

## Plan — And Act! — Now To Make 2002 A Great Year!

2001 is going to go down in the books as a difficult year. The buzz around the industry was that most quick/digital/small commercial printers got off to a pretty good start, but then things slowed down for many through the late spring and summer. Even those who've reported solid sales and profit performance from their businesses all year have been concerned with the state of the worldwide economy, and many of us suffered significant losses in our investment and retirement accounts. Then came the events and the aftermath of September 11. Whether business was strong or soft at the time, we will all remember that as a very bad day.

Life went on, though, and now we're again approaching that unique point in the course of business where those of us on a calendar year accounting system tally up the operating results of one year and start another. Calendar or fiscal, I hope 2002 will be a great year for you and your business. I can tell you, though, that what you do over the next 4-6 weeks will have a lot to do with the results you see all year long. So let me see if I can get you thinking about some of those things, and then taking the necessary actions!

### Sales Momentum

The first thing you should be thinking about is whether your sales trend is positive, negative or neutral. In other words, are you coming into the new year with any sales momentum? If you are, your primary sales & marketing challenge is to maintain that momentum. If you're not—if your sales trend over the last few months is negative or neutral—your challenge is to create some momentum!

How do you do that? The best strategy is a combination of re-connecting with current customers and starting some balls rolling toward new customer development. If you haven't had any "high level discussions" with your most important current customers recently, it's likely that this activity will identify some immediate opportunities for growth. And if you couple that with a solid measure of prospecting and follow-up activity, you'll be laying the foundation for another surge of new business a little further into the year as some of those prospects move through the consideration process and decide to give you a try.

What do I mean by "high level discussion" with a current customer? Let's define that as a conversation that's not limited to what they're buying in the present, but expanded to cover what they've bought from you in the past, and what they might be willing and/or able to buy from you in the future. This conversation is really about change; what's changed or changing in their business, and what's changed or changing in yours.

*"I'd like to ask you about your plans for 2002," you might say, "especially as they concern your needs for printing (and/or copying and/or any other service you provide.) Do you expect to purchase the same sort of things from us in the same sort of quantities as you have in the past? Are there new projects or products you anticipate needing printed support materials for? Can we also talk about things you've been buying from other printers, things you may not have known that we were capable of handling?"* After asking about their needs, you should go on and tell them about any new capabilities you have added or plan to add, and anything else that has changed or will be changing in your business.

You may not have time to have this conversation with every one of your customers over the next 4-6 weeks, but I hope you'll see the wisdom in *making* the time to have it with a certain group of customers. That group should include your "20/80's"—the 20-or-so-percent of your customers who probably represent 80-or-so-percent of your current sales volume—and it should also include all of the customers who you think only buy a small percentage of their printing from you. In all likelihood, these "undersold" customers are the ones who provide you the greatest chance of an immediate boost in sales.

### Defensive Component

There's another important consideration here, and it's the *defensive component* of an intelligent sales/marketing/business plan. You probably won't like hearing this—you might not even believe me!—but I would be willing to bet you that at least one of your Top 10 customers is thinking about changing printers right now. You know that your competitors are calling on your customers, and you also know that some of those competitors are quoting lower prices than you are. Even if your performance over the past year has been flawless, you have to expect that at least some of your customers are wondering if they'd get equal performance from a lower-priced printer. And if you haven't been flawless...

On one hand, it's a victory every time you gain a new customer, or increase the amount of business you're doing with a current customer. On the other hand, it's only a limited victory if it doesn't improve your total sales and profit picture, and that's often what happens when the new chunk of business you gain is offset by "old" business you've

lost. Get out there and talk to your customers, at least to your most important ones. If you have any problems with any of them, it's better to learn that now—while you still have a chance to do something about it!—than to find yourself realizing a few months down the road that you haven't heard from "ABC Company" for a while.

### **Profit Picture**

That *profit picture* is the next thing I'd look at, specifically by comparing my operating ratios to the most recent PrintImage International Operating Ratio Study. This, by the way, is not something you have to wait until the end of the year to do. What you'll learn will be just as valuable if you compare your January-November ratios to the full-year figures reported in the study. And what you'll learn is where your profitability suffers in comparison to the industry's profit leaders.

Please understand that the Operating Ratio Study won't necessarily give you any answers. What it will do is give you the right questions to ask. "*Why* is my total cost of sales so much different than the profit leaders? *Why* is my payroll so much higher than the profit leaders? *What does it mean* that the profit leaders are actually spending more on travel and entertainment than I am? (That's a particularly interesting one to consider, I think. Are the profit leaders spending more in this category because they're making more money, or are they making more because they're spending the money to attend PrintImage International and/or franchise conventions and conferences?)

### **Goal Setting**

The next step is to set your sales and profit goals for 2002. If you're like most quick/digital/small commercial printers, I suspect that you would do that by looking back at your percentage of sales growth and percentage of profit over the past several years, and assuming (hoping?) that you'll be able to accomplish the same sort of growth next year. That's the wrong way to do it!

The right way is simply to decide what you *want* your sales volume to be, and what you *want* your profit to be. Then the next step is to consider what it will take to make that happen! The whole process of establishing your business/marketing plan for 2002 revolves around three questions: Where are we now? Where do I want to be? What will it take to get there?

You may ultimately decide that your initial sales goal is not reasonable and have to back it down a bit, but you won't know that until you set that goal and think about what it will take to achieve it. It's been my experience that any sales goal is reasonable if you can apply the resources it will take to make it happen. I know quick/digital/small commercial printers who have accomplished pretty remarkable sales increases on the strength of aggressive sales/marketing programs, but that wouldn't have happened if they hadn't been able to apply significant resources—time and money!—to making it happen. I also know quick/digital/small commercial printers who have accomplished pretty remarkable profitability increases on the strength of aggressive management efforts, but again, that wouldn't have happened if they hadn't been able to apply significant resources—mostly time and commitment in this case—to making it happen.

The idea here is that if you *make* the time and *invest* the time and money, you can probably grow both sales and profits well beyond your historical average. That's especially true if you're among what seems to be the majority in the industry, with sales volume that has been mostly flat or falling over the last 3-4 years, and/or profits that haven't kept up with even a modest rate of sales growth.

### **Compounding Power**

If all this sounds good to you, the best advice I can give you is to act now! Start thinking, and then make the transition right into *doing*. That's how you get "compounding power" working for you. This is exactly the same effect you get from compounding interest; the earlier you start saving, the more you end up with in the end!

Don't wait until mid-summer of 2002 to working at increasing sales and profits. It's not that you won't benefit from the effort whenever you start it, to me the bigger issue is that you'd be wasting 6-8 months of compounding power by waiting that long!

Please don't fall victim to the old "best of intentions" syndrome either. Many millions of Americans will be making New Years Resolutions in a couple of weeks, and if history is any guide, the vast majority of those resolutions will fall by the wayside before the Super Bowl is played. Let this be the year that you make a real plan, and follow it through. Let this be the year that you escape the pattern of flat sales and falling profits. Don't just hope good things will happen, *make* 2002 your year!