

Value Your Relationships



by JOE RICKARD

“A great customer relationship can be the foundation for a long-term revenue stream.”

The adage that 20 percent of a business's customers generate 80 percent of its revenue holds true in the printing industry. Most printing companies have a few outstanding customers that generate large portions of their revenues and profits. Given the service nature of the printing business, shops become successful when they build and deepen relationships with their top customers.

Keep, grow your best customers

If a shop loses one of its top customers, it will take time, precious resources and great effort to find a replacement. In some cases, losing a major customer can mean financial disaster for the shop. What I am recommending is basic business strategy: keep and grow your best customers. After all, a business relationship between a customer and a print shop is the sum of all interactions including marketing, sales, production, customer service and delivery. How well those interactions meet each customer's expectations will determine the strength and health of the relationship.

Five great reasons to strengthen customer relationships

There are five great reasons print shops should strengthen their relationships with existing customers.

1. Competition is fierce.

If you do not take care of your customers, your competitors will.

2. Printing technology is rapidly improving.

A print shop now can offer products and services that are better suited to each customer's business needs and increase its share of the customer's printing business.

3. Customers are better educated.

Customers expect suppliers to be creative, solve problems and bring new

ideas. This is another opportunity for a shop to capture more business from each of its customers.

4. Printing is a repeat business.

A great customer relationship can be the foundation for a long-term revenue stream.

5. It is significantly less expensive to support a great customer than to find a new one.

In sales expenses alone, experts estimate that it is at least five times more expensive to find and grow a new customer than to support an existing one.

As new printing and Internet technologies emerge and existing technologies become more refined, competitive pressure persists. Now is a good time for shop owners to review each account. A primary responsibility of a shop's owner or most senior manager is the development and management of the company's customer relationships. It is not unusual to find print shop owners and managers who have developed lifetime business and personal relationships with their customers. This explains why it is so tough to dislodge a good print provider.

Research by the Marketing Leadership Council shows companies that differentiate themselves through customer experience are rewarded. These companies show a 2,000 percent improvement in market capital. Yes, shops can lose customers because of issues out of their control such as business closings and mergers. But, print shop owners usually do have control of their success with their top customers.

Long-term business relationships are based on repeatedly delivering value and service as well as adapting to change for a customer for an extended period of time. Personal friendships sometimes result from business relationships; business relationships generally are not developed by personal

friendships. Customers have less time for long lunches or golf outings in these fast-paced, competitive and stressful times; they require and want suppliers that can deliver sustained value.

Relationships are built over time.

Because their selling processes are continuous streams of interactions with their customers instead of single sales, successful print shop owners must focus on customer relationships. They must build and maintain relationships with entire customer buying organizations and not just a few individuals. For the last 100 years, successful print shop owners have been selling solutions and services well before this selling strategy was accepted by other industries. This sales model involves carefully identifying each customer's needs and then matching those needs to the print shop's capabilities.

The need for clever closing techniques is greatly diminished with a powerful customer-focused business relationship. For instance, there is no need to employ manipulative selling tactics when a customer relationship follows the repeat selling model. This is good because many of today's decision makers are aware of traditional sales tactics. Because customers are more educated, they look for suppliers that can become trusted advisors. This is why the best customer-relationship-building strategy is for a print shop to use its capabilities to help customers be successful. Other selling tactics and strategies will follow.

Simple steps to improve customer relationships

At Intellective Solutions, we have identified some simple steps that print shop owners can take to improve their customer relationships.

■ **Know and listen carefully to**

each customer

In our consulting work, we find that many print shop salespersons call on too few people within individual accounts. Therefore, these salespersons do not know enough about each customer's business. This is the biggest obstacle printing companies face when trying to build stronger customer relationships.

All shop owners, sales managers and their staffs should make efforts to research their customers' businesses thoroughly. Taking the time to meet and develop relationships with people outside the normal print purchasing arena will generate more opportunities. Shop owners and managers should investigate ways to improve their customers' overall business and competitive positions. Other members of a shop's staff should focus on the printing company's products, prices, services and delivery. Whenever meeting with a customer, a shop's representative should tailor his or her approach to the customer's role in the client organization. When a print shop's staff knows the customer's business, those workers become trusted advisors who can add value to the client's business.

■ **Identify additional printing opportunities**

We work with many printing businesses that have large companies, such as nonprofit and government organizations, as customers. These printing companies leave many business opportunities for their competitors to pursue. We recommend that these businesses deepen their customer relationships to capture more of their clients' current printing business. A print shop that becomes embedded with a client by supplying important communication services

is difficult for competitors to dislodge. Print shops must offer more than a simple commodity. They need to develop a solutions-based approach where shop owners can provide answers to their customers' problems.

Print shop owners can keep current with new technologies by attending conferences, talking to suppliers, reading trade magazines and perusing industry Web sites. Knowledgeable shop owners and their staffs can avoid disruptive technology surprises, and they can help educate their customers on new trends and applications.

■ **Support, service and support again**

Customer surveys consistently state the major reason for a customer's decision to change print providers is the printing company's lack of follow-up and service. We recommend shops provide service above and beyond what they perceive as their customers' expectations. Today's business environment necessitates unremitting improvement in service quality and order efficiency. It is important for owners to make it easy for customers to do business with their shops. Having satisfied customers is not enough. Recently, a large printing equipment manufacturer conducted research into customer satisfaction levels and customer loyalty. The research found that "very satisfied" customers are six times more likely to stay with their supplier than "satisfied" customers. Clearly, customers have become less tolerant of poor service and mistakes.

This emphasizes that need for service-focused print shops. It especially is important for a print shop's sales staff to have a service mentality. AlphaGraphics of Seattle, WA, franchisee Chuck

Stempler told us, “We can teach the printing business, we can not teach the service mentality. You either have it, or you don’t.” When interviewing candidates for sales positions, he makes a point to ask, “What is a service mentality, and do you have one?”

Customers expect perfect schedule fidelity, manufacturing quality, competitive pricing and quick problem solving capabilities. Going above and beyond with expert customer service will strengthen a shop’s business relationships with its customers.

Years ago, my father-in-law “Doc” Oakes owned Charles Francis Press in New York City. He often spoke about the value of customer relationships in the printing business. My father-in-law would say that the foundation of a business relationship is strong when every person in a print shop is knowledgeable and committed in word and action to its success.

After significant changes in technology and a very tough economy, there still is no better way to manage a printing business than to build and deepen business relationships. ●

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