

## Sales Makeready and Run

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All print estimating programs have line items for Makeready and Run, terms elegant in their simplicity. Printers will carefully study how long a given job actually took to makeready and run, compared to estimate, and adjust these cost centers up or down for various kinds of work, so that their estimates reflect reality. After all, the labor rates for a multicolor press are significant, since press operators are among the more highly compensated people in the shop.

But there's another kind of Makeready and Run that has typically escaped the notice of careful estimating managers and company owners. You could call it Sales Makeready and Run.

Just as some jobs take longer to get running because of their ink coverage or paper stock, or even type of customer, so too some orders are harder to sell, and to keep sold. The only equipment your sales reps might be running is their car and a cell phone, but think for moment about where they stack up on your payroll!

Let's look at the differences between printing jobs from a sales point of view. There are new customers and long-standing, loyal accounts. The new ones are often the target of newly-hired sales reps, the kind you have to pay a sizable yearly guarantee to lure away from a competitor. There are customers who are fussy designers building their portfolios, and then there are purchasing agents who never even see the final product. There are jobs that are exact reprints and those that need a dozen versions estimated, creating an n-dimensional matrix of quantities, sizes, page counts and ink colors. There are customers who give you all their work, and those who use your estimates only to keep your competition honest. There are customers whose jobs sail right through the plant, and then there are others who make continual changes right up until delivery.

Instead of taking the wildly varying sales and support costs for all these different kinds of jobs, and averaging them out across all the jobs you produce, why not think about treating sales and customer service as a line item on your estimates? This will enable you to price jobs according to the actual (sales and customer service) costs incurred. What is more, you can then think about how to reduce these costs. This is the premise of Activity Based Costing, which other industries have adopted, and which some printers are beginning to apply.

But even if you aren't in a position to break out your selling costs as a line item on the estimate, consider taking them into account when pricing a job.

Here are some questions to ask that might help you understand these "Sales Makeready and Run" costs, and consider how each operation could be made more efficient.

-Prospecting. (The Makeready)

The search for new customers. Phone calls and research to begin with. Mailing samples and promotional items. How do you find likely prospects? How do you know they are likely to suit your products and services? How do you keep track of what you've learned? How do you separate the good leads from the useless? How do you target prospects according to the type of work they buy? How do you distribute the leads among the sales force? How do you, as a manager, know what progress is being made?

Prospecting leads to:

Sales calls. This is actually having an appointment with a prospect, learning and listening, then matching their needs with your capabilities. How do you remember what you've learned? How do you know when to follow up? How many calls can you make in a day? How do you, as a manager, know what progress is being made?

A series of sales calls will hopefully result in a chance to quote a job.

Request for Estimate. This is the document produced by the sales rep, often based on an oral interview of the prospect, sometimes accompanied by some rough specs that are in no way suitable to go directly into estimating. What tool does the sales rep use to create this document? How long does it take to produce? Does it ask (and answer) the right questions? How does this document get to the estimator?

After the internal estimate is produced, it must be communicated to the prospect.

The Proposal. This document will become a contract if the prospect chooses to award you the order. How does the selling price derive from the estimated price? What calculations are performed? What tool is used to produce it? Who actually produces the document? What does it look like? What kinds of breakouts do different customers require? Is redundant effort required to produce it- specifications, customer contact information, etc.? How do you summarize multiple versions? How does it get to the prospect? Is it a legally binding contract? How do you protect yourself from differences between estimated vs. actual artwork? How do you, as a manager, know what your sales reps are quoting?

Some Proposals are accepted. They become Orders. (The Run)

The Order. The sales rep must communicate a lot of information to the shop at this point. Which quantity and which version is the customer going with? What are the exact (admittedly a relative term) specifications? What is the selling markup? Where does it deliver? When is it due? What tool does the sales rep use to produce the Order Entry document? How long does it take to produce? Is redundant effort required to produce it- specifications, customer contact information, etc.? How does this document get turned in? How many estimates did it take to get to this point? How can your sales reps revise it when conditions change?

After an order is entered, a conscientious sales rep will communicate back to the customer.

Order Confirmation. This document recaps to the customer the details of the order, including the quantity ordered. The Proposal may have had multiple quantities, of various versions, and this settles possible ambiguities. How often do your reps produce this document? How often should they? How long does it take to produce? How is it delivered?

As jobs go through production, customers will often make changes. These are either an opportunity for profit or loss, depending on how you handle them.

Author's Changes memo. Typically, the sales rep will need to communicate with production the nature of the changes required, and likewise communicate back to the customer the cost of those changes. Where are these changes documented? How do they get priced? How are they communicated to the customer? When are they communicated? What if they are not communicated until the invoice is mailed? How long does it take to produce such a memo? Is redundant effort required to produce it?

While the job is in production, what other documents does the sales rep produce? How are they produced? How are they sent? What kind of history is kept of these communications?

When the job has shipped, how is the invoice created? How does the sales rep approve the content? How long does it take after shipping to produce an invoice?

Answer these questions and you will gain a much deeper understanding of your sales workflow, and the costs of that process. Compare your answers with a workflow based on a comprehensive software program designed specifically for selling printing- JOBZ!