

## The Intersection Of Volume And Profit

I have a little change of pace in mind for this month. Instead of writing about sales strategy, I want to write about bottom line considerations, and this may be more for printing company owners than for individual sales employees. Or possibly not, since everyone, owner or employee, should be concerned with a printing company's profitability.

Fourteen salespeople from the largest printing company in my area learned that last month, when this \$31 million company shut its doors. Lots of volume, but not enough profit margin. It's not enough to sell. You must also sell profitably.

### Four Categories

I have observed that all printing companies will fit into one of just four categories regarding the "intersection" of volume and profit. They are: (1) High Volume, High Profit; (2) High Volume, Low Profit; (3) Low Volume, High Profit; and (4) Low Volume, Low Profit.

I can't tell you exactly where the border lies between "high" and "low," but I can tell you this, if your company wants or needs to increase sales volume, the rules for Low Volume apply. Similarly, if you want or need to improve profitability, the rules for Low Profit apply. If you don't want or need, you can safely play by the High rules — at least for now.

So what are these rules? If you really are in the High Volume, High Profit category, you obviously want to maintain that position. That requires you to maintain "happy customer" relationships, which in turn requires a combination of customer service and customer contact. To put it simply, you can't let your customers down, and if you do, you must identify and rectify any problems before your customers start talking more seriously with your competitors.

Please note, by the way, that your customers *are* talking to your competitors. At the very least, they are hearing from them. And as you should know from your own prospecting, there can be a significant gap between "talking to" and "buying from," but that gap diminishes if the level of satisfaction does the same.

Speaking of prospecting, even a High Volume, High Profit company should always be prospecting for new business. That's what I meant by "at least for now." You want to have people *in the pipeline* just in case something damages a current customer relationship. And beyond that, there's nothing wrong with Higher Volume, High Profit, is there?

### High-Low/Low-High

If you are High Volume, Low Profit, you should also be prospecting, because universally, the biggest reason high volume printing companies fail is that they have bad customers and don't work hard enough to find better ones. They take all the business they can get from people/companies who won't pay for value, and who further drain profit by obstructing production schedules and impeding cash flow. In the case of the largest printing company in my area, they gained that status after picking up three large customers from a company which closed 2-3 years ago. To my mind, those customers are serial killers, and yet someone else is almost certain to welcome their business.

I would take their business, sure, but only on my terms, which means they would have to change their behavior. And that leads directly to the cardinal rule of High Volume, Low Profit situations. You may have a chance to change bad customer behavior before those bad customers kill your company. I strongly suggest that you address that, and do it sooner rather than later. It has been my experience that you can sometimes change customer behavior by talking it out with them. Sometimes you can't, of course, but it's always worth a try.

What about the other side of that coin, Low Volume, High Profit? I'm sure you won't be surprised that I want you to prospect and grow, but only into High Volume, High Profit. Please don't take on bad customers in order to inflate your top line.

### The Coffin Corner

Finally, what if you are in the Low Volume, Low Profit category? My best advice is simply to *do something*. That may mean prospecting for new customers. It may also mean addressing the bad customers you already have. Actually, it probably means doing both of those things, and starting immediately.

Albert Einstein is famous, among other things, for defining insanity as "doing the same thing over and over again and expecting different results." Every printer who has failed — and, in fact, every printing salesperson who has failed or even underachieved — probably passed by a point where changes could have been made, and a different result gained.

The bottom line for today is to look at where you stand in relation to the intersection of volume and profit, and do what needs to be done to put yourself on the right side of the road.