

quoins2pixels

An exclusive publication for members



by Bob Lindgren & Joe Polanco

Becoming A Trusted Source

It's obvious that we can get work at good prices from customers who view us as a "trusted source." The challenge is turning an ordinary customer (we get the order about half the time) or a prospect into this highly desirable mindset.

- First, we should focus on customers or prospects who have a respectable amount of work that fits us.
- Second, we should take the time to learn about their business, its challenges, and opportunities and print's role in solving them.
- Third, we should present them with quotes at a price level that is likely to get the order. This is essential as we can't become a "trusted source" unless we're doing business and the customer can really see the results.

At this point the printer may be tempted to think that they're locked into this pricing level. Fortunately, that's not true because each job has different copy, visuals, and specs. That reality makes linear comparisons difficult even though the estimating system thinks they're all the same.

More Sales Or Higher Margins

If your wish was granted, which do you want? It's tempting to say, higher margins. We all know firms who get top prices and frequently have sales comp plans which pay higher commissions to high margin jobs and little or nothing on low margin work.

But there are some firms whose focus is on running the plant and equipment all the time (24/5 or 24/6). In their view more sales, not high margins are the path to profit. Interestingly, the numbers show they are right. This works because they don't walk away from sales—they focus on getting as much as the customer will pay but also getting the order.

These firms have realized that the path to high profits is through maximizing contribution to overhead. They understand that the most important number is the dollars which are left after they pay for factory labor, purchases and commissions. Further, their focus is on dollars not margins as dollars pay the bills. They know that the building, equipment and front office (the overhead) cost amount the same if their busy or slow—so their goal is maximizing contribution dollars not percent.



Rising Costs. Raising Prices?

It's a conundrum every business owner/manager faces. In times of rising costs, should I raise my prices? In economic terms it's called pricing elasticity. Where is the point when customers say, "your prices are too high, I'm going somewhere else."

Fortunately for many in the industry, rising substrata costs have forced many to understand that their print provider cannot absorb the increases in paper costs. Yet, there are many other areas of our business where costs are increasing – so do we pass those along?

First, we need to remember that we are no longer just competing with print providers, but other media choices. Print and mail get too expensive and there are digital solutions – but it's up to our sales team to provide insights to our customers of the frailties of those solutions.

Second, do a thorough analysis of the costs increases we are seeing and what the overall impact will be to our business. Understand the overall affect to our bottom line and then decide accordingly.

Third, think strategically. There are customers who can easily absorb a slight increase (less than 2%) to their prices (net of paper costs). These are the customers who are true partners and understand the effectiveness of print. Prospective clients have never seen your pricing; thus, your quotes should reflect the increase – and if you are competitive in the marketplace, and you offer the right solutions, the increased costs are covered.

How about the last group of customers – those who move with any price change. Here's where a complete analysis in terms of contribution to overhead is necessary. It may be that because of their volume and contribution, as unfair as it may seem to the "good" customer, that this business is good business. Yet too often these types of customers are a drain to our resources and the contribution margin may be negligible; thus, it may be time to raise those prices and say, "Hasta la vista."

Customers or Relationships?

We've all been called by folks wondering if we need a new copying machine. Firms who sell in that way have lots of customers but few relationships. If a copier is ordered, the rep moves on to the next person on their list.

Selling printing is very different, because the prospect needs print to achieve a specific purpose (present a new product, explain how to use it, etc.). These needs are a moving target because the prospect is trying new opportunities, while the copying machine, once bought, remains a copying machine.

Print is a means to the prospect's ends. Our objective must be to develop a relationship with the prospect so that they will see us as a source of solutions and new ideas. If we're just a source of price quotation, we're the same as the copier rep.

quoin2pixels is written by Bob Lindgren and Joe Polanco. Bob and Joe have spent decades in the printing industry, and throughout their careers, they have counseled hundreds of company owners on a variety of management topics. As a value-added service of [The Printing Industries Alliance](#), they are available to expand on these articles, or aid with projects. Bob can be reached at (818) 219-3855 and Joe at jspolanco49@gmail.com.