

The Rich Get Richer

There's an old saying in life about the rich getting richer while the poor get poorer. History has shown us how often that saying is true. The reason it's true is many times contained in another old saying about how "it takes money to make money."

I wrote a few months ago that a larger, more profitable printer is considerably better positioned to grow than a smaller, less/not profitable one. The reason for that should be obvious: The larger, more profitable printer has more money to spend—to invest!—on growth.

That investment can take any number of forms, and touch on literally every element of the business. On the production side, a large, profitable printer can purchase state-of-the-art equipment to increase capacity, or simply hire more people to get more work done. On the administrative side, a large, profitable printer is better positioned to afford investments in office technology that make it easier and less costly overall to manage the business. And of course on the marketing side, the large, profitable printer has more money to spend on bringing in new business than any smaller printer, especially the smaller printer who's struggling just to stay in business.

Bad Investments

Still, there are plenty of profitable printers—large and small—who are not growing the way they should. In fact, many are moving in the opposite direction with sales and/or profits declining. It's obvious that some of the investments in growth being made are not panning out.

Now some would argue that it's business conditions in general that are causing sales and profits to decline in many printing companies. Customers are more price-conscious to be sure, and many of them are simply buying less printing than they used to. But to accept general business conditions as the source of all the problems is a cop-out. I think there have also been a lot of bad investments made.

Hardware Without Software

From my perspective, the manufacturers of printing/production equipment have enjoyed pretty good sales results over the last few years. Printers have seen the future, and they're buying it! The level of investment in new hardware, from the pre-press area to the pressroom to the bindery, has been substantial.

But many printers have not made a corresponding investment in the "software" of the printing industry, and by that I mean marketing and management. New high-tech equipment can create production efficiencies and increase capacity, but it can't create business all by itself.

I think a comparison of two "typical" attitudes can tell you a lot about why one printer who invested in new hardware has seen growth while another has seen volume and profit slide.

One printer said, "I've just spent all of this money on new equipment. Now I have to cut back on things like marketing and advertising until I can start getting it paid for." The other printer said, "I've just spent all of this money on new equipment. Now I have to accelerate my marketing and advertising programs to support that investment."

Which printer do you think has grown, and which one saw sales and profits decline?

Incubation

Looking back to a period about 3-4 years ago, I remember quite a number of printers who told me that they weren't doing much in the way of marketing because they had "all the business we can handle right now." Another group of printers told me that their marketing was oriented toward "just keeping our name in front of our customers." I'm pretty confident that a survey of those same printers right now would show the majority of them to be down in both sales volume and profits.

First of all, you must never stop marketing! Not if you want your business to stay healthy, anyway. As we've seen, the economy in general can turn on you. And I've yet to meet a printer who hasn't lost customers along the way. With that understanding, you have to continually be working to add customers to replace the business you are going to lose.

Beyond that, the intelligent printer never loses sight of the fact that it takes time to develop new customer relationships. You're very likely to be a loser if you wait until you desperately need more customers before reviving the process of gaining them!

This is pretty basic stuff, but it never ceases to amaze me how many printers *do not* have a handle on the sort of incubation process that is so important in maintaining the success of a printing business.