

An Open House Can Help You Build Your Business

It's not uncommon for a quick/digital/small commercial printer to hold an open house to celebrate the move into a new building, or the renovation of an old one. I also know printers who have held open houses after bringing in some new piece of high-tech equipment. There's no question that an open house can be a significant marketing event, so that makes me wonder, why wait until you move or renovate or buy new equipment to have one? I think there's a lot to be said for scheduling an open house just because you want to create some excitement with prospects and customers.

It's important to remember, though, that a successful open house won't just happen. It takes thought and planning to have a truly successful event.

Set Objectives!

The first step in your planning process should be to set some objectives. Start by asking yourself exactly what you want to accomplish. Will you be satisfied if people drop to say hello and have something to eat or drink, or is important that they take a tour of your shop? On the assumption that you do want to show off your facility, what exactly do you want your guests to see and hear? Is your priority to entertain customers and thank them for their role in your growth, or to develop new business opportunities with both customers and prospects? How many people would you like to draw to your event?

Here's a key point. There are lots of "right ways" to put on an open house, but the definition of the "best way" for you has to start with an understanding of what you're trying to accomplish. And here's another key point. This thing's going to eat up some resources...time and money! At the very beginning of your planning, you should establish a maximum budget figure for both the time you're willing to put into the planning, and the money you're willing to spend on the event.

Four Stages

Here's still another key point. A successful open house will develop through four stages: the planning stage, the invitation stage, the big day itself, and the follow-up stage. And there's a very apt analogy to baseball here. The planning stage gets you to first base; the invitation stage gets you to second base; the big day itself takes you to third base; but it won't be a home run unless you follow up to maximize the value of bringing your customers and prospects and your company together through an open house event.

The planning, then, has to cover each of the next three critical stages, and as noted, the first thing you should do is establish your budget. There's no "standard" figure on how much you should budget for an open house, but I would suggest this as a starting point—an amount equal to one day's average billings over your previous year. For example, if you billed \$625,000 in 2002 and you were open 253 days (52 weeks times 5 days per week minus 7 holidays), your budget starting point would be approximately \$2500. Now, I'm not saying that you have to spend \$2500, or that you can't spend more. I'm just trying to suggest a reasonable starting point.

I'm also suggesting that part of your objective now becomes an acceptable return on investment, and with any marketing investment, I want to see something in the 5:1 or better range. That means that in order to consider this open house a success, a \$2500 investment would need to produce a minimum of \$15,000 in new business (defined as any business from new customers who were influenced by the event, or any new business from old customers who were influenced by the event—or in other words, orders that you wouldn't have gotten except for something that a current customer heard/saw/learned at your open house.)

Planning Considerations

Here are some of the other things you must consider in the planning stage. Let's say that one of your objectives is to get 100 customers and/or prospects to attend your event. How many people will you have to invite in order to get 100 to come? If you do it right, it might be reasonable to expect 25% of the customers you invite, and 10% of the prospects you invite to actually show up. So if you're looking for a mix of, say, 80 customers and 20 prospects, we're talking about a total of 520 invitations. (80 customers at 25% means 320 invitations, and 20 prospects at 10% means 200 more.)

What do I mean by doing it right? I mean a multi-pronged invitation strategy, starting with a nice invitation card sent through the mail, but then followed up on by phone, fax, e-mail and/or face-to-face contact! That's especially true for your most important customers and prospects. If all you do is send out a single invitation to your open house, I'm pretty sure you'll be disappointed with the response!

By the way, let's note that we've just spent—or at least allocated—some of your budget. If we assume \$60 in “hard” cost for paper and envelopes, and first class postage on 520 invitations, that adds up to about \$250 for the invitation stage alone.

Major Expenses

The big money gets spent on the big day itself, of course, but you need to be thinking about all that in the planning stage. And let's consider three separate categories of major expense—food and beverage, giveaways or door prizes, and any money that needs to be spent on your facility to get it ready for the event. (I'll bet some of you might have forgotten about that last one!)

Depending on what sort of refreshments you have in mind, food and beverage costs could range anywhere from a dollar or two per person for cookies or similar snacks and coffee and soft drinks, to upwards of \$20 per person for catered hors d'oeuvres and a full bar. My suggestion would be to put together a couple of “menu” ideas and price them out, but don't make a decision on food and beverages until you consider the other two major cost categories. (I should mention here that I would *never* serve alcohol at an event like this. It's not necessary in order to have a successful event, and I think the risk far outweighs any possible reward!)

Giveaways and/or door prizes can be a huge part of the success of an open house. Think of it this way, everyone will expect to find something to eat or drink at your open house, but they won't necessarily expect something to take home with them. Something modest in terms of food and beverage coupled with something special to take home will probably give you more “bang for your buck” than refreshments alone, no matter how delicious or impressive they may be.

And don't forget the cost of getting your facility in shape for the open house. That could mean repairs, or a special clean-up effort, both of which could add significantly to the cost of your event. (Granted, repairs or clean-up might legitimately be charged to your general operating budget rather than a special event budget, but the way I look at it, if we're talking about something you would not normally be doing, that should be considered as part of the cost of the event which caused you to do it.) This expense category doesn't have to be limited to repairs and clean-up either. One of my clients recently created some large format graphics to help explain the production process, and mounted them on the walls for her open house.

The bottom line on the planning stage is to consider your alternatives, in terms of cost and likely effect on the success of your event.

A Successful Model

The client I mentioned earlier had a very successful open house. Here are some of the things we did to maximize the opportunity. First of all, the day itself was split into three segments. In the early morning, she hosted a Chamber of Commerce breakfast meeting in her shop. That brought about 40 people into the building. They were all in and out before the doors opened for business, and more than half of them took a full tour of the shop. (By the way, it's also worth mentioning that we “scripted” the shop tour pretty carefully. Every guest was given a map of the shop, and the various stations in the production process were identified by number. At each station, the attendees would either hear a brief presentation by one of the staff, or be directed to look at the large format graphics mentioned earlier. It's also worth mentioning that the entire open house was scheduled around the opportunity to host the CC breakfast.)

Between 8:30 AM and 3:00 PM, another 50 or so prospects and customers stopped by. For the most part, they came from a group of approximately 400 “low priority” customers and prospects who were sent invitations to “drop by” any time during the day for refreshments and a look at the shop. This group did not get formal shop tours, since the employees and equipment were at work. Interestingly, some of these people didn't come specifically for the open house. They came in to place orders!

From 4:00 PM to 6:00 PM, almost 40 more people came by, and these were all “high-priority” customers and prospects. Their invitations were specific to this time period, and the refreshments were a little more elaborate for this group. The shop tour was back in effect as well. It's also worth mentioning that my client did an excellent job on our multi-pronged invitation strategy. She sent out 110 invitations with an RSVP request, and 21 people responded by the RSVP date. Then she started phoning, faxing, e-mailing and visiting the rest of the list, and by the big day, she had 62 promises to attend. They didn't all show up, of course, but if she'd done nothing other than send invitations, I think she probably would have had fewer than 20 actual attendees.

In our planning, we set one of our objectives at getting 100 people into the building during the course of the entire day. With more than 130 people attending one of the three segments, it was easy to call that part of the program a success.

Follow Up

As I said earlier, it's the follow up that will really make an open house a business-building success. During the course of the day, my client made it a point to talk personally with as many attendees as she could. We planned in advance that the "script" for these conversations would be to ask if the customer or prospect had seen anything in the shop that surprised them—some capability, for example, that they didn't know her company had. When she sat down with all of her notes from those conversations, she found that she had 27 people to follow up with about projects that they had no previous idea she could handle.

I also had her put together a "hit list" before the event—a list of the highest priority people she wanted to make sure that she had a chance to talk to. Of the 24 people on that list, she spoke with 19 of them during the course of the day. The other 5 were among the "no-shows," but that was OK, because we went into the open house with a follow up strategy in mind for just that situation. My client had made up a number of special "gift boxes" for her priority targets, and the people on her "hit list" who did attend took those giveaways home with them. With the 5 who didn't show up, she called them the day after the open house and said: "I'm sorry that you weren't able to attend yesterday. Among other things, we had some very nice giveaway items...but I saved a set of them for you! How about this, let's set a time that would be good for you to come over, and I'll give you your gifts and a personal shop tour!" In addition to those 5, there were 7 other high-priority customers and prospects who never committed to attend. They got the same follow up treatment!

Bottom Line

I think the chances are very good that my client will see a better than 5:1 return on her open house investment. I hope you'll see that a well-planned and well-executed open house could do a lot for your business too. Give it some thought. Just remember, this is not just a matter of throwing a party. It's a business strategy that should be intended to improve your business!