

# PROFITABLE PRINT RELATIONSHIPS

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## The Successful Print Sales Circle

### Video 17: Upsells and profit margins

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Hello, and welcome to the next video in The Successful Print Sales Circle, where we focus on creating more profitable customers. And for this video, I want to go back to the topic of upsells. And I want to go back to the topic of profit margins, because this is such an important area for our industry. And we really have some opportunities to make some big differences to the profitability of our companies if we follow these processes. So many times, printing companies focus on standard profit margins and on cost plus. I remember the time one printing company rang me up and they said, "Matthew, we've just bought a new press. So we're cheaper now." And I knew what they were doing was applying the same profit margin to a cheaper production price. So as a result, they were actually making less profit.

But what they could have done is they could have still given me a lower price, but they could have increased the profit margin. And I would have still benefited from lower prices. So everyone would have won. And let's not mention the fact that actually they were already quoting me some very competitive pricing. They didn't need to lower their prices. They just assumed they needed to lower their prices.

Now I hope that in month five, when we carried out the raising prices task, you saw that it is possible to raise prices for your customers. And we've already covered upsells and profit margins briefly, all the way back in month two, in fact. But I wanted to come back to this because, in that task, we were focusing on creating the upsell. And now I want to focus on the profit margin. I want you to move away from cost plus. I want you to make these upsells really profitable. Just imagine for a moment, if you could increase the turnover of your business by selling 10% more turnover through upsells, I think that's probably quite possible. But if you sold those upsells at three times, your normal profit margin, which is very possible, then you've suddenly got 30% more profit. Would you like 30% more profit? Let's go through the process for this and see how this can be done.

Now, this process really is very simple, but it may help you to go back and look at the upsells video from month two as well when you go through this, which is available in your membership area, just to make sure that you're comfortable with the upsell process as well. Step one is to pick an upsell. Pick one that you already have in place. Ideally, you're going to make this one of your more popular upsells, and you're going to pick one where you're confident in selling it already. Now, if you're not upselling at the moment, do go back to that video from month two and make sure you implement that because this is really important. Stage two is to change the profit margin on your upsell. So if

you are applying a standard profit margin or a cost plus model to your upsells, I want you to go to the upsell elements of what you're offering and consider doubling or even tripling the profit margin.

Remember that when you make an upsell and again, we covered this in month two. When we make an upsell, the buyer will do most of their research on the key item that they're buying. And they maybe will compare pricing from two or three companies for the key item. But if they choose you, and you're offering an upsell, they won't go back and check the price of the upsell because it's just too much work. They're already in buying mode. The fact you're offering the upsell is encouraging them to use you anyway, because they want the upsell and no one else is offering it. So you're in with a very good chance if you're offering a reasonably priced upsell. I'm just going with it. So if they don't price check it, you have that brilliant opportunity to raise that profit margin to double it or triple it. So make sure you go back, you look at the figures and you make that adjustments. Don't adjust the price or the profit margin of the main item, just the upsell.

Step three, adjust your estimating system. And I know that for some of you, this is where you've had a problem with a variable profit margin before, because some estimating systems don't like having variable profit margins, and it can make the whole process of raising quotes more complicated. And I do get that. But if that's the case, it is definitely time to consider how you create the prices for your upsells, because you want to get around this problem. So it may be that you use your estimating system to create the prices for your main items. And then you have a price book for your upsells, where you've worked out the profit margins already, and you know that you have a fixed price to put in place for that upsell and that it's got that profit margin applied.

Once you've done that groundwork, it's time to move to step four. And step four is to brief your team. Your team must know that you are carrying out this process and why. They need to understand the difference that it can make to your company. So explain it to them, particularly if they're having to use a workaround around the estimating system, but explain why you're doing this and show them the results it can make. Make sure that they are applying these new profit margins to all upsells or at least to the ones that you're testing for the moment. Make sure that they have either a price book or a matrix or something that makes it simple for them to do this and do go back and check that they are applying these changes to profit margins.

Step five, it's time to push your upsell. You've adjusted the profit margins. You know it's going to be really profitable for you. So it's time to shout about it. I've given you a checklist of places where you can really push that upsell. There's all sorts of ideas in your worksheets from going out on social media, sending out emails and sales letters and direct marketing, just talking to your customers about it. Even if you have a place where customers can walk in having it advertised on posters as well. But all of these things can make a real difference. You want to encourage people to make sure that they do buy this extra item for you when they're making their main purchase. Again, if you are unsure about how to phrase this, then go back to the tasking stage to where I've given you some scripts for this on the month two worksheet.

Step six is to measure. You want to make sure that it's getting the results that you want. And if you do measure, you'll see the extra profits, it will encourage you to keep on pushing that upsell and to move this strategy to other areas as well, which we'll discuss in the next step. So there's two areas that I want you to measure. One that is your conversion rates of upsells, to make sure that you're

still selling as many and hopefully more upsells than you were before. And secondly is your total profits because you should see those shooting up.

Now, it's possible that some of your customers will see a raised price in the upsell and they won't be so keen to carry on and buy this from you. If that happens, it's not a problem. Remember that even if only three quarters of your customers buy this upsell compared to the ones that were before, you're still creating 50% more profit if you've doubled your profit margin. So this is about profits as much as it is about turnover. The upsell isn't a key element of your production. It's an extra nice to have. It doesn't matter if they do fall off slightly. However, if you push it correctly, I would expect to see both these figures moving in an upward curve. So measure, and let me know what happens.

Step seven, hopefully you've seen some great results from the measurement that you carried out in step six, and it's convinced you that you can do more of this. So step seven is all about implementing elsewhere. First of all, think about other upsells that you can push. You could create a regular marketing calendar of different upsells to promote at different times of the year. You could create a matrix, as I've already explained in the task in month two, where there's a number of different products or services that you're selling and an upsell attached to each one. So make sure that you carry on and spread this strategy further and increase the profit margins on all your upsells.

But there's also a number of other areas where you may wish to consider implementing this strategy. So you may have jobs that don't make as much profit as the majority of your work. You may have customers who have consistently pushed on price over the years, and maybe they're not working at the profit margin that they should. You may have customers who are just hard work. And if you want to work with them, they really they should be paying more. And you may have certain jobs that are a real hassle to produce. All of these areas are places that you could consider changing the profit margin. Now, if you've got a product that's difficult to produce, but it's a key part of your turnover, naturally, you don't suddenly want to consider trebling your profit margin. But do consider adjusting it so that it makes it more worthwhile for you to produce and do consider testing it. So step seven, carry on and spread this strategy elsewhere but test, as you go.

And stage eight, share your success. I've given you a matrix on the worksheets. I'd like you to fill that in. That will allow you to see the success. That will allow you to see the extra profits coming in. As always, I've included metrics with this task. So for this task, I'd like you to revise the profit margin on three upsells. And I'd like you to really push them, but I'd like you to promote them to at least 20 customers. And I want you to measure your success rates, and I want you to measure your profits. Your aim is to increase your upsells by 20% of number of jobs. I can't give you a target for the amount that you're going to increase your profits by other than between double and treble for your upsells, because I don't know how much you're selling your products for. But aim to sell 20% more of that upsell and at the increased profit price. And let me know the extra profit that you're making from this. I think you'll be pleasantly surprised at the results.

This was quite a quick and simple process to go through, but the results can make a real difference for your business. So I'm really looking forward to seeing what you achieve with it. And I really encourage you to get out and do this particular task straight away. Now, next week, we're going to have our month eight group call. I'm looking forward to seeing you on that. And then in the following month, we're going to be carrying on the podcast series about publishing. We're going to be talking about client networks and how important they are at your larger clients. And we're going

to talk about strategies for closing the sale. So I look forward to seeing you all next week on the call and for some great tasks next month.