mars and said very matter-of-factly: "Because they're a good customer!"

### An 80%/20% Application

Obviously, I disagree with her position, but that simply raises the question: How does a quick/digital/small commercial printer go about the process of identifying and capturing the best customers. I think it all starts with the understanding that this is a very basic application of the old 80%/20% rule.

Many quick printers report that approximately 80% of their business comes from approximately 20% of their customers, but that's not the application I have in mind. What I'd like you to consider today is that 80% of the business you want comes from 20% of the people—companies and/or organizations—doing business in your marketplace.

This 80%/20% application ties directly into three realities of most printing/copying markets: (1) You can't sell to everyone; (2) You'll never run out of people to try to sell to; and (3) You don't want to sell to everyone in the first place...only to "good" customers.

### **Wealth Of Good Customers**

Let's go back to my statement that just about every quick/digital/small commercial printer does have some good customers. I was in Portland, OR a few weeks ago putting on seminars at the Techgraphics/New Media 99 trade show. We had an interesting mix of printers in attendance, including several from large markets like Portland and Seattle, and others from much smaller towns in Washington, Oregon, Idaho and Montana. Every one of those printers reported having at least a few "very good" customers (who meet all of the "Big 4" criteria), and reported knowing about other companies and organizations in their areas—that competitors were selling to—who also seemed to qualify as "very good." Even the small town printers agreed that they were getting only a portion of the really "good" business in their areas.

One attendee asked me if there was a way to quantify the amount of "very good" business in any given market, and I thought about that for a while and made the following suggestion. First, I said, let's consider that the "average" annual sales volume of quick printshops/copyshops across the country seems to be somewhere around \$500,000. (That figure comes from information published separately by PrintImage International and the various franchises. I wouldn't swear that it's completely accurate, but it's my best estimate based on the information that's available.) Next, I said, let's apply another version of the 80%/20% rule and say that 20% of each printer's business—or \$100,000 on average—qualifies as "very good."

The last step, I said, would be to open up the Yellow Pages and count up the number of quick/digital/small commercial printers doing business in the area, and multiply that number by \$100,000. I think that would give you a reasonable estimate of the amount of "very good" business in your area.

My local Yellow Pages (which covers Cary, NC and several surrounding towns) lists 18 quick/digital/small commercial printers serving a total population of approximately 120,000, and knowing most of these printers, I'm pretty comfortable with the idea of \$500,000 average sales volume. Now according to the formula I've suggested, there's something on the order of \$1.8 million worth of "very good" business in this market, and obviously no single printer is getting all of it. But doesn't it make sense to suggest that at least one or two of these printers are getting "more than their share" and earning significantly greater profits than any of the others?

### **What To Look For**

So how do you identify these "very good" customers? Unfortunately, there's no crystal ball that lets you do it from a distance. You have to get out into the marketplace and take a close look at individual companies to determine if they meet your criteria. As noted earlier, there are ad agencies and legal firms who truly qualify as very good customers, and others who do not. The same holds true for manufacturing companies, health care providers, software developers, banks, home builders, community colleges and trade associations.

The printers who succeed at identifying and capturing the best customers succeed because they work at it. They prospect aggressively—usually with an outside sales effort—and they disqualify more companies than they qualify. The salespeople don't waste a lot of time playing the "quote and order" game; they'll happily prepare a few quotes for any prospect, but if those quotes don't turn into orders within a fairly short period of time, they decline to play that game with that prospect any longer.

It's really not hard to determine if a prospect is strictly a price-buyer. All it takes is the willingness to ask direct questions. If the prospect says you didn't get the job because your price was too high, you ask if that was the only reason. Then you ask if low price is truly the most important thing to the prospect. Then you ask if he/she is really willing to take all of the risks that come with always buying from the lowest priced supplier. Then you ask if he/she is really telling you that you'll never get any orders unless your prices are the lowest. If the answer to all of those questions is "yes," you've identified a price buyer. The most successful printers—and printing salespeople—then say "thanks for your time," and go looking for someone who has a better attitude!

Interestingly, though, it's not uncommon for the prospect to answer with a few "no's" when asked such direct questions. Experienced—and successful—printing salespeople will tell you that some very good prospects make a big deal about price simply to intimidate and drive off the weaker salespeople. With a prospect like this, those direct questions not only gain you answers, they gain you respect.

## **Bottom Line**

Good customers pay your prices. Good customers are easy to work with. Good customers show some measure of loyalty. Good customers pay their bills. And at the bottom line, of course, good customers make you profitable and successful. There's no crystal ball that lets you identify them from a distance, and there's also no guarantee that you'll succeed at the "capturing" part once you identify a very good prospect.

The lesson for today is to look hard, and that means both lots of prospecting effort and an ongoing qualification process. It also means taking a hard look at your current customers. If less than 20% of your current sales volume qualifies as "very good" business, I would make it an absolute priority to go looking for some new—and better!—customers. If you can get that percentage up to 40%, you'll be running a significantly more profitable business, and probably having a lot more fun. If you can get it over 50%, I can pretty much guarantee you that you'll be among the profit leaders in the industry, and probably having the time of your life!