

Manage The Cost Of Quoting

Every time you quote a job it costs you money. On the other hand, most of your customers and all of your prospects are going to want to see a quote before they give you an order. So how do you manage the cost of quoting?

I think you should start by recognizing that you don't want to quote on every job that you're invited to compete for. In fact, of the four possible situations that result in a quoting opportunity, I think you should only move forward on two of them. Before I explain that, though, let's make sure you understand the true cost of quoting, which is tied directly to time and productivity.

Time Is Money

I don't know anyone in the printing industry who has a surplus of time—not any profit leaders anyway. In fact, one of the most common things I hear from my clients is that everyone is stretched pretty thin, especially during the busy periods. I hear complaints from both salespeople and owners about quoting backlog. The salespeople complain because they're not getting their quotes back fast enough, and the owners complain that they have huge piles of quote requests on their desks.

It's interesting that many of the same owners complain when their salespeople aren't bringing in lots of quote requests. There's a tendency to think that high quoting activity is the measure of a salesperson doing a good job. That's a fallacy, because quoting activity often occurs without any real likelihood of winning the job. The fact of this matter is that every minute spent on quoting could be spent on something else—by both the salesperson and the person doing the actual quoting—and that “something else” would often be of greater value to the business.

Four Situations

As noted earlier, there are four possible situations that result in a quoting opportunity. They are: (1) a suspect who wants to see how your prices compare to a previous order, (2) a suspect, prospect or customer with a pending project which fits your capabilities, (3) a suspect or prospect with a pending project that is outside your “strike zone,” and (4) a customer with a pending project that is outside your “strike zone.”

I've written before about the difference between suspects, prospects and customers. I don't let my sales coaching clients use the term *customer* unless they're talking about someone who's actually buying from them, and before anyone should be considered a fully qualified prospect, it must be known—not just hoped!—that they buy exactly the kind of printing you are best equipped to sell, that they buy enough of it to make your pursuit of their business worthwhile, and that they have some real interest in buying from you. Most printing salespeople do a poor job of evaluating suspects and qualifying prospects, and that by itself is a significant factor in the high cost of quoting activity.

For any of you who aren't baseball or softball fans, the “strike zone” analogy is pretty straightforward. Just like a batter has a better chance of success if he/she doesn't swing at pitches outside of the strike zone, a printing salesperson has a better chance of success if he/she doesn't quote on projects outside of the printing company's strike zone. The single biggest factor in having a competitive price is having the right tool for the job. In other words, you and your salespeople will have more success when you compete for projects which match your capabilities. Yes, you can find a place to outsource just about anything, but the combination of that supplier's cost and a healthy markup will often put you at a price disadvantage which exceeds the buyer's definition of *competitive*. It's also worth noting that the combination of the supplier's cost and an inadequate markup is a very common characteristic of profit laggards.

Pass Or Play

The decision to pass or play in any quoting situation is completely up to you. I've heard it suggested that you're somehow obligated to offer a quote anytime anyone asks you for one—that's a variation on the theme that the customer is always right, I guess. But we all know that the customer is not always right, and I think there's even less obligation to quote with a suspect or prospect. That's especially true when we're talking about a suspect who just wants to see how your prices compare to a previous order.

So how do you pass on that situation without insulting the suspect? “If you'll indulge me,” you might say, “how about giving me a chance to quote of your *next* project. That way you won't have to dig back into your records to compare prices. I think that would be easier on you, and it will give you the most accurate comparison, since it will

reflect current paper prices for both printing companies.” This strategy also gives you more time to build a relationship before putting a quote in front of the suspect, and it’s been proven in the marketplace that a stronger relationship weakens the importance of price.

This is especially good strategy when the suspect asks for a “pricelist” on multiple items. I hear stories all the time about situations like this, where the printing company provides a complex list of prices on multiple items, configurations and quantities. Then when the salesperson calls to follow up, the suspect offers some variation of “I haven’t had time to look over your pricing yet.” More often than not, those “pricelists” end up sitting on the corner of the suspect’s desk until he/she takes the path of least resistance and tells the salesperson “you’re competitive on some items and high on some others”—without ever actually comparing the prices to previous purchases! Do you really think the average buyer of printing will actually look through a year’s worth of previous invoices to compare prices? Experience has shown that it usually doesn’t happen, and while there are certainly success stories surrounding situations like this, the majority of “pricelist” proposals don’t bring any new business through the door. They do, however, eat up a lot of time and energy.

Identifying Real Jobs

Sometimes it’s not completely clear whether a quote opportunity is a live project or a comparison quote. The best strategy for finding out is to ask this question: “When are you going to need this job printed and in your hands.”

This is a good question to ask on any quote opportunity, by the way. In addition to helping you to identify comparison quote situations, the answer will also help you to determine the timing of the decision-making process and establish your follow-up strategy. It might also provide you with the opportunity to create less of a “rush job” situation if you do win the order. One of my clients recently encountered a situation where the suspect needed a five-day turnaround. He then asked when the suspect expected to make her decision, and the answer was: “When do I have to decide?”

“Well,” my client said, “the ‘drop dead’ date would probably be three days from today, which would give us just barely enough time—provided that nothing goes wrong—to turn the job around. If you make your decision today or tomorrow, though, you’ll take a lot of stress out of the project for both of us. How does that sound to you?”

High And Outside

As noted earlier, you’re pretty likely to be at a price disadvantage if you quote on projects that are outside of your strike zone. That might not be a problem if we’re talking about a customer, but it’s usually a deal-killer if we’re talking about a suspect or prospect. Remember, a stronger relationship weakens the importance of price, but in the absence of a strong relationship, price is likely to be a major factor in any buying decision. I’d be willing to consider quoting on just about anything for a customer, because my customers have already shown a willingness to pay my prices. (Isn’t it true that any of your customers could buy their printing for less from your competitors?) I would never try to start a relationship with a suspect or prospect, though, on a project that was anything but right down the middle of my strike zone. In a nutshell, why do something that will probably make you look bad, when an alternative strategy won’t cost you anything and will almost certainly make you look good?

Again, this is a situation where you can graciously pass. “I appreciate the opportunity,” you might say, “but this is not the sort of project that you should be talking to me about. We specialize in (some other kind of) printing, and I’m not going to ask you to consider me for anything that we’re not well-suited or well-equipped to handle.” Experience has shown that most printing buyers appreciate the honesty of this strategy, and that’s a significant step in building the kind of relationship that makes price less of a problem for a printing salesperson.

Bottom Line

The bottom line here is that passing on “comparison quotes” and sticking to your strike zone with suspects and prospects will help you to manage the cost of quoting. You’ll spend less time—and therefore less money—quoting on projects that you aren’t likely to win in the first place. Of equal importance, if you manage your salespeople effectively in this regard, they’ll spend less time chasing losers and have more time to pursue winners.

Remember, I recommend passing on only two of the four possible situations that result in a quoting opportunity. I strongly recommend playing on the other two, and a hard-working and smart-working printing salesperson should find plenty of opportunities to quote with suspects, prospects and customers on real jobs which fit your capabilities. Beyond that, better strategy in the early stages of customer development should also create plenty of opportunities to compete for “outside-the-strike-zone” projects with customers later on, *after* a solid relationship has been built.