

## What The Numbers Realls Mean

Like many of you, my exposure to the “numbers” that summarize the activity of the quick printing industry come largely from the pages of this magazine. I just finished reading through the Top 100 issue, which contains one of the most telling sets of numbers you’re going to see this year: Tom Crouser’s summary of last year’s industry sales results. As you may remember, The Crouser Report showed a total industry sales growth of 5.4% in 1990.

When you factor in inflation, as Crouser points out, the real growth in the industry falls to 1-2%. So what does this mean? One of the things it means is that there was enough business out there in 1990 for everyone to do exactly as much business as they did in 1989, with a little extra thrown in to support some new entries into our industry.

But that’s not exactly the way it went down, is it? When you look at the Top 100 listings, you see that some of those volume leaders did come in at about the same sales level as 1989. But as with every previous year, and every future year, regardless of the overall state of the economy, some printers gained volume and some lost volume. Using 4-5% as the inflation factor, 54 of the Top 100 saw real growth, 7 stayed more or less even, and 39 lost volume. It’s a fair speculation that those same ratios of gain, loss, and stay were consistent through the rest of the industry.

The way I see it, there were six *things* going on out there last year, sometimes by themselves and sometimes in combination. Give some thought as you read them to which were happening in your organization and which were not.

### Six Situations

There are only two ways to make a business grow—quick printing or any other business I can think of. One way is to get more customers. The other is to sell more *stuff* to the customers you already have. The fact that some printers gained volume in 1990 tells me that both of these things were happening out in the marketplace.

By the same token, there are only two ways to lose volume. You can flat-out lose customers. Or, you can lose just part of the business you were previously getting from individual customers. Again, I’m pretty confident that both of those things went on in 1990.

The final situation is the sale of the same amount of printing for fewer dollars...price cutting. I think some printers cut their prices dramatically just to try to survive last year, becoming the latest practitioners in that segment of competition that has always been out there; the low-price, low-value “cheapest printer in town.” Beyond that, I think some printers cut their prices marginally and selectively in a strategic (though still possibly misguided) decision to compete in their individual markets and business conditions. From what I hear, these two elements of price cutting were significantly widespread that the industry sold maybe 10-12% more impressions in 1990 for only 5.4% more dollars. I’d be interested to hear what the paper suppliers have to say about the total number of reams of paper sold to quick printers in 1990 as compared to 1989.

### Dumb Luck

Let’s go back and talk about the first two pairs of *things*: gaining and losing customers, and gaining and losing volume within customers. And let’s look at the second pair first, because I want to separate dumb luck from serious talent relative to the issue of getting more or less business from an individual customer.

Dumb luck describes the situation that’s completely outside your control, and it goes both ways. Some printers lost volume in 1990 because individual customers cut back on their printing expenditures. Through no fault of the printer’s, the customer just bought *less stuff*. But at the same time, there were companies whose printing needs increased through no benefit provided by the printer.

I’m not saying that there’s anything wrong with this, by the way. In fact, I think this situation qualifies that old adage that you can “make your own luck.” You did have to create a customer relationship before you had any opportunity to enjoy this kind of windfall. My feeling, though, is that dumb luck tends to balance out over the course of a business lifetime. And the point I really want to get to is the result of more active efforts.

Here is that point: if you accept that good luck and bad luck even out, and you’re willing to assume a relatively constant and even flow of new businesses opening and failed businesses disappearing—which I am—you’re faced with the inescapable conclusion that the printers who grew took both customers and individual orders away from the printers who didn’t. As always, it comes down to the issue of competition.

## Nature Of Competition

Competition is an interesting word. On one hand, the word is used to describe the act of competing. *I enjoy the competition.* On the other hand, it's used to give a name to the competitors. *My competition is giving the work away.* My feeling is that the winners in 1990 employ the first definition. The losers spent too much time worrying about the competition, and not enough time *competing* for the business.

I have a friend named Neal Checkoway—my best friend in fact. He's not a printer, but he's no stranger to the printing industry. As the Vice President of Marketing of one of the country's largest software distributors, he manages a group of people who spend well in excess of \$1 million on printing each year. Much of what they buy would fit just fine in your shop, too.

We like to talk about each other's businesses, and he put the issue of who—or more precisely where—your real competition is in perfect focus for me just a couple of weeks ago.

"There are a lot of businesses where you really have to worry about your competitors," he said. "But this (quick printing) doesn't appear to be one of them. There's nothing unique about the 'products'...not like software where the products have tangible features and the competitors are always bringing out new products or new versions that give the (if the features are meaningful) a competitive advantage until the other players can react."

"Quick printers," he continued, "would be a lot better off studying their customers and prospects than their competitors. Worry about what the customer really wants, and make that the point of attack."

"Tell your quick printer friends that their competitors may live in another printshop, but *the competition* goes on in their customers' hearts and minds."

## Three Strikes

Too many quick printers are not even involved in this competition. That's part of what the numbers really say. How many of you rarely—or never—leave the shop, either physically to go out to sell, or by projecting your full range of capabilities to the marketplace through well-targeted mailings and advertisements? How many of you only talk with your customers when they bring you a project, and not between projects?

As trite as it may sound, you have to be *in* the competition to *win* the competition. Not competing to gain new customers is strike one. Not competing for *all* of the business within each customer is strike two. Not maintaining regular contact with your customers—and not understanding what's really important to them—leaves you vulnerable to the efforts of your competitors. Strike three, and you can be out of the printing business.

## Plenty Of Business

The saddest thing to me is that there's plenty of business out there for every quick printer in business today. With a little more effort on every printer's part, that 5.4% growth might well have been 6-8% higher. Part of the effort I'm looking for focuses strictly on value—selling value rather than price. That factor alone might have increased total volume in the industry by a couple of percent. And while you could argue that higher prices would be an inflationary factor—and not representative of real growth—I don't think you could argue that those extra dollars wouldn't represent incremental profit.

Then think about this for a moment...how much business that could have been yours went to other *kinds* of printers in 1990? Not even just printers, but other business sources? Who says that printers can't make their individual businesses and the entire industry grow by competing with the general commercial printers, the forms distributors, the office suppliers, and the mail-order catalogs? I don't know about you, but the idea that anyone in my town would order a business card or a short-run business form from a mail-order catalog rather than one of the highly capable quick printers in town is fairly horrifying. But I place the blame for that happening on the quick printers themselves. Mail-order catalogs are probably the easiest of all forms of competition for a printer to displace, but you've got to be *in* the competition to *win* the competition.

## Act Now

By the time you read this, more than half of 1991 will have passed. According to The Crouser Report, the first couple of months of this year found us *behind* 1990. Even so, I predict that some printers will finish the year with impressive growth, because they already understand these things I've been writing about, and they're *actively* competing every day. It may be too late for you to have a huge impact on your 1991 total sales figures. But this is the time when you should be starting on the planning process for 1992. I encourage you to make your focus for 1992 to *get into the competition*. And I encourage you strongly not to wait until the first of the new year to implement your plan.

Knowing what the numbers really mean is very important, but what's critical to your future is what you do with the knowledge. Worrying about the competition won't cut it in the 90's. Get out there and *give them* something to worry about.