

quoins2pixels

An exclusive publication for members

by Bob Lindgren & Joe Polanco

Are They The Right Choice??

You've built a business from the ground floor, and now it's running smoothly. Reasonably enough, your thoughts turn to picking a successor who will take it forward into the future. They may be a key employee or one of your children who are involved in the firm.

After you decide who the right choice is, how do you satisfy yourself that they're the right choice knowing that if you're wrong, the business's future is in jeopardy? The simple answer is that they themselves will decide and thus you will know by their actions whether they are the right choice.

If they understand that their job is to carry out their duties as instructed by you—they're the wrong choice.

If they think out of the box and focus upon new types of customers, products or processes—they're the right choice.

Of course, they may be wrong in their thinking (just as you were in your past), but the point is that they're thinking and planning about where the business can go in the future.

Risk Review

When was the last time you looked at your property & casualty insurance policies? Typical of most businesses, this is the preveue of someone on your financial team – book-keeper, accountant, CFO. It's also one of those "if it ain't broke, don't mess with it" areas of business since "good old Billy Bob" our insurance agent has it well in hand. Or does he?

Good agents, which are rare, know a lot about your business, and more importantly, a lot more about the insurance business. If you haven't had a deep discussion with your agent in the last year about your business, industry, and associated risks – it might be time for that conversation, or a new agent.

Discount For Cash

In some industries, a discount for prompt payment is almost standard. Generally, this has not been the case in print.

If you are considering this as a policy, it's worthwhile to consider the possible results. The classic discounted terms were



“2% 10 days, net 30 days” on their face they provided a 2% bonus for an acceleration of payment by 20 days. That’s equivalent to 36.5% annual interest.

In practice, customers frequently paid in 30 days and took the discount anyway. In both cases, more was paid by the seller than what it was worth.

Of course, one could mark up the quote by 2% and it would cancel the impact, but if that would work, why not just mark up the quote by 2% and not offer a discount?

Prospecting Information

When you’re looking for a new customer, you want to find as much as possible about them and their business before you start. In this age of the digital information, more and more firms have elaborate websites to tell about themselves, their products, their facility and their people. Look for the prospect’s website and read it carefully as it could be a gold mine of useful information.

In the past decade, there has been an explosion of automated attendant systems replacing human receptionists. While these can be an annoyance to deal with, they also can be a useful source of information. Increasingly, these provide a series of internal contacts frequently arranged by function and individual names. Since this is the kind of information, you’ll need to contact the right person—it’s good stuff. The best way to take advantage of this is to call the prospect firm after business hours so you hear the entire message and take notes.

Tools For Improving Financial Performance

As our readers have noted, we very seldom talk about budgeted hourly rates, markups, and “job costs” in a positive manner. This fact is built upon years of experience and industry observation of companies which have failed – and those which succeed.

Understanding that the selling price must cover “out-of-pocket costs,” also known as OOP, as well as generate dollars to cover overhead, equipment costs, and labor, is essential to profitability. Yet, what are the tools necessary to achieve this goal? Here’s a quick list of several tools:

- A monthly profit and loss statement which delineates materials, direct labor (manufacturing), outside purchase costs from overhead/equipment costs.
- Reports showing plant capacity/utilization (How busy are we?).
- Track contribution (or value added) by Job, product line, customer.
- Win/Loss Ratio for competitive bids.
- Tracking Work-in-Process

There are many other reports which are important, such as: cash reports; accounts receivable aging; overtime utilization, etc., but it’s the ability to measure sales, capacity, and contribution which offers a company a path to success.

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.